

ANNUAL REPORT 2016

THANACHART CAPITAL PUBLIC COMPANY LIMITED



ENHANCING
CUSTOMER EXPERIENCES





**In Remembrance of
His Majesty King Bhumibol Adulyadej**

The management and staff of
Thanachart Capital Public Company Limited
and its subsidiaries



Over 70 years on the throne,

His Majesty King Bhumibol Adulyadej was admired throughout the world for his tireless commitment to his duties and steadfast dedication to his country and people, and humanity as well. He was revered as “father” who guided the nation throughout his life.

His wish for the wellbeing of people has passed to his son and daughters, who continue his vision in working arduously for the benefit of his subjects. Today, in the reign of His Majesty the King Maha Vajiralongkorn Bodindradebayavarangkun, that grace and benevolence have melt all the hearts of Thai people into one. Together, we express loyalty through taking an oath of allegiance that we will have all the highest esteem for the Thai monarchy and follow the footsteps of our much-loved King. We will carry on the righteousness he firmly established in order to further develop and take our country to endless prosperity and sustainability.



LONG LIVE THE KING

The management and staff of
Thanachart Capital Public Company Limited
and its subsidiaries

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FOUR STRATEGIC INTENTS FOR THE BUSINESS OPERATION IN 2017

1

To attract and retain customers by offering excellent services, innovative savings, insurance, and investment products.

2

To ensure our customers succeed financially by helping them choose the right “Protection” services and products from across the entire Thanachart Group.

3

To provide borrowing solutions to all customer segments that meet their current and future needs and help them to become financially better off.

4

To provide digital banking solutions that permit customers to bank where they want, when they want, and how they want.

VISION

To be the best at providing fully integrated solutions to our customers’ complete financial needs by offering the highest quality products, services, and advice.

BUSINESS PRINCIPLES

1. Conduct its businesses with justification and transparency under the corporate governance.
2. Directors, management, and staff conduct their duties with virtue and morality. They should know their duties and responsibilities and must be liable to their performances.
3. Adhere to the business management of Thanachart Group under the collective reinforcement among employees.

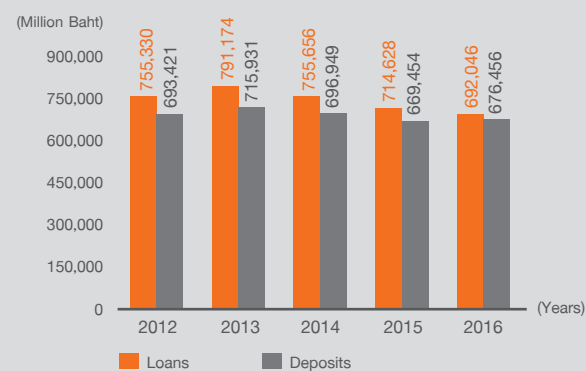


FINANCIAL HIGHLIGHTS

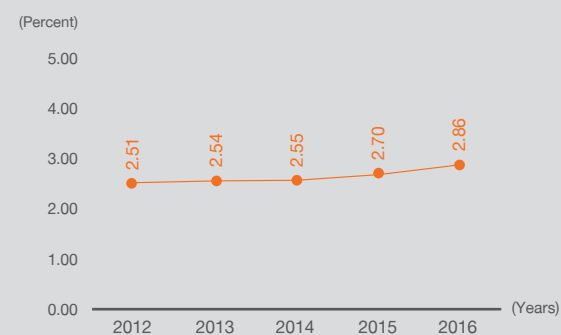
As at and for the year ended 31 December

CONSOLIDATED					
	2016	2015	2014	2013	2012
Operating Performance (Million Baht)					
Interest Income	45,208	48,640	52,940	54,108	49,081
Interest Expenses	16,740	20,910	25,475	27,615	25,786
Net Interest Income	28,468	27,730	27,465	26,493	23,295
Non-interest Income	12,279	12,164	12,443	26,488	12,487
Net Operating Income ⁽¹⁾	40,747	39,894	39,908	52,981	35,782
Other Operating Expenses	21,073	20,009	19,830	20,624	21,896
Impairment Loss of Loans and Debt Securities	6,210	8,600	7,084	11,419	2,900
Profit before Income Tax	13,464	11,285	12,994	20,938	10,986
Income Tax	853	225	2,558	4,288	2,360
Profit for the Year from Continuing Operations	12,611	11,060	10,436	16,650	8,626
Profit for the Year from Discontinued Operations	-	-	-	354	1,212
Profit for the Year	12,611	11,060	10,436	17,004	9,838
Net Profit of the Company	6,013	5,436	5,120	9,231	5,509
Non-controlling Interest	6,598	5,624	5,316	7,773	4,329
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	1.29	1.12	1.02	1.65	1.05
Return on Average Equity ⁽²⁾ (ROAE)	10.89	10.48	10.39	20.36	13.37
Interest Spread ⁽³⁾	2.86	2.70	2.55	2.54	2.51
Credit Cost	0.86	1.12	0.88	1.36	0.36
Cost to Income Ratio ⁽⁴⁾	51.72	50.15	49.69	38.67	59.19
Financial Position (Million Baht)					
Loans	692,046	714,628	755,656	791,174	755,330
Non-performing Loans (NPLs)	17,289	22,581	33,768	37,540	34,307
Total Assets	966,867	997,581	1,025,630	1,050,914	1,026,679
Deposits	676,456	669,454	696,949	715,931	693,421
Total Liabilities	847,016	886,258	921,354	955,474	941,445
Total Equity	119,851	111,323	104,276	95,440	85,234
Equity Attributable to Owners of the Company	56,891	52,674	51,353	47,369	43,586

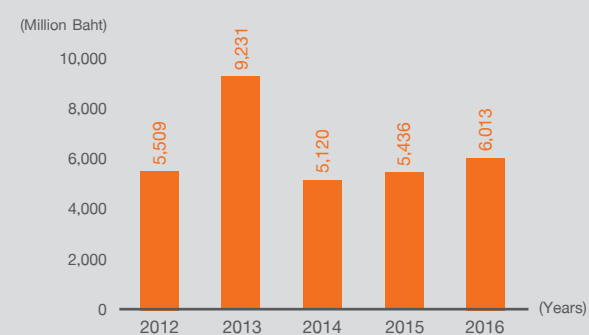
Loans and Deposits



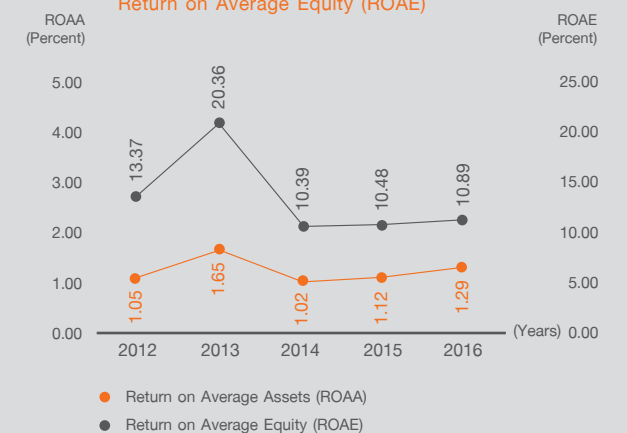
Interest Spread



Net Profit of the Company



Return on Average Assets (ROAA) and Return on Average Equity (ROAE)



Definitions and Calculation Formulas

⁽¹⁾ Net Operating Income = Net Interest Income + Non-interest Income

⁽²⁾ Excluding Non-controlling Interests

⁽³⁾ Interest Spread = Yield - Cost of Fund

Yield = Interest Income / Average Earning Assets

(Earning Assets = Interbank and Money Market Items from Interest Bearing + Net Investments + Loans)

Cost of Fund = Interest Expenses / Average Paying Liabilities

(Paying Liabilities = Deposits + Interbank and Money Market Items from Interest Bearing + Debts Issued and Borrowings)

⁽⁴⁾ Cost to Income Ratio = Other Operating Expenses / Net Operating Income (Including Profit for the Year from Discontinued Operations)

⁽⁵⁾ Coverage Ratio = Total Allowance / Non-performing Loans

⁽⁶⁾ Reserve to Required Reserve = Total Allowance / Reserve Required by the BOT

⁽⁷⁾ Dividends per Share for 2016 is Interim Rate Paid

⁽⁸⁾ Local Board / Highest and Low Share Prices During the Year

As at and for the year ended 31 December

CONSOLIDATED					
	2016	2015	2014	2013	2012
Financial Position Quality (Percent)					
Loans to Deposits Ratio	102.30	106.75	108.42	110.51	108.93
NPL-gross to Total Loans	2.41	2.96	4.21	4.49	4.32
NPL-net to Total Loans	1.12	1.30	2.06	2.30	2.17
Coverage Ratio ⁽⁵⁾	146.79	117.16	84.89	82.61	73.19
Reserve to Required Reserve ⁽⁶⁾	189.19	157.71	132.64	127.36	124.12
Capital Adequacy					
(Consolidated Supervision of the BOT)					
Tier I Capital Ratio (Percent)	11.30	10.29	9.37	9.07	7.50
Total Capital Ratio (Percent)	15.59	14.71	13.59	14.31	12.07
Risk Weighted Assets (Million Baht)	771,056	763,285	809,876	780,045	750,120
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	5.16	4.61	4.24	7.49	4.31
Book Value	48.83	45.21	42.56	39.26	34.11
Dividend ⁽⁷⁾	0.80	1.80	1.60	1.60	1.40
Common Shares Outstanding (Million Shares)					
Average-Basic	1,165	1,179	1,206	1,232	1,278
End of Year	1,165	1,165	1,206	1,206	1,278
Share Price ⁽⁸⁾ (Baht)					
High	44.75	37.00	38.75	50.25	41.75
Low	33.00	28.25	30.00	29.75	24.60
Closing	44.00	36.50	31.75	32.25	37.75
Market Capitalization (Million Baht)	51,266	42,527	38,306	38,909	48,238
Other Information					
Employees	14,763	14,905	14,971	15,427	15,840



DIGITAL BANKING WITH A HUMAN TOUCH

Deliver the highest possible level of customer experience,
with a touch of digital, and always be available to assist customers
as their professional financial advisor.



SERVICES ON THE GO

Offer a comprehensive line of products and services to customers that can be accessed and tracked quickly and easily on their mobile devices anywhere and anytime.

SUPERIOR PERFORMANCE

Equip our people with the tools to be more skilled and effective, through maximizing our understanding of customer expectations and needs, and strengthening our capabilities to provide the highest level of professional financial advice.



STATE OF THE ART TECHNOLOGY

Continuously innovate and stay ahead of the competition by leveraging visionary and fully integrated technology that is convenient, easily accessible, and highly secure.





TRULY SUSTAINABLE

Promote economic security to individuals, groups, organizations and society at large, where smart spending and saving habits with a sense of sharing and sustainability are instilled in individual's minds while preserving and enriching Thai culture and national identity.

In 2016, the Thai economy registered 3.2 percent growth, which was stronger than in the previous year, mainly due to the public sector investment. Although other factors that led to economic growth gradually recovered, they were adversely affected by domestic problems and the economic conditions in trading partner countries. Overall demand for new loans in the commercial banking sector grew at a relatively low rate while the competition among commercial banks in relation to deposit mobilization became somewhat less intense than in the previous years.

In the past year, Thanachart Group achieved satisfactory performance. However, TBANK's total assets and loans decreased slightly, mainly due to the more cautious policy adopted by the Bank in order to mitigate the risks associated with lending. As a result, the new generating of hire purchase loans were less than the loan repayments, particularly in the first half of the year.

The above policy helped TBANK reduce loan losses significantly, when compared with the previous year. This was the main reason why Thanachart Group registered a higher profit than in the previous year, as planned. In this connection, the Company's profit in 2016 amounted to 6,013 million baht or 5.16 baht per share, representing a 10.61 percent increase over the previous year.

Moreover, thanks to its higher profitability and ability to better control loan quality, TBANK's financial position was stronger and more stable in several areas including, among others, the following:

- Non-performing loans continuously decreased from the prior-year period. As a result, the NPL ratio decreased from 2.84 percent at the end of 2015 to 2.29 percent at the end of 2016. On the other hand, the average industrial non-performing loan increased.

- The above decrease in non-performing loans caused the coverage ratio to increase higher than the industrial coverage ratio on average, i.e. representing an increase from 119.42 percent at the end of 2015 to 151.16 percent at the end of 2016.

- Moreover, TBANK could still strengthen its capital in a continuous manner. In particular, its BIS ratio at the end of 2016 accounted for 19.15 percent, compared to 17.92 percent at the end of the prior year. The level was significantly higher than the minimum requirement imposed by the regulator.

- Maintaining sufficient liquidity is essential for commercial banks' business operations. In this connection, TBANK is still able to follow its policy to hold more liquidity than is needed in a continuous manner. In line with the requirements under the Basel III regulations, the Bank is able to maintain the Liquidity Coverage Ratio (LCR) at the level above 100 percent, which is much higher than the minimum level imposed by the BOT for 2017.

Although in 2017 the Thai economy will still face the same problems and grow at a low level, let alone the more intense competition in deposit mobilization, lending, and digital services, the Board of Directors is still confident that Thanachart Group will most likely be able to maintain its stability and satisfactory performance. As a result, the Board of Director adopted a resolution approving the increase of the interim dividend payment from 0.70 baht per share in 2015 to 0.80 baht per share in 2016. As well, the Board of Directors proposed to shareholders that they approve the final dividend payment of 1.20 baht per share. The total dividend payment amounted to 2.00 baht per share, which accounted for 38.76 percent of the net profit for the year.

Thanachart Group keeps conducting its business affairs by continuously adhering to the principles of good corporate governance. As a result, based on the assessment of various organizations, Thanachart Group is among the leaders in these areas. Apart from remaining committed to the corporate governance principles, the Group takes into consideration the pursuit of sustainable development path. In particular, it pays attention to the development of several areas related to the caretaking of all groups of stakeholders as well as society and the environment. As well, special emphasis is placed on energy conservation and the use of limited resources in the most effective manner. The Group is also full of strong determination to fight against all forms of fraud and corruption. Moreover, it announces to its customers, business counterparts, and various organizations such intention. The key objective is to enlist wider anti-corruption cooperation.

On behalf of the Board of Directors, I would like to thank all shareholders for your continuous trust and support to the Company's business operations. As well, I would like to thank all customers, business counterparts, and groups of stakeholders for the confidence and trust in Thanachart Group's products and services. Not less importantly, I would like to thank all executives and employees of Thanachart Group's member companies for your total dedication to carry out your duties to the best of your abilities and for your continuous cooperation in making Thanachart Group successful. In conclusion, I believe that, with the support from all parties concerned, Thanachart Group will not only grow stronger but also accomplish more goals in a continuous manner in the future.



(Mr. Banterng Tantivit)

Chairman

Thanachart Capital Public Company Limited



BOARD OF DIRECTORS THANACHART CAPITAL PUBLIC COMPANY LIMITED



Mr. Banterng Tantivit
Chairman



Mr. Suphadej Poonpipat
Vice Chairman,
Chairman of the Executive
Committee,
Chairman of the Risk
Management Committee,
and Chief Executive Officer



Mrs. Siripen Sitasuwan
Chairperson of the Audit Committee
and Member of the Nomination
and Remuneration Committee



Mr. Somkiat Sukdheva
Member of the Audit Committee
and Member of the Risk
Management Committee



Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of
the Executive Committee
and Vice Chairperson of the Risk
Management Committee



Mr. Tiraphot Vajrabhaya
Chairman of the Nomination
and Remuneration Committee
and Member of the Audit Committee



Mr. Somjate Moosirilert
Member of the Executive
Committee,
Member of the Risk
Management Committee,
and Senior Executive
Vice President



Mr. Vichit Yanamorn
Member of the Nomination
and Remuneration Committee
and Member of the Risk
Management Committee



Mr. Taweesak Saksirilarp
Director

Thai Economic Condition and Commercial Bank Competition

The National Economic and Social Development Board reported a 3.2 percent GDP growth for the Thai economy in 2016, an increase from 2.9 percent in the previous year. The key contributing factor was an on-going government investment. Tourism experienced a consistent growth while private consumption was slowly recovered from stimulus measures issued by the government. Export sector showed sign of an upturn once compared to last year while private investment remained low. Overall, the Thai economy has picked up from last year, and thus, the Monetary Policy Committee of the BOT issued a resolution to maintain a policy interest rate at 1.50 percent in order to further stimulate the economy.

From a gradually recovering Thai economy, loan volume in 2016 grew at a slower rate when compared to last year. Many corporations turned to raise funds through debt securities issuance to leverage from the low rate environment. In line with loan volume, deposit volume also grew at a slower rate.

In 2017, the National Economic and Social Development Board estimated 3.0-4.0 percent GDP growth with government spending and tourism as key drivers. Export sector is expected to improve while private consumption will continue to increase. Loan volume in 2017 is estimated to grow gradually following the economic recovery and cautious credit policies of the commercial banks, as a result of concern over asset quality deterioration in 2016.

Operating Results Overview

For the year ended 31 December 2016

The Company operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company's performance is mainly from the performance of TBANK and its subsidiaries. The Company holds shares in TBANK 50.96 percent. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company. In order to compare its operating results with other companies' in the industry, the financial information presented in this report is based on consolidated financial statements.

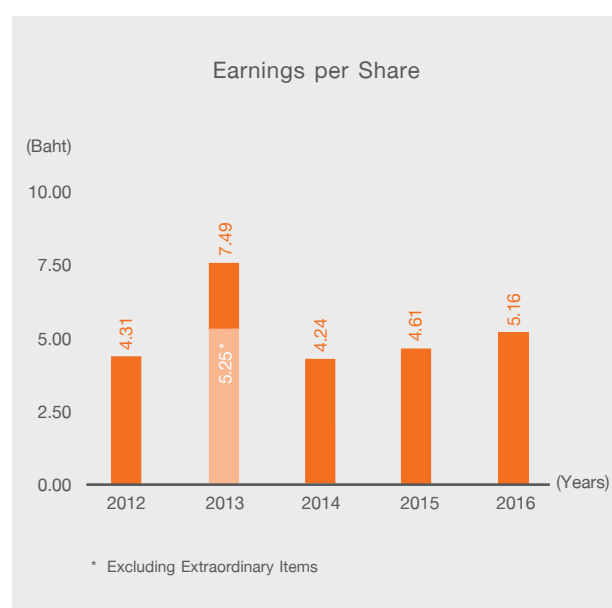
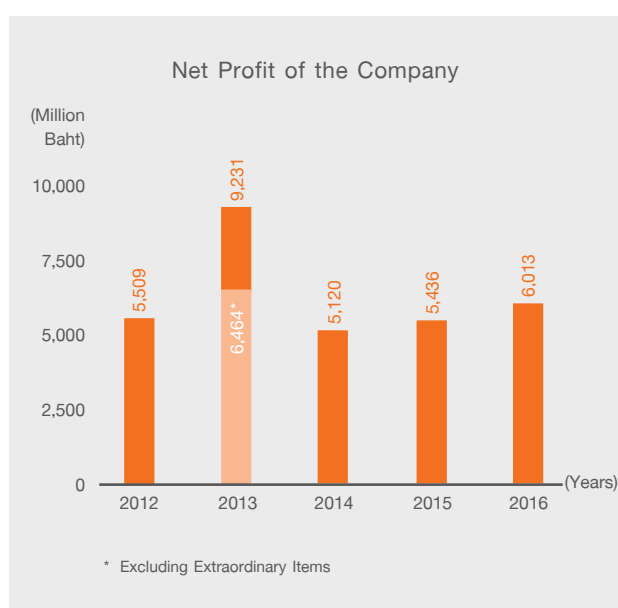
In 2016, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 12,611 million baht, an increase of 1,551 million baht or 14.02 percent comparing to that of the previous year. This was due to the fact that TBANK and its subsidiaries which are the Group's main businesses still had a continuous growth in their performances for eighth consecutive quarter from a shift in its strategies to cope with an apprehensive economic environment by focusing on maintaining the strength of the Bank's asset quality and an effective cost of deposits management as well as a growth of fees and service income base.

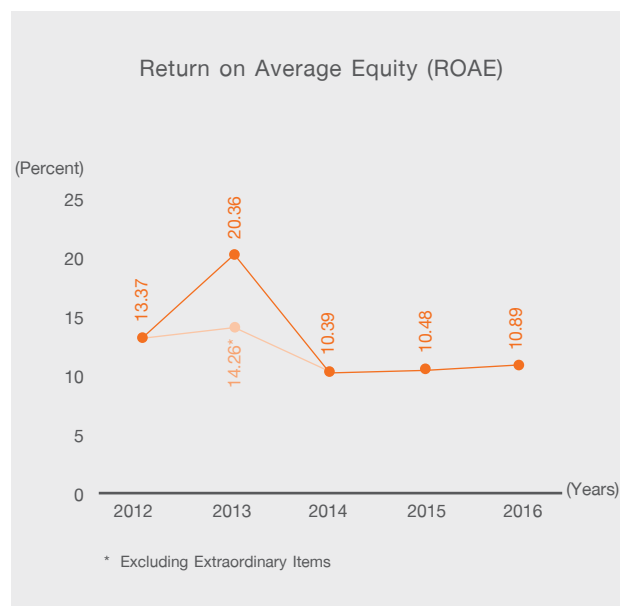
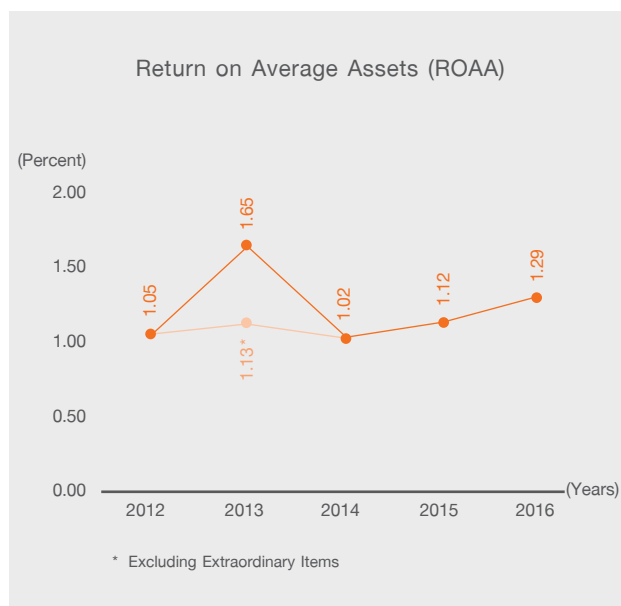
Total income of the Company and its subsidiaries increased by 853 million baht or 2.14 percent. This was from an increase in net interest income of 2.66 percent and an increase in non-interest income of 0.95 percent. At the same time, operating expenses increased by 5.32 percent. However, from the substantial success in NPL management, impairment loss of loans significantly declined by 27.79 percent. As a result, the net profit attributable to the Company in 2016 amounted to 6,013 million baht, an increase of 577 million baht or 10.61 percent from the previous year. Earning per share (EPS) was 5.16 baht, an increase from 4.61 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.29 percent and 10.89 percent respectively.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Interest Income	45,208	48,640	(3,432)	(7.06)
Interest Expenses	16,740	20,910	(4,170)	(19.94)
Net Interest Income	28,468	27,730	738	2.66
Net Fees and Service Income	5,888	5,465	423	7.74
Total Other Operating Income ⁽¹⁾	6,391	6,699	(308)	(4.60)
Net Operating Income	40,747	39,894	853	2.14
Other Operating Expenses	21,073	20,009	1,064	5.32
Impairment Loss of Loans and Debt Securities	6,210	8,600	(2,390)	(27.79)
Profit before Income Tax	13,464	11,285	2,179	19.31
Income Tax	853	225	628	279.11
Profit for the Year	12,611	11,060	1,551	14.02
Profit Attributable to the Company	6,013	5,436	577	10.61
Profit Attributable to Non-controlling Interests	6,598	5,624	974	17.32
Earnings per Share (Baht)	5.16	4.61	0.55	11.93
Weighted Average Number of Ordinary Shares (Million Shares)	1,165.13	1,179.37	(14.24)	(1.21)

Note: ⁽¹⁾ Total other operating income net insurance / life insurance expenses





Net Interest Income

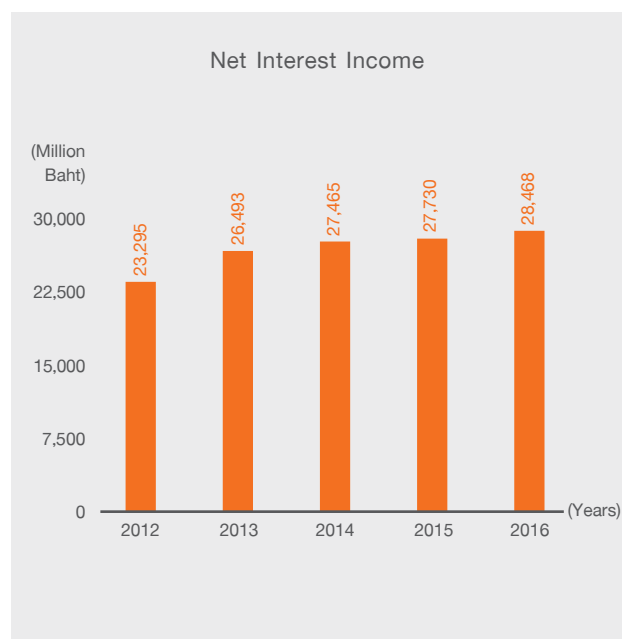
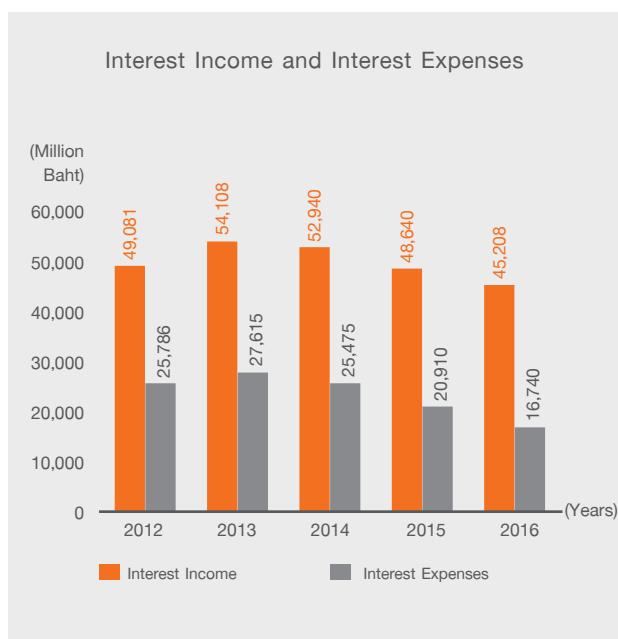
(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	1,347	1,614	(267)	(16.54)
Investments and Trading Transactions	220	334	(114)	(34.13)
Investments in Debt Securities	3,571	3,850	(279)	(7.25)
Loans to Customers	18,362	19,514	(1,152)	(5.90)
Hire Purchase and Financial Lease	21,708	23,328	(1,620)	(6.94)
Total Interest Income	45,208	48,640	(3,432)	(7.06)
Interest Expenses				
Deposits	9,525	12,831	(3,306)	(25.77)
Interbank and Money Market Items	741	958	(217)	(22.65)
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,326	3,405	(79)	(2.32)
Debts Issued and Borrowings	3,141	3,710	(569)	(15.34)
Borrowings Cost	7	6	1	16.67
Total Interest Expenses	16,740	20,910	(4,170)	(19.94)
Net Interest Income	28,468	27,730	738	2.66

In 2016, the Company and its subsidiaries had 28,468 million baht in net interest income, an increase of 738 million baht or 2.66 percent from the previous year. Interest Spread was at 2.86 percent, an increase from 2.70 percent.

- Interest income was 45,208 million baht, a decrease of 3,432 million baht or 7.06 percent. This was mainly from loans contraction and a decrease in yield on earning assets following TBANK's loan rates cuts which were in line with the market interest rate trend.

- Interest expenses were 16,740 million baht, a decrease of 4,170 million baht or 19.94 percent. This was mainly due to the effective cost of fund management under TBANK's strategy to manage liquidity as well as TBANK's deposits restructuring.



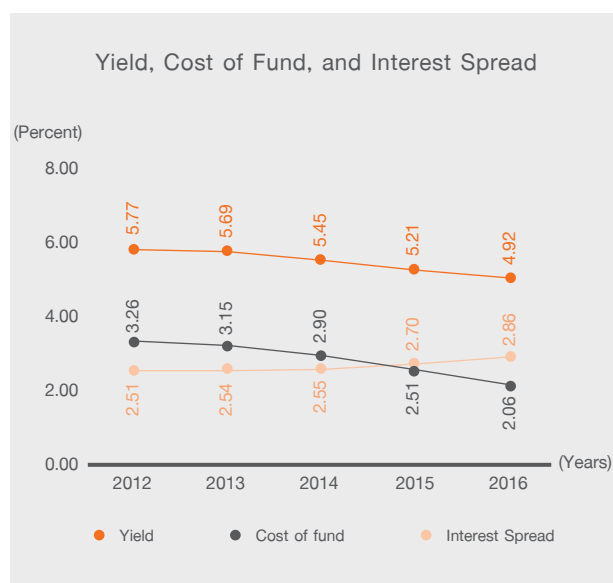
Interest Spread

(Unit: Percent)

Interest Spread	For the Year	
	2016	2015
Yield ⁽¹⁾	4.92	5.21
Cost of Fund ⁽²⁾	2.06	2.51
Interest Spread	2.86	2.70

Notes: ⁽¹⁾ Yield = Interest Income / (Average Interbank and Money Market Items with Interest Bearing + Average Net Investments + Average Loans to Customers)

⁽²⁾ Cost of Fund = Interest Expenses / (Average Deposits + Average Interbank and Money Market Items with Interest Bearing + Average Debts Issued and Borrowings)



Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Fees and Service Income	8,803	8,175	628	7.68
Fees and Service Expenses	2,915	2,710	205	7.56
Net Fees and Service Income	5,888	5,465	423	7.74
Gains on Trading and Foreign Exchange Transactions	459	742	(283)	(38.14)
Gains on Investments	1,061	1,956	(895)	(45.76)
Share of Profit from Investments Accounted for Under Equity Method	395	272	123	45.22
Net Insurance / Life Insurance Income	2,659	2,043	616	30.15
Dividend Income	496	359	137	38.16
Other Operating Income	1,321	1,327	(6)	(0.45)
Total Other Operating Income	6,391	6,699	(308)	(4.60)
Total Non-interest Income	12,279	12,164	115	0.95

Non-interest income of the Company and its subsidiaries in 2016 was 12,279 million baht, an increase of 115 million baht or 0.95 percent from the previous year.

Net Fees and Service Income

In 2016, the Company and its subsidiaries had net fees and service income of 5,888 million baht, an increase of 423 million baht or 7.74 percent from the previous year. This was mainly due to brokerage fees, fund management fees as well as commission received from selling insurance/life insurance.

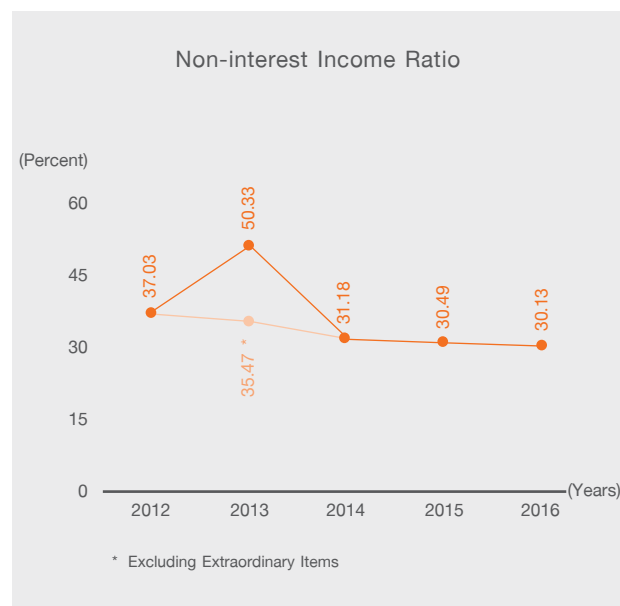
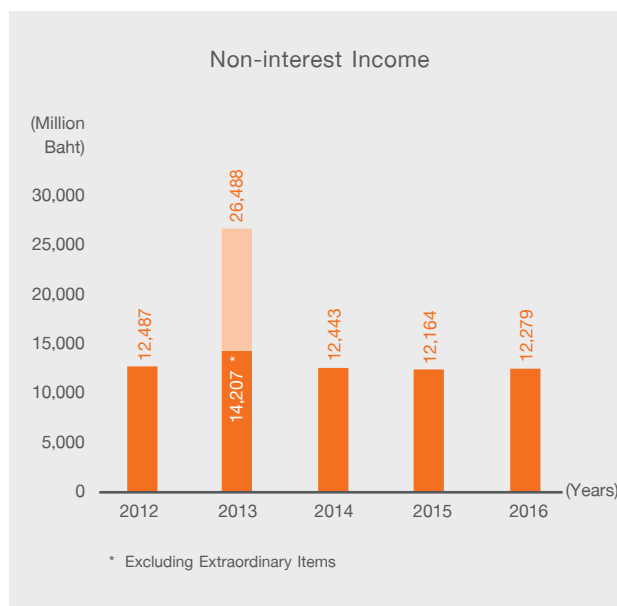
Total Other Operating Income

Total other Operating income amounted to 6,391 million baht, a decrease of 308 million baht or 4.60 percent from the previous year. The main reasons were from:

- Gains on investments equaled 1,061 million baht, a decrease of 895 million baht or 45.76 percent.
- Gains on trading and foreign exchange transactions amounted to 459 million baht, a decrease of 283 million baht or 38.14 percent.
- Net insurance/life insurance income amounted to 2,659 million baht, an increase of 616 million baht or 30.15 percent.
- Dividend income was 496 million baht, an increase of 137 million baht or 38.16 percent.

- Share of profit from investments accounted for under equity method totaled 395 million baht, an increase of 123 million baht or 45.22 percent.

The ratio of non-interest income to net operating income of 2016 was at 30.13 percent, a decrease from 30.49 percent in the previous year. This was due to the fact that non-interest income increased less than net interest income.



Other Operating Expenses

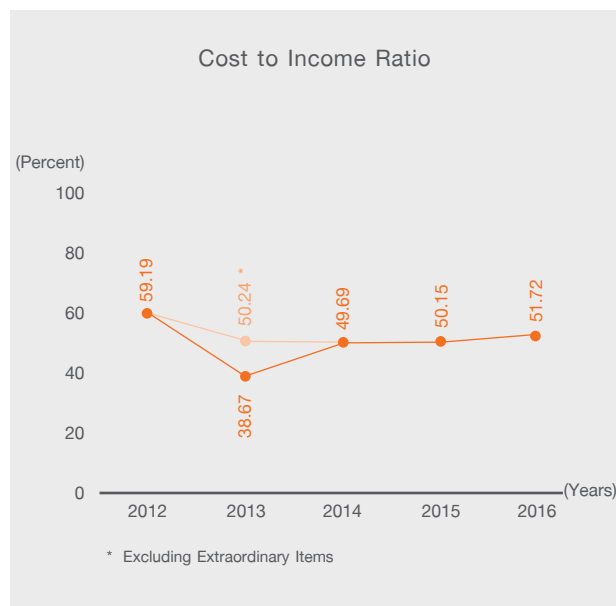
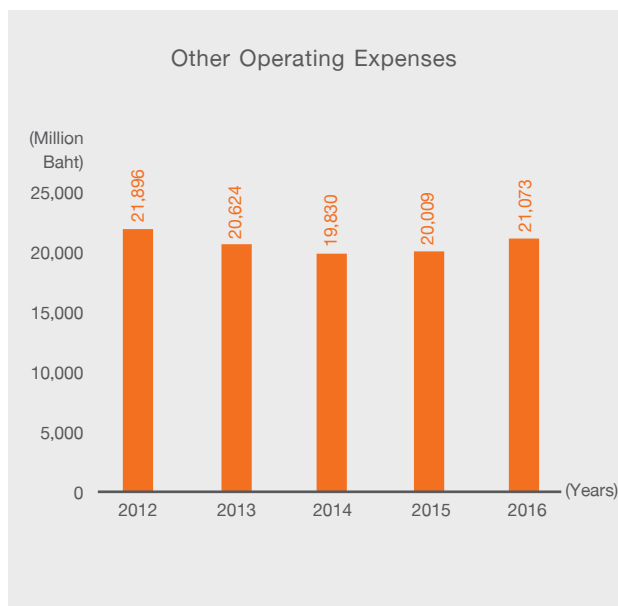
(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Employee's Expenses	11,876	11,152	724	6.49
Directors' Remuneration	82	78	4	5.13
Premises and Equipment Expenses	3,081	3,000	81	2.70
Taxes and Duties	775	864	(89)	(10.30)
Other Expenses	5,259	4,915	344	7.00
Total Other Operating Expenses	21,073	20,009	1,064	5.32

In 2016, other operating expenses of the Company and its subsidiaries amounted to 21,073 million baht, an increase of 1,064 million baht or 5.32 percent from the previous year. Key factors included the following.

- Employee's expenses increased by 724 million baht or 6.49 percent. This was due to an increase in annual salary and bonus as well as incentive expenses that increased in line with the sale volume.
- Other expenses increased by 344 million baht or 7.00 percent, due mainly from expenses on IT systems and advertising.

As a result, the ratio of other operating expenses to net operating income (Cost to Income Ratio) of 2016 stayed at 51.72 percent, an increase from 50.15 percent of the previous year.

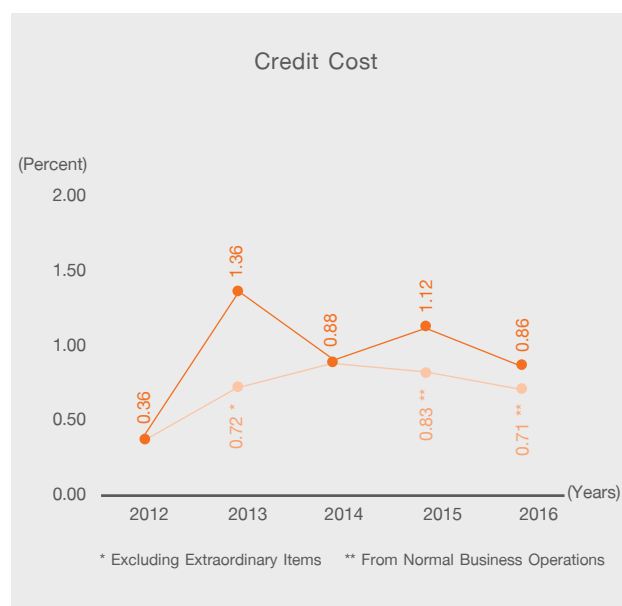
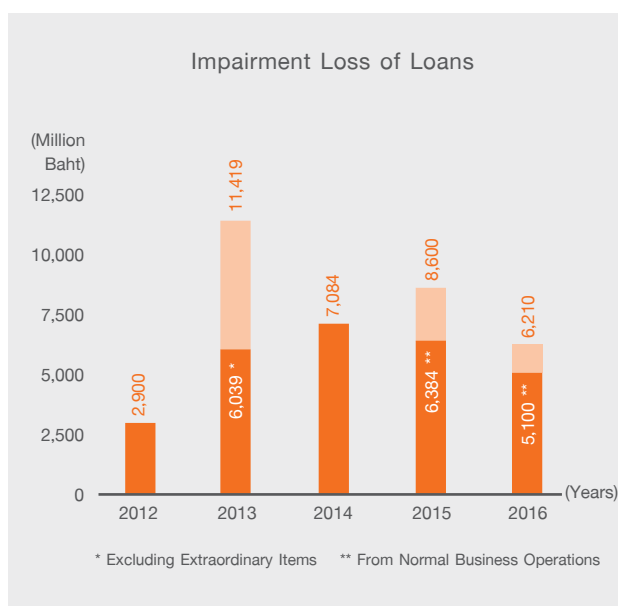


Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2016	2015	Increase/(Decrease)	Percent
Impairment Loss of Loans and Debt Securities	5,100	6,384	(1,284)	(20.11)
Impairment Loss of Loans – Special Provision	1,110	2,216	(1,106)	(49.91)
Total Impairment Loss of Loans and Debt Securities	6,210	8,600	(2,390)	(27.79)
Credit Cost (Percent)	0.86	1.12	(0.26)	(23.21)
Credit Cost (Excluding Special Provision) (Percent)	0.71	0.83	(0.12)	(14.46)

For the year 2016, the Company and its subsidiaries had impairment loss of loans excluding special provision amounting to 5,100 million baht, a decrease of 1,284 million baht or 20.11 percent from the previous year. Credit cost was at 0.71 percent, a decrease from 0.83 percent. This was due to an effective risk management. In addition, as TBANK has no tax burden, TBANK has considered providing a special provision of 1,110 million baht in 2016 for supporting the economic uncertainties and future regulations. From the attempt to manage NPLs of the Company and its subsidiaries, NPL ratio has been declining and coverage ratio has been improving significantly from the end of 2015.



Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2016		31 December 2015		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Interbank and Money Market Items - net	48,734	5.04	58,138	5.83	(9,404)	(16.18)
Investments - net	186,928	19.33	184,562	18.50	2,366	1.28
Investments in Subsidiary and Associated Companies - net	2,890	0.30	2,353	0.24	537	22.82
Loans to Customers and Accrued Interest Receivables	692,677	71.64	715,295	71.70	(22,618)	(3.16)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(25,155)	(2.60)	(26,244)	(2.63)	1,089	(4.15)
Property Foreclosed - net	4,992	0.52	6,334	0.63	(1,342)	(21.19)
Intangible Assets from Business Combination - net	1,060	0.11	1,511	0.15	(451)	(29.85)
Goodwill	17,439	1.80	17,207	1.73	232	1.35
Other Assets	37,302	3.86	38,425	3.85	(1,123)	(2.92)
Total Assets	966,867	100.00	997,581	100.00	(30,714)	(3.08)
Deposits	676,456	69.96	669,454	67.11	7,002	1.05
Interbank and Money Market Items	65,701	6.80	85,600	8.58	(19,899)	(23.25)
Debts Issued and Borrowings	61,704	6.38	84,929	8.51	(23,225)	(27.35)
Other Liabilities	43,155	4.46	46,275	4.64	(3,120)	(6.74)
Total Liabilities	847,016	87.60	886,258	88.84	(39,242)	(4.43)
Equity Attributable to Owners of the Company	56,891	5.89	52,674	5.28	4,217	8.01
Non-controlling Interests	62,960	6.51	58,649	5.88	4,311	7.35
Total Equity	119,851	12.40	111,323	11.16	8,528	7.66
Total Liabilities and Equity	966,867	100.00	997,581	100.00	(30,714)	(3.08)

Assets

As of 31 December 2016, Thanachart Group's total assets amounted to 966,867 million baht, a decrease of 30,714 million baht or 3.08 percent from the end of 2015. The details of key contributing factors were as follows:

Interbank and Money Market Items (Assets)

As of 31 December 2016, net interbank and money market items amounted to 48,734 million baht, a decrease of 9,404 million baht or 16.18 percent from the end of the previous year. This was from liquidity management.

Investments - net

(Unit: Million Baht)

Investments Classified by Type	31 December 2016		31 December 2015		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Trading Securities	15,700	8.27	10,176	5.45	5,524	54.28
Available-for-sale Securities	165,736	87.31	160,527	85.88	5,209	3.24
Held-to-maturity Debt Securities	1,704	0.90	9,837	5.26	(8,133)	(82.68)
General Investments	3,788	2.00	4,022	2.15	(234)	(5.82)
Total Investments - net	186,928	98.48	184,562	98.74	2,366	1.28
Investments in Associated Companies	2,890	1.52	2,353	1.26	537	22.82
Total Net Investments	189,818	100.00	186,915	100.00	2,903	1.55

As of 31 December 2016, the Company and its subsidiaries had total net investments of 189,818 million baht, an increase of 2,903 million baht or 1.55 percent from the end of the previous year.

Loans to Customers

(Unit: Million Baht)

	31 December 2016		31 December 2015		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Agricultural and Mining	14,081	2.03	15,005	2.10	(924)	(6.16)
Manufacturing and Commerce	78,238	11.31	78,816	11.03	(578)	(0.73)
Real Estate and Construction	47,881	6.92	49,873	6.98	(1,992)	(3.99)
Public Utilities and Services	60,117	8.69	65,679	9.19	(5,562)	(8.47)
Personal Consuming						
Hire Purchase	345,343	49.90	364,982	51.07	(19,639)	(5.38)
Housing Loans	97,756	14.13	89,088	12.47	8,668	9.73
Securities Business	3,536	0.51	3,458	0.48	78	2.26
Others	28,958	4.18	26,967	3.77	1,991	7.38
Others	16,136	2.33	20,760	2.91	(4,624)	(22.27)
Total Loans to Customers	692,046	100.00	714,628	100.00	(22,582)	(3.16)

As of 31 December 2016, loans to customers amounted to 692,046 million baht, a decrease of 22,582 million baht or 3.16 percent from the end of the previous year. Hire purchase loans still slowed down and declined in line with the automotive market condition while other retail loans increased. Moreover, TBANK places a strong emphasis on the quality of loans and the effective NPL management to bring down the NPLs. Portion of retail loans to corporate and SME loans was 69 percent to 31 percent.

Loan Classification and Allowance for Doubtful Accounts

Classified Loans based on the Notification of the BOT

Taking into account the Company and its subsidiaries which are financial institutions (including TBANK and the asset management company), their classified loans and allowance for doubtful accounts in compliance with the notification of the BOT were as follows:

(Unit: Million Baht)

	31 December 2016		31 December 2015	
	Loans and Accrued Interest	Allowance for Doubtful Accounts	Loans and Accrued Interest	Allowance for Doubtful Accounts
Normal	613,284	9,805	629,494	8,101
Special Mention	25,507	3,046	30,993	3,524
Substandard	4,287	1,726	4,119	1,819
Doubtful	3,364	975	3,336	1,352
Doubtful of Loss	8,093	5,131	13,595	8,096
Total	654,535	20,683	681,537	22,892
Additional Allowance for Possible Uncollectible Accounts		2,345		1,502
Total	654,535	23,028	681,537	24,394

Note: Only the Company and its subsidiaries under the supervision of the BOT and deducting intercompany transactions

Non-performing Loans: NPLs

(Unit: Million Baht)

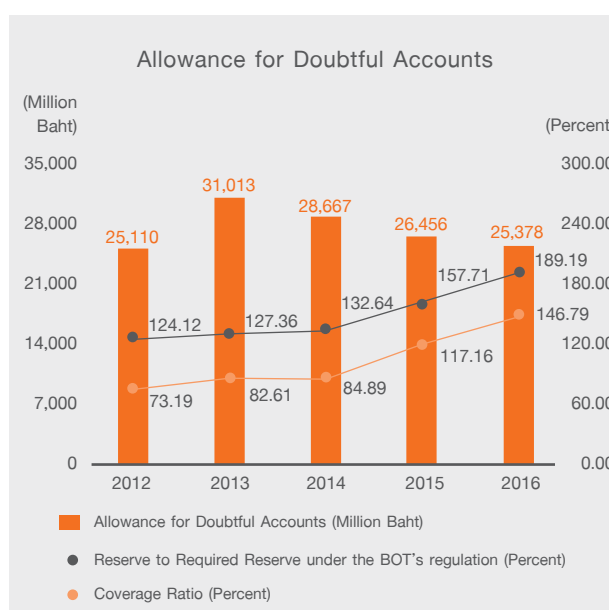
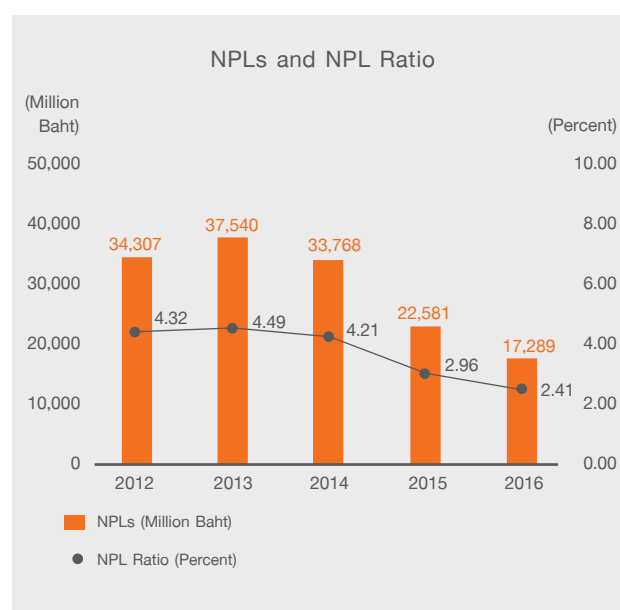
	31 December 2016	31 December 2015
NPLs	17,289	22,581
NPL-net	7,914	9,789
Total Allowance for Doubtful Accounts *	25,378	26,456
NPL-gross to Total Loans (Percent)	2.41	2.96
NPL-net to Total Loans (Percent)	1.12	1.30
Reserve to Reserve Required by the BOT (Percent)	189.19	157.71
Coverage Ratio (Percent)	146.79	117.16

Note: * Including allowance for interbank and money market items and revaluation allowance for debt restructuring

Under the market and economic conditions that continued to gradually grow, the Company and its subsidiaries still focused on NPLs management through systematic and effective control. As a result, NPLs have been declining for the tenth consecutive quarter. NPLs as of 31 December 2016 amounted to 17,289 million baht, a decrease of 5,292 million baht or 23.44 percent from the end of the previous year.

Non-performing loans to total loans to customers (NPL Ratio) was at 2.41 percent, a decrease from 2.96 percent at the end of the previous year. Despite loans contraction, NPL ratio decreased from the effective NPL management. Non-performing loans after deducting reserve (NPL-net) amounted to 7,914 million baht while the ratio of NPL-net to total loans was at 1.12 percent.

Coverage ratio at the end of December 2016 was at 146.79 percent, an increase from 117.16 percent at the end of December 2015. The ratio of reserve to required reserve under the BOT's regulation was at 189.19 percent at the end of 2016, an increase from 157.71 percent from the end of 2015. Excess reserve amounted to 11,964 million baht.



Property Foreclosed

As of 31 December 2016, the Company and its subsidiaries had property foreclosed stated at cost amounting to 6,560 million baht, accounting for 0.68 percent of total assets. The allowance for impairment of the property foreclosed was 1,568 million baht, accounting for 23.90 percent of total value at cost.

Source of Fund

Capital Structure

As of 31 December 2016, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 847,016 million baht and 119,851 million baht. The ratio of debts to equity was at 7.07 times. The important components of funds from liabilities consisted of deposits which as of 31 December 2016 amounted to 676,456 million baht or accounted for 69.96 percent while interbank and money market items, debts issued and borrowings, and other liabilities accounted for 6.80 percent, 6.38 percent, and 4.46 percent of total source of fund.

(Unit: Million Baht)

Source of Fund	31 December 2016		31 December 2015		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Deposits	676,456	69.96	669,454	67.11	7,002	1.05
Interbank and Money Market Items	65,701	6.80	85,600	8.58	(19,899)	(23.25)
Debts Issued and Borrowings	61,704	6.38	84,929	8.51	(23,225)	(27.35)
Other Liabilities	43,155	4.46	46,275	4.64	(3,120)	(6.74)
Total Liabilities	847,016	87.60	886,258	88.84	(39,242)	(4.43)
Total Shareholders' Equity	119,851	12.40	111,323	11.16	8,528	7.66
Total	966,867	100.00	997,581	100.00	(30,714)	(3.08)

Liabilities

Total liabilities of Thanachart Group as of 31 December 2016 were 847,016 million baht, a decrease of 39,242 million baht or 4.43 percent from the end of 2015. The key items were as follows:

- Deposits were 676,456 million baht, an increase of 7,002 million baht or 1.05 percent from the end of the previous year. This was due to an increase in savings deposits in accordance with its policy on deposit restructuring and cost of fund management.

(Unit: Million Baht)

Deposits	31 December 2016		31 December 2015		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Current	11,421	1.69	9,779	1.46	1,642	16.79
Savings	296,885	43.89	258,887	38.67	37,998	14.68
Certificates of Deposits	125,493	18.55	113,598	16.97	11,895	10.47
Fixed Deposits						
Less than 6 Months	39,442	5.83	38,632	5.77	810	2.10
6 Months and up to 1 Year	93,129	13.77	122,076	18.24	(28,947)	(23.71)
Over 1 Year	110,086	16.27	126,482	18.89	(16,396)	(12.96)
Total Fixed Deposits	242,657	35.87	287,190	42.90	(44,533)	(15.51)
Total Deposits	676,456	100.00	669,454	100.00	7,002	1.05

- The ratio of current and savings accounts to total deposits (CASA ratio) was at 45.58 percent, an increase from 40.13 percent at the end of the previous year.

- Interbank and money market items amounted to 65,701 million baht, a decrease of 19,899 million baht or 23.25 percent from the end of the previous year. This was due to liquidity management.

- Debts issued and borrowings amounted to 61,704 million baht, a decrease of 23,225 million baht or 27.35 percent from the end of the previous year. This was mainly from a decrease in short-term debentures.

Shareholders' Equity

Total shareholders' equity as of 31 December 2016 was 119,851 million baht, an increase of 8,528 million baht or 7.66 percent from the end of 2015 which comprised of the following:

- Equity attributable to the owners of the Company was 56,891 million baht, an increase of 4,217 million baht or 8.01 percent. This was mainly from an increase in operating profit attributable to the Company in the year 2016 amounting to 6,013 million baht. Also, net revaluation surplus on assets - impact from relevant income tax of the Company and its subsidiaries amounted to 665 million baht. On the other hand, there were dividend payments paid for the performance in the second half of 2015 in the amount of 1,282 million baht and interim dividend for the performance of the first six-month period of 2016 in the amount of 932 million baht.

- Equity attributable to non-controlling interest amounted to 62,960 million baht, an increase of 4,311 million baht or 7.35 percent, mainly from the operating results and revaluation surplus on assets of the subsidiary companies.

Cash Flows

As of 31 December 2016, the Company and its subsidiaries had cash in the amount of 12,077 million baht. The details of the net cash flows from various activities were as follows:

- The net cash flows received from operating activities were 25,065 million baht, mainly due to 19,478 million baht in profit from operation. The key changes in operating assets and liabilities included a decrease of 9,527 million baht in interbank and money market items (asset); a decrease of 2,427 million baht in derivatives assets; an increase of 5,645 million baht in investments in trading securities; a decrease of 9,841 million baht in loans to customers; a decrease of 6,556 million baht in property foreclosed; an increase of 213 million baht in receivables from purchase and sale of securities; an increase of 653 million baht in other assets; an increase of 7,001 million baht in deposits; a decrease of 20,079 million baht in interbank and money market items (liability); a decrease of 215 million baht in liability payable on demand; a decrease of 2,495 million baht in derivatives liabilities; an increase of 294 million baht in payable from purchase and sales of securities; a decrease of 8 million baht in insurance/life insurance contract liabilities; and a decrease of 751 million baht in other liabilities.

- The net cash flows used in investing activities amounted to 4,892 million baht. This was mainly due to a decrease of 1,576 million baht in investments in securities; 3,921 million baht in received from interest; 744 million baht received from dividend; and 71 million baht received from disposal of land, premise and equipment. On the other hand, cash payment for purchase of premise and equipment/intangible assets amounted to 1,420 million baht.

- The net cash flows used in financing activities amounted to 31,217 million baht. This included cash received of 13,689 million baht from debts issued and borrowings; cash payment of 36,914 million baht paid for debts issued and borrowings; cash payment of 3,326 million baht paid for interest expenses on debts issued and borrowings; cash received of 34 million baht from non-controlling interests for issuance of additional shares of a subsidiary company; cash payment of 2,213 million baht paid for dividend; and cash payment of 2,487 million baht paid for dividend to non-controlling interests.

Commitments and Contingent Liabilities

(Unit: Million Baht)

Commitment	31 December 2016	31 December 2015	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	629	1,270	(641)	(50.47)
Liabilities under Unmatured Import Bills	637	497	140	28.17
Letter of Credits	2,667	2,310	357	15.45
Other Obligations				
Committed (but not Drawn) Overdraft	24,244	24,506	(262)	(1.07)
Others	55,272	53,203	2,069	3.89
Total	83,449	81,786	1,663	2.03

As of 31 December 2016, the Company and its subsidiaries had commitment in the amount of 83,449 million baht, an increase of 1,663 million baht or 2.03 percent from the end of 2015.

Capital Adequacy

As of 31 December 2016, the Company and its subsidiaries had legal capital in accordance with the Basel III regulations in the amount of 120,228 million baht. Of which, 87,096 million baht was Tier I capital and 33,132 million baht was Tier II capital. Total capital to risk-weighted assets or capital adequacy ratio accounted for 15.59 percent which was higher than 9.125 percent minimum requirement of the BOT. The details are as follows:

(Unit: Percent)

Capital Adequacy Ratio	31 December 2016		31 December 2015	
	Minimum Requirement by the BOT	Capital Adequacy Ratio of the Group	Minimum Requirement by the BOT	Capital Adequacy Ratio of the Group
Total Common Equity Tier I to Risk-weighted Assets	5.125	11.30	4.50	10.29
Total Tier I to Risk-weighted Assets	6.625	11.30	6.00	10.29
Total Tier II to Risk-weighted Assets	-	4.29	-	4.42
Total Capital to Risk-weighted Assets	9.125	15.59	8.50	14.71

Percentage of shareholding and performance of significant subsidiaries based on their respective financial statements were as follows:

(Unit: Million Baht)

Subsidiary Companies	Shareholding Direct / Indirect (Percent)	Profit (Loss) for the Year	
		2016	2015
Thanachart Bank Public Company Limited			
Consolidated Financial Statements*		12,434	10,743
Separate Financial Statements	50.96	11,962	11,452
Thanachart Securities Public Company Limited	50.96	662	488
Thanachart Fund Management Company Limited	38.22	355	320
Thanachart Insurance Public Company Limited	50.96	1,005	1,117
TS Asset Management Company Limited	50.96	189	(18)
Ratchthani Leasing Public Company Limited	33.22	881	749
NFS Asset Management Company Limited	100.00	55	50
MAX Asset Management Company Limited	83.44	92	69
MBK Life Assurance Public Company Limited	51.00	122	(121)

Note: * Only the profit attributable to the owners of TBANK

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2015 and 2016 based on consolidated financial statements)

(Unit: Million Baht)

Statements of Comprehensive Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Interest Income	44,886	48,217	(3,331)	(6.91)
Interest Expenses	16,174	20,536	(4,362)	(21.24)
Net Interest Income	28,712	27,681	1,031	3.72
Net Fees and Service Income	5,904	5,475	429	7.84
Total Other Operating Income ⁽¹⁾	5,790	6,482	(692)	(10.68)
Net Operating Income	40,406	39,638	768	1.94
Other Operating Expenses ⁽²⁾	20,626	19,721	905	4.59
Pre-Provision Operating Profit	19,780	19,917	(137)	(0.69)
Impairment Loss of Loans and Debt Securites - From Normal Business Operation	5,141	6,376	(1,235)	(19.37)
Impairment Loss of Loans - Special Provision	1,110	2,216	(1,106)	(49.91)
Profit before Income Tax	13,529	11,325	2,204	19.46
Income Tax	691	198	493	248.99
Profit for the Year	12,838	11,127	1,711	15.38
Profit Attributable to the Bank	12,434	10,743	1,691	15.74
Profit Attributable to Non-controlling Interests	404	384	20	5.21
Earnings per Share (Baht)	2.05	1.90		
Weighted Average Number of Ordinary Shares (Million Shares)	6,064.86	5,640.52		

Note: ⁽¹⁾ Total other operating income net insurance expenses

⁽²⁾ Excluding insurance expenses

Operating Results for the Year 2016

In 2016, TBANK and its subsidiaries' net profit totaled 12,434 million baht, an increase of 1,691 million baht or 15.74 percent from the previous year. A success in maintaining operating results marks the eight consecutive quarters of profit growth. This was due to successes in strategic direction amid apprehensive economic environment to focus on asset quality and to effectively manage cost of fund while increase banking fees and service income. Furthermore, TBANK and its subsidiaries strengthened its capital adequacy positioning while put in place a solid Liquidity Coverage Ratio (LCR) in accordance with the Basel III regulations implementation. An all-round improvement in profitability and financial positions had undoubtedly validated the potential and capability of the organization.

In this digital era, TBANK has launched a mobile banking application under the name Thanachart Connect. TBANK also offered PromptPay registration together with Freever Savings account or e-Savings account reaffirming the progress of digital banking and Main Bank strategy. This also was a response to the cashless society national agenda under a National e-Payment program rollout with PromptPay launched as the first phase.

In 2016, TBANK's asset size declined following loan volume. However, loan outstanding has increased in the fourth quarter from all loan types while asset quality continued to strengthen, as a result of effective NPL and prudent risk management. Furthermore, CASA ratio improved from the previous year from deposit structure management.

TBANK's total income increased by 1.94 percent from the previous year while operating expenses increased by 4.59 percent. Impairment loss of loans expenses excluding special provision decreased by 19.37 percent from effective management and stronger asset quality as NPLs have been declining steadily for the past 10 quarters.

NPLs on consolidated basis declined 5,247 million baht from the previous year, resulting in a NPL ratio of 2.29 percent and a coverage ratio of 151.16 percent. Reserve to required reserve as of 31 December 2016 was at 192.38 percent.

On the Bank Only basis, NPL ratio was at 1.90 percent with coverage ratio at 151.64 percent. Reserve to required reserve was at 202.23 percent. Capital adequacy ratio of the Bank ended at 19.15 percent, an increase from 17.92 percent at the end of the previous year.

TBANK and its subsidiaries' operating results in the year 2016 comparing with that of 2015 can be summarized as follows:

- Net interest income increased by 3.72 percent from cost of fund management and interest spread that widened to 3.03 percent.
- Non-interest income decreased by 2.20 percent mainly from a decline in gains on investments while fees and service income increased.
- Total income increased by 1.94 percent from improvement in net interest income and fees and service income.
- Operating expenses increased by 4.59 percent from increases in employee's expenses and investments in IT system and infrastructure.
- Impairment loss of loans expenses excluding special provision decreased by 19.37 percent from effective asset quality management.
- Net profit increased by 15.74 percent from an increase in total income and a decrease in impairment loss of loans and debt securities.
- NPLs decreased by 5,247 million baht with NPL ratio decreased to 2.29 percent and coverage ratio increased to 151.16 percent.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Interest Income	44,886	48,217	(3,331)	(6.91)
Interbank and Money Market Items	1,307	1,580	(273)	(17.28)
Investments and Trading Transactions	30	73	(43)	(58.90)
Investments in Debt Securities	3,504	3,761	(257)	(6.83)
Loans to Customers	18,337	19,474	(1,137)	(5.84)
Hire Purchase and Financial Lease	21,708	23,329	(1,621)	(6.95)
Interest Expenses	16,174	20,536	(4,362)	(21.24)
Deposits	9,526	12,832	(3,306)	(25.76)
Interbank and Money Market Items	741	957	(216)	(22.57)
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,326	3,405	(79)	(2.32)
Debts Issued and Borrowings	2,576	3,336	(760)	(22.78)
Borrowings Cost	5	6	(1)	(16.67)
Net Interest Income	28,712	27,681	1,031	3.72

For the year 2016, TBANK and its subsidiaries' net interest income totaled 28,712 million baht, an increase of 1,031 million baht or 3.72 percent from the previous year.

- Interest income decreased by 3,331 million baht or 6.91 percent, due to a shrinking loan portfolio and a decline in yield on earning assets following loan rate adjustment and the market rate trend.

- Interest expenses decreased by 4,362 million baht or 21.24 percent, as a result of strategically management on the cost of fund to enhance TBANK's liquidity and deposit restructuring of TBANK.

Consequently, interest spread in 2016 was at 3.03 percent, an increase from 2.84 percent in the previous year. The details are shown in the table below.

	4Q15	1Q16	2Q16	3Q16	4Q16	2015	2016
Average Policy Interest Rate	1.50	1.50	1.50	1.50	1.50	1.63	1.50
Yield	5.16	5.10	5.06	5.09	5.00	5.36	5.06
Cost of Fund	2.29	2.23	2.08	1.92	1.89	2.52	2.03
Interest Spread	2.87	2.87	2.98	3.17	3.11	2.84	3.03

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Net Fees and Service Income	5,904	5,475	429	7.84
Gains on Trading and Foreign Exchange Transactions	491	658	(167)	(25.38)
Gains on Investments	714	1,533	(819)	(53.42)
Share of Profit from Investments Accounted for Under Equity Method	207	169	38	22.49
Gains on Property Foreclosed and Other Assets	31	22	9	40.91
Net Insurance Income	2,689	2,552	137	5.37
Dividend Income	400	295	105	35.59
Other Operating Income	1,258	1,253	5	0.40
Total Other Operating Income	5,790	6,482	(692)	(10.68)
Total Non-interest Income	11,694	11,957	(263)	(2.20)

Non-interest income in 2016 totaled 11,694 million baht, a decrease of 263 million baht or 2.20 percent from the previous year. This was mainly due to gains on investments and gains on trading and foreign exchange transactions.

- Net fees and service income totaled 5,904 million baht, an increase of 429 million baht or 7.84 percent mainly due to brokerage fees and insurance payment fees.

- Total other operating income totaled 5,790 million baht, a decrease of 692 million baht or 10.68 percent from the previous year. This was mainly due to gains on investments which decreased by 819 million baht or 53.42 percent and gains on trading and foreign exchange transactions which decreased by 167 million baht or 25.38 percent, partially offset by dividend income which increased by 105 million baht.

Consequently, non-interest income ratio in 2016 was at 28.94 percent, a decrease from 30.17 percent in the previous year.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Employee's Expenses	11,647	10,952	695	6.35
Premises and Equipment Expenses	3,051	2,970	81	2.73
Taxes and Duties	757	837	(80)	(9.56)
Directors' Remuneration	46	44	2	4.55
Other Expenses	5,125	4,918	207	4.21
Total Other Operating Expenses	20,626	19,721	905	4.59

In 2016, total other operating expenses totaled 20,626 million baht, an increase of 905 million baht or 4.59 percent from the previous year, mainly due to the followings:

- Employee's expenses increased by 695 million baht or 6.35 percent as a result of annual salary increase and incentive expenses following the growing sale volume.
- Premises and equipment expenses increased by 81 million baht or 2.73 percent as a result of depreciation expenses from branch renovation.
- Other expenses increased by 207 million baht or 4.21 percent from IT system and infrastructure investments and advertising expenses.

Consequently, cost to income ratio in 2016 was at 51.05 percent, an increase from 49.75 percent in the previous year. However, operating expenses compared to net profit decreased from the previous year as there was more expenses related to asset quality management.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2016	2015	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	5,141	6,376	(1,235)	(19.37)
Impairment Loss of Loans - Special Provision	1,110	2,216	(1,106)	(49.91)
Total Impairment Loss of Loans and Debt Securities	6,251	8,592	(2,341)	(27.25)
Credit Cost (Percent)	0.87	1.13	(0.26)	(23.01)
Credit Cost (Excluding Special Provision) (Percent)	0.72	0.84	(0.12)	(14.29)

In 2016, TBANK and its subsidiaries had 5,141 million baht in impairment loss of loans and debt securities excluding special provision, a decrease of 1,235 million baht or 19.37 percent from the previous year. Credit cost was at 0.72 percent, a decrease from 0.84 percent in the previous year. This was a result of an effective risk management. In addition, TBANK has utilized its tax benefit to put in 1,110 million baht of special provision to be vigilant against volatile economic conditions and to enhance its financial position. Furthermore, there was a substantial reduction in NPL ratio, and thus, the coverage ratio improved significantly. The details are included in the non-performing loans section.

Income Tax

As at 31 December 2016, TBANK has tax losses in the amount of 14,669 million baht, equivalent to a tax benefit of 2,934 million baht, based on a 20 percent corporate income tax rate.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

Statements of Financial Position	31 December 2016	31 December 2015	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	12,077	13,337	(1,260)	(9.45)
Interbank and Money Market Items - net	47,476	57,583	(10,107)	(17.55)
Investments - net	175,081	171,782	3,299	1.92
Loans to Customers and Accrued Interest Receivables	691,527	714,124	(22,597)	(3.16)
Allowance for Doubtful Accounts and Revaluation				
Allowance for Debt Restructuring	(24,618)	(25,680)	1,062	(4.14)
Property Foreclosed - net	3,112	4,093	(981)	(23.97)
Land, Premises, and Equipment - net	9,546	8,005	1,541	19.25
Goodwill and Intangible Assets Acquired in a				
Business Combination - net	20,649	20,954	(305)	(1.46)
Other Assets	15,661	16,774	(1,113)	(6.64)
Total Assets	950,511	980,972	(30,461)	(3.11)

Assets

As of 31 December 2016, TBANK and its subsidiaries' total assets amounted to 950,511 million baht, a decrease of 30,461 million baht or 3.11 percent from the end of 2015. The key changes are as follows:

- Net interbank and money market items were in the amount of 47,476 million baht, a decrease of 10,107 million baht or 17.55 percent from the end of the previous year, mainly due to liquidity management.
- Net investments totaled 175,081 million baht, an increase of 3,299 million baht or 1.92 percent from the end of the previous year, mainly due to financial assets management based on opportunistic timing in the market.
- Loans and accrued interest receivables amounted to 691,527 million baht, a decrease of 22,597 million baht or 3.16 percent from the end of the previous year. This was mainly due to hire purchase loans which decreased by 5.39 percent following a slow automotive vehicles market while other retail loans grew by 9.93 percent from the end of the previous year, especially housing loans which grew by 10.65 percent. Corporate and SME loans decreased by 5.29 percent from the previous year. Furthermore, TBANK put focus on asset quality improvement and NPL reduction. The proportion of retail to corporate and SME loans was 69 to 31 percent.

(Unit: Million Baht)

Statements of Financial Position	31 December 2016	31 December 2015	Change	
			Increase/ (Decrease)	Percent
Liabilities and Shareholders' Equity				
Deposits	676,557	669,504	7,053	1.05
Interbank and Money Market Items	65,834	85,688	(19,854)	(23.17)
Liability Payable on Demand	1,986	2,202	(216)	(9.81)
Debts Issued and Borrowings	49,409	71,641	(22,232)	(31.03)
Provisions	3,579	3,294	285	8.65
Insurance Contract Liabilities	4,937	4,793	144	3.00
Other Liabilities	22,089	26,159	(4,070)	(15.56)
Total Liabilities	824,391	863,281	(38,890)	(4.50)
Equity Attributable to Owners of the Bank	124,488	116,226	8,262	7.11
Non-controlling Interests	1,632	1,465	167	11.40
Total Liabilities and Shareholders' Equities	950,511	980,972	(30,461)	(3.11)

Liabilities and Shareholders' Equities

TBANK and its subsidiaries' total liabilities as of 31 December 2016 totaled 824,391 million baht, a decrease of 38,890 million baht or 4.50 percent from the end of 2015. The key changes are as follows:

- Deposits totaled 676,557 million baht, an increase of 7,053 million baht or 1.05 percent from the end of the previous year. This was due to deposit restructuring and cost of fund management following a strategic liquidity management.

CASA to total deposits portion was at 45.58 percent, an increase from 40.14 percent at the end of the previous year.

- Debts issued and borrowings totaled 49,409 million baht, a decrease of 22,232 million baht or 31.03 percent, which was mainly due to a decrease in short-term debentures.

Shareholders' equity as of 31 December 2016 was in the amount of 126,120 million baht, an increase of 8,429 million baht or 7.16 percent from the end of 2015. The details are as follows.

- Equity attributable to owners of the Bank was in the amount of 124,488 million baht, an increase of 8,262 million baht or 7.11 percent. This was mainly due to a profitable operating results of the Bank and its subsidiaries in 2016 which totaled 12,434 million baht, revaluation surplus on assets of 1,281 million baht, share of other comprehensive income of associates which increased by 317 million baht, revaluation surplus on investments which decreased by 1,163 million baht and dividend payments of 4,549 million baht.

- Equity attributable to non-controlling interests was in the amount of 1,632 million baht, an increase of 167 million baht or 11.40 percent. This was a result of profitable operating results of subsidiaries.

Asset Quality

The asset quality was considered based on consolidated financial statements.

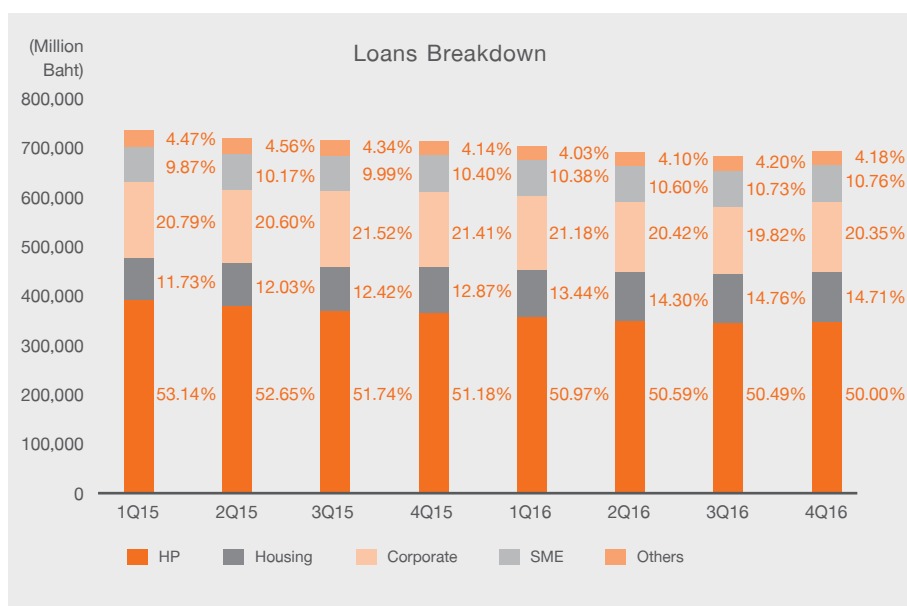
1. Loans

1.1 Net Loans and Accrued Interest Receivables

As of 31 December 2016, TBANK and its subsidiaries's net loans and accrued interest receivables totaled 691,527 million baht, a decrease of 22,597 million baht or 3.16 percent from the end of the previous year. This was mainly due to hire purchase loans which decreased by 5.39 percent following a slow automotive vehicles market while other retail loans grew by 9.93 percent from the end of the previous year, especially housing loans which grew by 10.65 percent. Corporate and SME loans decreased by 5.29 percent from the previous year. Furthermore, TBANK put focus on asset quality improvement and NPL reduction. The proportion of retail to corporate and SME loans was 69 to 31 percent. As well, TBANK has been effectively managing NPLs down steadily. During the year 2016, TBANK and its subsidiaries had made debt restructuring agreements with 1,951 debtors using various approaches such as amending terms and conditions of repayment, transferring assets and/or shares and/or amending terms of repayment, of which outstanding before restructuring was 5,618 million baht. By the end of 2016, 13,857 debtors joined the debt restructuring program of which their principal and accrued interest receivable amounted to 14,354 million baht.

Loans Diversification

As of 31 December 2016, hire purchase loans accounted for 50.00 percent, followed by corporate and SME loans of 31.11 percent, housing loans of 14.71 percent, and others of 4.18 percent.



1.2 Loans of TBANK and Its Financial Institution Subsidiary Classified based on the Notification of the BOT

As of 31 December 2016, TBANK and its subsidiary which is a financial institution (asset management company) had an amount of loans and accrued interest receivables classified in accordance with the BOT's guidelines of 653,679 million baht, a decrease of 26,948 million baht or 3.96 percent from the end of the previous year. Allowance for doubtful accounts as of 31 December 2016 was 22,492 million baht and total allowance for doubtful accounts to total loans and accrued interest receivable was at 3.44 percent.

Loans according to the BOT's Guidelines

(Unit: Million Baht)

	Loans and Accrued Interest Receivable		Allowance for Doubtful Accounts	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
Normal	613,276	629,475	9,805	8,101
Special Mention	25,506	30,993	3,046	3,525
Substandard	4,258	4,039	1,705	1,798
Doubtful	3,362	3,332	974	1,351
Doubtful of Loss	7,277	12,788	4,617	7,555
Total	653,679	680,627	20,147	22,330
Additional Allowance for Doubtful Accounts			2,345	1,502
Total Allowance for Doubtful Accounts			22,492	23,832
Ratio of Total Allowance for Doubtful Accounts to Loans to Customers and Accrued Interest Receivables (percent)			3.44	3.50

1.3 Non-performing Loans

Although market and economic conditions improved gradually, TBANK and its subsidiaries managed to reduce NPLs through systematic and effective control. Consequently, NPLs have been a steady decline for the past 10 quarters. NPLs as of 31 December 2016 was 16,434 million baht, a decrease of 5,247 million baht or 24.20 percent from the end of the previous year. NPL ratio of TBANK and its subsidiaries was at 2.29 percent, a reduction from 2.84 percent at the end of the previous year. For TBANK only, NPLs decreased by 3,093 million baht from the end of the previous year. Consequently, NPL ratio of TBANK was at 1.90 percent, a reduction from 2.20 percent at the end of the previous year.

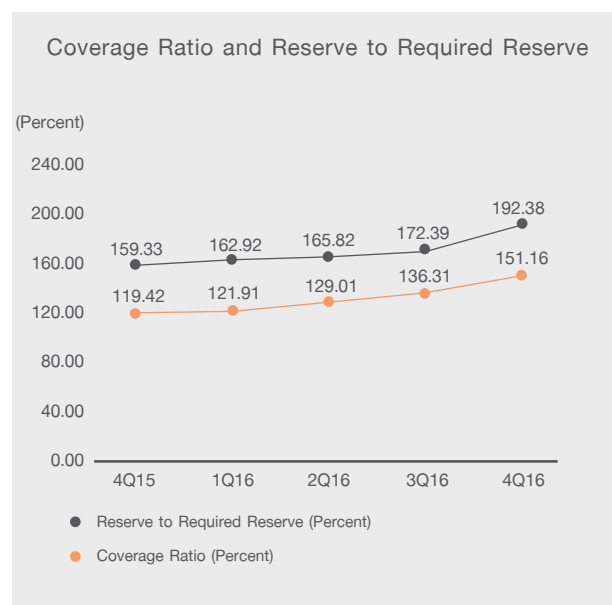
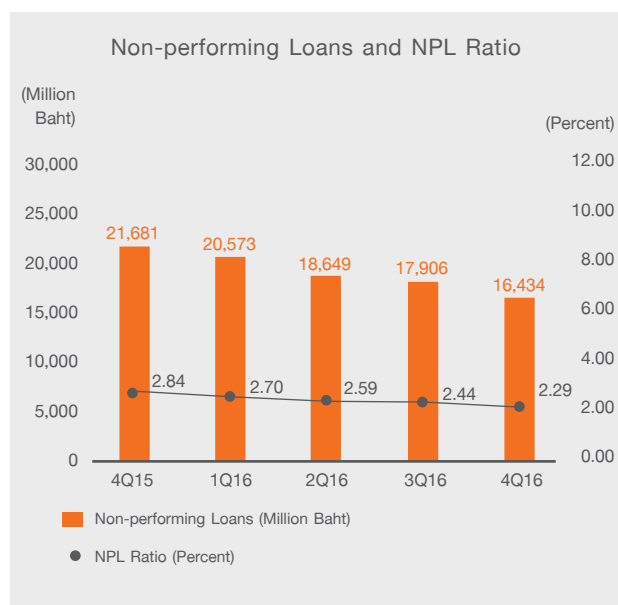
Coverage ratio of TBANK and its subsidiaries as of 31 December 2016 was at 151.16 percent, an increase from 119.42 percent at the end of December 2015. TBANK and its subsidiaries had an excess reserve of 11,928 million baht and a reserve to required reserve ratio of 192.38 percent as of 31 December 2016, an increase from 159.33 percent at the end of December 2015. Coverage ratio of TBANK as of 31 December 2016 was at 151.64 percent, an increase from 127.41 percent at the end of December 2015. TBANK had an excess reserve of 9,883 million baht and a reserve to required reserve ratio of 202.23 percent, an increase from 171.94 percent at the end of December 2015.

Non-performing Loans

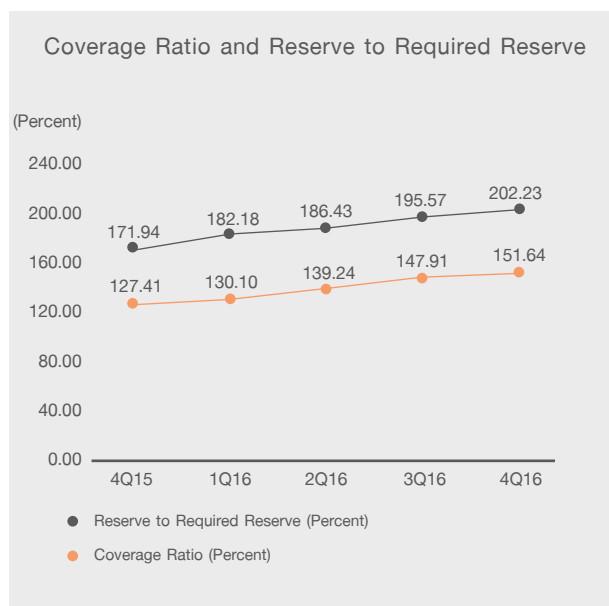
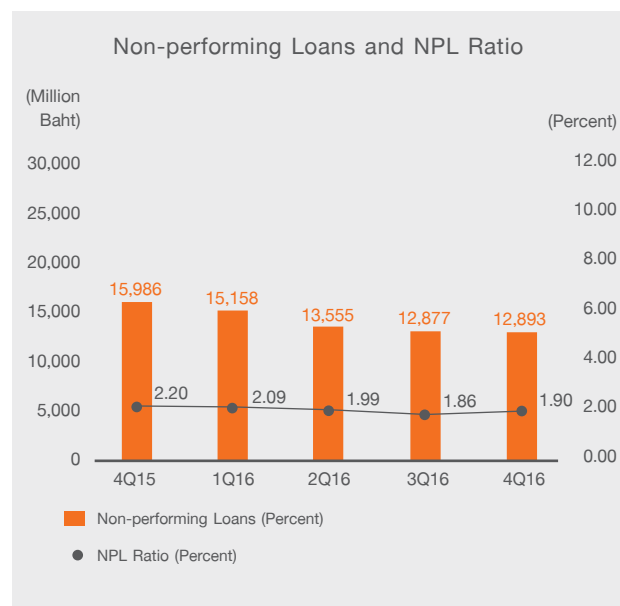
	TBANK		TBANK Consol.	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
NPLs (Million Baht)	12,893	15,986	16,434	21,681
Total Allowance * (Million Baht)	19,550	20,367	24,841	25,893
NPL-gross to Total Loans (Percent)	1.90	2.20	2.29	2.84
NPL-net to Total Loans (Percent)	1.05	1.15	1.07	1.26
Reserve to Reserve Required by the BOT (Percent)	202.23	171.94	192.38	159.33
Coverage Ratio (Percent)	151.64	127.41	151.16	119.42

Note: * Including revaluation allowance for debt restructuring

TBANK's Consolidated Financial Statements



TBANK's Separate Financial Statements



2. Investments in Securities

In 2016, TBANK and its subsidiaries had a total amount of investments in securities of 175,081 million baht. A major portion of approximately 75.41 percent was in government and state enterprise securities, followed by 12.71 percent in private debt securities. After adding (deducting) allowance for change in values and impairment, net investments increased from 2015 of 171,782 million baht. Details of 2016 securities investments were as follows:

Securities Investment Classified by Types of Instruments

(Unit: Million Baht)

Type of Investments	31 December 2016	Percent	31 December 2015	Percent
Debt Securities				
Government and State Enterprise Securities				
• Trading	7,166	4.09	3,063	1.80
• Available-for-sale	125,033	71.29	117,141	68.66
• Held-to-maturity	62	0.03	8,448	4.95
Private Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	22,076	12.59	24,492	14.36
• Held-to-maturity	205	0.12	205	0.12
Foreign Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	11,465	6.54	10,006	5.86
• Held-to-maturity	-	-	-	-
Equity Securities				
Listed Securities				
• Trading	1,613	0.92	110	0.06
• Available-for-sale	3,910	2.23	3,069	1.80
Investment in Receivable				
• Held-to-maturity	-	-	-	-
Other Investments	3,843	2.19	4,079	2.39
Total Debt Securities	175,373	100.00	170,613	100.00
Add (less): Allowance for Change in Values	(217)		1,246	
Allowance for Impairment	(75)		(77)	
Total Investments - net	175,081		171,782	

Liquidity

As of 31 December 2016, loans to deposits and debts issued and borrowings ratio of TBANK and its subsidiaries was at 95.17 percent, a decrease from 96.27 percent at the end of 2015, due to liquidity management in coherent with market condition. TBANK maintained its strong liquidity with liquid and low risk asset portion in high level. As of 31 December 2016 (Consolidated Financial Statement), liquid asset portion which includes cash, interbank and money market items and short-term investments was at 9.77 percent of total assets, a decrease from 12.79 percent as at the end of 2015.

TBANK also put focus on the liquid asset management by implementing the Liquidity Coverage Ratio (LCR) and currently had been maintaining LCR ratio in compliance to the Basel III regulations. As of 31 December 2016, the ratio was more than 100 percent, higher than the regulated requirement of the BOT.

At the end of 2016, TBANK and its subsidiaries had a net cash flow from operating activities of 26,182 million baht, used in investing activities of 3,657 million baht, and used in financing activities of 31,099 million baht, attributed to a net decrease in cash and cash equivalent of 1,260 million baht. At the end of 2016, TBANK had an amount of 12,077 million baht in cash and cash equivalents. Key items consisted of the followings:

- Cash flows from operating activities were mainly from a decrease in loans to customers of 10,083 million baht, a decrease in interbank and money market items (assets) of 10,225 million baht, and an increase in deposits of 7,052 million baht offset by a decrease in interbank and money market items (liabilities) of 20,032 million baht.

- Cash flows used in investing activities were mainly from cash received from interest on investments of 3,876 million baht.

- Cash flows from financing activities were spent on repayment of borrowing of 35,921 million baht while cash received from borrowings was 13,689 million baht.

(Unit: Million Baht)

Major Changes Items	2016	2015
Net Cash Flows from Operating Activities	26,182	38,450
Net Cash Flows from (used in) Investing Activities	3,657	(22,412)
Net Cash Flows from Financing Activities	(31,099)	(19,306)
Net Decrease in Cash	(1,260)	(3,268)
Cash at Beginning of the Year	13,337	16,605
Cash at the End of the Year	12,077	13,337

Relations between Sources and Uses of Funds

In 2016, TBANK and its subsidiaries's sources of fund from deposits and borrowings were 676,557 million baht and 49,409 million baht, respectively. Uses of fund in giving loans were 690,907 million baht and investments before adjustment was 175,373 million baht. List of sources and uses of major fund by remaining tenor as of 31 December 2016, the record date of the financial statements, are as follows:

Type	At call		Less than 1 year		Over 1 year		Unspecified		Total	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sources of fund										
Deposits	308,515	42.50	335,686	46.24	32,356	4.46	-	-	676,557	93.19
Borrowings	937	0.13	9,721	1.34	38,751	5.34	-	-	49,409	6.81
Total Sources of fund	309,452	42.63	345,407	47.58	71,107	9.79	-	-	725,966	100.00
Uses of fund										
Loans ⁽¹⁾	38,343	4.43	204,421	23.60	448,143	51.73	-	-	690,907	79.76
Investments	261	0.03	31,355	3.62	134,416	15.52	9,341	1.08	175,373	20.24
Total Uses of Fund	38,604	4.46	235,776	27.22	582,559	67.25	9,341	1.08	866,280	100.00

Note: ⁽¹⁾ Loans at call includes stop-accrued loans

From the breakdown of sources and uses of fund by remaining tenor of the financial statements as of 31 December 2016, sources of fund consisted of a major portion of deposits reaching maturity less than 1 year of 46.24 percent and deposits at call of 42.50 percent of total sources of fund. Whereas the uses of fund consisted of a major portion of loans with remaining tenor of over 1 year of 51.73 percent and loans with remaining tenor of less than 1 year of 23.60 percent of total uses of fund. However, this incongruence between the sources and uses of fund was commonly found in the industry of commercial banks and financial institutions as most depositors tend to keep the matured cash deposited after the due date. Furthermore, TBANK had formulated policies to minimize such discrepancy between the sources and uses of fund using financial instruments to efficiently manage risk that TBANK would receive warning signals in advance in case of possible impact on the sources and uses of fund.

Commitments and Contingent Liabilities

As of 31 December 2016, TBANK and its subsidiaries' total commitments and contingent liabilities totaled 83,448 million baht, an increase of 1,663 million baht or 2.03 percent from 81,785 million baht at the end of December 2015. The rise was largely on account of an increase in letter of credits as shown in the table below.

(Unit: Million Baht)

	31 December 2016	31 December 2015	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	629	1,270	(641)	(50.47)
Liabilities under Unmatured Import Bills	637	497	140	28.17
Letter of Credits	2,667	2,310	357	15.45
Other Obligations				
Committed (but not draw) Overdraft	24,244	24,506	(262)	(1.07)
Others	55,271	53,202	2,069	3.89
Total	83,448	81,785	1,663	2.03

Capital Adequacy Ratio

As of 31 December 2016, TBANK's capital funds totaled 130,673 million baht, of which an amount of 90,561 million baht was Tier I capital and 40,112 million baht was Tier II capital. The capital adequacy ratio was at 19.15 percent, increased from 17.92 percent at the end of 2015, comprising of 13.27 percent of Tier I capital and 5.88 percent of Tier II capital. An increase in total capital funds was due to an inclusion of profit gained from operating result in the first six months of 2016.

However, TBANK's capital adequacy ratio was well over the minimum requirement of the BOT of not below 9.125 percent. Details were as follows:

Capital Adequacy Ratio

	31 December 2016		31 December 2015	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	90,561	13.27	82,124	12.04
Total Capital	130,673	19.15	122,242	17.92

Thanachart Securities Public Company Limited

Average daily trading volume of TNS in 2016 was 3,921 million baht, an increase from 3,275 million baht in the previous year. The average daily trading of TNS was in line with the overall stock market condition. Market share of securities trading in 2016 was at 4.17 percent, an increase from 4.07 percent of the previous year. The trading volume could be divided into 59.85 percent of retails, 30.31 percent of institutions, and 9.84 percent of foreign investors.

Net profit for the year ended 31 December 2016 amounted to 662 million baht, an increase of 35.66 percent comparing with the previous year. Total income was 2,157 million baht, an increase of 14.37 percent. Main sources of income comprised of 1,604 million baht in income from brokerage fees and 207 million baht in interest income on margin loans. Fees and service income amounted to 131 million baht, an increase of 100 million baht from investment banking fees. Financial costs and securities expenses were 255 million baht, a slight increase from the previous year. Operating expenses amounted to 1,085 million baht, a decrease of 2.26 percent.

As of 31 December 2016, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 47.92 percent, higher than the minimum requirement regulated by the SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Fund Management Company Limited

As of 31 December 2016, TFUND had assets under management of 189,008 million baht, an increase of 22,654 million baht or 13.62 percent from the end of 2015. Assets under management comprised of 84.59 percent mutual funds, 8.00 percent private funds, and 7.41 percent provident funds.

Mutual fund business of TFUND ranked eighth with market share of 3.44 percent. Private fund business ranked tenth with market share of 2.04 percent while provident fund business ranked thirteenth with market share of 1.45 percent.

For operating results of 2016, TFUND had a net profit of 355 million baht, an increase of 35 million baht or 10.94 percent from the previous year. This was due to an increase in fund management fees.

Thanachart Insurance Public Company Limited

In 2016, TNI had total insurance premium of 6,420 million baht, an increase of 332 million baht or 5.45 percent when compared with that of 2015. The increase in total insurance premium was higher than that of the Thai insurance industry which is expected to grow by 2.50 – 3.00 percent.

For operating results of 2016, TNI had a net profit of 1,005 million baht, a decrease of 112 million baht or 10.03 percent comparing to that of the year 2015. This was due to a reduction in gains on investments. The main factors affecting TNI's performance and contributing to TNI's net profit were a focus on the profitable products as well as efficient management of claim expenses.

TS Asset Management Company Limited

In 2016, TS AMC has been restructuring and selling non-performing debts in accordance with the policy and business plan of Thanachart Group continuously. As a result, on 31 December 2016, TS AMC's total assets were 2,651 million baht, a decrease of 1,213 million baht or 31.39 percent from the end of the previous year. For operating results of the year 2016, TS AMC had a net profit of 189 million baht, an increase of 207 million baht from the previous year. Net interest income and non-interest income were 164 million baht and 322 million baht, respectively while non-interest expenses were 162 million baht.

Ratchthani Leasing Public Company Limited

At the end of 2016, THANI still had a strong financial structure. THANI's total assets were 33,365 million baht, an increase of 3,860 million baht or 13.08 percent from the end of the previous year. As well, THANI had hire purchase loans in the amount of 32,748 million baht, an increase of 3,827 million baht or 13.23 percent. The hire purchase loans accounted for 98.15 percent of the total assets. Total liabilities and shareholders' equity were 28,356 million baht and 5,009 million baht, respectively.

Net profit for the year 2016 amounted to 881 million baht, an increase from the previous year of 132 million baht or 17.62 percent. Total income amounted to 2,985 million baht, an increase of 203 million baht or 7.30 percent, due to the

fact that THANI was able to continue maintaining its market share in hire purchase loans. At the same time, interest expenses were 947 million baht, a decrease of 69 million baht or 6.79 percent. This was a result of its ability to acquire lower costs of borrowings to support lending during the year 2016. Provision expenses amounted to 496 million baht, an increase of 84 million baht or 20.39 percent. This was due to its decision to provide additional provision to support the economic uncertainties.

MBK Life Assurance Public Company Limited

As of 31 December 2016, MBK Life had total assets of 11,035 million baht, a decrease of 17 million baht or 0.15 percent from the end of 2015.

MBK Life had a net profit for the year 2016 in the total amount of 122 million baht, an increase from a net loss of 121 million baht in the year 2015. The main factor affecting its performance was a decrease in insurance expenses of 591 million baht as a result of a decrease in maturity benefit outgo of 498 million baht or 72.28 percent. Also, a decrease in Zero Coupon Yield of the government bonds which uses to calculate insurance reserve according to the Gross Premium Valuation (GPV) and a decrease in hypothesis related to expenses and provisions for adverse deviation resulted in a decrease in insurance provision of 61 million baht or 112.96 percent from the end of 2015. At the same time, net insurance premium income decreased by 127 million baht as a result of a decrease in renewal premium. Investment income decreased by 137 million baht from less investment gains of 50 million baht or 26.74 percent from the end of 2015 while there was an increase in losses from fair value adjustments of 37 million baht or 49.33 percent from the end of 2015 as a result of an increase in yield on investment in debt securities from the end of 2015.

NFS Asset Management Company Limited

As of 31 December 2016, NFS AMC had total assets in the amount of 1,662 million baht, an increase of 27 million baht or 1.65 percent from the end of 2015.

NFS AMC's net profit in 2016 amounted to 55 million baht, an increase of 5 million baht or 10.00 percent from the previous year. This was mainly due to gains on property foreclosed of 148 million baht, an increase of 92 million baht or 164.29 percent and income from debt restructuring of 35 million baht, a decrease of 27 million baht or 43.55 percent. At the same time, expenses in 2016 included interest expenses of 44 million baht, an increase of 8 million baht or 22.22 percent and operating expenses of 33 million baht, a decrease of 5 million baht or 13.16 percent.

MAX Asset Management Company Limited

As of 31 December 2016, MAX AMC had total assets in the amount of 794 million baht, a decrease of 18 million baht or 2.22 percent from the end of 2015.

MAX AMC's net profit in 2016 was 92 million baht, an increase of 23 million baht or 33.33 percent from the year 2015. This was mainly due to income from debt restructuring of 62 million baht, a decrease of 44 million baht or 41.51 percent and gains on property foreclosed of 91 million baht, an increase of 84 million baht. Expenses in 2016 included interest expenses of 29 million baht, an increase of 2 million baht or 7.41 percent and operating expenses of 12 million baht, a decrease of 3 million baht or 20.00 percent.

Overview of Business Operation

The Company is the parent company of Thanachart Financial Conglomerate. The companies under Thanachart Financial Conglomerate are classified by their types of business into two groups; (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business, and leasing business and (2) supporting business group consisting of brokerage business, service business, and training business which TBANK is the main operating business. The Conglomerate could be considered a fully integrated financial business group whose businesses and operations are clearly separated and supporting the operation of each other. In regards to the distribution channels, member companies of the Group make use of the branch network and service outlets of TBANK as main channels for offering their respective financial services. The details of the business operations of each company are as follows:

Companies of Thanachart Financial Conglomerate

A) Companies in Financial Business Group

1. Thanachart Capital Public Company Limited operates as the holding company and thus is the parent company of Thanachart Financial Conglomerate.

2. Thanachart Bank Public Company Limited operates commercial banking business and other businesses permitted by the BOT, such as selling life and non-life insurance products and securities business, e.g., securities brokerage, repurchasing of unit trusts, mutual fund supervisor and private fund custodian, bond broker-dealer, securities registrar, and gold futures trader.

3. Thanachart Securities Public Company Limited operates with Full License securities businesses including securities brokerage (domestic and international), securities underwriting, investment advisory service, securities borrowing and lending, financial advisory service, unit trust underwriting, and securities registrar. Furthermore, TNS operates Full Services of derivatives business such as derivatives selling agent and trading derivatives for its proprietary account.

4. Thanachart Fund Management Company Limited is a joint venture between TBANK (holding 75 percent of the total shares) and the Government Savings Bank (holding 25 percent). As it operates businesses related to not only management of mutual funds, private funds, and provident funds, but also investment advisory business, the company is considered one with fully integrated services.

5. Thanachart Insurance Public Company Limited offers insurance services which include non-life insurance services such as fire insurance, auto insurance, marine and transportation insurance, miscellaneous insurance, and investment business.

6. MBK Life Assurance Public Company Limited (formerly named Siam City Life Assurance Public Company Limited) operates life insurance businesses by offering individual life insurance and group life insurance which serve as financial security as well as life and health protection coverage for individuals, institutional customers, and organizations through its distribution channels including telesales and brokers or other channels that are not channels of TBANK or subsidiaries of TBANK.

7. Thanachart Group Leasing Company Limited operates hire purchase business with no new hire purchase agreements but only existing ones.

8. Ratchthani Leasing Public Company Limited offers hire purchase and financial leasing services for both new and used car markets, with focus on commercial vehicles such as pick-up trucks, taxis, trailer trucks, lorries, etc.

9. NFS Asset Management Company Limited was granted a license to operate distressed asset management business. It buys or takes transfers of non-performing assets from financial institutions of Thanachart Group and other financial institutions.

10. MAX Asset Management Company Limited was granted a license to operate distressed asset management business. It buys or takes transfers of non-performing assets from other financial institutions.

11. TS Asset Management Company Limited was granted a license to operate distressed asset management business. It takes transfers and manages non-performing assets both non-performing loans and property foreclosed from SCIB and TBANK.

12. National Leasing Company Limited operates asset leasing business but not with the outside third party.

B) Companies in Supporting Business Group

1. Thanachart Management and Services Company Limited gives staffing support services in the form of service staff.

2. Thanachart Training and Development Company Limited organizes training activities for employees of member companies of Thanachart Group.

3. Thanachart Broker Company Limited operates life and non-life insurance broker business, providing recommendation and promoting life and non-life insurance products of insurance companies within and outside Thanachart Group for customers of Thanachart Group and general public. Furthermore, it is engaged in other businesses related to life and non-life insurance business.

4. Security Scib Services Company Limited (formerly SCIB Service Company Limited) provides members of Thanachart Group with support services including cleaning services, security services, messenger services, car rentals, and recruitment process outsourcing.

5. TM Broker Company Limited operates life and non-life insurance broker business for clients of member companies of MBK Group, member companies of Thanachart Group, and business alliance groups of institutional shareholders. Its clients do not include clients of TBANK and subsidiaries of TBANK.

6. MT Service 2016 Company Limited gives back office and business support services to financial services companies of Thanachart Financial Group.

History, Change, and Key Development

The Company was granted a full financial business license by the Ministry of Finance in 1974 under the name of Lee Kwang Min Trust Limited. The name was changed to National Finance and Securities Company Limited in 1980, operating finance business and providing other financial services through the companies in the Group. Then in 1997, securities business was separated and operated under the name “National Securities Company Limited” according to

the government policy. The Company then changed its name to “National Finance Public Company Limited”.

Business Operation Under One Presence Policy

In 2005, the Company was granted an approval from the Ministry of Finance through the BOT to restructure Thanachart Group under One Presence Policy introduced by the Ministry of Finance. All deposits and loan transactions were transferred to TBANK, a subsidiary company, resulting in TBANK being the only company in the group that operates as a financial institution. Consequently, the Company returned its finance business license to the Ministry of Finance in 2006. The Company then changed its status from a finance company to be a holding company of Thanachart Group under the name “Thanachart Capital Public Company Limited”.

Thanachart Financial Conglomerate Under Consolidated Supervision

Financial institution operates many businesses in a form of networking or financial business group in order to increase flexibility and satisfy the customers’ needs. The BOT announced the Consolidated Supervision in order to regulate financial institutions consistent with business operations of financial institutions. The Company submitted a requested letter for establishment Thanachart Financial Conglomerate and received the BOT’s approval for establishment of Thanachart Financial Group based on the Consolidated Supervision on 21 December 1996, having the Company being the parent company of Thanachart Group and holding shares in member companies of Thanachart Group. Later in 2007, Thanachart Group announced the restructuring plan of shareholding structure in Thanachart Group by giving TBANK being the shareholder of the member companies who operates financial business instead of the Company.

Strategic Partnership with the Bank of Nova Scotia

Scotiabank saw potential growth and competitiveness of TBANK and the member companies of Thanachart Group with the professional executives of Thanachart Group. Scotiabank concluded an agreement with the Company to become a shareholder of TBANK under condition of the BOT’s approval. In 2007, Scotiabank held 24.98 percent of TBANK’s total paid-up capital. In 2009, further share purchasing resulted in Scotiabank holding 49.00 percent and at that time the Company holding 50.92 percent of TBANK’s total

paid-up capital. Scotiabank has leveraged its knowledge and best practice in business operation, as well as, sending key personnel to be a part of TBANK management, strengthening TBANK capability and competitive advantage. On 2 November 2011, Scotia Netherlands Holding B.V. (a subsidiary of Scotiabank group) replaced Scotiabank as a shareholder of TBANK.

SCIB Acquisition and Entire Business Transfer

Thanachart Group saw the synergy potential in merging with SCIB, in the aspects of human resource, information technology system, sale and service channels, and asset mix. In the beginning of 2010, TBANK participated in the bid and succeeded to purchase SCIB's shares from Financial Institution Development Fund ("FIDF") of all 47.58 percent FIDF held. The BOT then granted for shareholding of all SCIB paid-up capital (100 percent). TBANK tender-offered all SCIB's shares after the purchase from FIDF, and consequent, led to TBANK 99.95 percent shareholding of SCIB's paid-up capital. The SET announced that SCIB voluntary delisted from the SET on 13 December 2010.

TBANK and SCIB later participated for transferring the entire business of SCIB to TBANK. The BOT announced to approve this project which was granted approval in the Government Gazette dated 10 March 2011 in adherence to the BOT's announcement, the Financial Sector Master Plan Phase 2, in order to reinforce the security and leverage the competitive capability of financial institutions. The entire business transfer of SCIB assets was completed on 1 October 2011. In November 2011, TBANK offered to purchase SCIB shares from all retail shareholders in order to give the opportunities for SCIB shareholders to sell their shares before SCIB started the liquidation process. Consequently, TBANK held 99.98 percent shareholding of SCIB paid-up shares. In addition, SCIB had a resolution to change the name to be "SCIB Public Company Limited". The liquidation process was started in December 2011 and completed on 20 April 2015.

Key Events in 2016

- On 5 April 2016, the Annual General Meeting of Shareholders 2016 approved the payment of dividend to the Company's shareholders at the rate of 1.10 baht per share or 1,282 million baht in total. Taking into account this dividend payment

and the interim dividend payment at the rate of 0.70 baht per share or 816 million baht, the total dividend payment amounted to 1.80 baht per share or 2,098 million baht in total.

- On 27 June 2016, the Company's Board of Directors had a resolution to decrease its capital by writing off its treasury shares that were not resold in the amount of 71,350,000 shares. It was the process of decreasing paid up capital after the period of reselling treasury shares has ended. As a result, the Company's paid up capital decreased from 12,778,297,030 baht to 12,064,797,030 baht. Such reduction had no impact to the shareholders' equity and to the BIS ratio of Thanachart Group.
- On 26 September 2016, the Board of Directors approved the payment of interim dividend for the first half of 2016 to the Company's shareholders at the rate of 0.80 baht per share. In this connection, the Company compiled the list of shareholders who were entitled to the interim dividend payment on 10 October 2016, with the share register book to be closed for share transfer on 11 October 2016. The interim dividend payment was made on 21 October 2016.

Awards Received in 2016

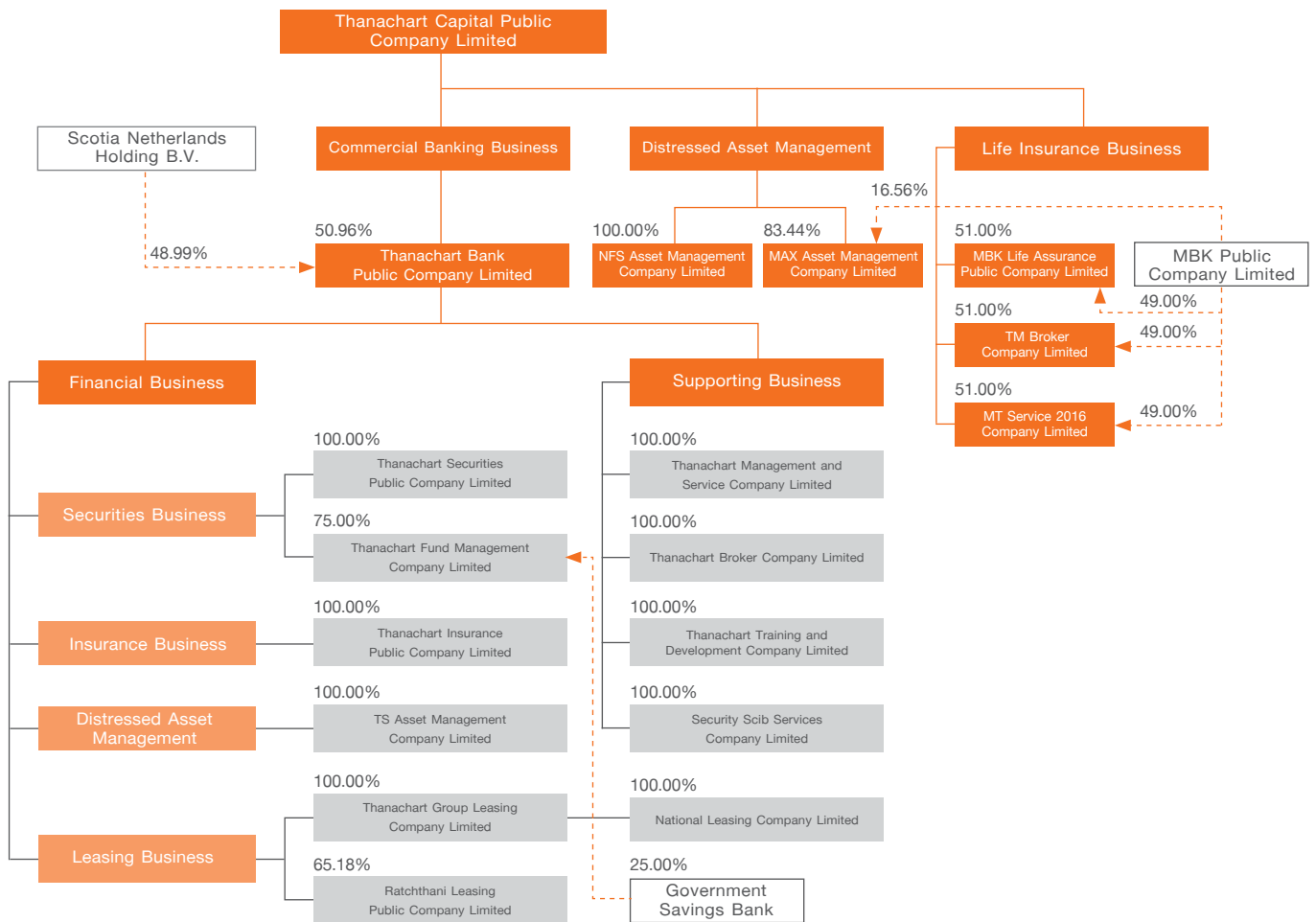
- The Company received "Investors Choice Awards 2016" from the Thai Investors Association. The Association organized "Shareholders' Meeting Evaluation" awards ceremony for listed companies with a full score of 100 points and awarded the companies with the full score for a consecutive 4 years, 5 years, 6 years, 7 years and 8 years. The Company has received a full score of 100 points for 7 consecutive years from the evaluation. There were 14 listed companies who have received a full score of 100 points for 7 and 8 consecutive years, among a total of 600 listed companies. This award is another pride of the Company because it reflects good governance and transparency in the business operations.
- TBANK received "Marketeer No. 1 Brand Thailand 2015-2016" from the Marketeer Magazine as the

number 1 brand in the Auto Hire Purchase Loan voted by voters country-wide. The results are based on the joint research of the VDO Research International (Thailand) Company Limited and Marketeer Research to find number 1 brand each year. This recognition was a result of a strong brand and consistent rollout in campaigns and promotional activities.

- TBANK received “1st Runner Up Best THB FX Spot Contributor and Best Foreign Currency Liquidity Provider 2015” in the foreign exchange field in the Thomson Reuters FX Community Forum 2016, organized by Thomson Reuters (Thailand) to support good relationship between the BOT and the traders in the foreign exchange markets and to award those outstanding awards in the foreign exchange market in Thailand in the year 2016.
- TBANK received “Outstanding Energy Conservation for the Retrofitted Building” from the Department of Alternative Energy Development and Efficiency, Ministry of Energy. The Petchburi Office Building of TBANK was selected for the energy conserving awards among more than 260 buildings country-wide. From year 2011-2015 Petchburi Building was able to conserve up to 29 percent of the energy, amounting to more than 5.5 million baht, surpassing the set standard.
- TBANK received “1st Prize Desk Calendar Design” and “1st Runner Up for Wall Calendar Design in the Honoring the Monarchy Category” in the 36th “Suriyasasithorn” Excellence Award Ceremony, organized by the Public Relations Society of Thailand. Thanachart Group calendars for the year 2016 were created to commemorate the 234th anniversary year of the founding of Rattanakosin under the theme “transcending values of time through modern technology”.
- TNS received an award ranking 2nd on “Best Local Brokerage from Asiamoney Brokers Poll 2016” with a voting result of 18 percent from a survey of financial analysts and institutional investors worldwide. Asiamoney Magazine, a leading financial magazine, organized an annual ranking of securities brokers. This year the ranking was comprised from the surveys of 6,081 institutional investors from 2,789 institutions and 443 hedge funds.
- TNS received “Thailand Capital Markets Deal of the Year” from “IFR Asia Award 2016” sponsored by IFR ASIA Magazine for Banpu Power Public Company Limited’s initial public offering (IPO) deal with a market value worth 13,600 million baht (382 million US dollar) where TNS worked as financial advisor and registrar. The deal was the largest initial public offering of the year 2016 in Thailand.
- TFUND received two excellent awards from Morningstar Research (Thailand) Company Limited including “Best Fund House-Domestic Fixed Income 2016” and “Morningstar Category Awards” for the short term bond and the retirement mutual fund fixed income.
- TNI received “1st Prize award of Prime Minister’s Insurance award 2015 for Non-life insurer with outstanding management” from the OIC. This award demonstrates efficient management and business operations of TNI, as well as, continuous improvement in products and services in order to satisfy customers’ needs accurately, quickly, conveniently, and completely without omission.

Shareholding Structure of Thanachart Group

As of 31 December 2016



Notes: 1) The Company has voting right proportional to its shareholding.

2) SCIB Service Company Limited registered to change its name to Security Scib Services Company Limited on 29 June 2016.

3) Siam City Life Assurance Public Company Limited registered to change its name to MBK Life Assurance Public Company Limited on 5 August 2016.

Policies and Strategies in Business Operations of Thanachart Group

In 2017, Thanachart Group sets strategy for the organization to aim at being a universal banking equipped with a wide arrays of high quality products and services to answer to all customers' needs under the vision as follows.

“To be the best at providing fully integrated solutions to our customers’ complete financial needs by offering the highest quality products, services, and advice.”

The vision was crafted based on three key pillars, namely, to be Universal Banking that provides full financial services, to be Customer Centric that develops products and services to meet customers' needs, and to Enhance Collaboration that delivers excellent services to customers. The efforts and achievements in these three pillars will not only lead TBANK to have a competitive advantage as a universal banking but also will drive TBANK to be a leading bank in the Thai commercial banking industry in the next three to five years.

Thanachart Group benefited from expertise and innovation from Scotiabank, a strategic partner. In specifically, Thanachart Group has continuously improved and updated its work systems to increase work efficiency and quality. For example, Customer Relationship Management (CRM) Tools for Sales & Service is a system that allows the organization to increase its capability in providing advices and recommendations which synchronize with customer's needs. LEAP for Internet Banking and Mobile Banking is a system for digital banking platform which will allow TBANK to reach out and connect with the lifestyle of current customers. Loan Origination System (LOS) is an up-to-date state-of-art credit assessment system where sophisticated credit scoring is applied to better the quality and efficiency of credit approval process, and in turns, increase customers' experience and satisfaction, better customer relationship, and increase product and service utilization per customer.

Thanachart Group communicates the established strategies to all employees at all levels and working units in order to align all intentions and actions toward the same goal and vision. To attain strategic goals, in 2017 Thanachart Group set four strategic intents to align the offerings of

products and services as a financial conglomerate with customers' needs at all ages. The details are as follows:

1. To attract and retain customers by offering excellent services, innovative savings, and investment products.
2. To ensure our customers succeed financially by helping them choose the right “Protection” services and products from across the entire Thanachart Group.
3. To provide borrowing solutions to all customer segments that meet their current and future needs and help them to become financially better off.
4. To provide digital banking solutions that permit customers to bank where they want, when they want, and how they want.

Furthermore, Thanachart Group implemented the CEO's four Focus Agendas as a tool to help steer the organization toward its goal systematically and excellently. The details are as follows:

1. To achieve or exceed the Financial Targets in profitability, loan growth, net interest income, and cost to income ratio.
2. To focus on improving infrastructure system and working process foundations to deliver fluently to our customers through digital technology, specifically a digital sale channel to allow our employees to seamlessly connect and serve the needs of each customer segment (Customer Segmentation) with efficiency, a key part to enforce the Customer Growth Initiatives.
3. To achieve Operational Improvement through centralization of supportive functions, technological development, and work process reengineering in order to increase efficiency in service providing, risk management, and cost control.
4. To focus on Enhancing Human Capital Capabilities of employees, division heads, and the working team through improvement of leadership, delegation of duties and responsibilities, rotation of duties and responsibilities, as well as enhancement of essential knowledge and skillset.

Thanachart Group has established and communicated three aims as Business Philosophy in order to deliver the strategic intents and to steer the organization toward its goals in congruent effort. The three aims are as follows:

1. Confidence in human resources. Thanachart Group is confident that human resources are the most valuable assets and fully recognizes that the Group's business growth is a result of capabilities and integrity of the Group's personnel.

2. Dedication of oneself to excellence. Thanachart Group places strong emphasis on and is committed to achieving excellence. We develop and improve continuously through development of innovations in the midst of rapidly changing technology.

3. Paying close attention to corporate social responsibility. Thanachart Group pays close attention to corporate social responsibility.

Policy on Division of Operational Functions among Member Companies of Thanachart Group

Being a parent company of Thanachart Financial Conglomerate with a controlling interest (i.e. holding more than 50 percent of issued and paid-up capital), the Company has adopted the following policies and approaches in managing the member companies of the Group.

Business Policies

The Company and TBANK are responsible for establishing key business policies of Thanachart Group annually. Each subsidiary company is required to formulate business plans and budgets for 3-5 years and submit them to the parent company for consideration, in order to ensure that they are in alignment with the established key business policies. The business plans and budgets are also subject to evaluation and review regularly. The objective is to ensure that they are in line with the changing business competition.

In 2016, the Company's Board of Directors Meeting No. 1/2016 dated 25 January 2016 has considered and approved of the Business Plan and Budgets of years 2016-2018.

Supervision of Subsidiary Companies

The Directors and high-ranking executives of the Company and TBANK are assigned to sit on the boards of directors of the subsidiary companies. The arrangement not only enables the Company and TBANK to assist the subsidiary companies in establishing their policies and in determining their business direction, but also ensures the close supervision of the subsidiary companies business operations. The details are as follows:

Subsidiary Companies of TBANK

Chief executive officers of the subsidiary companies of TBANK are required to present a monthly performance report to the Executive Committee and the report is summarized to TBANK's Board of Directors.

Member Companies of Thanachart Group

Finance Departments of the Company and TBANK are assigned to prepare the financial statements and the operating results of the Company and the member companies of Thanachart Group and report to the Executive Committee and the Company's Board of Directors on a monthly basis.

Centralized Support Services

It is the policy of Thanachart Group to put each of the support services together in one company which will be responsible for providing services to all other member companies of the Group. The purpose is to maximize benefits within the existing resources including expertise of operations staff, various information technology systems, and reducing staffing costs. The centralized support services are available now within Thanachart Group include information technology, personnel, systems and regulatory development, compliance, operations control, business control, electronic services, administration and procurement, legal and appraisal services, as well as retail debt collections and collections brokerage which are in line with the laws and authorities concerned.

Internal Control, Audit, and Corporate Governance of Parent Company and Member Companies of Thanachart Group

Thanachart Group places strong emphasis on internal control. The Group adheres to the principle of adequate and appropriate internal control by establishing procedures for the conduct of business, provision of services, and operations. The Group also separates the duties and responsibilities of each unit from those of others, based on a system of checks and balances. In addition, it puts in writing the announcements, order mandates, and rules and regulations covering key business areas and operations. This information is also disclosed to all staff in such a way that they can always study them in order to gain a full understanding.

As regards the internal audit, the Internal Audit of TBANK and the member companies of the Group is responsible for auditing business operation of all member companies of Thanachart Group, ensuring that they comply with the regulations and the established work systems. The Internal Audit Group also assesses errors and defects in operations in order to propose corrective measures for improvement. In addition, Thanachart Group has established a Compliance Unit of TBANK and the member companies of the Group for monitoring and studying laws, notifications, and orders related to the Group's business affairs and operations and disseminating the information to the staff. The Compliance Unit is also responsible for ensuring that the conduct of business affairs of the member companies of the Group is in compliance with the legal requirements.

Moreover, the audit committee of each company is responsible for governing, controlling, and auditing their respective business operations. The audit committee is also allowed to carry out its duties and give its opinions in a manner independent of the management of each company. The purpose is to ensure that internal control and audit systems are effective and that the financial statements are properly reviewed. As regard corporate governance of member companies of the Group, the Internal Audit of TBANK is responsible for summarizing the audit report of the member companies of the Group. As well, the report of the authorities concerned is required to present to the Audit Committee for acknowledgement and giving opinions as well as guidance the direction.

As regards the corporate governance, the Boards of Directors of the Company and the member companies in the Group place strong emphasis on the good corporate governance both at the level of the Boards of Directors and the level of sub-committees. Non-executive Directors (including the Independent Directors) are appointed to the Boards of Directors to provide effective checks and balances on the powers of executive directors. The established scopes of responsibilities of the Boards of Directors are also in line with the principles of good corporate governance promoted by the authorities concerned. In addition, the Boards of Directors of the Company and subsidiary companies have established the corporate governance policy and the code of conduct which the Directors, executives, and staff of the member companies of Thanachart Group are required to adhere to. Focus is given to integrity, transparency, and avoidance of any conflict of interest.

Risk Management

The Company ensures that the member companies of the Group analyze and assess various risks of their business operations and that the risks are properly managed in line with the guidelines given by the authorities concerned. In addition, the Company conducts analysis of the key risks faced by the member companies of the Group which may need direct financial or management support from the Company. The report on risk factors and risk status is prepared and monthly reported to the Risk Management Committee and the Boards of Directors of member companies of Thanachart Group. The established risk management policy of Thanachart Financial Conglomerate is in line with the guidelines given by the BOT.

Income Structure of the Company and Its Subsidiaries

The income structure of the Company and its subsidiaries based on the consolidated financial statements as of 31 December 2014-2016 was as follows:

(Unit: Million Baht)

	For the year ended 31 December			
	2016		2015	
	Amount	Percent	Amount	Percent
Interest Income				
Interbank and Money Market Items	1,347	3.31	1,614	4.05
Investments and Trading Transactions	220	0.54	334	0.84
Investments in Debt Securities	3,571	8.76	3,850	9.65
Loans to Customers	18,362	45.06	19,514	48.91
Hire Purchase and Financial Leases	21,708	53.28	23,328	58.47
Total Interest Income	45,208	110.95	48,640	121.92
Interest Expenses	16,740	41.08	20,910	52.41
Net Interest Income	28,468	69.87	27,730	69.51
Non-interest Income				
Net Fees and Service Income	5,888	14.45	5,465	13.70
Gains on Trading and Foreign Exchange Transactions	459	1.13	742	1.86
Gains on Investments	1,061	2.60	1,956	4.90
Share of Profit from Investments Accounted for under Equity Method	395	0.97	272	0.68
Net Insurance / Life Insurance Income	2,659	6.52	2,043	5.12
Dividend Income	496	1.22	359	0.90
Other Income	1,321	3.24	1,327	3.33
Total Non-interest Income	12,279	30.13	12,164	30.49
Net Operating Income	40,747	100.00	39,894	100.00

Income Structure of the Company and Its Subsidiaries (Continued)

(Unit: Million Baht)

	For the year ended 31 December	
	2014	
	Amount	Percent
Interest Income		
Interbank and Money Market Items	1,936	4.85
Investments and Trading Transactions	464	1.16
Investments in Debt Securities	4,245	10.64
Loans to Customers	20,408	51.14
Hire Purchase and Financial Leases	25,887	64.87
Total Interest Income	52,940	132.66
Interest Expenses	25,475	63.84
Net Interest Income	27,465	68.82
Non-interest Income		
Net Fees and Service Income	5,920	14.83
Gains on Trading and Foreign Exchange Transactions	1,302	3.26
Gains on Investments	1,098	2.75
Share of Profit from Investments Accounted for under Equity Method	264	0.66
Gains on Property Foreclosed and Other Assets	179	0.45
Net Insurance / Life Insurance Income	1,711	4.29
Dividend Income	350	0.88
Other Income	1,619	4.06
Total Non-interest Income	12,443	31.18
Net Operating Income	39,908	100.00

Commercial Banking Business

Thanachart Bank Public Company Limited

Characteristics of Products and Services

TBANK operates its commercial banking business in compliance with Financial Institution Business Act B.E. 2551 and other relevant notifications issued by the BOT. It also acts as investment unit distributor for mutual fund, securities brokerage, life/non-life insurance brokerage agent, financial advisor, bond representative, and custodian service.

As of 31 December 2016, TBANK has a total of 592 branches, 42 currency exchange booths of which 20 booths are booths in branch and 22 booths are stand alone booths, 2,066 automatic teller machines (ATMs), 2 recycling machines, 36 cash deposit machines, 53 multi-function machines, and 99 passbook update machines.

Groups of Products and Service

TBANK continues to improve and develop its products and services to better serve the various needs of the customers. Its four main groups of product and service include the following:

Group 1 Deposits Products

Characteristics of Product and Service

Deposits products are offered to both individual and corporate customers. There are six main types of deposits products including savings deposit, fixed deposit, negotiable certificate of deposit, tax free deposit, current deposit, and foreign currency deposit.

Market and Competition

In 2016, TBANK continued to give importance to expanding the customer base and developing products that answer to the needs of all customer segments. In particular, the channel of customer's transactions whether withdrawal, transferring or payment of money has to be convenient and secured for the customers' highest benefits and utmost satisfactions enrooting the position and perception of being the customers' Main Bank.

In the beginning of the year, TBANK launched deposits product campaign Thanachart Freeever deposit account where all the usual fees are eradicated through electronic channel to reduce the fee burden of the customers, whether the fees for withdrawal, transferring, or payment transaction fees. Furthermore, TBANK continued to grow its corporate customer base with the Premium Current Plus and Freeever-more deposits products which offer the customers benefits in depositing, withdrawing, and transferring transactions without fees, accompanied with the special price cheque book.

In the latter part of the year, TBANK launched e-Savings product a high interest rate deposit account via the use of internet banking (Thanachart iNet) and mobile banking (Thanachart Connect) channels together with PromptPay tied in scheme, supporting the national agenda and government policy rollout for being a cashless society through electronic channels. Furthermore, the product bundle not only enforces smart saving, but also instills smart spending for the customers, emulating development under the concept of Thanachart Smart Solution.

In addition, TBANK launches long term fixed deposits (maturity 18 months and 22 months) in the latter half of the year aside from the existing short and medium term deposits (maturity 5 months and 10 months) to satisfy the variety needs of the customers.

Group 2 Lending Products

2.1 Corporate Loans

Characteristics of Product and Service

Corporate Loans are used to fund the business and used as working capital which the customers can choose from different types of loan products.

1) Corporate Banking. TBANK has developed various products and services according to the needs of corporate clients, such as flexible loans, letter of guarantee to certify the bid project, agreement, work and paying public utilities cost as well as e-GP service (a service of issuing an electronic letter of guarantee and enabling payment of e-bidding transactions under the e-Government Procurement project (e-GP) of the Comptroller General's Department). TBANK also provides project finance, trade finance, and

financial advisory services in order for customers to have appropriate funding options. TBANK also offers debt and capital market services e.g. debenture issuance and fund raising through the SET. Furthermore, risk management products are offered to the customers such as Interest Rate Swap (IRS) - instrument to manage interest rate risk; forward contracts and foreign currency SWAP - instruments to manage exchange rate risk; and cash management which provides the convenience for customers and answer the various customer's needs.

2) Commercial Banking. TBANK provides various flexible credit lines for Small and Medium Size Enterprises based on the needs of each customer, e.g. top up facilities for additional credit line, overdraft (O/D) for working capital, and letter of guarantee (L/G) for corporate and individual customers who need credit line guaranteeing loans or business operation whether for government or private sectors. TBANK also enables e-GP service and supports the Portfolio Guarantee Scheme, as well as offering low interest rate loan providing commercial customers with working capital and cashflow flexibility. Moreover, TBANK also offers cash management services to commercial customers.

3) Small SMEs. TBANK offers loans with credit line not exceeding 10 million baht to serve small SME customers. The offered facilities include term loan credit line, overdraft (O/D), promissory note (P/N), and letter of guarantee (L/G). The credit assessment and approval process are in coherent with retail loan credit policy guidelines. TBANK also works with Thai Credit Guarantee Corporation ("TCG") in the Portfolio Guarantee Scheme for Thanachart customers whom business size is small but possesses strong competencies and good growing opportunities which are hindered by the constraints and limitations of collateral sufficiency. This results in more customers' accessibility to TBANK's loan facilities which are offered through TBANK's branch network where branches can take care and provide services to all customers.

Market and Competition

Small SME customers are in large numbers and generally scattered throughout the country. TBANK thus has designed the working process and credit policy in the same nature as that of retail loan customers. The products are specifically designed to match the various needs of customers. SMEs loan market has high market value and

also high competition. Consequently, TBANK is safeguarding the existing customers through excellent services and swift responses to customers' needs, as well as, acquiring new customers through various loan products, e.g., portfolio guarantee scheme loan backed by TCG. Furthermore, TBANK has continuous and coherent promotional campaigns, marketing activities, and sale promotion offerings in order to stimulate sale and loan volume.

For corporate and SME, TBANK continues to cultivate strong customer relationship and offers total financial solution, including loan products, trade finance, and cash management services as needed by each customer.

2.2 SME Auto Loans

Characteristics of Product and Service

SME Auto Loans are loans for automotive business owner who has short-term financial needs with the proceeds of loans to be used as working capital or for enhancing their liquidity position, as well as, long-term financial needs with the proceeds of the loans to be used for business expansion or cost saving. Furthermore, there are other financial products such as fleet, financial lease, etc.

Market and Competition

The emphasis is on offering lending products and services to the automotive business owners who have good relationship in hire purchase business with TBANK. TBANK uses the data in hand as a tool to improve loan approval process and credit scoring system. TBANK continues to develop loan product ensuring that the customers has the credit line and products that match their financial needs, whether for the car manufacturers, new car dealers and used car dealers that TBANK makes contact through hire purchase business or used car dealers that TBANK makes contact through car auctions companies. TBANK focuses on customers with good credit and stable financial health for fleet and financial lease products. Furthermore, TBANK continues to develop the IT infrastructure to increase efficiency in offering its products and services nationwide.

2.3 Trade Finance

Characteristics of Product and Service

TBANK provides a full range of trade finance products and services including Import L/C Issuance, Trust Receipt, Collection Agency of D/P and D/A for oversea buyers, Packing Credit, Export Bill Purchased / Discounted, Export Bill for Collection, Letter of Guarantee, Stand-by L/C, and oversea money transfer.

Market and Competition

The key focus is given on accuracy, convenience, competitive interest rate, and fee. TBANK takes into consideration the customers' needs and the promotion of business transaction as the main concerns. TBANK targets to expand the customer base with large and small and medium-size businesses. TBANK offers trade finance credit line for import and export, liquidity support, and working capital. TBANK also provides advice on trade documents from its experts and other trade finance products and services are developed to better meet the customers' needs. A strong network and alliance across all continents allow TBANK to offer superior products and services for its customers.

2.4 Hire Purchase Loans

Characteristics of Product and Service

TBANK offers three types of hire purchase loans including new car hire purchase loans, used car hire purchase loans and sale and lease back loans under the product called 'Cash Your Car'. The hire purchase loans for new and used cars are offered through car sale channels which include new car dealers and used car dealers. On the other hand, the sale and lease back loans are offered through TBANK's various branches. The 'Cash Your Car' loans are aimed at customers who need cash. They will be provided with a higher credit line and a longer repayment term than those of normal consumer loans. As a result, consumers are able to choose the term and the installment commensurate with their ability to repay. In 2016 TBANK became the first commercial bank to incorporate a credit bureau scoring in the credit assessment and approval process which is still regulated under prudent risk control, allowing for better filtration and quality control of customers coherently with the TBANK's guidelines and regulations.

Marketing and Competition

New car market condition in 2016 grew at a decreasing rate of 3.85 percent comparing to that of 2015. However, TBANK strategically leveraged from relationship and worked with the leading car manufacturers even more than previously and launched several sale promotional campaigns. As a result, TBANK's share of the hire purchase market increased.

TBANK has modified and improved credit policy and approval process for hire purchase loans in order to better control the loan quality. Furthermore, TBANK has offered Cash Your Car product to customers via branch channel with a network of around 600 branches nationwide. TBANK also promoted Cash Your Car product for the first car owner customers, as well as, launched "timely payment for cashback" campaign to attract the customers' attentions to the benefits of disciplines and timeliness in loan repayment. The customers who had a pristine record of payment in terms of punctuality and amount will receive their interest payment back at the end of loan contract.

2.5 Secured Personal Loans

Characteristics of Product and Service

Secured Personal Loans consists of housing loans under the name "TBANK Home Loan", multi-purpose loans named "Cash Your Home" and "Home Plus".

Market and Competition

TBANK places emphasis on efficient service delivery and fully integrated products that fulfill to all customer needs. As well, marketing promotion which is in line with the situation and competitive condition is highlighted. The Retail & Small Business Product Development is responsible for developing products, terms and conditions, as well as interest rates charged. The target customers include people who need home loans and people who need multi - purpose personal loans with houses as collateral. The main distribution channel is direct sales and branch marketing teams and they are responsible for the sales target set in the business plan. Moreover, branches are channels to promote new products to the customers.

2.6 Unsecured Personal Loans

Characteristics of Product and Service

TBANK provides many types of unsecured personal loans. To be accessible and responsive to cover a wide range of customer needs, therefore, the purpose of loans may or may not be specified. TBANK's unsecured personal loans are offered in variety with the following product names:

1) Credit Card: This product provides the line of credit to purchase products and services as cash or allows cardholders to withdraw cash. TBANK collaborates with Visa and MasterCard to provide credit card in multiple types suitable to customers' qualifications and needs under the following product names:

- **Thanachart Drive Credit Card** for customers who need a credit card with cash back up to 3.5 percent for every payment for gasoline.

- **Thanachart MAX Platinum Credit Card** for customers who are looking for exclusive services and privilege benefits in a view of luxury and convenience and receive cash back up to 0.8 percent in all card purchases.

- **Thanachart LIVE Platinum Credit Card** for customers who are looking for using the card to make monthly installment payment. This card has lower interest rate (15 percent) than general credit card and receives platinum privilege.

2) FLASH Plus: This product is a personal revolving credit facility whose services are given in a form of a personal credit facility card under the name 'FLASH Plus'. The product places emphasis on convenience and timely in withdrawals, repayments and transfers for all occasions. The main services include the following:

- **Sabai Cash** service with the remaining line of credit in the card to be transferred into a bank account and a repayment term of up to 60 months.

- **Cash Transfer** service with the remaining line of credit in the card to be transferred into a bank account, provided that a minimum repayment of 3 percent will be made.

- **Cash Advance** to be made available globally around the clock with no fee charged on withdrawals, provided that a minimum repayment of 3 percent will be made.

- **Smile Plan** with repayments for goods and services at the stores participating in the plan, and a repayment term of up to 60 months.

3) Flash Plus SPN is a multi-purpose top-up credit facility for hire purchase loan customers who have good payment record. The customer will pay the same monthly installment payment up to 60 months with credit limit not exceeding 1 million baht under Flash Plus credit limit.

4) Welfare Loan is a credit facility for specific corporate customers who joined the campaign with TBANK.

5) Scholar Loan is a credit facility with especially specific purpose of tuition payment or payment related to the curriculums of graduate and postgraduate degrees.

6) Pension Secured Loan is a special multi-purpose credit facility for government employees who receive monthly pension payment from the Comptroller General's Department.

7) FLASH O/D (Unsecured FLASH O/D) is an overdraft credit facility without collateral. TBANK provides FLASH O/D for privilege clients with the credit line intends for investment purpose.

Market and Competition

Unsecured Lending Products define competitive strategies based on understanding in target customers' needs, including product development, marketing campaign and promotion, distribution channel, and appropriate services offered to customers. Thus, TBANK provides a variety of products for customers to choose appropriately by life stage and life style. These products have been designed in such a way that is easily understandable, practical under terms and conditions, uncomplicated, and satisfied all customers' needs as products for their everyday needs.

Group 3 Electronic Products and Services

Characteristics of Product and Service

TBANK offers electronic products and services that enable customers to make financial transactions more convenient and efficient. These services include fund transfer, Automatic Transfer Service (ATS), online settlement for financial transactions through the BOT's Automatic High-Volume Transaction Network (BAHTNET), automatic money transfers between banks

(Bulk Payment System), Bill Payment service for goods and services, and a debit card. To meet the customers' needs, TBANK has also developed the service system through the internet as follows:

- Thanachart Connect Mobile Banking Application
- Thanachart iNet service
- Thanachart SMS Alert service
- Cash Back Debit Card / Debit Sure Card

Market and Competition

The available e-services are targeted at both small and large companies as well as individual customers who need convenience and efficiency in executing transactions. For individual customers, emphasis is placed on strategies for cross selling and up-selling through branches. In addition, preparations have been made to include more distribution channels for the e-services. In order to attract more customers, focus is given on easy access, convenience, services security, and ability to receive cash within the same day on which the money transfer instruction is received. Customers may also get details about the e-services at any branches or at Contact Center 1770. In this connection, TBANK's available e-services include the following:

1. Mobile banking service for retail customers allows customers to review account balance and transaction history and to make payments for hire purchase loan, housing loan, personal loan, credit card and FLASH plus card. Furthermore, mobile banking channel also enables customers to buy, sell, and switch investment units in different funds offered by TFUND, as well as, request a credit bureau report, make public utilities payments for goods and services. These available services and accommodations intend to serve the concept of "connect with every step of your life" where customers can make desired transaction and use any service wherever and whenever, promptly and conveniently, connecting our customers with our available accommodations at all time.

2. Internet banking service for retail and corporate clients. This service provides customers with convenience in checking account balance, transferring money within the bank and between banks, as well as making payments for goods and services.

3. SMS transaction alert service is the service to notify customers around the clock when deposit, withdrawal, and fund transfer transactions are made. The system informs customers via a mobile phone number registered with TBANK.

4. Customers were given unique services of TBANK's Cash Back Debit Card throughout 2016, which include cash back to be deposited into their accounts for every payment made through the card and the maximum security provided for the cardholders, thanks to the advanced EMV chip technology that efficiently helps combat fraud and protect sensitive data on the card. Moreover, TBANK recently introduced the 'Debit Sure' card, using a slogan that says, 'Fear hurt no more...Sure card pays'. Apart from receiving the abovementioned services, the cardholders are entitled to 24-hour personal accident protection coverage up to 100,000 baht and medical expenses of up to 5,000 baht per time of accident with unlimited times offered around the world and without any advance payment to be made when admitting at contracted hospitals of more than 300 hospitals nationwide.

Group 4 Payment and Merchant Products

4.1 Payment Products

Characteristics of Product and Service

The Bank Identification Number (BIN) sponsor service is collaboration between TBANK, as a member of network providers Visa and MasterCard, and e-Wallet Service Providers in issuance of prepaid card with Visa or MasterCard brands. A collaboration and usage of Visa and MasterCard brands help legitimized and enhance scope of usage capabilities. Visa and MasterCard prepaid cards enable customers to make purchase and payment of products and services at physical or online stores worldwide. The prepaid card can be categorized into 2 types as follows:

1. **Virtual Prepaid Card** is a prepaid card in a form of e-Wallet Application where cardholders are able to make payment or purchase of products and services for online stores only.

2. **Physical Prepaid Card** is a prepaid card which cardholders are able to make payment or purchase of products and services at physical or online stores worldwide that the signs of Visa and/or MasterCard are displayed.

Both types of prepaid cards are fitting to the new generation, teenagers, school or college students, and to those without access to credit card.

Market and Competition

Payment business has been progressing and evolving into various new forms, especially electronic payment, from both the existing providers and new comers, leading to an intensified competition. TBANK focuses on creating collaboration strategically, particularly in the electronic scope, to always be current in the digital era and always keep up with the fast-changing behaviors and attitudes in the regards of financial transaction. Furthermore, the effort intends to support the national strategic plan of developing the foundations systems for National e-Payment.

4.2 Merchant

Characteristics of Product and Service

Merchant products and services offer payment services through payment channels which can be categorized based on stores and business types as follows:

1. EDC machine is suitable for medium to large size stores who need to make payment transactions through card swipe machines in a large volumes and frequencies, such as, restaurants, hospitals, hotels, resorts, educational institutions, etc.

2. Pay' n Go (mPOS) machine is suitable for small size stores who do not need large monthly payment transaction volumes or frequencies, and medium to large size stores who require portability to accommodate sale representatives or sale agents on locations of sale in order to finalize sale conveniently and quickly.

3. Thanachart Payment Gateway is suitable for e-Commerce business conglomerate, such as, airlines, online stores, etc.

Market and Competition

Merchant products and services are intended to expand into customers who have potential in doing business and also open to small size business that is searching for a solution to monetary management and payment solution. TBANK's strategy is to expand the reach to the real locations to gain access to the new customers and opportunities, as well as, consistently and coherently launch promotional campaign to retain customer base and to increase confidence in using products and services of TBANK.

4.3 Western Union

Characteristics of Product and Service

Quick international transfer of money through Western Union network is safe and secured with international security system and standard which allows access in more than 200 countries.

Market and Competition

TBANK focuses on providing this service to customers with convenience, promptness, and security as priorities. In addition, customers can use ATM machines to make transfer or receive money via TBANK ATMs nationwide.

Group 5 Other Services

5.1 Foreign Exchange Services

Characteristics of Product and Service

TBANK's services include foreign exchange services in forms of bank notes and traveller's cheques, money changers, forward foreign exchange for international business transaction, inward and outward foreign currency transfers for goods and services payment, transfer for personal accounts, account opening for Foreign Currency Deposit (FCD), and etc.

Market and Competition

TBANK has expanded its branch network and currency exchange booths to serve all business sectors and tourists nationwide. TBANK has also adjusted exchange rates by benchmarking with the movements of the world's currency market. As a result, its customers receive real time rates and fair prices.

5.2 Securities Business Support Services

Characteristics of Product and Service

TBANK's securities business support services are, for example, Custodian, Fund Supervisor, Bondholder Representative, and Registrar and Paying Agent.

Market and Competition

In order to fully answer to customers' needs in custodian and fund supervisor services, TBANK offers products and services, e.g., Cash Management product, to increase the flexibility of financial management and investment for customers and various funds. TBANK leverages from its business network and good relationship with the customers in growing its customer base through bondholder representative, registrar and paying agent services.

Influential Factors to Business Opportunity and Operation

In 2016, the Thai economy was able to grow 3.2 percent against 2.9 percent growth of the previous year. This was mainly driven by tourism which relies on the demand of foreign visitors, and government spending and investment. Private consumption and domestic investment improved slightly as debt level remained high for both household and SME sector. Drought and slowdowns in the economies of trade partner countries were challenges to the recovery of economic condition. And although tourism was a key driver, it was affected shortly by the heavy regulation on tour operators which was led by the eradication of illegal tour activities. The refrain of celebration and entertainment at the end of the year somewhat dampened the economic activities as well. Government spending and fiscal budget allocation filled in the gap with investment projects, particularly in transportation and water resource management. Monetary and fiscal measures were launched to alleviate afflictions of the people. For example, tax refund for domestic tourists and spending schemes during the holiday, real estate stimulus program, measures to increase revenue generation for low income population, projects to strengthen the economic foundations as guided by the civil state, aid program for the drought victims, etc. On the other hand, export sector which used to be a key driver to the economy continued to be sluggish from weak economies of the partnering countries. Furthermore, some exporting products have lost some of its competitive edge from a structural problem relating to export sectors, such as, high labor cost and low productivity of labor.

Despite a slow recovery, the Thai economy was stable as indicated by low headline inflation of 0.2 percent in 2016 as compared to -0.9 percent in 2015. A slight increase was due to the recovery of domestic demand resulting in an

increase in product prices. Furthermore, unemployment rate was also low at 0.97 percent. For external stability, the Thai economy continued to have a surplus of current account from tourism sector although the capital and finance account was in deficit, a result of offshore investment by Thai business owners, as well as, a decline in investment and capital inflow from foreign investors following a speculation of policy rate increase by the Federal Reserve of the United States.

In 2017, commercial bank industry will continue to face with challenges from both domestic and international factors which will also impact economic growth prospect. Furthermore, the monetary policy of the BOT will be pressured from cost-push inflation as a result of minimum wage increase of 5-10 baht in 69 provinces effective since 1 January 2017 and a reduced fuel oil production of OPEC and non-OPEC countries which leads to rising global oil price. However, the BOT intends to maintain the average target headline inflation of 2.5 ± 1.5 percent implying medium term monetary policy plan, in order to help sustain the pricing competitiveness. Some of the key external factors that need to be closely monitored include the unfolding of the US economic policies and the risks of political instability, financial market volatility, unclear monetary policy and economic slowdown in both Europe and China. These factors will directly impact the trade activity, monetary policy and fiscal policy for Thailand, intensifying the volatility of Thai financial market, as well as, global financial market. However, the BOT has estimated the Thai economy to grow at approximately 3.2 percent in 2017 with government spending and investment as key driver. In particular, the fiscal budget allocates for transportation infrastructure, such as, double track railway project, electric mass transit expansion, motorway and express way development project, etc. Short-term impact measures to stimulate the economy are to boost tourism sector and improve export sector through support from the Ministry of Commerce in product and service launches, which focuses particularly on the food, construction material, medical equipment, health care, entertainment, and logistic industries. However, private investment will be the key to a strong and sustainable economic expansion for Thailand.

As a result of fragile global economy coupled with slow recovery of Thai economy, TBANK has a plan to closely monitor and review the economic and political conditions for both domestic and international. To be more specific, the followings are the key factors: the direction of domestic

industrial economics expansion, the high household and commercial debts in Thailand, competitiveness and adaptation of innovation, consumer behavioral change, development of global financial market development, movement of capital and transfer of funds in the world, monetary and fiscal policies in Thailand, Asian countries and large economic countries, controversy in corporate governance of the US and European banking systems, and geopolitical risks. Those will result in a larger degree of volatility in the Thai financial market and economy.

The opportunity in 2017 lies in the government sector who will play an important role in stimulating and driving the Thai economy forward. The effort can result in generation of economic activities, enhancement in competitive advantage through investment in mass transit and logistic infrastructure, for example, double track railway project, electric mass transit expansion, motorway and express way development project, Suvarnabhumi airport expansion, infrastructure and logistic of special economic zone, etc. These are in line with the infrastructure and logistic development plan in the National Social and Economic Development Plan No. 12 (A.D. 2017-2021). Furthermore, government attempts to incentivize through support of public private partnership as well as PPP fast track in order to expedite the process and time required in project approval. The effort intends to attract and tangibilize private investment quickly in order to further boost the confidence of investors. The support and stimulation focuses particularly on the industries relating to construction, transportation, logistics, manufacturing, and trading activities with Cambodia, Laos, Myanmar, and Vietnam (CLMV) in the special economic zone, East-West Economic Corridor (EWEC), and the Southern Economic Corridor (SEC).

Furthermore, Thailand Digital Economy and Society Development Plan Phase 1 in 2017 includes investment plan and development of digital foundation, such as, high speed internet installation nationwide, internet network efficiency enhancement between countries, and tech start-up sustenance based on innovation. In addition, National e-Payment System is a gateway to various transaction accesses in the future, particularly in a form of electronic channel, between government sector, private sector, general population, and commercial banks. Limitations in terms of physical or location constraints of commercial banks are alleviated with service gaps being fulfilled by contribution of Financial Technology (FinTech). Such change and development is considered to be a challenge

and opportunity for the financial market sector at the same time.

Industry Conditions and Competition Trends

In 2016, commercial bank industry has faced with challenges both domestically and internationally. The impacts were evident in the performance of the commercial banks and the financial health of the household and business sectors, as observed in TBANK customers. Some of the challenges included high household debt level, drought crisis negatively affecting the purchasing power of customers, illegal tour operator problem that dampened tourism and business sector, the refrains of celebration, entertainment, and advertising activities in the end of the year, the entrance and increased role of FinTech, and the invasion of cybersecurity attacks. The economic slowdown in main trading partners has caused a negative impact on international trade. In addition, the resolution of BREXIT, the presidential election of USA, and investors' concern for the policy rate increase in USA have contributed to the uncertainty and volatility of the global financial and capital market conditions. In terms of regulatory parameters, the preparation and implementation plan of new regulations such as Basel III and IFRS 9 have been causing impact and inevitable changes to the industry.

Although commercial banks have faced with various economic factors, the stability of financial status remained strong as reflected in high capital adequacy and reserve level. Furthermore, commercial banks continued to be key sources of funds for business and household sectors. Evidently, loan volume increased by 3.1 percent from 13,218,274 million baht in 2015 to 13,627,117 million baht in 2016. Net profit also grew by 3.6 percent from 192,137 million baht in 2015 to 198,997 million baht in 2016, regardless of increase in provision. Hence, the productivity of human resources has been the key negative contributor to the operating results of commercial banks.

In 2017, commercial banks lean toward operation and management where customer centricity remains as a core. Being a universal banking with complete offering of products and services through digital platform in order to answer to the needs of each customer segment will play a key success factor amidst fast and ever changing consumer behaviors. Customers are now expecting and have been able to make financial transactions without the branch channel, in line with the national policy and aspiration in becoming a true digital

economy. Therefore, commercial banks turn to focus on development, adaptation, and application of digital technology in order to increase efficiency in providing financial services through internet banking and mobile banking in a form of mobile application, allowing customers to make various financial transactions quickly and conveniently while having confidence of the security and privacy. Furthermore, many commercial banks have stated the intention to increase productivity of the human capital and optimal cost utilization, while business partnership is sought to fulfill any gap in the services provided by the banks.

The competition in 2017 will intensify in the area of deposits and loan acquisitions as the Thai economy is expected to recover with expansion of private investment to be in line with the government investment in large projects. As commercial banks put the focus on increasing customer base by enhancing customer experiences and strengthening customer relationships through a race of digital technology, banks must be aware of the key changes in customer's perception and behavior. Consumers have more leverage in power to pick and choose among a great degree of variation of choices, including financial services. This changes the business landscape and must be understood, along with proper cost management and maintenance of asset quality in the next stage.

TBANK's Achievements in 2016

- In 2016, TBANK continued to give importance to the balance structure in various loan products. Aside from a dominant hire purchase loans, TBANK put emphasis on corporate loans, SME loans, housing loans, retail loans, credit card, and personal loans to diversify the loan portfolio. Furthermore, TBANK offered a total financial solution for the customers through bundling products with subsidiary companies, for example, life insurance, non-life insurance, securities, and mutual fund products. In particular, TBANK has been a strategic partner with Prudential Life Assurance (Thailand) Public Company Limited which led to a collaboration and innovation of life insurance products in order to answer to the various needs of the customers.

- TBANK continued to improve the working system and process, particularly the infrastructure and information technology system, consistently in order to strengthen the foundation of the business operations. The infrastructure and

IT system platform have been developed to support a new form of products and to provide a new sale channel to better serve customers' needs. For example, the developments and implementations of Mobile Banking Application called Thanachart Connect, PromptPay alternative for money transfer in support of National e-Payment, Origination Manager System (OM) which is a credit approval engine allowing users a full function to the essential needs, and Customer Relationship Management tool or T-Advisor which allows TBANK to see a well-rounded 360-degree perspective on a customer. Furthermore, Predictive Dialer was developed for the Contact Center (Outbound) Telesales and Collection system to increase the work efficiency.

- TBANK participated in the infrastructure development for the payment system of Thailand through the installation of more than 400,000 EDC machines nationwide, following the strategic plan and implementation of National e-Payment Master Plan, which will allow stores to install card payment machine at a lower cost and less maintenance and fee burdens.

- From the Staff Segmentation project in 2015, executives have learned and understood the strengths and weaknesses of the employees better. In addition, TBANK continued to put emphasis on the consistent and coherent human capital enhancement in order to improve efficiency in service management, sale management, and personnel development. In 2016, TBANK organized trainings program to provide knowledge on sale management, branch management, sale conversation, product knowledge, and customer analysis. All of which emphasized on customer centric while on the service standard, TBANK developed TBANK Service Standard at branch in order to set the same standard on every network nationwide. Furthermore, the people development plan was reviewed and revised, whether through training, coaching system, E-learning system, or Talent Management system, in order to enhance human capital capability and competitiveness. TBANK has also incorporated IT system in the human resource aspect through HRIS 9.2 system in order to increase capabilities and efficiency in providing data to the employees. Such will help enhance TBANK's human resource strength, work productivity and help drive TBANK toward the mission and set goals.

- TBANK also put emphasis on communication between the executives in all divisions through various

channels and the employees in all level in order to relay and convey TBANK's target and mission, reflecting and exemplifying professionalism. At the same time, TBANK has communicated externally through various media in order to create good impression and positive perception fitting to the current lifestyle of our customers, whether in social media or CSR projects.

- Aside from successes in business operation, TBANK has also received "Suriyasatitorn" winner award for the desk calendar design and 1st runner up award for the wall calendar in the category of honoring the monarchy of Thailand from the Public Relations Society of Thailand. The calendar conveyed the Thai historical sentiment "through time with modern technology" under the name "Rattanakosin 234th Anniversary under Chakri Dynasty Righteous Ruling" by incorporating Art Nouveau, digital painting, and AR Code techniques.

Competitive Capabilities of TBANK in Comparison to Peer Group

Compared to other commercial banks, TBANK has the capabilities for long term and sustainable growth. In 2016, TBANK's total asset amounted to 950,511 million baht, accounted for 5.92 percent market share of the banking industry comprised of commercial banks registered in Thailand. TBANK's total loans were 666,909 million baht, accounted for 6.20 percent market share of the banking industry. Loan volume declined slightly from the previous year as the focus was given on asset quality and portfolio diversification for better risk balance and higher yield. NPL ratio declined to 2.29 percent, as compared to 2.84 percent last year. At the same time, TBANK had more loan loss reserve, resulting in an increase in coverage ratio from 119.42 percent in 2015 to 151.16 percent in 2016. TBANK's deposits and borrowings totaled 725,966 million baht, a slight decline from the previous year, mainly from a decrease in short term debentures. In 2016, TBANK continued to expand its deposit base consistently from last year especially in the retail customers. TBANK's deposit volume accounted for 5.90 percent market share of the banking industry.

In terms of strength and stability, TBANK had a solid capital adequacy ratio of 19.15 percent, surpassing the average of banking industry at 17.44 percent and higher than the minimum requirement by the BOT. Furthermore, TBANK

has maintained the Liquidity Coverage Ratio (LCR) higher than 100 percent in order to be safeguarded against risk of unexpected events. In summary, TBANK has continuously strengthened the asset quality, capital stability, and financial positions overall showcasing TBANK's capabilities and strengths to foster growth with stability and sustainability in the long term.

Aside from excellent product and service development through branch channel and internet channel namely Thanachart iNet, TBANK has developed and implemented a mobile banking service channel in order to support online transactions through mobile application namely Thanachart Connect which is being updated and improved constantly. This reflects the achievement in providing total financial solution, allowing the customers to make transaction, such as buy and sell mutual funds and securities and making loan application, with complete security and protection of privacy.

In regards of enhancing efficiency and quality of service, TBANK has developed and improved related infrastructure system for the core business operation, connecting and synchronizing all the work processes. This also increased the capabilities of the personnel to have access to knowledge, increase expertise and competencies, as well as, provided complete information for them to provide advice and good customer experience in TBANK's financial services.

Furthermore, a strategic partnership and collaboration with Scotiabank have allowed TBANK to develop innovations of technology and financial products and services on par with international standard. Consequently, TBANK's competitive capabilities and service efficiency are elevated and enhanced.

Securities Business and Fund Management Business

Securities Business is provided to customers through TNS. TNS was granted a full license to operate a full range of securities businesses including securities brokerage (domestically and internationally), securities underwriting, investment advisory service, securities borrowing and lending service, financial advisory service, unit trust underwriting, securities registrar, and derivative business Sor 1 (Full Services), which includes future contract broker and future contract buyer and derivatives trading for it proprietary account. As for Fund Management Business, this service is provided through TFUND

who operates mutual funds, private funds, provident fund management business, and investment advisory businesses.

Thanachart Securities Public Company Limited

Characteristics of Product and Service

TNS operates two key areas of business - brokerage business and investment banking and advisory business. As of 31 December 2016, TNS had 34 branches and offered the following services:

1. Brokerage Business implied brokerage services which included a service of securities dealing, securities trading, and giving investment advices to investors whether individual, retail, and local and foreign institutional to make decision on their investment.

2. Derivative Business included trading services for future contracts and derivatives.

3. Securities Borrowing and Lending (SBL) included services of borrowing or lending securities for customers who had a desire to borrow or lend securities.

4. Derivative Warrant (DW) is an investment alternative for customers who desire to increase liquidity and diversify investment risk.

5. Investment Unit Dealer included services of sale support and provided fund facts and related information on mutual funds of various asset management companies that TNS represented.

6. Financial Advisory and Securities Underwriting Services included financial advisory business, underwriting service of debt and equity securities both as a role of lead underwriter, co-underwriter, and dealer.

7. Securities Registrar included three types of services, namely, a securities issuance registrar, securities holder registrar, and a registrar for the Employee Stock Option Program (ESOP).

8. Equity-Linked Notes Underwriting Service serves as another opportunity to access various investments for customers as well as a risk diversification tool.

Market and Competition

1. In 2016 the Thai economy recovered from 2015 and the stock price index improved 19.80 percent amid volatility of trading volume, stock price index, and key political developments in both inside and outside the country.

In 2016, the economic condition and political stability in both inside and outside the country continued to be a challenge for the stock market in Thailand, whether in the trading volume or stock price index.

External factors have created volatility in the Thai stock market; however, the overall impact has helped boosted the stock prices. In summary, there were 5 key factors as follows: 1) Concern of a slowdown in China economy and the Yuan currency outflow created the unease for various central banks and pressure for the US Federal Reserve Bank (FED) to delay the policy rate increase resulting in high excess global liquidity and thus the capital inflow into the Thai stock market. 2) Global economy has recovered steadily especially the US economy while Japanese and European economic recovery have been sluggish. The Quantitative Easing (QE) has helped but created a side effect of higher global liquidity. 3) The resolution of Brexit which caught the investors and general public by surprise has caused a short-term volatility. 4) The presidential election in the USA and the victory of Mr. Donald Trump contradicted mainstream survey poll and has caused a short-term volatility as well. The extreme economic growth policy has pushed the price up for risk asset and Thai stock index. 5) OPEC countries have come to an agreement to reduce the production of oil for the first time in 8 years which increased the oil price and indirectly positively affected the Thai stock price index as well.

The Thai economy had been showing good sign of recovery since the beginning of 2016 with a momentum from 2015 in tourism and government investment which have been improving consistently. Agricultural product prices also recuperated, especially in fruits and rice in the first half of the year. Rubber price had been improving all year and helped boosted the income for farmers. However, the Thai economic progress in the fourth quarter of 2016 was dampened from the great loss of the country on 13 October 2016 which was sentimental and mournful to all the hearts of Thailand. The activities in private spending lessened from the desolate climate of the whole country. The government issued tax incentive measures at the end of the year but was unable to

compensate on the decline of private spending. Furthermore, the government policy to suppress and eradicate “zero cent tour” from China for the sustainability of the tourism sector in the long run despite the short-term put the pressure on tourism itself.

In 2017, the Thai economy is expected to continue its recovery from 2016, especially in agricultural sector as the drought crisis had been alleviated in 2016. Therefore, the agricultural outputs should improve in 2017 when compared with those in 2014-2016 which faced with drought crisis. Most of the agricultural product prices should recover, for example, fruits, rubber, and sugar canes. Furthermore, the restructuring of income tax will lessen the tax burden while the debt obligation from the first car tax exempt scheme will start to be lifted as debts are fully paid. This will result in more household liquidity leading to the increase in private spending and consumptions. Together with solid and consistent government spending, the Thai economy will have a good recovery momentum to progress forward robustly.

The SET has disclosed that in between January 2016 and November 2016 the listed companies had a total of 157,766 million baht of Initial Public Offering (IPO) value, an increase of 45 percent from the same period in 2015, which mostly came from the primary market. As of the end of December 2016, the total market capitalization of the SET was at 15.08 trillion baht, an increase of 23 percent from the end of 2015. At the same time, the market capitalization of the Market for Alternative Investment (MAI) was at 425,364 million baht, an increase of 31 percent from 2015.

TNS market share was at 4.17 percent, ranking number 7 from all the 36 securities companies. In 2016, the competition in the market continued to be aggressive, especially in the target group of retail investors. The new entrants in 2014, namely AEC Securities Public Company Limited (AEC), Apple Wealth Securities Public Company Limited (Apple Wealth), and Land and House Securities Public Company Limited (LHSEC), have expanded their brokerage business with growing market shares, and in effect, intensified the competition. There were 2 more new entrants in 2015 namely ASL Securities Company Limited (ASL) and SBI Thai Online Securities Company Limited (SBITO). The turnover of investment consultants among securities companies in the industry remained high and quite frequent. The competition was also seen the race to offer new innovation and technology

for the investors, such as instantaneous programs which allow the customers an access to information of both general and technical analysis. The new trading systems, such as Algo Trading, Trading Platform, and others were offered to investors as an alternative channel to make trading transactions. Aside the competition from the Thai securities companies, the foreign and international companies also played a role and had been acquiring more market shares. Commercial banks continued to collaborate with their securities subsidiary companies in various aspects to enhance the competitive advantage and business stability.

2. In 2016, there were a total of 44 members in TFEX with more than 69 million future contracts in trading volume, average of 285,189 daily contracts, an increase of 43 percent from 2015. Most of the trading volume was from stock futures and SET50 index futures. Consequently, the customer base grew by more than 15,000 accounts. TNS had a total trading volume of 8,503,303 contracts and accounted for 6.11 percent market share, ranking number 3 among all the TFEX members.

3. In financial advisory and securities underwriting services, competition was aggressive, especially in mergers & acquisitions, IPOs, and fund raising. Though competition focused on price, the key competitive factor, thus, remained on service quality, expertise on providing a customer with relevant advice and solutions to a problem, having a wide network, as well as product innovation, which can create value-added and greater benefits to customers of TNS.

Thanachart Fund Management Company Limited

Characteristics of Product and Service

TFUND puts importance and emphasis on a great range of mutual funds products, in order to fully cover all needs of investors in every group and level i.e. retail, wholesale, and institutional investors. The company utilizes many types of distribution channels for sales, such as TBANK’s branches and other investment unit distributors which are financial institutions licensed by the SEC. Operating under good corporate governance, TFUND provides qualified staff in accordance with the SEC’s notifications to serve customers in relation to investment by controlling and monitoring all staff to strictly adhere to related laws and regulations, building confidence to investors.

Market and Competition

As of 31 December 2016, there were a total of 22 fund management companies, with a total of 4,230,701.60 million baht in net asset under management value (not including Vayupak fund, foreign investment fund, property fund for resolving financial institution problem and property and loan fund). The net asset under management amount grew by 12.50 percent from 2015. In 2016, there were 605 new funds with a total of 1,322,907 million baht of net asset value (NAV), of which 453 funds were domestic and foreign debt securities fund accounting for 1,249,292 million baht NAV or 94.40 percent of the total NAV of the new issued funds in 2016. In 2016, 89.40 percent of TFUND products were domestic and foreign debt securities funds.

As of 31 December 2016, TFUND had a total of 189,008.27 million baht in asset under management (AUM), an increase of 22,654.08 million baht or 13.62 percent from 2015. This was mainly an increase from mutual fund which was in the amount of 18,948.81 million baht or 13.44 percent. The total AUM comprised of 84.59 percent mutual fund, 8.00 percent private fund, and 7.41 percent provident fund.

Insurance Business

The Insurance business of Thanachart Group can be divided into two key areas, namely non-life insurance operated by TNI, which offers all types of non-life insurance services, and life insurance operated by MBK Life, which offers life insurance services to institutional, corporate, and individual customers.

Thanachart Insurance Public Company Limited

Characteristics of Product and Service

TNI offers all types of insurance services including fire, automobile, marine and transportation, and miscellaneous insurance. In addition, the company also operates investment businesses.

Market and Competition

From January to September of 2016, Thai non-life insurance business experienced a growth of 1.64 percent compared to the same period of 2015. Total insurance premium amounted 153,642 million baht. The composition of

the non-life insurance market during January to September 2016 was 59 percent automobile insurance, continuing to be the highest portion of the market, 34 percent miscellaneous insurance, 5 percent fire insurance and 2 percent marine and transportation insurance.

TNI focuses on a standard of products, service quality, productivity, efficiency and honesty, as well as development of new products in order to offer new policies which are more coherent with economic and social conditions and responsive to customer needs, by taking into consideration a fair premium rate to customers. Furthermore, the company constantly adjusts its progressive competitive strategy to be coherent with ever-changing conditions, by ways of increasing sales channels, expanding the customer base, and maintaining the existing customer base. As much as 98 percent of all customers are those with a policy claim limit not exceeding five million baht. The customers' most selected products are automobile, personal accident, and fire insurance for house and these customers mainly are TBANK's lending customers as well as customers from TNI's marketing campaigns.

Customer group with a policy claim limit exceeding five million baht includes institutional customers, private enterprises that possess branch network, both in commercial and industrial sectors. Main products of this customer group are miscellaneous and fire insurances. As aforementioned, it can be concluded that TNI has never relied on any customer group that accounted for more than 30 percent of TNI's total revenue. In addition, this service is only offered to domestic customers.

Regarding Thai non-life insurance market from the estimate of direct premium by Thai General Insurance Association, it is expected that the growth of non-life insurance business would be 2.5 percent with total insurance premium of 214,328 million baht in 2016.

MBK Life Assurance Public Company Limited

Characteristics of Product and Service

MBK Life was formerly known as Siam City Life Assurance Public Company Limited. It provides individual and group life insurance services, mainly focuses on saving product, life, and health insurance for individual, institutional, and corporate customers.

The personal life insurance products of MBK Life include saving products and fixed maturity products as follows:

- **MBK Life 20/10M:** A policy coverage of 20 years with 10-year premium payment. A cash back policy of 3 percent in year 1-19 and 150 percent in year 20. A total return of 207 percent.

- **MBK Smart Life 10/3:** A policy coverage of 10 years with 3-year premium payment. A cash back policy of 3 percent in year 1-9 and 330 percent in year 10. A total return of 357 percent.

- **MBK Smart Life 10/4:** A policy coverage of 10 years with 4-year premium payment. A cash back policy with 4 percent in year 1-9 and 434 percent in year 10. A total return of 470 percent.

- **MBK Smart Life 10/10:** A policy coverage of 10 years with 10-year premium payment, which can claim death benefit with 200 percent in year 1-9. A fully return of the total paid of premium payment in year 10.

- **MBK Smart Life 10/5:** A policy coverage of 10 years with 5-year premium payment. A cash back policy with 20 percent in year 1-6, 100 percent in year 7-9, and 150 percent in year 10, a total return of 570 percent cash back of the insurance capital premium.

- **MBK Smart Sure 10/7:** A policy coverage of 10 years with 7-year premium payment. A cash-back with 5 percent in year 1-9 and 155 percent in year 10, a total of 200 percent cash back of the insurance capital premium.

- **MBK Life 14/7:** A policy coverage of 14 years with 7-year premium payment. A cash back with 3 percent in year 1-5, 4 percent in year 6-10, 5 percent in year 11-13, and 180 percent in year 14, a total of 230 percent cash back of the insurance capital premium.

- **MBK Happy Pension 85/1 (tax deductible pension insurance):** A policy with 1-year premium payment with pension return during age 60-85 years of the assured, a total of 26 pension payment periods accounted for 520 percent of insurance capital premium.

- **MBK Wow 888:** A policy coverage of 3 years with 1-year premium payment. A cash back of 8 percent in year 1-2 and 88 percent in year 3, a total of 104 percent cash back of insurance capital premium.

- **Healthy Max:** A policy coverage of 5 years with 5-year premium payment. The coverage for both life, health and accident in all scenarios with coverage as high as 100,000 baht, along with in-patient department medical care coverage in both illness or accident cases up to 200,000 baht per incident.

Personal accident (PA) insurance products include the coverage in cases of death, permanent disability and injuries from accident 24 hours a day. The accidents cover both from car and motorcycle with highest claim of 365 days. Individual and family insurances are possible for people in the range of 1 – 65 years of age.

Group life insurance products include life insurance and health insurance protections. The insurance covers both during and outside of work hours. The policy does not require health check - up and is the same price for all genders and all ages.

Mortgage Reducing Term Assurance (MRTA) is a product that insures an individual for the credit liability in term payment in the case which unexpected event occurs to the debtor, such as, death or permanent disability. The insured amount decreases at each term payment whether equally or in proportion of each term payment at a rate of compound interest rate.

Market and Competition

Target Customers

MBK Life's strategy is to aim at individual customer and middle-upper income group customer by offering the products that answer the needs of customers while building customer relationship through service providing.

Distribution Channels

MBK Life operates its business through various sale channels in order to satisfy the various financial needs of customers and better protect all target customer groups.

The main distribution channels include telesales, TM Broker, sale channels through employees Relationship Management, and other broker companies. Those channels exclude TBANK's channels or subsidiaries of TBANK.

Asset Management Business

NFS Asset management Company Limited and MAX Asset Management Company Limited

Characteristics of Product and Service

NFS AMC and MAX AMC are directly held by the Company. They operate the asset management business by buying or taking transfers of non-performing assets including collateral of those assets of financial institutions and financial institutions which have been closed down, for the purpose of managing or selling them. They are also engaged in other related businesses which are permitted by the Ministry of Finance's notifications or the law related to the asset management corporation or other related laws.

Market and Competition

In managing non-performing assets, the main focus is given on finding solutions to non-performing problems. It needs to access the financial health of the debtors and their ability to repay debts. The main objective and policy in managing non-performing loans and restructuring quality of debtors are to contact the debtors for debts restructuring, making them repay debts according to their abilities and turning them into performing loans. For managing foreclosed properties including selling foreclosed properties to interested third parties and a strategy to sell the assets efficiently and to be able to compete with other players in the market, it has hired special consultants specifically for managing properties for sale. These consultants are responsible for collecting information about the properties for sale, determining their selling prices, managing high-value assets, as well as appointing selling agents or brokers with prior experience in selling these types of assets. Asset packaging is done to create more value-added. The coordination with the companies under the Group is promoted to increase sale channel which includes brokers or agents, finding and contacting private companies in organizing public auctions to dispose of the properties, and selling on the website of Thanachart Group, as well as finding and selecting media which helps promote sales and reach as many target groups as possible.

TS Asset Management Company Limited

Characteristics of Product and Service

TS AMC operates the distressed asset management business particularly for non-performing loans and foreclosed assets transferred from SCIB. In order to restructure debts, TS AMC contacts debtors for debt restructuring, making them repay debts according to their abilities and turning non-performing loans into performing loans.

Market and Competition

TS AMC focuses in non-performing loan management and restoring the quality of debtors transferred from SCIB in order to manage, sell or transfer. TS AMC manages and sells non-performing assets to the interested third party. To gain competitive advantage, TS AMC hired special consultants specifically for managing properties for sale. These consultants are responsible for collecting information about the properties for sale, determining their selling prices, managing high-value assets, as well as appointing selling agents or brokers with prior experience in selling these types of assets. Asset packaging is done to create more value-added. The coordination with the companies under the Group is promoted to increase sale channel which includes brokers or agents, finding and contacting private companies in organizing public auctions to dispose of the properties, and selling on the website of Thanachart Group, as well as finding and selecting media which helps promote sales and reach as many target groups as possible.

Leasing Business

Ratchthani Leasing Public Company Limited

Characteristics of Product and Service

THANI offers hire purchase and financial leasing services in both new and used car markets for passenger cars. Its focus is on commercial vehicles, e.g., pick-up trucks, taxis, cranes, large-sized vehicles. New car to used car proportion is 60 to 40 percent of the loan outstanding. Truck to other vehicle type proportion is approximately 70 to 30 percent.

Used car hire purchase is relatively more risky than new car. In addition, the risk is mainly from car for commercial transportation which is sensitive to the domestic economy.

The company has taken into consideration various factors in loan approval, such as car condition, market price, substantial documentation, car registration, etc. The team has high experience and specific expertise on the condition evaluation and used car market price.

THANI provides after-sale services to its customers, such as, annual registration renewal, insurance policy renewal, and car annual check up for registration renewal. The services are offered for the convenience of customers, enhance income of THANI, and to preserve customers' properties, as well as, prevent the damage for THANI.

Market and Competition

In 2016, hire purchase and leasing industry experienced a lower growth once compared to the previous years while the competition was consistently high. This was due to marketing campaigns both new and used passenger cars from financial institutions, commercial banks, leasing companies, as well as car manufacturers. Some players adapted by moving into the used car market. However, these players were not direct competitors of THANI since THANI focused on the commercial use in both new and used cars which are not as competitive as the passenger car market.

THANI intended to maintain a 65-70 percent of total loan for the commercial vehicle hire purchase loans in the next 3 to 5 years. This market still has the potential of good growth and high return. In addition, the experiences and expertise collected through the years of operations have provided the competitive advantage for THANI in this market. Furthermore, the business prospects and opportunities are abundant with the ability to leverage from the long standing relationship with the customers, the ability to provide high return to the used car dealer, service excellence to safeguard the market share and unyielding effort in acquiring more relationship with the used car dealers.

From the extensive experiences and expertise in this business along with service excellence, good relationship, and the capabilities to provide high return to car dealers, THANI is confident in the ability to compete and solidify the market share amid the current competitive landscape in the market today.

Funding of Products and Services

(1) Sources of Fund

One source of TBANK and its subsidiaries fund is the capital, comprising of issued and paid-up capital. The total capital as of 31 December 2016 amounted to 60,649 million baht, including legal reserve and retained earnings. There are other two key sources of fund which are

1. Deposits which by the end of the year 2016 were in the amount of 676,557 million baht.

2. Borrowings in the amount of 49,409 million baht could be divided into 32,516 million baht of debentures and Tier II capital subordinated instruments, 13,905 million baht of unsubordinated debentures, 2,000 million of short-term debentures, 937 million baht of promissory notes, 50 million baht of structured notes, and 1 million baht of others.

(2) Funding or Borrowings of Parties Related to Executives or Major Shareholders

TBANK gave loans to its parent company, subsidiary, and related companies in Thanachart Group. At the end of 2016, TBANK gave loans to THANI, a subsidiary company of TBANK, in the amount of 3,180 million baht, an increase of 1,279 million baht from the outstanding balance of 1,901 million baht at the end of 2015 (loans to TS AMC amounted to 691 million baht and loans to THANI amounted to 1,210 million baht). This was for business operation in accordance with Thanachart Group Policy.

The above outstanding loan balance accounted for 0.49 percent of total outstanding loan balance of TBANK's separate financial statements in 2016. All lending and borrowing activities were transacted under the permission of the BOT.

Overview of Risk Management

In 2016, the Thai economy continued to grow, thanks to the expansion of government investment and the continuous government stimulus measures as well as stronger growth of the tourism. At the same time, private consumption and private investment slightly grew with a limitation from not only external factors including the slowdown in major trading partners economies but also from internal factors including the sluggish export following the slowdown in trading partners economies, the high level of household and SMEs debts, and the drought.

The commercial bank loans continued to grow in 2016 when compared to the previous year. Although commercial banks have faced with various economic challenge factors, the stability of financial status remained strong as reflected in high capital adequacy and reserve level. However, commercial banks remained cautious in the conduct of their business affairs and applied stricter lending standards in approving loans.

As for 2017, the Thai economy is expected to continue improving with disbursements of public investment expenditure playing a major role of driving the economic growth. However, the growth remains fragile and there are several risk factors that need to be monitored closely. These factors may have negative impacts on risks in various areas including market risk, credit risk, and liquidity risk.

The Company is aware of risk factors and puts great emphasis on the risk management. TBANK, a subsidiary company, conducts the assessment of its capital by going through the Internal Capital Adequacy Assessment Process (ICAAP) which provides a framework for dealing with various risks. The assessment is in accordance with the measure imposed by the BOT for overseeing the capital base of commercial banks under Basel III. The assessment enables TBANK to manage its capital efficiently and place it in a strong capital position which can support sustainable future business expansion.

The Board of Directors and high-ranking executives of the Company still keep on overseeing, monitoring, and developing risk management systems on an on-going basis, ensuring that the various measures remain appropriate and timely in dealing with changing risks, both internal and external. The Company has also established an organization structure which support the risk management in line with the policy framework of various committees, with details as follows:

The Company's Risk Management Structure

The Company's Board of Directors has a role in policy determination and establishes guidelines for an efficient enterprise-wide risk management including risk management and business continuity management of Thanachart Group-ensuring that it is efficient and in line with the Company's operations by taking into consideration the impact of risks on the Company's operational goal and financial position.

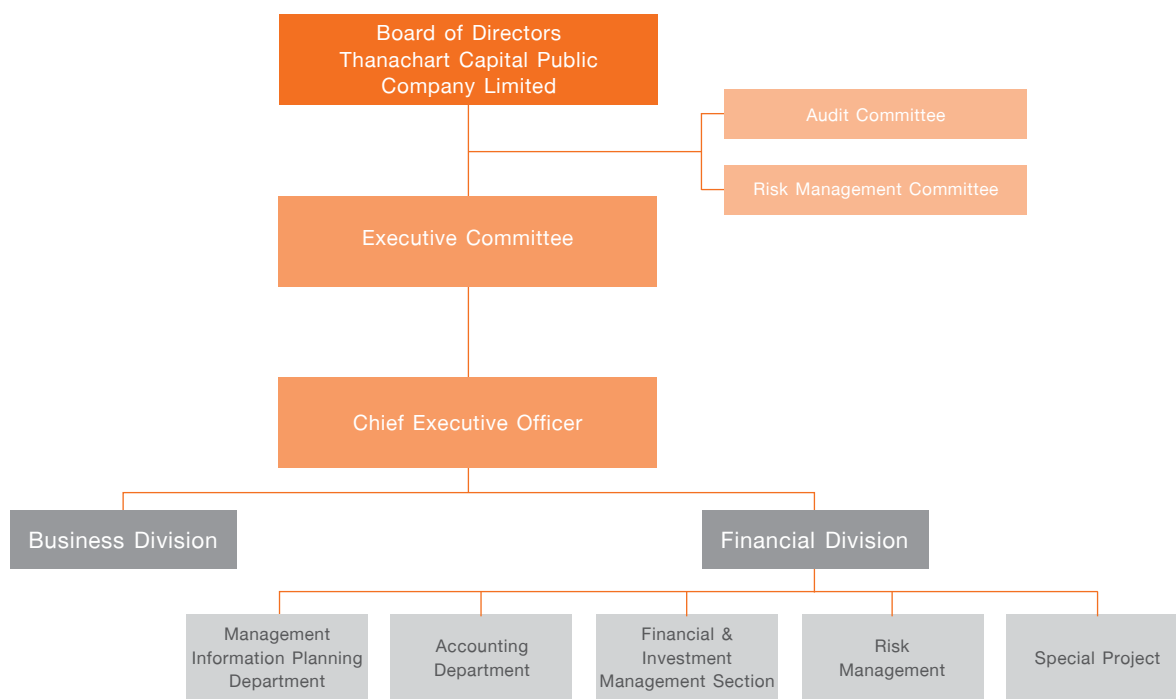
Executive Committee has a role in considering and approving all activities to be in line with the Company's risk management policies, as well as, assessing the business continuity management of Thanachart Group to present to the Company's Board of Directors for approval.

Risk Management Committee plays a role in proposing the Company's risk management policy and the Group's risk management policy to the Company's Board of Directors for approval. The Committee also establishes risk management strategic plans to be in line with the risk management policy and revises the sufficiency of the Company's risk management policy including the efficiency of the system and practice of the specified policy. Furthermore, it has a role to control, monitor, and supervise the Company and the companies under the Group to comply with the risk management policy as well as regularly report the result of the compliance to the Board of Directors including the adjustments to conform to specified policies and strategies.

Audit Committee has a role in determining the supervisory guidelines for the operation, ensuring that the Company and the Group are operating in compliance with measures of related authorities. The Committee also has a role in assessing the effectiveness and competency of the overall Group's risk management process and sufficiency of overall internal control system.

The Company's Risk Management Structure Chart

As of 31 December 2016



- The conduct of business affairs is under a system of check and balance with Middle Office, comprising of the Risk Control Unit and Back Office, being separated from the Front Office.

- The Company puts in writing all the established policies and guidelines regarding the risk management that specifies responsibilities of related unit as the operational guidelines for the employees. Moreover, the Company has established a four-step guideline for risk management. The guideline includes 1) the identification of the characteristics of risk as well as risk factors, 2) the development of appropriate tools and models for risk measurement, 3) the control of risks within acceptable limits, and 4) the close monitoring of risk status in order to properly manage any possible risks in a timely manner.

- The differences in size and risk ratios determined for each exposure measured by tools and models allowed the Company to be able to perceive the degree of severity from the possible risks. These risk variables could also be used as a ceiling or the acceptable risk level as well as to provide warning signals before severe losses occur.

- The risk management report is presented to the board of directors of each subsidiary company and the overview report is presented to the Company's Board of Directors in a periodic and timely manner.

The aforementioned risk management systems are developed based on prudent principles and will be reviewed regularly to suit prevailing situations. The systems are designed to be transparent, explicit, and examinable, and to take into consideration the interests of shareholders, customers, and staff.

Key Risk Categories

1. Credit Risk

Credit risk arises from a situation in which the debtors or counterparties fail to repay or fulfill their agreed obligations. This might be contributed by the fact that the debtor's financial position is under distress due to volatilities of economic conditions that pose adverse impact on businesses or the debtors' mismanagement, which as a result, may adversely affect the Company and its subsidiaries' earnings and capital. The credit risk may arise from ordinary financial transactions such as credit lending, financial obligations in the form of avals or guarantees, other transactions related to credit lending, as well as investment in debt instruments issued by state agencies or state enterprises with neither guarantee from government nor the BOT and private debt instruments such as debentures.

Under its credit risk management policies and guidelines, the Company and its subsidiaries have successfully established a credit culture. To start with, the credit risk of the borrowers or counterparties or issuers of debt instruments will be independently assessed by the model developed specifically to each type of borrowers or counterparties by the Credit Analysis Unit. At this juncture, authorized Credit Committee would then consider and determine the level of credit risk

of borrowers or counterparties, appropriate credit lines and investment budget, as well as terms and conditions on loans or other obligations. The Committee also controls the overall risk status by appropriately diversifying credit risk into various business sectors and groups of customers within the established risk ceilings. In addition, the Committee closely monitors the quality of loans to ensure proper and vigilant management by emphasizing on business capability and repayment ability under the supervision of an independent risk control unit - ensuring that credit transactions are in line with the policies and guidelines of credit risk management. Apart from the aforementioned units, there is also an Internal Audit Division to verify that the credit transactions are in compliance with the BOT's guidelines.

In order to receive return suited to risks, the Company and its subsidiaries employ the use of tools to measure the Risk Adjusted Return on Capital (RAROC). The Company and its subsidiaries also organize a stress test to estimate the damage that may occur in a crisis. Under this condition, the debtors' ability to complete their financial obligations may lessen or the debtors may be unable to pay off the debt as stated in the terms and conditions of the hypothetical contract. The risk factors are determined in order to affect business in the industrial sector in which the debtor has a working operation.

Key Credit Risk Factors

1.1 Credit Concentration Risk

The Company and its subsidiaries aim to appropriately diversify its loans to various groups of customers, focusing on high potential customers and attempt to prevent concentration of loans to a particular group of customers. Under such goal, the Company and its subsidiaries pursue proper risk management on overall credit portfolio with close monitoring and comprehensive assessment to report to the assigned committees on a regular basis.

Credit Status as of 31 December 2016 and 31 December 2015 Classified by Business Types

Business Type	2016		2015	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	14,081	2.03	15,005	2.10
Manufacturing and Commerce	78,238	11.31	78,816	11.03
Real Estate and Construction	47,881	6.92	49,873	6.98
Public Utilities and Services	60,117	8.69	65,679	9.19
Personal Consuming				
Housing Loans	97,756	14.13	89,088	12.47
Securities Business	3,536	0.51	3,458	0.48
Hire Purchase	345,343	49.90	364,982	51.07
Others	28,958	4.18	26,967	3.77
Others	16,136	2.33	20,760	2.91
Total Loans	692,046	100.00	714,628	100.00

The overall credit data revealed that as of 31 December 2016, the Company and its subsidiaries' lending concentration on hire purchase business declined from 51.07 percent in 2015 to 49.90 percent. Most of the hire purchase loans were provided to retail customers whose credit line was relatively small and with a large number of customers, such risk therefore was well diversified.

1.2 Risk of Non-performing Loans

Non-performing loans are loans classified as substandard, doubtful, and doubtful of loss. They have been the major concerns of each financial institution. They have adverse effect on earnings and capital of the Company. At this juncture, the Company and its subsidiaries have focused efforts on controlling credit quality through appropriate policies and procedures to regularly monitor the quality of the loans.

NPL Ratio of the Company and Its Subsidiaries that are Financial Institutions (excluding accrued interest receivables)

As of 31 December 2016 and 31 December 2015 are as follows:

Loan Classification	2016		2015	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Substandard	4,281	27.20	4,118	19.56
Doubtful	3,364	21.38	3,336	15.85
Doubtful of Loss	8,093	51.42	13,595	64.59
Total	15,738	100.00	21,049	100.00

As of 31 December 2016, non-performing loans of the Company and its subsidiaries that are financial institutions amounted to 15,738 million baht, a decrease from 21,049 million baht at the end of the previous year. From credit overview, non-performing loans accounted for 2.27 percent of total loans, a decrease from 2.95 percent as of 31 December 2015.

Non-performing Loans of the Company and Its Subsidiaries that are Financial Institutions Classified by Business Types (excluding accrued interest receivables)

As of 31 December 2016 and 31 December 2015 are as follows:

Business Type	2016		2015	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	363	2.31	416	1.98
Manufacturing and Commerce	3,348	21.27	5,821	27.65
Real Estate and Construction	2,364	15.02	1,548	7.35
Public Utilities and Services	1,390	8.83	1,450	6.89
Personal Consuming				
Housing Loans	2,263	14.38	2,140	10.17
Hire Purchase	4,637	29.46	7,961	37.82
Others	1,211	7.70	1,361	6.47
Others	162	1.03	352	1.67
Total Non-performing Loans	15,738	100.00	21,049	100.00

Trouble Debt Restructuring

(Unit: Million Baht)

	2016	2015
Number of Debtors (Persons)	14,002	21,479
Outstanding Principal and Accrued Interest Receivables	14,829	17,029
Loan not Fully Covered by Collateral	5,917	8,071
Revaluation Allowance for Debt Restructuring	2	4
Total Loans and Accrued Interest Receivables	692,677	715,295
Restructured Debt to Total Loans (Percent)	2.14	2.38

The risk on debt restructuring arises from re-entry of the substandard debtors, i.e. after the debt restructuring, the debtors again default on their repayments, and hence re-enter the non-performing status. The problem poses adverse effects on performance of the Company and its subsidiaries. As of 31 December 2016, the outstanding principal and the accrued interest receivables of the restructured debt amounted to 14,829 million baht or 2.14 percent of total loans and accrued interest receivables. The net restructured debt (less collateral) or loan not fully covered by collateral amounted to 5,917 million baht.

1.3 Risk from Collaterals

For collateralized loans, the Company and its subsidiaries carefully assess and classify quality of each type of collateral by taking into account the liquidity and overall risk from that collateral. The assessment result is one of the important factors applied in the classification of each credit exposure. In this regard, the collateral, both in the form of immovable and movable whose value could be appraised, is subject to appraisal or valuation complying with the BOT's regulation. The Company and its subsidiaries significant types of collaterals are deposits and bills of exchange, marketable equity securities, non-listed equity securities, commercial immovable property, immovable property from housing, vehicles, machinery, etc. The Company and its subsidiaries have determined guidelines, standards, and frequency of appraisal and valuation of each

type of collateral. Furthermore, a report of the appraisal and valuation is made which includes clear and sufficient data and analysis to determine the price. In case that it cannot be specified whether the collateral price has decreased or declined over time, the impairment of the asset must be considered by an official.

Hire purchase loans are the Company and its subsidiaries' main business. The ownership of collateralized car belongs to the Company, and in case of default, the Company is eligible to immediately repossess the collateral for the purpose of reselling in the used car market. As a result, the Company might be exposed to risk from the inability to repossess the car or from recovering the incurred loss by reselling the assets. Such conditions depend on risk factors, for instance, the conditions of the used car market and the repossessed car itself. TBANK used statistic information to calculate the possible incurred loss that may happen when default called Loss Given Default ("LGD"). The LGD rate used is 44 percent and TBANK provides reserve higher than the LGD to cover possible loan loss.

1.4 Risk from Impairment of Property Foreclosed

As of 31 December 2016, the Company and its subsidiaries had 4,992 million baht in property foreclosed according to the book value net allowance for impairment, equivalent to 0.52 percent of total assets. Impairment totaled 1,568 million baht, equivalent to 23.90 percent of book value.

1.5 Risks from Guarantees and Avals

The Company and its subsidiaries are also obligated in forms of avals, letter of credits, loan guarantees, and other obligations which the Company and its subsidiaries are held responsible for, if the customers are unable to fulfill their obligations. In managing such risk, the Company and its subsidiaries carefully scrutinize supporting information and apply strict approval procedures to these obligations. A close monitoring on these transactions is undertaken based on the same guideline used for its regular lending procedure of the Company and its subsidiaries.

As of 31 December 2016, the Company and its subsidiaries' obligations in the form of avals, guarantees for loans, and other obligations amounted to 28,956 million baht or 2.99 percent of total assets.

2. Market Risk

The market risk arises from movements in interest rates, exchange rates, and prices of instruments in money market and capital market, which may adversely affect earnings and capital of the Company and its subsidiaries. Market risk can be segmented into three categories including price risk, interest rate risk, and exchange rate risk. At this juncture, the Company and its subsidiaries' policies are to control and manage these risks to remain at an appropriate level and in line with the Company and its subsidiaries' policies on risk management.

2.1 Price Risk

Price risk arises when the Company and its subsidiaries' earnings and capital are adversely affected by changes in the price of debt and equity instruments, causing the value of the Company and its subsidiaries' trading and available-for-sale investment portfolio to decline.

The Company and its subsidiaries have developed risk measurement tools based on the Value-at-Risk model (VaR Model) to estimate the maximum loss amount at a certain confidence level and over a given asset holding period. The Company and its subsidiaries also determine the various limits of transaction in order to control risk to remain in an acceptable level, for example, Position Limit and Loss Limit. The Risk Control Unit separated from the front office and back office, has the duty of risk control and reporting on the status of the limits to the Board of Directors and departments and executives associated to the risk management in order to respond to the risk in a timely manner. The Company and its subsidiaries assigns Investment Committee to control and monitor this type of risk. In order to ensure the efficiency and accuracy of its tools for risk measurement, the Company and its subsidiaries require that the tools are subject to back-testing in accordance with the Bank for International Settlement (BIS) standards. Moreover, the Company and its subsidiaries have conducted stress testing by formulating stress scenarios which can create extraordinary reduction in stock prices. The test result could therefore shed light on how much the impact to earnings and capital of the Company and its subsidiaries could be.

As of 31 December 2016 and 2015, the Company and Its Subsidiaries' Trading and Available-for-sale Investments Classified by Types of Investments are as follows:

(Unit: Million Baht)

	Fair Value	
	2016	2015
Investments		
Trading Investments		
Government and State-owned Enterprise Securities	9,321	6,286
Private Debt Securities	4,782	3,785
Domestic Marketable Equity Securities	1,597	105
Available-for-sale Investments		
Government and State-owned Enterprise Securities	124,804	118,341
Private Debt Securities	23,611	26,832
Foreign Debt Securities	11,434	10,068
Domestic Marketable Equity Securities	5,887	5,286
Total Trading and Available-for-sale Investments	181,436	170,703

The value of trading and available-for-sale investments of the Company and its subsidiaries increased from additional investments in government and state-owned enterprise securities and domestic marketable equity securities. Therefore, the overall price risk of the Company and its subsidiaries increased from the previous year.

2.2 Interest Rate Risk

Interest rate risk is the risk that earnings or capital are adversely affected by changes in interest rates that pose impact on its rate-sensitive items including assets, liabilities, and off-balance sheet items. These changes may have a negative impact on net interest income and capital fund of the Company and its subsidiaries.

It is a goal of the Company and its subsidiaries to run their business operations under a long-term effective interest rate risk management system, in other words, to maintain an appropriate structure of assets and liabilities which are rate-sensitive at different time intervals. To ensure maximum benefits of the Company and its shareholders, the Company and its subsidiaries have developed the Repricing Gap Analysis Model as a tool for measuring interest rate risk by assessing the impact that may arise from the mismatch of the repricing periods of assets, liabilities, and obligations at different time intervals, which is used for risk measurement every month. In order to ensure that the risk of the Company and its subsidiaries business operation is within an acceptable limit, they have also established an acceptable risk ceiling and an early warning risk level, taking into consideration the structure of assets, liabilities, and obligations as well as interest rate repricing which are expected to take place in each period of the Company and its subsidiaries' business plan. The Asset and Liability Management Committee (ALCO) is responsible for monitoring and controlling such risk very closely. To effectively design appropriate measures to accommodate the risks, the committee has to monitor economic conditions, development in the money market and capital market, and the interest rate trend which could become important interest rate risk factors.

Details of Financial Assets and Liabilities as of 31 December 2016 Classified by the Period when the Interest Rate would be Repriced in Accordance with Contract Related to Financial Assets and Liabilities of the Company and Its Subsidiaries are as follows:

(Unit: Million Baht)

Items	Period of Interest Rate Repricing or Due Date							
	Floating Interest Rate	At Call	0-3 Months	3-12 Months	1-5 Years	Over 5 Years	No Interest	Total
Financial Assets								
Cash	-	-	-	-	-	-	12,077	12,077
Interbank and Money Market Items	792	-	41,092	496	1,700	-	4,776	48,856
Derivative Assets	-	-	-	-	-	-	3,564	3,564
Investments	1,036	-	5,094	28,798	131,533	9,212	11,004	186,677
Loans	220,743	3,028	51,671	28,359	243,158	144,919	168	692,046
Receivables from Purchase and Sale of Securities	-	-	-	-	-	-	1,126	1,126
Receivables from Clearing House	-	-	-	-	-	-	1,332	1,332
Total Financial Assets	222,571	3,028	97,857	57,653	376,391	154,131	34,047	945,678
Financial Liabilities								
Deposits	307,012	92	98,927	232,932	31,190	-	6,303	676,456
Interbank and Money Market Items	13,869	449	28,872	16,946	2,779	1,483	1,303	65,701
Liabilities Payable on Demand	-	-	-	-	-	-	1,986	1,986
Derivative Liabilities	-	-	-	-	-	-	4,912	4,912
Debts Issued and Borrowings	69	933	50	10,171	12,735	37,746	-	61,704
Payables from Purchase and Sale of Securities	-	-	-	-	-	-	2,366	2,366
Payables to Clearing House	-	-	-	-	-	-	2	2
Total Financial Liabilities	320,950	1,474	127,849	260,049	46,704	39,229	16,872	813,127

2.3 Exchange Rate Risk

The exchange rate risk is a risk that the earnings and capital of the Company and its subsidiaries can be adversely affected by exchange rate fluctuations from transactions in foreign currencies or having exposures in their possession of assets or liabilities in foreign currencies. There are two types of exchange rate risk - risk from transactions in foreign currencies (Transaction Risk) and risk from changing value from exchanging foreign currency to local currency (Translation Risk).

Most transactions in relation to exchange controls are due to the service of TBANK which is one of the Company's subsidiaries. TBANK assigns ALCO to be responsible for monitoring and controlling this type of risk through the consideration in the proper matching between the structure and the maturity of assets and liabilities in foreign currencies. TBANK's policy is to determine the risk ceiling in order to control the impact of exchange rate movements on earnings and capital. Nevertheless, in order to avoid the exchange rate risk, TBANK has also relied on hedging instruments such as forward contracts.

As of 31 December 2016, the Company and its subsidiaries faced with relatively low exchange rate risk as most of the assets in foreign currencies have been hedged by forward contracts.

3. Liquidity Risk

Liquidity risk arises from the inability of the Company and its subsidiaries to repay their debts or obligations upon the delivery date due to the lack of ability to convert assets into cash or to mobilize adequate funds or to mobilize funds at an acceptable cost. This could adversely affect the current and future earnings and capital of the Company and its subsidiaries. The liquidity risk management mechanism starts with the assessment of the cash flows and liquidity position over particular time horizons of the Company and its subsidiaries when the different levels of funds may be required to accommodate borrowings upon maturities, to reduce other types of liabilities, or to acquire of assets by using Liquidity Gap Analysis, various liquidity ratios, and “What If” scenarios to evaluate the sufficiency of the cash flow liquidity depending on customer behavior in extending contracts upon maturity and estimate the need of liquidity in various “What If” scenarios depending on the economic climate and extraordinary situations that may happen to the Company and its subsidiaries, and the financial institution system.

Meanwhile, the Company and its subsidiaries developed an emergency plan in the case of a liquidity problem and there will be a revision of the significant occurrences that affect working operations. In this regard, the Company and its subsidiaries have assigned ALCO in controlling and managing the liquidity risk every two weeks to monitor and manage risk.

The Structure of the Company and Its Subsidiaries’ Funds Classified by Source of Fund and Maturity Date is as follows:

Capital Funds Classified by Source of Fund

	2016		2015	
	Million Baht	Percent	Million Baht	Percent
Deposits	676,456	84.15	669,454	79.70
Interbank and Money Market Items	65,701	8.17	85,600	10.19
Debts Issued and Borrowings	61,704	7.68	84,929	10.11
Total	803,861	100.00	839,983	100.00

Capital Funds Classified by Maturity Date

	2016		2015	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	716,762	89.16	770,890	91.77
More than 1 Year	87,099	10.84	69,093	8.23
Total	803,861	100.00	839,983	100.00

As of 31 December 2016, deposits and debts issued and borrowings of the Company and its subsidiaries were 803,861 million baht, where sources of funds were mostly from public deposits with maturity less than 1 year. This is considered a common structure of the financial institutions. Nevertheless, the Company and its subsidiaries also offered various products such as Negotiable Certificates of Deposit (NCD) and debentures in order to increase the saving alternatives for the customers.

Financial Assets and Liabilities as of 31 December 2016 Classified by Maturity Date are as follows:

(Unit: Million Baht)

Items	Maturity Date of Financial Instruments				
	At Call	Less than 1 Year	More than 1 Year	Not Specified	Total
Financial Assets					
Cash	12,077	-	-	-	12,077
Interbank and Money Market Items	5,568	41,588	1,700	-	48,856
Derivatives	-	1,009	2,555	-	3,564
Investments	1,298	38,824	135,838	10,717	186,677
Loans	39,233	204,434	448,379	-	692,046
Receivables from Purchase and Sale Securities	-	1,126	-	-	1,126
Receivables from Clearing House	-	1,332	-	-	1,332
Total Financial Assets	58,176	288,313	588,472	10,717	945,678
Financial Liabilities					
Deposits	308,416	335,684	32,356	-	676,456
Interbank and Money Market Items	15,621	45,818	4,262	-	65,701
Liabilities Payable on Demand	1,986	-	-	-	1,986
Derivative Liabilities	-	1,609	3,303	-	4,912
Debts Issued and Borrowings	937	10,286	50,481	-	61,704
Payables from Purchase and Sale Securities	-	2,366	-	-	2,366
Payables to Clearing House	-	2	-	-	2
Total Financial Liabilities	326,960	395,765	90,402	-	813,127
Off-balance Sheet Items					
Aval to Bills	4	596	29	-	629
Obligation under Unmatured Import Bills	40	597	-	-	637
Letter of Credits	457	2,210	-	-	2,667
Other Commitments	41,130	36,031	2,355	-	79,516
Total Off-balance Sheet Items	41,631	39,434	2,384	-	83,449

4. Operational Risk

The operational risk is the risk that arises from the damage that occurs from lack of good corporate governance within the organization. Risk may arise from the inadequate efficiency of the internal audit and internal control systems which could be relating to internal operation process, personnel, systems or external events and adversely affect the Company and its subsidiaries' operating income and capital. This also includes legal risks such as litigations, exploitation by the government, and also damage from settlements outside the courtroom. Such risk can pose adverse impact on other risks, especially strategic risk and reputation risk.

The Company and its subsidiaries have established policies and guidelines to ensure the prevention and monitoring of this type of risk. As the internal control system is an important tool in controlling and preventing potential risk that may occur, the Company and its subsidiaries have implemented an efficient internal control system as follows:

- Regarding the organization structure, the Company and its subsidiaries have specified the roles, the scope of duties and responsibilities for each position, based on a system of check and balance. The front office where all the transaction takes place is separated from the middle office, comprised of the Risk Control Unit and the back office who record all items in the transactions.

- Establish the transaction-support units which are independent and have expertise in their respective fields of work such as information technology unit, legal unit, and price appraisal unit in order to prevent any possible errors that may arise.

- Put operational procedures and regulations related to all types of transaction, staff manuals as well as the authority ranks for approval in writings as a guideline to set the same standard for all internal operations within the organization.

- Establish the Audit Committee and the Risk Management Committee to control, monitor, and assess the risks of the Company and its subsidiaries. The committees are responsible for examining and correcting the pitfalls in order to create soundness and efficiency in the work operation.

- Improve the management of the information technology system and information security system in order to enhance its potential to accommodate business expansion and gain credibility from the customers in the aspect of data and technology. A particular focus is given to the prevention of damages from unauthorized access to the Company's information.

- Formulate the Business Continuity Plan which consists of an emergency plan, a plan for backup systems, and a business recovery plan to prevent disruption in business operation. In addition, the drills are essential to test for the readiness and to consistently improve the plans for its effective implementation.

The Company and its subsidiaries also employ the services of the third party to operate some group activities as per the direction of the work operations of financial institutions as present and in the future. The Company and its subsidiaries determine policies in order to manage the risk that may occur from outsourcing. These policies have to also be subject to

regulations of the BOT and must be beneficial to the internal control of the Company and its subsidiaries as well.

In the measurement and assessment of operational risk, the Company and its subsidiaries determine a principle, form or condition of the process used in the measurement and assessment of risk in the Company and its subsidiaries. In the determination of this process, the Company and its subsidiaries consider the circumstantial factors such as supervising guidelines of the government units associated with the Company, state and complexity of the business, the capability of the Company in accepting risk, probability, likelihood or frequency as well as the impact or severity of risk that has happened or may happen. As per the BOT's specification for Thanachart Group to maintain the capital funds to risk-weighted assets in credit, market, and operation according to Basel III guidelines, the Company and its subsidiaries adopted the Basic Indicator Approach to calculate operational risks.

In addition, to monitor operational risk, the Company and its subsidiaries determined a policy for executives of each department to have the responsibility of monitoring the risk and consider a part of their regular duties. This will help promptly inform all of the risk and problems that occur and to respond to the changes in each time period in an appropriate and timely manner, not damaging to the Company and its subsidiaries. Nevertheless, to inform of the result of business operations and problems that occur, as well as trends and changes in information of risk factors, the Company and its subsidiaries organized a filing and reporting of the information associated with operational risk management such as information on data loss, key risk indicators, and important risk points to be continually and regularly reported to the Company's Board of Directors, the Risk Management Committee, and high level executives to use in the determination of policies, to develop a sufficient risk management system, and to be a tool in aiding the Company and its subsidiaries to evaluate the capability and efficiency of the internal control system.

5. Strategic Risk

This type of risk arises from the inappropriate formulation of strategies, business planning, and implementation which are not compatible with internal setups and external environment, resulting in an adverse impact on earnings, capital or the existence of the Company and its subsidiaries. In managing

the strategic risk, the formulation of strategies of the Company and its subsidiaries will be considered over the three years ahead, with the review required annually or in the case of an external event that may impact the achievement of the Company's business goals. The Executive Committee is responsible for regular monitoring and evaluating the performance of the work units upon the established targets stated in the annual operation plan.

6. Regulatory Risk

The regulatory risk arises from incompliance to laws, regulation, requirements, standards, and guidelines in the Company transactions which can lead to financial loss, reputation damage, and interference by state entities. Also, there are risks from the amendments or changes in regulations, laws or requirements of the authorities especially the BOT, the SEC, the SET, the OIC, the AMLO, etc. Such changes may affect the strategies and business operations of the Company and its subsidiaries.

Thanachart Group has a Compliance Department, which is under TBANK, reports directly to the Audit Committee of TBANK. The department ensures that the Company and companies in Thanachart financial conglomerate are incompliance with regulations and requirements from related

various state agencies and the Code of Business Conduct. The department also provides advices and disseminates knowledge to executives and employees. Furthermore, it helps high-level executives to effectively manage risk of regulatory violation. The role and responsibilities do not overlap with the Internal Audit Department. As well, its specific responsibilities include operations in anti-money laundering measure, coordination with official supervisory or agencies, etc. It parallelly reports to the highest executives of the Company and TBANK together with the Audit Committees of the Company and TBANK.

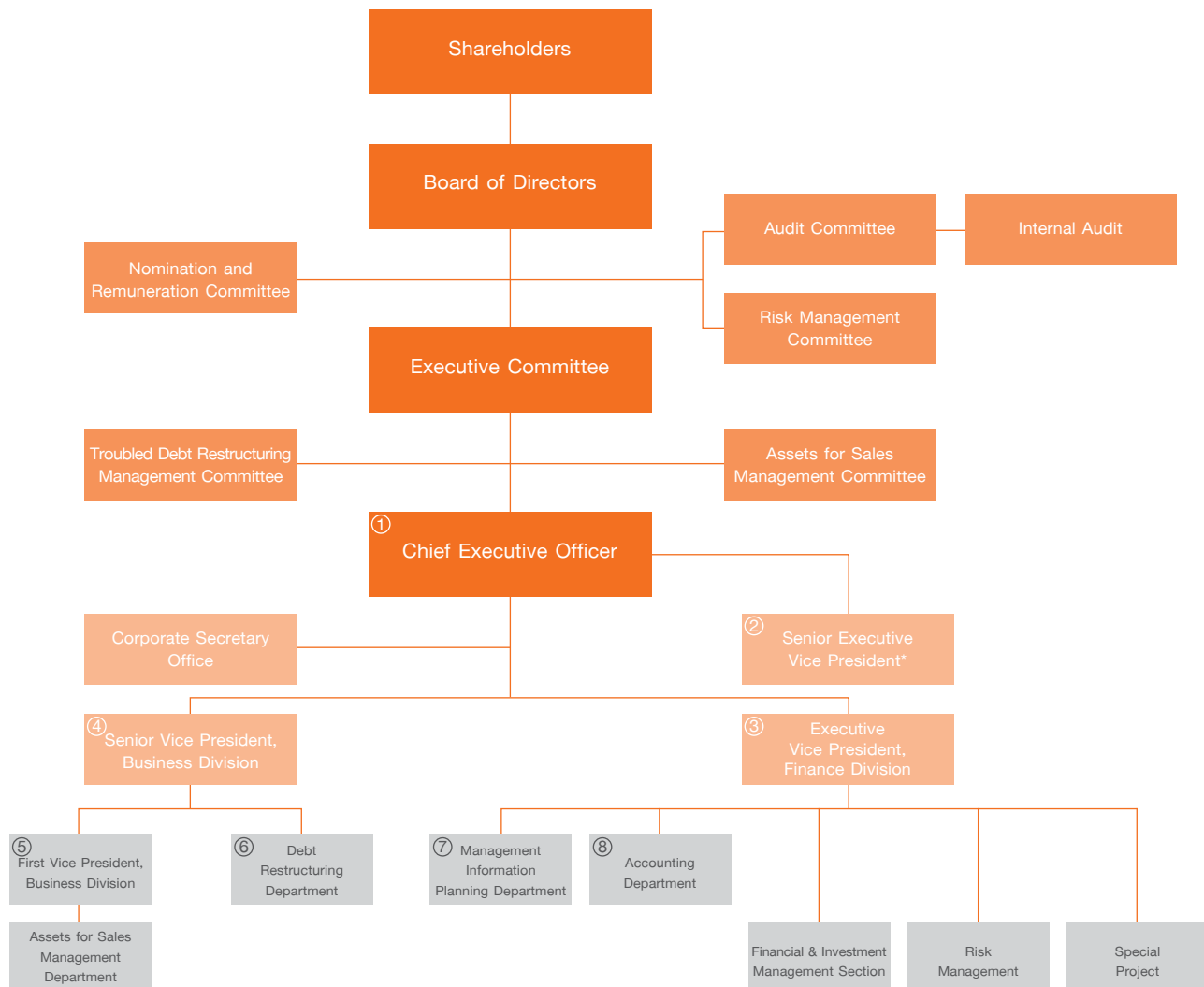
In evaluating regulatory risk, the Compliance Department assesses incompliance risks in various transactions by considering all related internal and external factors for both the Company and its subsidiaries. These include regulatory climate and outlook of the authorities, auditing assessment by the officials, business policies, debates and complaints, internal audit, and internal work procedures. The consideration is placed on the magnitudes of possible impact and likelihood of occurrence in each aspect of incompliance risks using the guideline of Risk Based Approach ("RBA"). Random review is executed to comply with Control and Monitor standard, and a recommendation is proposed to correct errors and improve performance.

Thanachart Capital Public Company Limited

The management structure of the Company comprises of the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, the Risk Management Committee, the Troubled Debt Restructuring Management Committee, the Assets for Sales Management Committee, and working units which have clear scopes of roles and responsibilities. The structure covers all operational areas of the Company, as well as, ensures adequate supervision and review. The Company structure is as follows:

Organizational Structure of Thanachart Capital Public Company Limited

As of 31 December 2016



Notes: 1) * Mr. Somjate Moosirilert, Senior Executive Vice President, was assigned as the Chief Executive Officer and President of TBANK.

2) ①-⑧ are executives at the managerial level and the first four executives after the managerial level according to the regulations of the SEC.

Board of Directors and Executives of the Company

Board of Directors of the Company

The Company's Board of Directors Meeting

The Company has set the schedule of the Board of Directors' Meeting for a whole year in advance. The meeting is scheduled monthly. There could be the case of special meeting as deemed necessary. Following the considerations by the Chief Executive Officer, the Chairman of the Company's Board of Directors will review and approve the meeting agendas. The meeting agendas are to be clearly specified and informed in advance, including agendas for acknowledgement, agendas for consideration, agendas for approval, agendas of follow-up matters, agendas from the sub-committees consideration and approval, agendas of good corporate governance, and agendas of risk management matters. The Company's corporate secretary is responsible in preparing the meeting notice and putting together the meeting documents in order to submit to the Directors prior to the meeting with sufficient time for the Directors to study and evaluate the information. Each meeting is approximately three hours long. There were a total of 12 meetings in 2016.

In the meeting, all Directors are encouraged to express their opinion freely and make decision on resolution. The Chairman will provide all Directors an opportunity to fully express their opinions before voting. All comments are recorded in writing as part of the meeting minutes which have to be approved by the Company's Board of Directors and assessed by the Directors and related parties.

The Board of Directors' structure is in accordance with the BOT Notification No. SorNorSor. 13/2009 Re: Governance of Financial Institution dated 9 July 2009 and the Capital Market Supervisory Board Notification No. TorJor 39/2016 Re: Approval of Offer for Sale of Newly Issued Shares dated 30 September 2016. As of 31 December 2016, the Company had nine Directors. One-third of Directors were represented by three Independent Directors and three were Non-executive Directors. Consequently, 66.67 percent of the Board of Directors was represented by Independent and Non-executive Directors.

The List of the Company's Directors and the Meeting Attendance in 2016

List of Company's Directors	Position	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Executive Committee	Risk Management Committee
		(Total of 12 Meetings)	(Total of 15 Meetings)	(Total of 6 Meetings)	(Total of 12 Meetings)	(Total of 12 Meetings)
1. Mr. Banerng Tantivit	Chairman of the Board of Directors (Non-executive Director)	12	-	-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman, Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer (Executive Director)	12	-	-	12	12
3. Mrs. Siripen Sitasuwan	Chairperson of the Audit Committee and Member of the Nomination and Remuneration Committee (Independent Director)	12	15	6	-	-
4. Mr. Somkiat Sukdheva	Member of the Audit Committee and Member of the Risk Management Committee (Independent Director)	11	15	-	-	11
5. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee (Independent Director)	10	15	6	-	-
6. Mr. Vichit Yanamorn	Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee (Non-executive Director)	11	-	6	-	11
7. Ms. Suvannapha Suvannapraphip	Vice Chairperson of the Executive Committee, Vice Chairperson of the Risk Management Committee (Executive Director)	11	-	-	12	12
8. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Management Committee, and Senior Executive Vice President (Executive Director)	12	-	-	12	12
9. Mr. Taweesak Saksirilarp	Director (Non-executive Director)	11	-	-	-	-

- Notes:** 1) Mr. Taweesak Saksirilarp retired from the director position effective on 1 January 2016 and was appointed as the Company's Director (Non-executive Director) effective from 23 February 2016.
- 2) Authorized signatories of the Company include Mr. Suphadej Poonpipat, Ms. Suvarnapa Suvarnaprathip, and Mr. Somjate Moosirilert. Any two out of three authorized signatories can jointly sign with the Company's seal affixed. Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As of 31 December 2016, the Company's executives at the managerial level and the first four executives after the managerial level including the head of accounting or finance department, according to the SEC included the following:

1. Mr. Suphadej	Poonpipat	Chief Executive Officer
2. Mr. Somjate	Moosirilert	Senior Executive Vice President
3. Mr. Kamtorn	Tantisirivat	Executive Vice President, Finance Division
4. Mr. Watchara	Permpithak	Senior Vice President, Business Division
5. Mr. Wuthilert	Suwannasri	First Vice President, Business Division
6. Ms. Darawan	Bunnumstien	First Vice President, Debt Restructuring Department
7. Ms. Rommanee	Jenpinit	First Vice President, Management Information Planning Department
8. Mrs. Thanawan	Chaisithikarnkha	First Vice President, Accounting Department

Company Secretary

In the meeting no.6/2009 dated 26 May 2009, the Board of Directors appointed Mr. Panupan Tuangthong as the Company Secretary effective since 1 June 2009. He has competency, qualification, and experience suitable for the position. The Corporate Secretary Office is the unit to supervise that the Company Secretary's works comply with good corporate governance, in order to encourage effective management and business operation of the Company. The Company Secretary has to comply with Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) 2008 which has been effective since 31 August 2008 and also the corporate governance policy. The Company Secretary has to work with the responsibilities, vigilance, honesty, compliance to laws, purposes, the Company's articles of association, the Board of Directors' resolutions, and resolutions from the shareholders' meetings. Duties according to laws and assigned by the Company are as follows:

Duties, Roles and Responsibilities of the Company Secretary

1. Overseeing various activities of the Board of Directors.
2. Providing Directors with preliminary advice on legal provisions, rules and articles of association of the Company, as well as good corporate governance principles and the code of conduct which the Directors should adhere to, ensuring that they are always properly compiled by the Directors. The Company Secretary is also required to inform the Directors when there are significant changes.
3. Preparing detailed documentation and information which are useful for new Directors and advising them a direction of the Company's business operation.
4. Organizing meetings of shareholders and meetings of the Board of Directors, ensuring that both meetings are in compliance with the laws, the Company's articles of association, and other requirements.
5. Keeping minutes of the meetings of shareholders and the meetings of the Board of Directors. The Company Secretary is also responsible for monitoring and ensuring the implementation of the resolutions adopted at the meetings of shareholders and at the meetings of the Board of Directors.
6. Preparing and keeping the register book of the Directors, notifications of the meetings of the Board of Directors, minutes of the meetings of the Board of Directors, reports on the conflict of interest of the Directors and executives, annual reports of the Company, notifications of the meetings of shareholders, and minutes of the meetings of shareholders.

7. Disclosing information and forwarding corporate news or reports to the relevant regulatory agencies, in compliance with its statutory requirements. The Company Secretary is also responsible for keeping the reports on the conflict of interest reported by the Directors and executives.

8. Organizing training courses, activities, as well as seminars aimed at enhancing the Directors' knowledge, skills, and experiences which are useful in helping them carrying out their duties as the Company's Directors.

9. Communicating with shareholders to inform them of their various rights and to give them the latest news updates on the Company.

10. Constantly receiving training and improving the knowledge in regards to laws, accounting, or duties of the Company Secretary.

11. Taking other actions as required by the Capital Market Supervisory Board.

Profiles of Directors, executives, and the Company Secretary are disclosed in "Board of Directors and Executives" section in this Annual Report.

Remuneration of Directors and Executives of the Company

Financial Remuneration

In 2016, the Company paid remuneration for four committees, including the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. Total remuneration was 33,645,403.62 baht. The remuneration is in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance of 2015 which can be summarized as follows:

1. The remuneration payments made in 2016 to the Company's Board of Directors were as follows:

List of Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng	Tantivit	1,200,000.00	600,000.00	4,258,638.16	6,058,638.16
2. Mr. Suphadej	Poonpipat	600,000.00	300,000.00	2,129,319.10	3,029,319.10
3. Mrs. Siripen	Sitasuwan	600,000.00	300,000.00	2,129,319.10	3,029,319.10
4. Mr. Somkiat	Sukdheva	600,000.00	275,000.00	2,129,319.10	3,004,319.10
5. Mr. Tiraphot	Vajrabhaya	600,000.00	250,000.00	2,129,319.10	2,979,319.10
6. Mr. Vichit	Yanamorn	600,000.00	275,000.00	1,808,462.79	2,683,462.79
7. Ms. Suvarnapha	Suvarnaprathip	600,000.00	275,000.00	2,129,319.10	3,004,319.10
8. Mr. Somjate	Moosirilert	600,000.00	300,000.00	2,129,319.10	3,029,319.10
9. Mr. Taweesak	Saksirilarp	512,068.97	275,000.00	2,129,319.10	2,916,388.07
Total		5,912,068.97	2,850,000.00	20,972,334.65	29,734,403.62

Notes: 1) The Company's Board of Directors Meeting No.12/2015 held on 21 December 2015 acknowledged the retirement of Mr. Taweesak Saksirilarp from the Company's Director effective on 1 January 2016.
2) The Company's Board of Directors Meeting No.1/2016 held on 25 January 2016 had a resolution to approve the appointment of Mr. Taweesak Saksirilarp as the Company's Director (Non-executive Director), effective on 23 February 2016.

2. The remuneration payments made in 2016 to the Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mrs. Siripen Sitasuwan	600,000.00	375,000.00	975,000.00
2. Mr. Somkiat Sukdheva	360,000.00	300,000.00	660,000.00
3. Mr. Tiraphot Vajrabhaya	360,000.00	300,000.00	660,000.00
Total	1,320,000.00	975,000.00	2,295,000.00

3. The remuneration payments made in 2016 to the Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Meeting Stipends (Baht Per Year)
1. Mr. Tiraphot Vajrabhaya	300,000.00
2. Mrs. Siripen Sitasuwan	198,000.00
3. Mr. Vichit Yanamorn	198,000.00
Total	696,000.00

4. The remuneration payments made in 2016 to the Risk Management Committee were as follows:

List of the Risk Management Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Suphadej Poonpipat*	-	-	-
2. Ms. Suvarnapha Suvarnaprathip*	-	-	-
3. Mr. Somjate Moosirilert*	-	-	-
4. Mr. Somkiat Sukdheva	240,000.00	220,000.00	460,000.00
5. Mr. Vichit Yanamorn	240,000.00	220,000.00	460,000.00
6. Mr. Kamtorn Tantisirivat*	-	-	-
Total	480,000.00	440,000.00	920,000.00

Notes: * Executive Directors do not receive the remuneration.

5. The remuneration payments made to the Independent Directors who hold the Independent Director positions in subsidiary companies

No Independent Director of the Company holds Independent Director position in any subsidiary company, and therefore, there was no remuneration paid.

6. The remuneration payments made to the Company's Executive Committee

There was no remuneration made to the Executive Committee.

7. The remuneration payments made to the Company's executives

The Company had eight executives who are at the managerial level and the first four executives after the managerial level including the head of accounting or finance department. However, there was one executive who was temporarily transferred to undertake duties in the Asset Management Company within Thanachart Group, and was paid by the Asset Management Company. As a result, the Company paid a total of 54,413,896.00 baht in the remuneration payment made to seven executives in forms of salaries, allowance, and social security contribution.

Other Remuneration

1. Other remuneration for the Company's Directors

The Company had no other remuneration paid to the Company's Directors.

2. Other remuneration for executives

The Company has provided a provident fund for the executives, which the Company pays in the portion of 3 percent, 5 percent, 7 percent or 10 percent of their salaries depending on the period of employment of each executive. In 2016, the Company contributed 4,039,020.00 baht to the provident fund for seven executives.

Total Sum and Type of Remuneration for Employees

In 2016, the Company paid a total of 114,357,823.03 baht in the remuneration payment made to employees in forms of salaries, bonus, social security contribution, provident fund contribution, etc.

Management Structure of TBANK
as at 1 January 2017



Board of Directors and Executives of TBANK

Board of Directors of TBANK

TBANK's Board of Directors consists of those with high competence who possess expertise and experience in finance, accounting, management, and other professional areas, which allows TBANK to benefit from the well-managed business.

TBANK has established the number of Directors to be in accordance with the rule of law as well as the type and size of the business so that the Board of Directors could perform effectively. Of the total Board's members, the number of Executive Directors shall not exceed one half and the number of Independent Directors, who are independent from the management and neither benefit from or associate with TBANK's businesses, shall account at least one-third and be proportional to each shareholder's investment amount.

Members of TBANK's Board of Directors as of 31 December 2016 were as follows:

List of TBANK's Board of Directors		Position	Executive Director	Non-executive Director	Independent Director
1. Mr. Banterng	Tantivit	Chairman	-	✓	-
2. Mr. Suphadej	Poonpipat	Vice Chairman	✓	-	-
3. Mr. Kiattisak	Meecharoen	Director	-	-	✓
4. Mr. Narong	Chivangkur	Director	-	-	✓
5. Mr. Sataporn	Jinachitra	Director	-	-	✓
6. Assoc. Prof. Somjai	Phagaphasvivat	Director	-	-	✓
7. Mr. Rod	Michael Reynolds	Director	-	✓	-
8. Mr. Walter	Tas	Director	-	✓	-
9. Mr. Adil	Aziz Chaudhry	Director	-	✓	-
10. Ms. Suvarnapha	Suvarnaprathip	Director	✓	-	-
11. Mr. Peter	Clifford Bessey	Director	✓	-	-
12. Mr. Somjate	Moosirilert	Director	✓	-	-
<u>Director retired from position in 2016</u>					
Mr. Alberto	Jaramillo	Director	-	✓	-

- Notes:**
- 1) Mr. Alberto Jaramillo resigned from his directorship since 1 March 2016.
 - 2) Mr. Adil Aziz Chaudhry has been appointed as TBANK's Director since 1 April 2016.
 - 3) TBANK's Directors who are authorized signatories representing the Bank include Mr. Suphadej Poonpipat, Ms. Suvarnapha Suvarnaprathip, Mr. Peter Clifford Bessey, and Mr. Somjate Moosirilert. Any two out of four can jointly sign and stamp TBANK's seal.

TBANK's Board of Directors Meeting

Each year, TBANK schedules meetings and their agendas for the key panels in advance and informs directors of the schedules to allow each of them to plan and arrange their time for the following key meetings:

1. The Board of Directors meeting is held approximately once a month.
2. The Executive Committee meeting is held at least once a month.
3. The Audit Committee meeting is held at least once a quarter.
4. The Nomination and Remuneration Committee meeting is held at least twice a year.
5. For all other committees, the decision on schedules rests with the chairman of each committee.

TBANK's Board of Directors convenes its meeting regularly in the last week of each month. It may also hold additional meetings as deemed appropriate. The meeting's agendas are to be clearly established in advance including regular agendas such as performance reports, approval of operating transactions, and risk management. The Office of the Chairman of Executive Committee and the CEO is responsible for sending meeting invitations to the Directors along with the agendas as well as supporting documents in advance to allow the Directors to have sufficient time to study data and information before attending the meetings. In 2016, the Board of Directors convened 12 general meetings.

In the Board of Directors meeting, all Directors are encouraged to express their opinions freely and vote independently. The Chairman of the Board of Directors shall provide opportunities to all Directors to express their opinions before adopting any resolution. The observations and comments from Directors made at the venue are documented. The minutes are to be certified by the Board of Directors and made available for inspection by the Board and related parties.

The List of TBANK's Directors and Meeting Attendance in 2016

List of TBANK's Board of Directors	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
	(12 Meetings)	(42 Meetings)	(12 Meetings)	(14 Meetings)	(12 Meetings)
1. Mr. Banterng Tantivit	12	-	-	-	-
2. Mr. Suphadej Poonpipat	12	40	-	-	-
3. Mr. Kiettsak Meecharoen	12	-	12	-	-
4. Mr. Narong Chivangkur	12	-	-	14	-
5. Mr. Sataporn Jinachitra	12	-	12	14	-
6. Assoc.Prof.Somjai Phagaphasvivat	12	-	12	-	-
7. Mr. Rod Michael Reynolds	8	-	-	9	-
8. Mr. Walter Tas	8	-	-	-	-
9. Mr. Adil Aziz Chaudhry	9	-	-	-	-
10. Ms. Suvarnapha Suvarnaprathip	11	39	-	-	-
11. Mr. Peter Clifford Bessey	11	38	-	-	11
12. Mr. Somjate Moosirilert	12	39	-	-	12
<u>Director retired from position in 2016</u>					
Mr. Alberto Jaramillo	1	-	-	-	-

Notes: 1) Mr. Alberto Jaramillo resigned from his directorship since 1 March 2016.
2) Mr. Adil Aziz Chaudhry has been appointed as TBANK's Directors since 1 April 2016.

Executives of TBANK

As of 31 December 2016, TBANK's executives in the level of manager and executive, including person with management power, according to the SEC regulations and section 4 and 25 of the Financial Institution Act B.E. 2551 include the following:

1. Mr. Suphadej Poonpipat
Chairman of the Executive Committee
2. Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
Chief Executive Officer and President
4. Mr. Peter Clifford Bessey
Deputy Chief Executive Officer
5. Mrs. Noossara Roonsamran
Executive Vice President - Corporate Banking Team 1
6. Mr. Piyaphong Artmangkorn
Executive Vice President - Investment Management
7. Mr. Anuwat Luengtawekul
Executive Vice President - Chief Financial Officer
8. Mr. Enghug Nontikarn
Executive Vice President - Treasury and Debt Capital Markets
9. Mr. Sanong Khumnuch
Executive Vice President - Retail and Small Business Distribution
10. Mr. Ziad El-Hoss
Executive Vice President - Chief Risk Officer
11. Ms. Wisarnsri Nilodom
Executive Vice President - Corporate Banking Team 2
12. Mr. Boonlerd Sinsombat
Executive Vice President - Information Technology
13. Mr. Praphan Anupongongarch
Executive Vice President - Automotive Lending
14. Mr. William (Bill) Said
Executive Vice President - Chief Administrative Officer
15. Mrs. Sasima Taweeskulchai
Executive Vice President - Special Asset Management
16. Mr. Ricky Jon Yakabowich
Executive Vice President - Shared Services
17. Mr. Wuttichai Suraratchai
Executive Vice President - Credit Risk Management
18. Ms. Kanoksri Rojmeta
Executive Vice President - Retail and Small Business Distribution 3 (North)
19. Mrs. Vijitra Thumpothong
Executive Vice President - Chief Audit
20. Mr. Kriangkrai Phurivitvattana
Executive Vice President - Office of Ex-Committee Chairman and CEO
21. Mr. Wichak Praditvanij
Executive Vice President - Retail and Small Business Strategic Management
22. Mr. Sutut Chitmonkongsuk
Executive Vice President - Commercial Banking
23. Mr. Songwut Chaowalit
Executive Vice President - Retail and Small Business Distribution 1 (BKK1)
24. Mr. Pompert Rasanon
Executive Vice President - Sales Network - Automotive Lending
25. Mr. Lalit Dodampe Gamage Dharmasari
Executive Vice President - Head Treasury
26. Mr. Wisoot Tangadulrat
Executive Vice President - Corporate Banking Sales 1
27. Mr. Noel Singh
Executive Vice President - Corporate & Commercial Product
28. Mrs. Anisa Choocharn
Executive Vice President - Non-Branch Channels and CEM
29. Mrs. Chanaporn Chantaprateep
Executive Vice President - Human Resource
30. Mr. Yuadrith Dhiantravan
Executive Vice President - Retail Risk Management
31. Mrs. Teranuj Koomsap
Executive Vice President - Retail and Small Business Product Development
32. Mr. Tirachart Chiracharasorn
Executive Vice President - Product & Marketing Management - Automotive Lending
33. Mr. Taweesak Songsithichoke
Executive Vice President - Business Transformation
34. Mr. Smart Saensuk
Executive Vice President - Investment Banking
35. Mrs. Pittimart Sanguansook
Senior Vice President - Finance
36. Mr. Premsak Chiprapaporn
Vice President - Accounting

- Notes:**
1. Numbers 3-14 and numbers 35-36 are executives at the managerial level and the first four executives after the managerial level according to the SEC regulations.
 2. Numbers 1-34 are executives with managing authority under section 4 and 25 of the Financial Institution Business Act B.E. 2551
 3. The changes during 2016 were as follows:
 - 3.1 Mrs. Chanaporn Chantapreteep has been appointed as Executive Vice President - Human Resource effective on 29 April 2016.
 - 3.2 Ms. Angkana Swasdipoon retired from her position as Executive Vice President - Office of Ex-Committee Chairman and CEO effective on 1 May 2016.
 - 3.3 Mr. Yuadrith Dhantravan has been appointed as Executive Vice President - Retail Risk Management effective on 23 May 2016.
 - 3.4 Mr. Wathanyu Nithayon early retired from his position as Executive Vice President - Corporate Banking Sales 2 effective on 1 June 2016.
 - 3.5 Mr. Ajay Pratap Mundkur finished his duty at TBANK according to the assignment from Scotiabank effective on 13 June 2016.
 - 3.6 Mrs. Teranuj Koomsap has been appointed as Executive Vice President - Retail and Small Business Product Development effective on 18 June 2016.
 - 3.7 Mrs. Pittimart Sanguansook has been appointed as Executive Vice President - Finance effective on 1 August 2016.
 - 3.8 Mr. Premsak Chiprapaporn has been appointed as Vice President - Accounting effective on 1 August 2016.
 - 3.9 Mr. Tirachart Chiracharasorn has been appointed as Executive Vice President - Product and Marketing Management Automotive Lending effective on 27 August 2016.
 - 3.10 Mr. Praphan Anupongongarch has been appointed as Executive Vice President - Automotive Lending effective on 17 September 2016.
 - 3.11 Mr. Taweesak Songsithichoke has been appointed as Executive Vice President - Business Transformation effective on 17 September 2016.
 - 3.12 Mr. William (Bill) Said has been appointed as Executive Vice President - Chief Administrative Officer effective on 4 November 2016.
 - 3.13 Mr. Smart Saensuk has been appointed as Executive Vice President - Investment Banking effective on 7 November 2016.

Furthermore, on 1 January 2017, there were the changes in the executives at the managerial level and executive according to the SEC's regulations and executives with management power under section 4 and 25 of the Financial Institution Act B.E. 2551 as follows:

1. Mr. Enghug Nontikarn retired from his position as Executive Vice President - Treasury and Debt Capital Markets effective on 1 January 2017.
2. Mr. Wichak Praditvanij has changed a scope of work due to the reorganization structure from Executive Vice President - Retail and Small Business Strategic Management to Executive Vice President - Non-Branch Channels.
3. Mrs. Anisa Choocharn retired from her position as Executive Vice President - Non-Branch Channels and CEM effective on 15 January 2017.
4. Mr. Boonlerd Sinsombat resigned from his position as Executive Vice President - Information Technology effective on 8 February 2017.

Profile of Directors and executives are disclosed in "Board of Directors and Executives" section in this Annual Report.

Company Secretary (TBANK)

TBANK's Board of Directors does not appoint a corporate secretariat. However, to be in compliance with the principles of good corporate governance as well as to ensure continuity and effectiveness of TBANK's operation, the Board of Directors has assigned the Office of Ex-Committee Chairman and CEO to administer company secretary tasks.

Note: TBANK is exempted from Chapter 3/1 of the Securities and Exchange Act B.E. 2535 according to the Notification of the Capital Market Supervisory Board No. TorChor. 20/2558 Re: Characteristics of Companies Exempted from Chapter 3/1 of the Securities and Exchange Act B.E. 2535 dated 21 May 2015.

Remuneration of Directors and Executives of TBANK

Financial Remuneration

As of 31 December 2016, the Bank has remunerated 3 panels of the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee totaling 35,965,000.00 baht. The remuneration was paid in the forms of monthly compensation, meeting stipend, and performance allowance based on the performance in 2015, which can be summarized as follows:

1. The remuneration payments made in 2016 to TBANK's Board of Directors were as follows:

List of Directors	Type of Remuneration (Baht Per Year)			
	Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng Tantivit	1,200,000.00	600,000.00	3,307,692.32	5,107,692.32
2. Mr. Suphadej Poonpipat	600,000.00	300,000.00	1,653,846.15	2,553,846.15
3. Mr. Kiettisak Meecharoen	600,000.00	300,000.00	1,653,846.15	2,553,846.15
4. Mr. Narong Chivangkur	600,000.00	300,000.00	1,653,846.15	2,553,846.15
5. Mr. Sataporn Jinachitra	600,000.00	300,000.00	1,653,846.15	2,553,846.15
6. Assoc. Prof. Somjai Phagaphasvivat	600,000.00	300,000.00	1,653,846.15	2,553,846.15
7. Mr. Rod Michael Reynolds	600,000.00	200,000.00	1,653,846.15	2,453,846.15
8. Mr. Walter Tas	600,000.00	200,000.00	1,386,512.13	2,186,512.13
9. Mr. Adil Aziz Chaudhry	450,000.00	225,000.00	-	675,000.00
10. Ms. Suvarnapha Suvarnaprathip	600,000.00	275,000.00	1,653,846.15	2,528,846.15
11. Mr. Peter Clifford Bessey	600,000.00	275,000.00	1,653,846.15	2,528,846.15
12. Mr. Somjate Moosirilert	600,000.00	300,000.00	1,653,846.15	2,553,846.15
<u>Director retired from position in 2016</u>				
Mr. Alberto Jaramillo	100,000.00	25,000.00	1,653,846.15	1,778,846.15
<u>Director retired from position in 2015</u>				
Mr. Kobsak Duangdee	-	-	267,334.05	267,334.05
Total	7,750,000.00	3,600,000.00	21,500,000.00	32,850,000.00

Notes: 1) Mr. Kobsak Duangdee resigned from his directorship since 1 March 2015.
 2) Mr. Alberto Jaramillo resigned from his directorship since 1 March 2016.
 3) Mr. Adil Aziz Chaudhry has been appointed as TBANK's Director since 1 April 2016.

2. The remuneration payments made in 2016 to TBANK's Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Kiettisak Meecharoen	540,000.00	360,000.00	900,000.00
2. Mr. Sataporn Jinachitra	360,000.00	180,000.00	540,000.00
3. Assoc. Prof. Somjai Phagaphasvivat	360,000.00	180,000.00	540,000.00
Total	1,260,000.00	720,000.00	1,980,000.00

3. The remuneration payments made in 2016 to the Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Meeting Stipends (Baht Per Year)
1. Mr. Narong Chivangkur	560,000.00
2. Mr. Sataporn Jinachitra	350,000.00
3. Mr. Rod Michael Reynolds	225,000.00
Total	1,135,000.00

4. The remuneration payments made to the Independent Directors who hold the Independent Director positions in subsidiary companies

None of the Bank's Independent Director sits as an Independent Director of any subsidiary company, and therefore, there was no remuneration paid.

5. In 2016, the remuneration was paid in the form of salary, allowances, social security contribution, etc. to Executive Directors and executives in accordance with the regulations as follows:

- By the SEC's definition, total remuneration of 134,765,826.00 baht was paid to 15 executives including one executive whose position has been changed during the year.
- With reference to the BOT's guideline, which is in accordance with section 4 and 25 of the Financial Institution Business Act B.E. 2551, total remuneration of 275,039,120.00 baht was paid to 37 executives including three executives whose positions have been changed during the year.

Other Remuneration

1. Other remuneration of Directors

TBANK did not pay other remuneration to the Directors.

2. Other remuneration of Executive Directors and executives

TBANK provides provident fund to executives at the rates of 3 or 5 or 7 or 10 percent of their salaries depending on years of service of each executive. In 2016, provident fund was paid in compliance with the regulations as follows:

- By the SEC's definition, total remuneration of 6,103,899.00 baht was paid to 15 executives including one executive whose position has been changed during the year.
- With reference to the BOT's guideline, which is in accordance with section 4 and 25 of the Financial Institution Business Act B.E. 2551, total remuneration of 11,405,320.00 baht was paid to 37 executives including three executives whose positions have been changed during the year.



CORPORATE GOVERNANCE

Report on Corporate Governance Compliance

Corporate Governance Policy, Business Ethics, and Code of Conduct for the Directors, Executives, and Staff

The Company's Board of Directors already put in writing the Corporate Governance Policies ("the Policies") which have been followed since 2003. The Policies are reviewed every year to ensure that the Company fulfills the corporate governance criteria established by the Thai Institute of Directors Association (IOD) and the principles of good corporate governance for listed companies of the SET. The Company has reported the practice to be in line with the principle of good corporate governance. The business ethics as well as the code of conduct for the Directors, executives, staff, and investor relations officers have been improved in order to establish a framework for all personnel.

The Company has disclosed the Policies, the business ethics, and the code of conduct for the Directors, executives, staff, and investor relations officers on the Company's website (www.thanachart.co.th) and Thanachart Group's Intranet system which is intended to be channels for communication with staff of Thanachart Group at all level. The major objective is to communicate with staff of Thanachart Group, shareholders, and all stakeholders in the commitment of the Board of Directors on good corporate governance practices and principles.

In 2016, the Company has completed the following activities in supporting good corporate governance:

1. Improving the Policies, ensuring that they are in line with the IOD's corporate governance survey checklist for listed companies.
2. Mandating the member companies in Thanachart Group to update their Policies to be in line with the Company's.
3. Organizing the training course on the Policies and the Code of Conduct for new staff at all levels. The training course on "Work together to drive ahead in unison in a transparency manner and without corruption" was also organized for Thanachart Group's existing staff.
4. Making arrangements for executives and staff at all levels of Thanachart Group to sign an agreement to follow the Policies and the Code of Conduct as well as an agreement to refrain from taking any action for business gains, which is in conflict of interest with Thanachart.
5. Conducting appraisals of staff at all levels of Thanachart Group twice a year, in order to develop, assess, and measure the level of knowledge and understanding in relation to the implementation of good corporate governance practices.
6. Developing Corporate Governance (CG) E-learning on a continuous basis, ensuring that it is current, constantly updated, and easy to understand. The related e-learning content is delivered via intranet to allow staff members to study and learn by themselves.
7. Also posting on the Company's website the practice guidelines on how to file complaints, how to avoid copyright infringement, how to treat staff fairly, and how to fulfill commitments towards lenders.
8. Organizing seminars for counterparts and business agents so that they are aware of and support Thanachart Group's corporate governance policies, code of business ethics, and staff code of conduct.

Furthermore, Thanachart Group promoted good corporate governance practices, as well as, corporate social responsibility project (CG & CSR Project) through its corporate policies and by offering a range of regular activities for staff of Thanachart Group, ensuring all business units recognize the importance of adhering to the principle of good corporate governance. In this connection, Thanachart Group provided various channels through its internal communication under the Project

“Thanachart Can do, Good Dharma..CG Initiates and Fulfill Dharma” to enhance staff’s knowledge and understanding on the Policies and the code of conduct, and to design work practice based on morals, ethics, and the code of professional conduct in a form of VTR short film. The Company coordinated with the Office of Anti-corruption Commission (“NACC”), the Anti-Money Laundering Office (“AMLO”), and the Anti-Corruption Organization of Thailand in creating the learning materials about corruption and money laundering under the television program “Dharma Sawaddee” and “Guru Good Governance”. This year, Thanachart Group was honored by the Chairman of the Anti-Corruption Organization of Thailand to give an interview about ‘How to join hands to develop corporate governance in the organization’. In addition, the Company developed an employee volunteer activity. The employees helped organize a program called “Dhamma principles...human principles....people wearing orange dress uniform”. In the program, staff and their families shared ideas about life principles to live by and guiding principles for doing work, principles for doing good deeds, as well as activities for doing good deeds within a family and for fostering good relations among family members. The program made them proud of their children’s participation in the volunteer activity. Importantly, it helped promote good relationship between the families of people wearing orange dress uniforms and Thanachart Group. Moreover, Thanachart Group still continued implementing the program for meditation practice in Bangkok, vicinity, and upcountry regions for staff so they have the mental management guidelines for their work and daily lives. As part of the corporate social responsibility, staff of Thanachart Group served as resource persons to propagate and foster the principles of good corporate governance and organized the activities called “Raising consciousness, living the present, and doing good deeds” for external organizations as well as educational institutions at both the university level and the school level throughout the year. In addition, the Group served as a director of the “Good Governance Award Ceremony for Outstanding SMEs Project” jointly run by the Puey Ungpakorn Foundation, the BOT, the Thai Bankers’ Association, and the Institute for Small and Medium Enterprises Development (ISMED).

Thanachart Group is determined to develop corporate governance and put it into concrete practice, aiming at embedding the value of good corporate governance into its corporate culture. Emphasis is placed on human resource development and promotion of **Thanachart Group’s positive**

corporate image as “an organization without corruption, which adheres to moral values and transparency”.

The Company’s Business Conducts According to Good Corporate Governance Principles in 2016 Include

1. Shareholders’ Right

1.1 Shareholders’ Basic Right

The Company has a policy on shareholders’ right protection and encourages them to honor their rights. The policy includes legal basic rights, such as company’s profit sharing in form of dividend, share transactions or transfers, participation in shareholders’ meeting in order to honor their voting rights equitably and independently, and encouraging shareholders to have sufficient information of the Company. The Company has fully disclosed the information of the Company via SET database and the Company’s website (www.thanachart.co.th) where all shareholders have equal access to.

1.2 Shareholders’ Meeting

The Company’s Board of Directors consider and treat every shareholder equally in basic rights and encourage all shareholders to attend and participate in the shareholders’ meeting, including institution shareholders. The Company also has policies regards basic and equal rights in shareholders’ meeting, voting rights, proposing an agenda, nominating Directors, adequacy in Notice of the Annual General Meeting of Shareholders, disclosure of information, as well as, venue, date, and time of the meeting as in accordance with the good corporate governance policies. As well, the Board of Directors has put in place a work unit responsible for organizing the shareholders’ meeting and ensuring that the meeting is conducted in line with the above policies as well as the additional practice guidelines developed and disclosed by the related organizations including the SEC, the IOD, and the Thai Investors Association, for implementation by listed companies.

Thai Investor Association, an independent association, has evaluated the shareholders’ meetings of the listed companies and has given the Company the highest score of 100 for seven consecutive years (2010-2016).

In 2016, the Company held the Annual General Meeting of Shareholders on 5 April 2016. The meeting was conducted according to laws, regulations, and corporate governance guidelines as follows:

Prior to the Shareholders' Meeting

The Company published the Notice of the Annual General Meeting of Shareholders in both Thai and English, including date, time and location of the meeting, meeting agendas, and complete details of each agenda which were sufficient for shareholders' decision making before the meeting. The aforementioned information was available via various channels as follows:

News through the SET System

- The resolutions of the Board of Directors' Meeting regarding the Annual General Meeting of Shareholders for the year 2016 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 23 February 2016.
- Disclosure of the Notice of the Annual General Meeting of Shareholders on the Company's website. The information was posted on 29 February 2016.

The Company's Website

The Notice of the Annual General Meeting of Shareholders and the related supporting documentation were distributed 30 days before the meeting took place. The information was posted on the website on 4 March 2016. The information was the same as the information given in the documentation sent by postal mail. These included (1) the date, time, and venue of the meeting, (2) meeting agenda together with explanation of objective and rationale for each agenda item, (3) methods used in appointing a proxy, registration and showing identification for attending the meeting, and rules used for conducting the meeting, and (4) steps to be followed in relation to adoption of resolutions as well as proxy statements. In addition, the annual report was distributed prior to the meeting date.

Delivered by Mail

Meeting notice, meeting documents, and annual report in form of CD-ROM were delivered to all shareholders at least 14 days prior to the meeting. In this connection, all the documents were sent out at the post office on 21 March 2016.

Newspaper Advertisement

Meeting notice was advertised in both Thai and English in daily newspapers for three consecutive days, seven days prior to the meeting day.

The Company provided the following opportunities to the Company's shareholders to raise issues via the Company's website:

1. Issues for consideration as an additional item of meeting agenda as well as other business-related issues were provided three months prior to the meeting day, from 23 September 2015 to 22 December 2015.
2. Nominating the candidate for Director was provided two months prior to the meeting day, from 23 September 2015 to 22 November 2015.

The Company informed shareholders of the opportunity through the SET's system on 21 September 2015. The disclosed information was made available both in Thai and English in order to accommodate both Thai and Foreign shareholders. In addition, rules, procedures, and channels for raising such issues were available on the Company's website and the results were informed at the shareholders' meeting.

The proxy statement form B, a form in accordance with public company registrar which a shareholder can specify his vote and contains a barcode for convenience in meeting registration, was an attachment to the Notice of Annual General Meeting of Shareholders. The information was also published on the Company's website, in case of the need of shareholders to request a proxy to attend the meeting on their behalf. Furthermore, the proxy statement form A and C were published on the Company's website in order for shareholders and custodians appointment of the proxy to cast a vote as specified by shareholders.

The Company proposed two Independent Directors and Chief Executive Officer with their curriculum vitae as well as stakes of each Director in the meeting notice to provide the shareholders alternatives for the appointment of proxy.

The Day of Annual General Meeting of Shareholders (5 April 2016)

The Company held the Meeting at Royal Orchid Sheraton Hotel & Towers which was located on Charoen Krung Road Soi 30. The meeting venue was easily accessible. Shareholders could reach the venue conveniently by car, public bus, BTS skytrain, Chao Phraya express boat or shuttle boat made available by the Hotel. The Company also arranged for various accommodations, such as venue, reception staff, and barcode system for registration and voting resulting in supporting fast operation and accurate evaluation. Moreover, the Company provided printed ballot papers for each meeting agenda item for shareholders' convenience during the registration. The shareholders could also register in advance within two hours prior to the meeting time. In this connection, for transparency purpose, the Company invited a retail shareholder to serve as a volunteer responsible for monitoring vote counting process.

The Company established shareholders' meeting guidelines to ensure that shareholders' right would not be compromised. At any point of the meeting, shareholders could register and enter the meeting to honor their voting rights on the agenda of which vote casting had not been made. The Company has never adjusted or added any agenda or distributed additional documents which contain important information during the meeting without prior notice.

The total number of shareholders attending the meeting in person and by proxy was 2,425 shareholders.

All Directors attended the meeting, including the Chairman of the Company's Board of Directors, the Chairman of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, and Chief Executive Officer. During the course of the meeting, all shareholders were provided equitable right to express their opinions and ask questions, all of which were recorded and documented in the meeting minutes.

The Chairman of the meeting assigned the Company Secretary to explicitly inform the shareholders on meeting rules, casting vote, voting rights, and vote counting procedures. Also, there is a shareholder served as a witness to count the vote for each agenda.

In casting votes, the ballot papers were required for every agenda item and during the agenda of director voting, the Company provided shareholders to vote for each Director.

Video presentations were used in the meeting in order to affirm that all information was clearly presented.

Post Annual General Meeting of Shareholders

The Company disclosed the voting results for each agenda via News through the SET System within the meeting day and also made available on the Company's website on the next working day.

The Company took minutes of the meeting whereby the number of Directors attended, voting procedure, voting results, and questions and answers for each agenda were recorded. The numbers of votes for approval, disapproval and that which were abstained are clearly verified in the minutes, including all other important information. The drafted minutes of the 2016 Annual General Meeting of Shareholders were submitted to the SET and also made available on the Company's website within 14 days after the meeting day which in this case was on 19 April 2016.

2. Equal Treatment to Shareholders

The Board of Directors arranged the Shareholder Meeting in such manners that all shareholders have equal rights. The Board of Directors also provided opportunities to minority shareholders so they can nominate a candidate for a director position and/or propose additional items for meeting agenda prior to the meeting. A proxy was made possible as an alternative for shareholders who were unable to attend the meeting to exercise their rights.

2.1 Measures for Controlling the Use of Inside Information

The Company has established measures aiming at controlling the use of inside information, prohibiting executives and related parties to use the Company's inside information for one's own personal benefit. The summary of the measures is as follows:

1. All work units of the Company are required to establish a system for keeping inside information in a safe place, ensuring that the information is properly managed and maintained.

2. The Directors, executives at the managerial level, and the first four executives after the managerial level, as well as the Head of the Accounting or Finance Department are required to:

- Submit reports of their shareholdings and positions in various companies of their own, spouse, and children who have not reached their legal age, on a quarterly basis in line with the requirements imposed by the Capital Market Supervisory Board, with copies to the Chairman of the Board of Directors, Chairman of the Audit Committee, and the Company Secretary every time.

- Submit reports of purchase, sale, and transfer of the Company shares to the SEC within three business days from the date of purchase, sale, and transfer of the shares.

3. The Directors, executives, staff, outsource personnel, and consultants who have access to material inside information which have not yet been disclosed to the public are prohibited from using the information for the benefit of one's own or others. The prohibitions are stipulated in Thanachart Group's announcements and the Code of Conduct.

4. The regulatory notification on the rules governing the trading of securities issued by the Company stipulates a silent period prohibiting the following persons from trading the securities, starting 15 days prior to the end of each quarter and lasting until the second day after the disclosure of financial statements and information about financial positions to the SET.

- Directors and executives at the level of executive vice president and above of the Company and member companies of the Group.

- Staff and outsource personnel hired by the Company and member companies of the Group, working in those work units that have access to inside information related to financial statements and the information about financial positions of the Company and member companies of the Group.

- Consultants who have access to financial statements and information about the financial positions of the Company and member companies of the Group.

5. In case it is found that the inside information has been used for one's own benefit, such use of the information is considered violation and is subject to penalties imposed by the Disciplinary Committee.

2.2 Measures Addressing Conflicts of Interest

The Company places strong emphasis on prevention of conflicts of interest. As a result, it has established policies, made announcements, and issued rules and regulations, aiming at making the organization's operation transparent and reliable. These include, among others, the following:

1. It has adopted the Good Corporate Governance Policies, the business ethics, the code of conduct for the Directors, executives, staff and investor relations officers, as well as the principles aiming at preventing the Directors, executives, staff, and related parties from pursuing one's own or any group of people's personal benefit.

2. The Company has established the risk management policy, governing the Company's transactions, transactions within the Group, and transactions between member companies of the Group with (1) Directors or persons with managing authority or parties related to them and (2) major shareholders or businesses which have related interests. It has also adopted policies on the use of services from parties outside Thanachart Group, the use of services between member companies of Thanachart Group, the use of services from major shareholders, the Directors, persons with managing authority in member companies of Thanachart Group, and parties who are related to the above groups. The principles are as follows:

- The Company has established rules and restrictions on the transactions with the above parties.

- The Company has established procedures for obtaining advice in writing from the Compliance Unit before proposing the transactions to the persons who have approval authority, except the cases in which the transactions are deemed normal.

- The Directors and persons with managing authority, who have conflicts of interest, shall not participate in the approval of the transaction and shall not be entitled to vote on the agenda item concerned.

- The Company limits the scope of approval authority in executing related party transactions. The limitations include cases in which the transactions could not be executed in accordance with the established policies or cases involving a conflict of interest, which have to be submitted to the Board of Directors of the Company for executing the transactions or approval, with the related reports to be sent to the Company for information.

- In considering the rules governing the transactions that involves conflicts of interest, the rules must be in compliance with the Public Limited Companies Act, securities and stock exchange laws, and other related laws. In case of doubts, advice must be sought from the Compliance Unit. In this connection, the Compliance Unit is authorized to establish rules for governing the related party transactions, as it deems appropriate.

- The information about the executed transaction has to be disclosed in line with the established rules. The report on the transaction has to be sent to the Board of Directors of the Company for acknowledgement twice a year. As well, the information about the transaction shall be disclosed to the public, in compliance with the requirements of the authorities concerned and the Thai Financial Reporting Standards.

3. The Company puts in writing procedures for executing related party transactions. These include: (1) collecting names of the related businesses or parties, which will serve as database for checking the transactions, (2) checking the transactions as well as getting advice from the Compliance Unit on legal issues and rules of practice, (3) approval, (4) information disclosure in line with the requirements of the authorities concerned, and (5) reviewing of the related party transactions by the Compliance Unit, the report of which will be sent to the Audit Committee. The Audit Committee will review the related party transactions or those which may involve conflicts of interest, ensuring that they are accurate and complete.

4. The Company has established procedures for buying, selling, renting, and leasing assets of the Company to member companies of Thanachart Group or related parties.

5. The announcements made by different committees stipulate that, if there is any transaction in which the Directors, executives or related parties have a conflict of interest, the information about the conflict of interest in the agenda item under consideration has to be disclosed and the Directors or executives concerned are prohibited from participating in the meeting when the transaction is being considered.

6. The Directors, the first four executives after the managerial level, and the Head of the Accounting or Finance Department as well as their spouses and children who have not reached their legal age are required to disclose their shareholdings and positions in various companies on a quarterly basis. The information will be used for identifying transactions that may involve a conflict of interest and serve as a database for disclosing about related party transactions and businesses in the notes to financial statements.

7. It requires disclosure of information about the relationships between the Company and employees as well as their spouses, relatives and business counterparts or counterparties to agreements. The objective is to prevent conflicts of interest.

8. Any act of pursuing personal benefits in a dishonest manner is considered disciplinary violation.

3. Roles of Stakeholders

Thanachart Group has established written practice guideline on stakeholders; including shareholders/investors, employees, customers, trading partners/lenders, competitors, society and environment, community, and public sector in Good Corporate Governance Policy, business ethics, and code of conduct of the Directors, executives, staff, and investor relation officers. All the information in the guideline is disseminated through the internal communication channels, so that the Directors, executives, and staff at all levels can strictly adhere to. The information has also been publicized via the Company's website to enhance stakeholders' confidence on their rights that they are well taken care of all the time. Consideration to the stakeholders' benefit is the priority,

ensuring that no right is violated and it is compliance to laws and regulations of the authorities concerned. The procedures regarding the use of service and the exercise of stakeholders' rights are completely stated and sufficiently disclosed for stakeholders's acknowledgement. The details on the treatment of various groups of stakeholder are as follows:

3.1 Shareholders/Investors

Thanachart Group aims at having a solid performance and achieving a sustainable growth as well as being competitive to ensure an appropriate return to shareholders and investors on a regular basis. In conducting business, the Company has been aware of risks and ensures that there is the efficient internal control system as well as information disclosure in an accurate, complete, timely, and transparent manner. Moreover, the Company has made arrangements to provide the shareholders and investors with convenience in exercising any of the rights they are entitled to. Most importantly, Thanachart Group always adheres to good corporate governance principles in all its business conducts and activities.

3.2 Employees

Thanachart Group is committed to looking after its staff members through various employee welfare benefits including occupational health and safety. As well, it treats its employees with respect and fairly. In addition, they are encouraged to participate in training workshops for personal and professional development. The employees are provided with opportunities to apply their knowledge and skill in carrying out their responsibilities, with adequate comprehensible system in managing and evaluating performance via Key Performance Indicators (KPIs). Importantly, they are provided with appropriate remuneration in line with their individual performance and on par with the industry.

3.3 Customers

Thanachart Group is determined to develop financial products and services that could accommodate all financial needs of the customers, provide high quality and professional services, and keep customer information confidential. Fees are fairly charged. Before making their purchase decisions, customers are provided with complete and sufficient information about products and services.

3.4 Trading Partners/Lenders

Thanachart Group has established explicit policies and practices on purchasing and outsourcing for the purpose of fairness, transparency, and verifiability of all related parties as well as the rules on approval authority of package purchasing and rental. It is also a regulatory requirement that information must be disclosed about the relationship between the Company and employees including their spouses, family members, and trade partners or contract counterparties who are related to the employees. As well, any person who has a conflict of interest is prohibited from participating in the procedures and processes related to procurement and hiring. The objective is to promote transparency and prevent any conflict of interest.

The information regarding lenders is disclosed with accuracy, adequacy, and in a timely manners via appropriate channels which lenders can review.

The Company has attached to the integrity of fulfilling the obligations made with trading partners/lenders and commitment in no exploitation under the conditions that are mutually agreed upon as well as legal rules and regulations in order to build confidence for long-term cooperation.

3.5 Competitors

The Company operates its businesses and competes with the competitors under the rule boundaries. The Company does not engage in any conduct or activity which may cause an overall negative impact on the business.

3.6 Society and Environment

Thanachart Group has taken a responsible attitude towards society. Business operation not only strictly adheres to the relevant laws but also creates the advantages for society and public sector including economy, culture, tradition, and environment. The senior management of the Group has played an important role in promoting the principles of social responsibility.

3.7 Public Sector

The Company conducts its business in adherence to laws, rules, and regulations of the authorities as well as provides

effective cooperation according to government policies. The Company will not involve or operate business with any illegal organizations or individuals. More importantly, it will not operate any activity that could lead to a corruption in government sector.

Mechanism of Stakeholders' Participation

Thanachart Group has developed the system for receiving complaints and suggestions from customers, external parties, and stakeholders more effectively for the purpose of organizational development. This has been undertaken through various channels such as the Company's website, marketing staff, and Thanachart Contact Center 1770. The Company has also explicitly established the business practice for the complaints reception system in which the responsible unit will follow up the customers' complaints and provide feedback to every customer or party that lodges the complaints, as well as applying customer's needs to improve Thanachart Group's services, increasing consumer or stakeholder's satisfaction.

There is a specific channel for complaints and reports regarding corruptions. The complaints are reviewed and taken a responsibility by Internal Audit Department. The Company has set measures and policies to protect and ensure the safety of the whistleblowers as mentioned in the anti-corruption subject. These matters shall be reported to the Audit Committee and the Board of Directors, respectively.

4. Disclosure and Transparency of Information

The Company's Board of Directors is responsible for the financial statements of the Company. In this regard, it has assigned the Audit Committee to ensure that the financial reports and internal control system of the Company are accurate and valid in accordance with the generally accepted accounting standards in Thailand. The Company has also disclosed the report of the Audit Committee, the report of responsibilities of the Board of Directors to the financial report, the report of the Auditors, and details of audit fees and other audit services fees in the Annual Report.

The Company ensures sufficient disclosure of important information in the notes to the Company's financial statements. In addition to the quarterly and yearly financial statements, the Company submits the management discussion and analysis

(MD&A) of the business performance, a practice of which has started since the accounting period for the first half of the year ended 30 June 2003. Furthermore, the Company disclosed to the public any key event or suspected transaction sufficiently and strictly compliance with the agency's regulations.

The Company established the Investor Relations Unit responsible for providing an accurate information and news on a timely manner to Thai and foreign shareholders, investors, analysts, and credit rating agencies in order to strengthen image and credibility of the Company as well as provide services to the shareholders effectively. The Investor Relations Unit can be contacted via telephone at +66 (0) 2217 8000 Ext. 3027, 3102-3 and +66 (0) 2613 6107 or at e-mail address: tcap_ir@thanachart.co.th. The Company has established policies on information disclosure in which the information has to be accurate, complete, equitable, transparent, and timely as well as comply with related laws and regulations. The information is disclosed in line with the guidelines of the principle of good corporate governance of the SET and the IOD. The information is disclosed via the channels as follows:

1. The SET
 - Management Discussion & Analysis: MD&A. The information is disclosed quarterly.
 - Annual Registration Statement Form 56-1 and Annual Report
 - Quarterly Financial Statements
 - The Company's Board of Directors' resolutions, shareholders' meeting resolutions, and other information
2. The SEC (e.g., Annual Registration Statement Form 56-1, Prospectus)
3. The Department of Business Development, Ministry of Commerce (e.g., the Company's information)
4. The Company's website
5. Press, printing media, and other media (e.g., quarterly operating results, explanation of important issues)
6. Quarterly Analyst Meeting
7. Company Visit / One-on-One Meeting
8. Roadshow / Conference
9. Notification to shareholders by mail

In 2016, the Company's senior management and Investor Relations Unit paid a visit and provided information to related parties in various occasions, including One-on-One Meetings, Conference Calls, Group Analyst Meetings and Investor Conference.

5. Responsibilities of the Board of Directors

The Company's Board of Directors and Sub-committees Structure

The Company's Board of Directors

The Company's Board of Directors is composed of well qualified persons who have expertise, skill, and experience in main business operation including finance, accounting, management, and other professional areas which provides the Company with great benefits. There is no limitation to genders as clearly stated in the Good Corporate Governance Policies.

In 2016, the Company's Board of Directors comprised of nine Directors, of which included three Independent Directors, three Non-executive Directors and three Executive Directors. All Directors brought in a wide array of knowledge and capability which useful to the Company's businesses allowing the Board to perform its roles effectively. The composition of the Company's Board of Directors is set in policies stipulating the diversity of experiences and the tenure of the directorship which is disclosed in the Annual Report and the Company's website.

The Company's Board of Directors structure is complied with the Notification of the Capital Market Supervisory Board No. Thor Chor 39/2016, Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 30 September 2016 and additional amendments as well as the BOT's Notification No. Sor Nor Sor 13/2009, Re: Governance of Financial Institutions, dated 9 July 2009.

Tenure of Directorship

The tenure of directorship of the Board of Directors has been stated clearly by the Company's Articles of Association and the Good Corporate Governance Policy. At each Annual General Meeting of Shareholders, one-third of the members of the Board of Directors must retire. If the number of Directors due to retire is not a multiple of three, the nearest number but not exceeding one-third should be applied.

The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired.

Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Independent Directors

The Company specifies definitions and qualifications of the Independent Director in accordance with the Capital Market Supervisory Board's guidelines as follows:

1. Holding shares not more than 0.5 percent of total number of shares with voting rights of the Company, subsidiary company, associated company, major shareholder or controlling person, including shares held by persons related to such Independent Director. (The Company specifies a more stringent qualification than that of the Capital Market Supervisory Board, which specifies at not more than one percent).

2. Is not now and never has been an Executive Director, employee, staff, advisor who receives salary, or a controlling person of the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing status has ended not less than two years prior to the appointment date. This restriction does not include cases in which the Independent Director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company.

3. Not being a person related by blood or registration under laws such as father, mother, spouse, sibling and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary company.

4. Does not have and never had a business relationship with the Company, subsidiary company, associated company or major shareholder or controlling person that may have a conflict of interest that obstructs the independent opinion. As well, any Independent Director is not now and never has been a significant shareholder, controlling person of any person having a business relationship with the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

5. Is not now and never has been an auditor of the Company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

6. Is not now and never has been a professional service provider, including a legal advisor or a financial advisor who receives service fees of more than two million baht per year from the Company, subsidiary company, associated company, major shareholder or controlling person. Not being a significant shareholder, controlling person or partner of the professional service provider, unless the foregoing relationship has ended not less than two years prior to the appointment date.

7. Not being a Director appointed as a representative of any Director of the Company, any major shareholder or a shareholder related to the major shareholders.

8. Not operating any business that is of the same status and in competition with the Company or subsidiary company. Nor being a significant partner of a partnership or an Executive Director, employee, staff or advisor who receives a salary or holds more than one percent of total number of shares with voting rights of any other company which operates business in the same status and in competition with the Company or subsidiary company.

9. Not having any business nor being an Executive Director nor having related benefit that may obstruct the independent opinion. As well, an Independent Director must not have any prohibited characteristic that undermines independence in carrying out the duties in the Company's operations.

Every Independent Director is independent to express opinions without interest in benefit in terms of assets or working position; from the pressure of any person or any group of people as well as from any circumstances that could affect their opinion expression.

The Company's Board of Directors arranges a meeting particularly for only Non-executive Directors (including Independent Directors) at least once a year as an opportunity

for Non-executive Directors to express and discuss freely any issues in regards meeting issues, without presence or participation of Executive Directors. The meeting minutes of Non-executive Directors is presented to the Company's Board of Directors to consider and act upon as deem appropriate. In 2016, there has been one Non-executive Directors' Meeting.

Directors Involved in Management or Executive Directors

1. Directors involved in management of the Company means any Director who holds an executive position, or any Director who is in charge of any actions deemed to be taken by executive, and including any authorized Director with full signatory authority except the case where it can be demonstrated that such authorized Director signs on transactions which have been approved by the Board of Directors and jointly with other Directors (In compliance with the Capital Market Supervisory Board No. Thor Chor 39/2016 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 30 September 2016).

2. Executive Director means

2.1 Director with a responsibility in the position of manager, deputy manager, assistant manager or equivalence.

2.2 Director with a responsibility in the operation or involved in business management as executive, including a person in the Executive Committee.

2.3 Director with full signatory authority, except for the case when can be demonstrated that it is the authorized signatories according to the list that the Board of Directors has already approved and it is the joint authorized signatories with other Directors.

(In compliance with the BOT's Notification No. Sor Nor Sor 13/2009, Re : Governance of Financial Institutions, dated 9 July 2009).

Roles, Duties, and Responsibilities of the Company's Board of Directors

As representatives of the shareholders, the Board of Directors is authorized and responsible for overseeing the conduct of the Company's business with integrity in line with corporate regulations and avoiding problems that may give

rise to conflicts of interest. The objective is to protect the overall interests of the organization, which are not limited to any specific individual shareholder or group of shareholders. In general, the Board of Directors is authorized and responsible for guiding and directing the Company by establishing policies as well as putting in place appropriate management processes and controlling systems which are aimed at ensuring that the conduct of business affairs follows the established policies. The related details are as follows:

1. The Board of Directors vigorously and impartially carries out their duties and responsibilities towards the organization, shareholders, executives, staff members, and employees of the Company.

2. The Board of Directors establishes key policies, strategic plans, financial goals, and budgets, which can be reviewed when deemed appropriate for sustainable business operation.

3. The Board of Directors sets clear policies and responsibilities in the directorship of the Chief Executive Officer and high-rank executives in other companies. For example, the director position and the number of company for directorship have to be approved by the Board of Directors first.

4. The Board of Directors has to supervise the subsidiary companies to protect the investment of the Company. The Board of Directors is responsible in assessing the suitability of the personnel assigned as director in subsidiary companies in order to ensure compliance to the Company's policies, law and regulations related to securities and the SET, announcement made by the SET, and other related regulations.

5. The Board of Directors oversees, directs, and guides the conduct of the Company's business with integrity and prudence so that the interests of the Company are protected. The Board of Directors is also required to ensure that the conduct of the business is in line with the established objectives, targets, rules and resolutions adopted at the meeting of shareholders, as well as being consistent with good corporate governance principles.

6. The Board of Directors ensures that the Company puts in place audit processes, internal control systems,

risk management, and corporate governance which are appropriate and adequate in view of the current business situations.

7. The Board of Directors arranges control system on business operation, financial report, and compliance to the rules, regulations, and policies. The Board of Directors also arranges for an independent work unit responsible for monitoring such control system and disclosing it in the annual report.

8. The Board of Directors and the Audit Committee conclude their opinions on the adequacy of internal control system and risk management in the annual report.

9. The Board of Directors treats all groups of stakeholders fairly and is responsible for financial reports and disclosure of information in an accurate, transparent, and timely manner.

10. The Board of Directors is responsible for preparing a "Report on the Responsibilities of the Board of Directors for the Financial Report" which is published next to the Auditor's Report. The Board of Directors' Report covers all key businesses of the Group in line with Good Practices of Directors of Listed Companies. The objective is to ensure that the Company's financial statements are accurate, complete, and reliable. In this connection, the Company always complies with national accounting standards by adopting best practice accounting policies and practices.

11. The Board of Directors establishes various committees as deemed appropriate.

12. The Board of Directors defines the scope of responsibilities and authority of the Chief Executive Officer.

13. The Board of Directors appraises the performance of and decides on the remuneration and employment conditions of the Chief Executive Officer, as proposed by the Nomination and Remuneration Committee.

14. The Board of Directors assesses the performance of the whole Board.

15. The Board of Directors continuously seeks to broaden their knowledge and expertise.

Segregation of Duties

The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer so as to segregate the duties of developing policies from day-to-day business management.

Assumption of Directorship in Other Companies by Directors and Senior Executives

Since the Company is the holding company of a financial business group, it is under the BOT's Notification No. Sor Nor Sor 13/2009, Re: Governance of Financial Institutions on 9 July 2009. In compliance with the Notification, Directors and Senior Executives of the Company can assume the position of Chairman, Executive Director or Director with full signatory authorities in no more than three business groups. According to the Good Corporate Governance Policies, the Company prohibited the Directors to hold the director positions in more than five listed companies. The policies and procedures in the directorship of the Chief Executive Office and high-rank executives in other companies are clearly stated. Type of the director position and the number company which the Directors hold their positions are required consent by the Company's Board of Directors.

Sub-committees

The Board of Directors of the Company has appointed the sub-committees to be responsible for performing necessary duties. The roles and responsibilities of each sub-committee are as follows:

Executive Committee

The Company's Board of Directors has appointed the Executive Committee, which consisted of three Directors as of 31 December 2016 as follows:

1. Mr. Suphadej Poonpipat
Chairman of the Executive Committee
2. Ms. Suvarnapa Suvarnaprathip
Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
Member of the Executive Committee
Mr. Panupan Tuangthong
Secretary of the Executive Committee

Roles, Duties, and Responsibilities of the Executive Committee

1. The Executive Committee is responsible for implementing the policies, targets, budgets, and plans which are established by the Board of Directors, subject to the laws, regulations, and notifications of the regulators concerned.

2. The Executive Committee is responsible for managing risks.

3. The Executive Committee is responsible for managing liquidity and interest rates.

4. The Executive Committee is responsible for managing investment in various financial instruments within the risk limits.

5. The Executive Committee is responsible for considering the business continuity management policies for Thanachart Group in order to further present to the Company's Board of Directors for approval.

6. The Executive Committee is responsible for managing transactions of the Company, such as deposits, loans, investments, foreclosed assets, etc.

7. The Executive Committee is responsible for managing internal organization such as management of organization structure, human resource management, and administrative management.

8. The Executive Committee may assign its duties or sub-delegate any of the powers and authority of the Committee in management to other parties.

9. The Executive Committee is responsible for screening matters before forwarding them to the Board of Directors for consideration.

Audit Committee

The Company's Board of Directors approved the establishment of the Audit Committee. The Audit Committee consists of three Independent Directors with special knowledge, understanding, and experience in accounting and/or finance. To strengthen the Company's internal control,

credibility, and maximum benefits of all parties including shareholders, the Audit Committee is an important tool for the Board of Directors to ensure good corporate governance, transparency, and compliance to the regulation and the Company's Code of Conduct. The members of the Audit Committee are as follows:

1. Mrs. Siripen Sitasuwan
Chairperson of the Audit Committee
2. Mr. Somkiat Sukdheva
Member of the Audit Committee
3. Mr. Tiraphot Vajrabhaya
Member of the Audit Committee
Mrs. Vijitra Thumpothong
Secretary of the Audit Committee

Roles, Duties, and Responsibilities of the Audit Committee

1. Financial report
 - To review and disclose the Company's financial statements, as well as assess the appropriate use of key accounting policies.
 - To review the consistency of financial statements key issues, complication or any abnormality and use good judgment in assessing them.
2. Internal control and risk management
 - To review internal control systems, ensuring that the Company has internal control system and internal control of information technology systems, as well as sufficient anti-corruption measures. Also, the Committee review the communication of essence of the Company's internal control and risk management.
 - To review and make sure that all recommendations related to internal control proposed by internal auditors and external auditors have been corrected.
 - To review the adequacy in internal control policy and functions related to risk management of the Company.
3. Internal audit
 - To review and approve of Internal Audit Charter, annual plan, and appropriate use of personnel and other resources.
 - To review audit results and recommendations made by the internal auditors and follow up on the correcting measures to such recommendations.
 - To ensure that the internal audit complies with all internal audit standards.
 - To assess the independence of internal audit unit.

4. Supervision of subsidiary companies and subsidiaries of subsidiary companies

- To supervise work operation of the subsidiary companies and their subsidiaries to adhere to the policies of Thanachart Group. The audit committees of subsidiary companies and their subsidiaries assigned internal audit of TBANK to evaluate and summarize the business operation overview of the subsidiary companies and their subsidiaries. The evaluation results must be informed to the Audit Committee of the Company as it is the parent company.
- In case of important issues, such as violation to law, fraud, corruption, and issues which impact the financial position and reputation of the Company, it is required to report in full details.

5. Compliance to regulations
 - To review business operation of the Company to adhere to laws, regulations, ethics, key policies and, procedures of the Company.
 - To evaluate changing laws and related regulations which impact the Company's business operations.
 - To investigate findings of the Compliance Unit and supervising government agencies and follow up on the improvement as recommended.

6. External auditors
 - To assess the qualification, independence, performance and the auditor fees, as well as nominate the external auditors for an appointment and propose auditor fees to the Company's Board of Directors.
 - To arrange a meeting between external auditors without the management participation at least once a year.

7. Related party transactions or transactions that may lead to a conflict of interest

To evaluate related party transactions or transactions that may lead to a conflict of interest in accordance with laws and regulations to ensure all business operation is in congruent and for the maximum benefit of the Company.

8. Report of the Audit Committee

The Audit Committee prepares the report of the Audit Committee which is disclosed in the Company's Annual Report signed by the Chairperson of the Audit Committee. Key contents include the following:

8.1 Opinions on the process of preparation and disclosure of the Company's financial statements on its accuracy and credibility.

8.2 Opinion on the sufficiency in the Company's internal control system.

8.3 Rationales supporting that the Company's external auditors shall continue their responsibility for another term.

8.4 Opinion on the compliance to procedures and government regulations.

8.5 Opinion on the related party transactions or transactions that may lead to a conflict of interest.

8.6 Opinion on cooperation from executives and staff of the Company, as well as any obstacles in work process.

8.7 Report on any other matters deem appropriate to the shareholders and general investors within the scope of duties and responsibilities as assigned by the Company's Board of Directors.

9. Other responsibilities

- The Audit Committee is responsible for reporting to the Company's Board of Directors in order to make improvement as deemed appropriate. The Audit Committee is also responsible to report the findings or suspicions of any transactions that can significantly impact the financial position and business operation of the Company, which include the following:

1) Transactions that may lead to a conflict of interest

2) Fraud, corruption or abnormality in the internal control system

3) Violation to financial institution laws, regulations, and any other relating laws which if the Company's Board of Directors or the executives failed to implement correction measures on a timely manner, the Audit Committee shall report in the Annual Report and to the BOT

- Evaluating the suitability of the Charter of the Audit Committee at least once a year and present to the Company's Board of Directors if there is a proposed change for an approval .

- Evaluating the performance of individual member of the Audit Committee and the Audit Committee as a whole and present the results to the Board of Directors annually.

- Carrying out any other responsibilities proposed by the Audit Committee and approved by the Company's Board of Directors.

Nomination and Remuneration Committee

The Company's Board of Directors established the Nomination Committee and the Remuneration Committee since the year 2002 and on 28 April 2014, the Company's Board of Directors had a resolution to combine the two committees and named "the Nomination and Remuneration Committee". Currently, the Nomination and Remuneration Committee consists of three members, of which two are Independent Directors and one is Non-executive Director as follows:

1. Mr. Tiraphot Vajrabhaya
Chairman of the Nomination and Remuneration Committee
2. Mrs. Siripen Sitasuwan
Member of the Nomination and Remuneration Committee
3. Mr. Vichit Yanamorn
Member of the Nomination and Remuneration Committee
Mr. Panupan Tuangthong
Secretary of the Nomination and Remuneration Committee

Roles, Duties, and Responsibilities in Policy Making and Guideline in Nominating Director and Authorized Person

1. To review the suitability of overall structure and constituent of the Company in order to enhance strong and balance foundation for the Company. The Committee shall seek and select candidates with knowledge and capability that match with the Company's businesses in order to further propose to the Company's Board of Directors or the Shareholders' Meeting as required by each circumstance.

2. Seek and select candidates from the following:

2.1 Select candidates from the Company's personnel by sorting persons with knowledge, competence, and skills suitable for the position by ways of the following:

2.1.1 Promoting personnel who has knowledge, competence, and direct experiences suitable for that certain position.

2.1.2 Transferring a person in Thanachart Financial Conglomerate who has high potential, can learn new things, and adjust quickly to create a versatile personnel with quality job performance from companies within the Group.

2.2 Select candidates from outside the Company, focusing on persons from financial institutions or financial field with experience appropriate for the position.

3. Consider the following qualifications in selecting suitable candidates:

3.1 Persons with appropriate qualifications who are strictly not against the laws or official regulations.

3.2 Persons who have appropriate knowledge, competency, and experience in accordance with the Company's target and vision for those positions.

3.3 Persons who do not have a conflict of interest with the Company.

3.4 Persons with integrity, good morality, and honesty.

3.5 Persons who can dedicate time and effort for such roles and responsibilities.

4. Approach qualified persons as mentioned to ensure interest and disposition in assuming directorship if one were to be appointed by the shareholders.

5. Consider independency of each Independent Director to assess the qualification of an Independent Director. Also, consider whether nominating a new Independent Director is required in the case of insufficiency in Independent Director in accordance with the policies set by the Company's Board of Directors.

6. Incorporate an annual performance evaluation of Directors and authorized persons.

In 2016, the Nomination and Remuneration Committee proposed the Board of Directors to review board skill matrix in order to analyze and ensure knowledge and competence required in managing businesses in good corporate governance principles.

In compliance with Good Corporate Governance, at the Annual General Shareholders' Meeting, the Nomination and Remuneration Committee may have shareholders nominate a list of persons for assessment to be appointed as Directors, in compliance with the Nomination and Remuneration Committee's criteria.

Roles, Duties, and Responsibilities in Policy Making and Guideline in Setting Remuneration for Directors and Authorized Persons

1. To establish an appropriate structure of remuneration packages, taking into account their duties and responsibilities of Directors and authorized person in order to retain and incentivize appropriately while fairly reflect the performance results.

2. The remuneration package must go through a process and procedure that is transparent, in compliance with corporate governance, and open to examination.

3. Determine regulations for the remuneration by considering the following:

3.1 Comparing with companies in peer or similar industry.

3.2 Suitable with the Company performance, appointed duties and responsibilities, and in an appropriate level to retain and incentivize as well as conform to the annual performance evaluation.

3.3 Being at a level that is fair to shareholders.

3.4 Being under framework, criteria, and regulation of the authorities concerned. Being transparent, in compliance with good corporate governance and fair to all related parties.

4. In the evaluation of Directors and authorized persons, responsibilities and associated risks must be considered. Importance must also be given to adding value of shareholders in the long term.

Risk Management Committee

As of 23 September 2013, the Company's Board of Directors approved the establishment of the Risk Management Committee. In 2016, there were six members of the Risk Management Committee including Executives Directors, Independent Directors, Non-executives Directors, an executive responsible for risk management. The name list is as follows:

1. Mr. Suphadej Poonpipat
Chairman of the Risk Management Committee
2. Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Risk Management Committee
3. Mr. Somkiat Sukdheva
Member of the Risk Management Committee
4. Mr. Vichit Yanamorn
Member of the Risk Management Committee
5. Mr. Somjate Moosirilert
Member of the Risk Management Committee
6. Mr. Kamtorn Tantisirivat
Member and Secretary of the Risk Management Committee

Note: Mr. Taweesak Saksirilarp retired from the Company's director and sub-committee, effective on 1 January 2016.

Roles, Duties, and Responsibilities of the Risk Management Committee

1. To propose risk management policies of the Company and Thanachart Group. To assess and approve of the standards in regards to monitoring and auditing to ensure that the risk policies are strictly adhered to.

2. To set risk management strategies in line with the Company's risk policies which can be evaluated. To monitor that the risks of the Company are under an acceptable level.

3. To assess the adequacy of the risk management policy, by considering effectiveness of the set systems and policies.

4. To set the Company's risk management measures to protect against any liability or damage that may happen and to solve problems that may arise.

5. To assess internal and external factors that could significantly impact the financial position and to incorporate them into the Company's risk policies.

6. To control, monitor, check, and enforce the companies in Thanachart Group to comply with the set risk policies and the regulations stipulated by the BOT.

7. To consistently report the performance results and suggest areas of improvement to the Company's Board of Directors in accordance to the set policies and strategies.

Corporate Governance Committee

The Company places strong emphasis on maintaining Good Corporate Governance for its business operations in line with the principles of good corporate governance for the listed companies. It also recognizes the importance of disclosing in its Annual Report, the information about its activities undertaken in line with the SET. The Board of Directors as a whole serves as the Corporate Governance Committee responsible for establishing Good Corporate Governance Policies in line with the principles and guidelines established by the SET, the SEC, and the BOT. The Board of Directors assigns two sub-committees to carry out the following duties:

1. The Executive Committee is responsible for ensuring that the Company's business affairs are conducted in line with the Good Corporate Governance Policies approved by the Board of Directors.

2. The Audit Committee is responsible for monitoring, reviewing, and examining the implementation of the established policies. The Audit Committee ensures that the Company's business operations have good corporate governance.

Nomination and Appointment of Directors and Other Committees

Procedures in Appointing the Company's Board of Directors

The Company has not specified the maximum number of Directors. However, according to the Company's Articles of Association, the minimum number of Directors shall be five. The Company has already established the Nomination and Remuneration Committee which is responsible for selecting and proposing candidates with proper qualifications to the Company's directorships. There are two cases that the Directors can be appointed which are: 1) Appointment of Directors to replace those retiring which needs a resolution from the shareholders' meeting and 2) Appointment of Directors to fill the positions which becomes vacant in the interim period. In case 2, the Board of Directors can approve of the Director appointment with exception to the case that directorship has less than two month tenure. As regards Independent Directors, their election must comply with the requirements imposed by the SET and the Capital Market Supervisory Board.

In electing the Company's Director at the shareholders' meeting, every shareholder has equitable rights to vote. In the past, the Company has never had Director representing its major shareholders.

The rules and procedures of Director's election at the shareholders' meeting are as follows:

1. One share represents one vote.
2. Vote casting can be conducted individually or in terms of a group of individuals or by any other procedures as deemed appropriate by the shareholders. However, in each resolution, all shareholders must cast all votes they have in (1). They cannot split their votes. In practice in the past, shareholders cast their votes for each individual Director.
3. The resolutions are adopted by a majority vote. In the case when the votes are equal, the ultimate decision is upon the Chairman of the meeting.

Procedures in Appointing the Executive Committee

The Nomination and Remuneration Committee is responsible for selecting and proposing candidates with proper qualifications to the Company's Board of Directors

for appointment as directors. One of the members of the Executive Committee shall serve as the Chairman, with the Executive Committee being authorized to manage and conduct the Company's business affairs as assigned by the Company's Board of Directors. Chief Executive Officer will be ex-officio member of the Executive Committee.

Procedures in Appointing the Audit Committee

The Nomination and Remuneration Committee may appoint at least three Independent Directors who meet the Company's qualifications to propose to the Board of Directors for appointing as Members in the Audit Committee. The Committee is responsible for undertaking responsibilities as specified in the Charter of the Audit Committee in compliance with the guidelines of the authorities. The Committee is fully independent to perform their duties and has a direct reporting line to the Board of Directors.

Procedures in Appointing the Nomination and Remuneration Committee

The Nomination and Remuneration Committee shall nominate at least three Independent Directors or Non-executive Directors with appropriate qualifications, and propose to the Board of Directors for appointing as Members of the Nomination and Remuneration Committee. The Committee shall have authorities and responsibilities as stipulated in the Charter of the Nomination and Remuneration Committee in line with the official guidelines.

Development of Directors and Executives

It is the Company's policy to encourage and make arrangements for the Directors, executives, company secretary, and personnel supporting the work of the corporate secretary as well as the staff concerned with the Company's corporate governance, to participate in various training courses and seminars. The objective is to enhance their knowledge in various areas relating to their roles and responsibilities in line with the good principles of corporate governance. As a result, the Members of the Board of Directors, members of committees, and executives will be able to carry out their duties more efficiently. In this connection, the company secretary is responsible for checking available training courses and seminars, and regularly providing the Directors and executives in advance with information on the training courses and seminars organized by the IOD, the SET, the SEC, as well as

other leading training institutions. In 2016, the Directors attended the following training courses and seminars:

Mrs. Siripen Sitasuwan

Chairperson of the Audit Committee and Member of the Nomination and Remuneration Committee
Singapore Institute of Directors

- Course attendance - Listed Company Directors (LCD) Module 2: Audit Committee Essentials
- Course attendance - Listed Company Directors (LCD) Module 4: Nominating Committee Essentials.

Mr. Somkiat Sukdheva

Member of the Audit Committee and Member of the Risk Management Committee

Thai Institute of Directors Association (IOD)

- Certificate program titled 'Boards that Make a Difference (BMD) Class 1/2016
- IOD Luncheon Briefing 3/2016: A Discussion on Corporation's Preparedness for the Cybersecurity Threats in the Digital Transformation Era

Mr. Vichit Yanamorn

Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee

Thai Institute of Directors Association (IOD)

- Certificate program titled 'Driving Company Success with IT Governance (ITG) Class 3/2016

Mr. Somjate Moosirilert

Member of the Executive Committee, Member of the Risk Management Committee, and Senior Executive Vice President

Thai Institute of Directors Association (IOD)

- Certificate program titled 'Corporate Governance for Capital Market Intermediaries (CGI) Class 15/2016

In addition, Thanachart Group continuously organizes training courses and seminars aiming at providing its Directors and executives with knowledge relating to the Group's businesses as well as knowledge of how to develop and operate the businesses in an efficient manner.

Performance appraisal of the Board of Directors and High-Level Executives

The Company made arrangements for appraising the performance of the Board of Directors as well as the sub-committees on an annual basis. The objectives were for the

Board of Directors and the sub-committees not only to review their respective performance as well as various key problems and obstacles in the past year but also to ensure that the conduct of business affairs of the Board of Directors and the sub-committees was appropriate in line with the scope of their responsibilities. Importantly, the performance appraisal would be used for improving and enhancing the efficiency of the Board of Directors. In this connection, the company secretary was responsible for collecting and summarizing the performance assessment results and submitting to the Board of Directors for consideration.

The form used for appraising the performance of the Board of Directors and the sub-committees was prepared in line with the sample form for self-assessment which was distributed by the SET or other regulators. The form was adjusted to suit the Company, ensuring that it appropriately reflected all areas of responsibilities of each committee.

Appraisal of the whole Board of Directors' performance

In appraising the performance of the whole Board of Directors, the appraisal covers six key areas including: 1) structure and qualifications of the Board of Directors, 2) roles, duties, and responsibilities of the Board of Directors, 3) the meetings of the Board of Directors, 4) the Board of Directors' performance of duties, 5) the Board of Directors' relationship with management, and 6) Self-development of the Board of Directors as well as development of executives. The related assessment scores range from 0 (or strongly disagree or never conducted) to 4 (or strongly agree or excellently conducted). In 2016, the average score was 3.85 or accounted for 96.17 percent.

Appraisal of each Director' performance

In appraising the performance of each Director, the appraisal covers three key areas including: 1) the structure of qualifications of the Board of Directors, 2) meetings of the Board of Directors, and 3) roles, duties, and responsibilities of the Board of Directors. The related assessment scores range from 0 (or strongly disagree or never conducted) to 4 (or strongly agree or excellently conducted). In 2016, the average score was 3.83 or accounted for 95.71 percent.

Appraisal of sub-committees' performance

In 2016, an arrangement was made for assessing the performance of sub-committees including the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Risk Management Committee. The members of each committee were required to assess their committee's performance, taking into consideration the overall performance of each committee. The secretary of each committee was responsible for collecting and summarizing the completed appraisal forms and submitting the summary to each respective committee and the Board of Directors.

Evaluation of Chief Executive Officer and High-Level Executives

Evaluation method was in line with the business direction of Thanachart Group as follows:

1. The evaluation of the Chief Executive Officer is set in guidelines by the Nomination and Remuneration Committee and conducted by the Non-executive Directors. (including Independent Directors)
2. The evaluation of the executives with ranks of and above the executive vice president (excluding Chief Executive Officer) is conducted by the Nomination and Remuneration Committee.

Succession Plan

Assigned by the Board of Directors, the Nomination and Remuneration Committee is responsible for ensuring that there is the succession plan for the Chief Executive Officer and authorized persons of the Company for the continuity in the Company's management.

The Orientation for Newly Appointed Directors and Executives

When the composition of the Directors has been changed or there is a newly appointed executive, the Corporate Secretary Office is responsible for preparing necessary documents for a new Director, which include:

1. The Company's annual report, which contains visions, strategies, and goals of the Company.
2. The schedule of the Company's Board of Directors meetings and sub-committees meetings as well as the monthly meeting agenda and special meeting agenda.

3. The Director and executive's manual which includes qualifications and profile prohibited by laws related to financial institutions and key policies of Thanachart Group, such as, Good Corporate Governance Policies, Anti-corruption Policies, risk management policies of Thanachart Group, policies in using outsourcing services, etc. The relevant Acts and notifications as well as duties and cautionary points stipulated by laws are also attached.

Appointment of the External Auditors and Considering the Auditor Fees

The Audit Committee is responsible for considering the appointment of the Company's external auditor and the audit fees to get an approval from the Board of Directors before proposing to the Annual General Meeting of Shareholders for final approval. The Audit Committee is also responsible for informing the Company's Board of Directors in case of there is a consideration to dismissal of employment of the external auditor.

On 5 April 2016, the shareholders considered and approved of the auditors of EY Office Limited as the Company's external auditor which included the following:

1. Ms. Rattana Jala
Certified Auditor No. 3734, and/or
2. Ms. Somjai Khunapasut
Certified Auditor No. 4499, and/or
3. Ms. Rachada Yongsawadvanich
Certified Auditor No. 4951

Those three auditors have been approved to be the Company's auditors by the SEC and the BOT and have qualifications in line with the BOT's guidelines.

During 2016, the remuneration paid to the auditor of EY Office Limited which was the audit firm of the Company and its subsidiaries with Ms. Rattana Jala, Certified Auditor No. 3734 being the Company's auditor was as follows:

1. Audit Fees

1.1 Audit fees of the Company equaled 900,000 baht.

1.2 The audit fees of the Company's 17 subsidiaries equaled 18,485,000 baht.

2. Non-audit Fees

In 2016, the Company's subsidiaries paid 1,380,000 baht for other services including special audit, audit of the electronic funds transfer systems in line with the BOT's requirements, review of the capital adequacy report in accordance with the risk level required by the OIC.

Anti-Fraud and Anti-Corruption

Thanachart Group recognizes that corruption is not only the root cause of evils and an obstacle to the country's social and economic development, but also leads to unfair business practices. As a result, it has joined with both the private and public sectors in the program called "Thailand's Private Section Collective Action Coalition Against Corruption (CAC)" by signing an agreement confirming its commitment to the coalition. In 2014, Thanachart Group adopted an "Anti-corruption Policy" and established measures as well as the related operational practices and procedures. They served as guidelines that all employees of the Group are requested to adhere to. The details of which are as follows:

1. The Boards of Directors of the Company and companies of Thanachart Group adopted resolutions approving the Anti-corruption Policy. The policy clearly defines 'corruption' and various forms of corruption. The policy basically requires that Directors, executives, and employees must not be involved in or accept any corruption in any form, directly or indirectly, for the benefit of the organization, themselves, families, friends or acquaintance. They are required to serve as role models complying with the Anti-corruption Policy. As well, the executives of Thanachart Group are not only responsible for looking after and supporting the implementation of the policy, but also for reviewing the various measures, ensuring that they are appropriate and in line with business changes as well as laws and regulations.

2. Thanachart Group has established the Anti-corruption as one of the organization's core values. This core value known as 'C3SIP' serves as a guideline to which all employees of Thanachart Group are required to adhere. The key components of C3SIP are as follows:

- Customer focus - meeting the customer needs,
- Collaboration - working as a team,
- Commitment - fulfilling one's duties until goals are achieved,

- **Spirit** - devotion to one's work,
- **Integrity** - adhering to integrity and Anti-corruption, and
- **Professional** - possessing adequate knowledge and ability to perform one's duties.

3. As regards the corruption risk assessment, member companies of Thanachart Group have adopted the principles and methodology based on the Risk and Control Self-Assessment (RCSA) which is one of the tools used for operational risk management. Thanachart Group will conduct the assessment every three years and also monitor the progress of the action plans as well as the implementation of the risk control measures whenever the risk factors are changed significantly to the extent that they have a material impact on the operational processes.

4. Thanachart Group has established Anti-corruption measures, to which the employees of Thanachart Group are required to adhere. The measures are based on the internal control principles which are in line with the corruption risk and the Anti-corruption Policy. These measures will be reviewed annually, ensuring that they are appropriate and in line with the risks. As well, the Group has established disciplinary actions to be taken against employees who are involved in any corrupt act.

5. Thanachart Group places emphasis on all forms of corruption, particularly in relation to giving or accepting presents or gifts, throwing parties or giving or accepting any other benefits. These are issues, to which the Group pays special attention as they could easily lead to corruption. As a result, they have been included in the Code of Business Conduct as well as the rules and regulations which cover all operational and control procedures. The employees are required to notify their supervisors of their acceptance or provision of presents. Violation or failure to implement the Anti-corruption measures as well as any action supporting, facilitating or being involved in corruption are considered wrongdoings and the involved employees will be subject to disciplinary actions.

6. To make the Anti-corruption measures more efficient, Thanachart Group requires that each member company adopts the related rules, operational procedures, and guidelines, particularly about notification of corruption clues as well as handling of complaints about fraud and corruption. The member

companies are also required to establish safe channels, through which any members of the general public or any employees of Thanachart Group who come across any suspicious fraudulent or corrupt activity could report clues or file their complaints. The information provided by whistleblowers will be sent to the head of the internal audit unit. In this connection, the information will be kept confidential and presented to the Audit Committee who will, in turn, report it to the Board of Directors. As well, Thanachart Group has adopted a policy aiming at treating fairly and protecting those employees who refuse to get involved in corruption although such refusal may cause the organization to lose a business opportunity.

7. Thanachart Group has made arrangements for all Directors, executives, and employees to sign an agreement confirming that they will strictly adhere to the Anti-corruption Policy as well as the Anti-corruption measures and other related rules.

8. Thanachart Group communicates with employees and develops them so that they are aware of and understand the guidelines on the implementation of the important policy, measures, and operational procedures related to Anti-corruption through the Group's various channels and media. These include, among others, messages from the Chief Executive Officer to employees on Anti-corruption, organizing trainings on "Anti-Corruption for Executives" for Directors and high-ranking executives, inclusion of the topic on 'Anti-corruption' as part of the new staff orientation curriculum, preparation for executives and employees of self-appraisal forms which are available through E-learning and Intranet systems. The self-appraisal will be conducted every six months. As well, the Group makes use of easily accessible presentations such as VTR short films by coordinating with the Office of National Counter Corruption Commission (NCCC) and the Anti-Money Laundering Office (AMLO) in relation to topics such as communication and understanding enhancement about Anti-corruption as well as the knowledge about money laundering.

9. Thanachart Group publicizes its Anti-corruption campaigns through the e-mails sent to trading partners and business representatives, requesting for their cooperation and support. In particular, they are requested to refrain from giving presents to executives or employees of Thanachart Group, regardless of any festivals or any other occasions. As regards the customers, the Group asks for their cooperation on this matter through printed media such as invoices, receipts,

payment vouchers, and tax invoices as well as through the websites of the Company.

10. In appraising the performance related to the implementation of the Anti-corruption Policy and the related measures, the Audit Committee will be responsible for reviewing and ensuring that the member companies of Thanachart Group have put in place adequate internal control measures and that the conduct of business affairs are in line with the Anti-corruption Policy. The reviewing exercise is included in the annual work plan.

In this connection, in order to make the public aware of Thanachart Group's intent in relation to Anti-corruption, Thanachart Group has brought its Anti-corruption Policy to the public notice by making it available through the website of each member companies of the Group. On the part of the Company, it makes the policy available through its website.

Thanachart Group has been certified as members of the Collective Action Coalition against Corruption Project by the committee of Thailand's CAC. In 2014, 10 companies of Thanachart Group were certified as members of the Project while in 2015, two more companies were certified as members. Overall, altogether 12 companies of Thanachart Group were certified as members.

Thanachart Group took actions related to fraud and corruption prevention in line with the established policy. These included, among others, the following: Reviewing the anti-corruption policy annually, Signing an agreement to strictly adhere to the anti-corruption policy/measures and all the related regulations, Communicating with staff for their information, Training staff so that they acquired knowledge and understood how to implement the policy/measures and key operating procedures which were related to anti-corruption, through training and self-evaluation, Publicizing anti-corruption information through Thanachart Group's various media channels on a continuous basis, Publicizing anti-corruption information via emails sent to trading partners and business representatives for their information, and Asking for cooperation in supporting the anti-corruption campaign projects, and other related activities. These actions have been done annually. As well, in 2015, member companies of Thanachart Group were awarded a golden CAC logo, which represented a symbol of their participation in the collective action coalition against corruption. In this connection, Thanachart Group has established

"implementation guidelines on the usage of golden CAC logo of Thanachart Group", which had to be in line with the Project's requirements. In addition, the CAC logo was publicized through the Company's intranet systems and website. Moreover, the Group initiated a program of giving advice and serving as guest lecturer on "Applying for CAC membership certification by the CAC" to external organizations.



The following are the actions taken by Thanachart Group in 2016 in relation to fraud and corruption prevention:

1. In relation to the corruption risk assessment, member companies of Thanachart Group have adopted the principles and methodology based on the Risk and Control Self-Assessment (RCSA).

2. The Group made arrangements for all executives and staff members to confirm their agreement on strict compliance with the anti-corruption policies and measures as well as other related regulations through the E-learning systems.

3. The Group prepared self-appraisal forms for all executives and staff members through the E-learning systems. The objective of the self-appraisal which was conducted every six months was to develop, test, and measure the level of knowledge and understanding in relation to their compliance of the policies and measures as well as the related regulations.

4. The Group organized an orientation training on the established policies, measures, and regulations for new staff members at all levels. They were required to sign both acknowledgment and agreement of their strict compliance through the E-learning systems. In addition, the Group conducted a training course for existing staff members on "Join hands to drive ahead in unison in a transparency manner and without corruption", ensuring that they were well aware of, knowledgeable about and understood the matters. As part of the training, activities related to "Raising consciousness, living in the present and doing good deeds" were also organized.

5. Thanachart Group communicates with staff members and develops them, ensuring that they have appropriate skills in implementing the policies. These have been repeated on a continuous basis through the Group's Thanachart Channels including TV, prints, and online media, with focus on the use of easily accessible presentations such as VTR short films by coordinating with the NCCC, the AMLO, and the Anti-Corruption Organization of Thailand in relation to topics such as communication and understanding enhancement about Anti-corruption as well as the knowledge about money laundering. In this connection, the Group also organizes a program called "Dhamma Swasdee" and another called "Guru on Corporate Governance". Importantly, in 2016 Thanachart Group was honored by the Chairman of the Anti-Corruption Organization of Thailand to give an interview on "How to develop good corporate governance in an organization".

6. The Group develops the anti-corruption E-learning on a continuous basis, ensuring it remains current, constantly updated, and easy to understanding. The related E-learning content is continuously distributed through the intranet systems to allow staff members to study and learn by themselves.

7. The Company puts in place channels for accepting complaints. These channels include telephones, websites, and others. As well, it has established a clear, transparent, and fair process for considering the complaints. In this connection, through its website, the Company discloses "the guidelines on accepting complaints".

8. The Company organized the following seminar titled "Thanachart invites participation in anti-corruption campaign" for two separate groups of business counterparts and business agents so that they were not only aware of Thanachart Group's anti-corruption policy, but also know and understand (i) the benefits to be gained from applying for certification for a member of the CAC program, and (ii) the related process of getting certified as CAC program member.

1) The seminar titled 'Thanachart invited participation in anti-corruption campaign' was held for Thanachart Bank's business counterparts in order to reconfirm the Group's positive corporate image as "an organization without corruption, which adheres to moral values and transparency". The seminar also provided the participants with the Bank's experience in participating in the CAC program. In this connection, there were many business counterparts of Thanachart Bank attending the seminar. They highly commended Thanachart Group's anti-corruption campaign as it reflected that Thanachart was an organization that operated its business in a transparent manner and was committed to good corporate governance.

2) Thanachart Group was provided with an opportunity to share its experience on 'Thanachart invites participation in anti-corruption campaign' and to clarify its anti-corruption policies as well as its CAC program membership. As part of Thanachart Insurance Pcl's program, a training course titled 'Executives of car repair shops 4.0' was organized for its business counterparts during 9-11 September 2016.



- 1 Training on the anti-corruption policies/measures and regulations for new staff members.
- 2 Organizing the seminar titled "Thanachart invites participation in anti-corruption campaign" for business counterparts and business agents.

9. Through e-mails, Thanachart Group communicates with its business counterparts and business agents, informing them of and asking for their cooperation on the Group's anti-corruption campaign. They were encouraged to refrain from giving presents to executives or employees of the Group, regardless of whether it was a festive period or any other occasion. In this connection, the counterparts and agents were requested to sign an acknowledgement and respond by email. As regards customers, they were requested for their cooperation not only through Thanachart Bank's print materials such as invoices, receipts, payment slips and tax invoices, but also its website.

10. For external organizations, Thanachart Group gives advice and serves as guest lecturer on how to apply for the CAC program membership certification from the CAC. In this connection, many of these organizations became CAC Program's certified members. There were also other organizations who requested Thanachart Group to give advice and serve as guest lecturer on a continuous basis. These included MBK Public Company Limited, Tipco Foods Public Company Limited, and Patum Rice Mill and Granary Public Company Limited.

11. The Company organized activities on "Raising consciousness, living in the present, and doing good deeds" in relation to anti-corruption for educational institutions at both the university level and the school level throughout the year.

1) The Faculty of Arts, Chulalongkorn University, together with Thanachart Group organized a training activity called "Raising consciousness, living in the present and doing good deeds" on 29 January 2016 for 80 student leaders and teachers of Chitralada School who paid a study visit to the International Tripitaka Hall, the Faculty of Arts, Chulalongkorn University. In this connection, the activity was led and directed by a team from the Compliance Department. The feedback given by the participants of the training in the training evaluation form was overwhelmingly positive.

2) Thanachart Group was invited by Nawamintrachinuthit Satriwittaya Phutthamon School to organize a training activity on "Raising consciousness, living in the present and doing good deeds" on 14 September 2016 for 80 students studying at Mathayom Suksa 6 level under the "Getting-prepared-for-outside-world" program. Emphasis was placed on practicing simple concentration exercises and living happily. The students gained a lot of knowledge from and very much enjoyed participating in the activity. Importantly, this helped reconfirm the Group's positive corporate image as "an organization without corruption, which adheres to moral values and transparency".

3) Thanachart Group was invited by Ideal Grad 2 of the Office of General Education, Chulalongkorn University, to serve as a guest lecturer for a training activity on "Raising consciousness, living in the present and doing good deeds". The objective was to encourage students not only to become



3 - 4 Organizing activities on "Raising consciousness, living in the present, and doing good deeds" in relation to anti-corruption for educational institutions.

responsible and socially conscious citizens but also to be honest and ethical individuals. The activity was in line with Thanachart Group's mission that places strong emphasis on becoming an organization with good corporate governance and on participation in activities which encourage sustainable growth of moral communities and society.

12. Thanachart Group has made necessary preparations for the renewal of their memberships of the CAC program, which would expire in 2017. In this connection, it provided the concerned staff members with training courses and a field visit to another organization. The staff members also attended the following activities: (a) the training course organized by the IOD on the renewal of memberships of the CAC program; (b) the training course sharing the latest experience

of getting certified as CAC member, which was organized by President Bakery Public Company Limited, (c) the field visit to Bangchak Petroleum Public Company Limited. The objective was to help the staff members know and understand the laws and guidelines of the regulators and the related state agencies concerned, particularly in the areas of risk assessment and the establishment of appropriate internal control policies aiming at preventing bribery of public officials.

In addition, the two newly established member companies of Thanachart Group, which included MT Services Company Limited and TM Broker Company Limited, already signed up the Declaration of Intent to become signatory companies of the CAC in 2016. They planned to apply for the CAC program membership certification in 2017.



SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Activities Undertaken by Thanachart Group in Relation to Sustainable Development and Corporate Social Responsibility

Thanachart Group is a business group committed to giving fully-integrated financial services to fulfill all needs of customers for every stage of life. The objective of its business is to make profit with its operations taking into account effects towards all stakeholders in three key areas including society, environment, and corporate governance. It is important for the Group to be innovative, progressive, and fulfilling while striking a balance between economy, society, and environment in a sustainable manner. In this connection, its actions need to reflect both CSR in process and CSR after process, with focus on activities that cover as many key areas of Thanachart Group's business operations as possible.

Process in Reporting on Thanachart Group's Corporate Social Responsibility

Thanachart Group has adopted a number of standards in developing practice guidelines and preparing reports showing corporate social responsibility. These standards are based on the corporate social responsibility guidelines developed by the SET, which are widely accepted by organizations and those responsible for implementing CSR activities. Following the SET's guidelines represents a good starting point for developing reports and getting prepared for future sustainability report, aiming at covering all areas that require reporting, at both the domestic and international levels.

Although the businesses of Thanachart Group which is a provider of fully-integrated financial services do not have direct impacts on the environment, the Group considers it important to take on responsibility towards protection of the environment in various areas. As well, the Group is determined to develop guidelines on obligations to stakeholders. In particular, the Group's staff members play an instrumental role in driving, supporting, and ensuring the achievement of the business sustainability goal. Up to 2016, Thanachart group has continued implementing the following programs that take into account all the stakeholders.

1. Looking after Employees

Fair Treatment of Employees and Observance of Human Rights

- Thanachart Group has adopted a policy that treats employees equitably, without giving undue advantages or depriving employees of their rights unfairly, regardless of race, religion, social status, gender, age, physical impairment or disability. In addition, it has established clear measures aiming at preventing and addressing sexual harassment.

- Thanachart Group has employed disabled people for jobs suitable to their knowledge and skills. They are provided with the same opportunities and compensation as those of normal employees. The Group also continuously supports the Fund for Employment of Persons with Disabilities. In particular, in 2016 Thanachart Bank joined hands with the Thai Bankers Association, the Thai Red Cross Society, the Social Innovation Foundation, and the Don't Drive Drunk Foundation in employing disabled people on a contractual basis, including working at the Red Cross Society and at safety campaigns launched by the Don't Drive Drunk Foundation. The activities not only support the employment of disabled people and make them feel good about themselves but also benefit society as a whole.

- In relation to buildings and places, Thanachart Group recognizes the importance of looking after disabled people. As a result, it has put in place appropriate facilities and amenities for the disabled people who work for Thanachart Group or those contacting Thanachart Group. In particular, it has made available parking places for disabled people and slope ramp for those using wheelchairs.

- Thanachart Group has a fair procedure for termination. It has established a procedure for investigating all concerned parties in order to establish facts, including careful collection of information from all points of view. Importantly, a screening committee consisting of independent qualified members invited to participate in the investigation has also been established, ensuring that the consideration procedure is as appropriate as possible. Moreover, the procedure allows those who are subject to disciplinary action to appeal against the disciplinary decision. The objective is to ensure that the disciplinary hearing is as fair as possible.

- Thanachart Group has established the employment regulations and rules which cover the determination of employees' qualifications in relation to age and other characteristics in a clear manner and in line with the employment law, and not violation of human rights such as use of child labor. As a result, prior to each case of recruitment, the various qualifications will have to be examined.

- Thanachart Group has established the employment regulations, code of ethical conduct, as well as the policy on good corporate governance, which have to be followed by the concerned parties including, among others, shareholders, executives, employees, business counterparts as well as customers.

- Thanachart Group supports the bilateral consultation, grouping, recommendation, and negotiations between the Company and the employee representatives, the welfare committee in charge of each workplace, the employee committee, and the labor union, among others, so that useful recommendations could be implemented or adjusted. The objective is to foster good relationships between the employees and the Company. In addition, in establishing the structure related to the central human resources, the Company has put in place a business partner unit responsible for looking after employees.

Safety, Occupational Health, and Work Environment

- Thanachart Group has established and followed the policies, rules and regulations as well as practice guidelines on appropriate safety, occupational health, and work environment in compliance with the related standards and laws.

- Apart sharing knowledge, Thanachart Group raises the awareness of the importance of safety, occupational health, and work environment among executives and employees on a continuous manner. The related activities include, among others, the following:

- Organize training courses on safety, occupational health, and work environment for executives and employees.
- Prepare a safety manual and distribute it through E-learning systems.
- Organize activities, aiming at sharing knowledge of and raising awareness of safety, occupational health, and work environment.

- Setting up a committee on safety, occupational health, and work environment ("Safety Committee") with its members meeting regularly.

- On a regular and continuous basis, closely monitoring and making arrangements for improvement of work environment, including buildings, both inside and outside, as well as areas surrounding the buildings.

- On a systematic and continuous basis, monitoring and appraising the performance and improvement of work activities related to safety, occupational health, and work environment.

- Monitoring and keeping records of illnesses and injuries of employees as well as the treatment of injured employees until they recover and return to work.

Records of Injuries and Illnesses

Occupational Illnesses, Injuries and Fatalities	2016 (Number of Employees)		
	Male	Female	Total
Injuries	2	-	2
Fatalities	-	-	-
Grand Total	2	-	2

Health Care

Thanachart Group cares about the health of its employees. As a result, it creates a program called ‘WE CARE: looking after employees’ health’, which reflects the Group’s concerns about every employee’s health. The program starts with disease prevention, health awareness-raising, and employee healthcare in various areas.

- Thanachart Group makes arrangements for annual medical examination of employees. The objective is to encourage employees to pay close attention to their own health, reduction of their chances of getting sick, disease prevention, and enhancement of their quality of life as they represent key driving forces behind organizational efficiency. In particular, Thanachart Group makes available mobile medical examination units that visit each branch and building in order to give services to employees. The objective is to provide all employees with convenience and opportunities to have medical examinations.

- Thanachart Group makes arrangements for vaccination of employees throughout the country, against diseases such as influenza and diphtheria.

- Raising employee awareness of the importance of health by making arrangements for physicians from various hospitals to share knowledge of health through Thanachart Channel during the T-Benefits session which focuses on useful information and topics in health. The knowledge is shared via Thanachart Group’s intranet systems every month. As well, it cooperated with hospitals which give health advice through LINE Application. The objective is to enable staff members to keep themselves updated on health-related news through more channels.

- Making arrangements for health screening of staff members throughout the country, such as breast cancer screening, cervical cancer screening, and prostate cancer screening. The objective is to reduce the risk of illness for staff members.

- Putting in place sick bays, nurses and physicians as well as medical services, based on appropriate standards. In this connection, staff members could get their services every day during working hours.

- Making available medicines as well as medical supplies and equipment for staff members of Thanachart Group’s branches and office buildings, for their benefits in relation to first aid treatment of disease or illness.

Welfare Benefits

Thanachart Group provides welfare benefits to permanent employees as well as those on fixed-term and temporary employment contracts. These welfare benefits are as follows:

Welfare Benefits	Types of Employees		
	Permanent	Fixed-term	Temporary
Salaries	✓	✓	✓
Overtime	✓	✓	✓
Training/staff Development/staff Scholarship	✓	✓	✓
Funeral Benefits	✓	✓ **	X
Educational Assistance for Staff's Children	✓	✓ **	X
Medical Treatments	✓	✓ **	X
Residential Rental Expenses	✓	✓ **	X
Welfare Loans	✓	✓ **	X
Danger Pay Allowance	✓	✓	✓
Provident Fund	✓	✓ **	X
Staff Uniforms	✓ *	✓ *	X

- Remarks:**
- 1) Permanent employees are those who are engaged by Thanachart Group on a permanent basis
 - 2) Fixed-term employees are those who are on fixed-term employment contracts
 - 3) Temporary employees are employed for the nature of work which is temporary or of a definite duration of not more than one year
 - 4) * Only for some specified jobs
 - 5) ** Only employees holding some positions are entitled to the benefits

Survey of Employee Opinions about the Organization

Thanachart Group places strong emphasis on the well-being and development of its human resources, encouraging them to feel motivated and engaged on a continuous basis. In this connection, the Group conducted the Voice of Employee Survey (VOE) to get their opinions about the organization. The Group realizes that organizational growth primarily depends on all its employees. As a result, it pays close attention to opinions and suggestions given by all employees through the survey in relation to various contributing factors within the organization. These factors include, among others, improvement of work environment, work processes, work systems, supervisors, as well as the balance between work and personal life. Since the information received from the survey will be kept confidential, employees could rest assured that their opinions will not have any impact on their performance appraisal. Thanachart Group is determined to raise its employee engagement to a level higher than or equal to those of leading organizations in the market.

In 2016, the number of the employees taking part in the survey accounted for 98.33 percent of Thanachart Group's employees. In this connection, their opinions were already grouped. As well, the development plan was drawn up and presented to high-level executives of every department.

Performance Appraisal and Staff Remuneration

Thanachart Group has set up a clear and transparent performance appraisal process. Not only it adopted a standard methodology but also prepared a standard appraisal form for all work units. Performance appraisals, whether team, individuals or executives, have been clearly grouped. In this connection, the appraisal of the division/section must specify their main goals which are in line with the annual Key Performance Indicators (KPIs) of their respective department. As well, the individual KPIs and the team KPIs have to be in line with the main goals set by each of their respective division/section. Such appraisal

process will help drive the performance of the staff members of the whole organization to achieve the established business goals. The appraisal will be conducted twice a year in order to allow proper monitoring of the implementation. A central unit will be responsible for ensuring that the appraisal of the whole organization follows the same direction as specified.

As regards remuneration, Thanachart Group has laid down the remuneration principles, ensuring that the remuneration is in line with the different nature of work, and that the remuneration in the form of monthly salaries and annual bonuses will be properly taken into account. The objectives are to motivate staff members to carry out their duties and achieve the goals established by each division/section and to ensure that the compensation pay levels the Group provides are competitive with those offered by companies in the same business.

Remuneration of the Board of Directors and Executives

The Nomination and Remuneration Committee would consider the remuneration of the Board of Directors and sub-committees, in line with the established guidelines. As well, the Committee considered in detail the appropriateness of various factors including the roles and responsibilities and compared them to those of the same industry. It also took into account the Company's business expansion and profit growth. In this connection, an agenda item on such matters would be proposed to the Board of Directors for approval or for submission to the shareholders' meeting for approval, as the case may be. In addition, a report on the remuneration payments would be presented to the annual general meeting of shareholders annually, for transparency purposes.

In relation to the remuneration of high-level executives, the payments of their remuneration would be based on performance appraisals in line with the processes mentioned in good corporate governance. Importantly, comparisons with remuneration paid by companies in the same industry would also be made.

Human Resource Development

As Thanachart Group is determined to operate its business and grow in a sustainable manner, it recognizes the importance of enhancing the potential and quality of its employees at all levels in a continuous manner and in line

with the established business plan. Moreover, in preparing its employees for carrying out duties and achieving the established goals, Thanachart Group has adopted a human resource concept called 'Thanachart's People Development Model 70:20:10' whereby on-the-job learning and development accounts for 70 percent, supervisors' support to employees' development accounts for 20 percent, while training and development in diverse forms that meet trainee needs and achieve training objectives accounts for the remaining 10 percent. Thanachart Group always keeps executives and employees at all levels informed of the above concept.

Practice guidelines on training

Thanachart Group has been gradually laying a stronger foundation for training and development, aiming at enabling all employees at every level to get the big picture and to have a full understanding. The main objective is for them to fulfill duties and achieve the established goals. The training and development activities also provide them with a wide range of thinking skills including systematic, creative, analytical, and strategic thinking. The key purpose is for employees to achieve professional goals and become a key workforce of the organization. The development consists of four important elements as follows:

1) Core learning: Emphasis is placed on training and development of key skills necessary for fulfilling duties of each job, development for raising professional standards which cover product knowledge, customer services, work processes, work systems in compliance with regulatory requirements and regulations, and the code of professional conduct. The objectives are for each employee to enhance their potential further and to gain a wide of skills including thinking skills, people management, performance management, and communication skills.

2) Career transition: development and preparation of employees with strong potential for further growth in the organization to accommodate for implementation in line with business strategies.

3) High potential development: Arrangements have been made for appraising performance of high potentials and formulating a leader resource plan on an annual basis. The objectives are to make a development plan for high potentials and to establish a career path for them.

4) Knowledge management: Thanachart Group has made arrangements for collection of the body of knowledge that is useful to employees. It covers core knowledge and skills for employees at various levels to fulfill their duties. The body of knowledge also covers manuals for operating the related work systems, staff regulations and welfare benefits of employees as well as knowledge about how to look after physical and mental health and how to strike a work-life balance. Importantly, the collection of knowledge has been properly grouped and stored in Thanachart Knowledge Management (T-KM) system.

In addition to the above elements, Thanachart Group has communicated with its employees, ensuring that they have knowledge and understanding of various products as well as entitlements and welfare benefits that each employee will receive from the organization. In this connection, all new employees are required to attend a one-day orientation training program which covers product knowledge, core values, organizational structure, compliance with the Anti-Money Laundering Act and Combating the Financing of Terrorism Act as well as information on employee entitlements and welfare benefits. The objective is for new employees to have an overview of business, direction, and various strategies so that they could adjust themselves to Thanachart Group and establish good relationships with colleagues and the organization. The orientation also serves as an important foundation for retaining new employees.

The training and development activities have been implemented through a diverse range of various learning channels such as in-house learning and public learning through participation in activities organized by various institutes outside the organization, as well as self-paced learning through e-learning system. After employees participate in each training activity, a training evaluation will be carried out to measure results and training effectiveness. The objective is for trainees to know their own potential, which will lead to further development for their future work.

Training Courses Held in 2016

Thanachart Bank and Other Member Companies of Thanachart Group

Courses	Number of Courses		Number of Participating Groups		Number of Participating Employees	
	TBANK	Other members of Thanachart Group	TBANK	Other members of Thanachart Group	TBANK	Other members of Thanachart Group
In-house Learning	197	119	733	228	33,651	2,594
Public Learning	196	92	270	106	1,477	692
E-learning	23	1	43	2	124,845	3,387
Total	416	212	1,046	336	159,973	6,673

High Potential Staff Development

Staff members are the most valuable resources of the organization. In order to achieve its established goals and grow its businesses in a stable and sustainable manner, the organization has to depend on its staff members who have right attitudes, knowledge, ability, and skills suitable for work. In this connection, high potential 'leaders' are the most important group of staff members who will drive the organization's valuable human resources in alignment with business direction and strategies. They are capable of developing a human resource development plan for all their subordinates at every level, so that the subordinates have appropriate knowledge, ability, attitudes and behavior, and communication skills. The main objective is for the subordinates to be able to grow, achieve professional goals, and become key workforce of the organization in the future. In this connection, Thanachart Group has made arrangements for appraising performance and formulating a leader resource plan every year. As part of the plan, it will establish a leadership accelerating program. It will also conduct a coaching survey, whose results serve as key performance indicators of executives. All parties concerned will be kept informed of the progress on this matter on a continuous basis.

Employee Information

Number of Thanachart Group's Employees by Level

Permanent Employees by Level	Gender	Number of Employees		
		2016	2015	2014
High-level Executives (from SVP to CEO) ¹	Male	70	64	60
	Female	25	26	26
Total		95	90	86
Executives (from AVP to FVP) ²	Male	455	466	484
	Female	453	454	476
Total		908	920	960
Employees (from O to SM) ³	Male	4,595	4,750	4,935
	Female	8,390	8,375	8,264
Total		12,985	13,125	13,199
Grand Total		13,988	14,135	14,245

Remarks:

- ¹ Positions from Senior Vice President (SVP) to Chief Executive Officer (CEO)
- ² Positions from Assistant Vice President (AVP) to First Vice President (FVP)
- ³ Positions from Officer (O) to Senior Manager (SM)

Temporary Employees	Number of Employees		
	2016	2015	2014
Male	296	442	221
Female	265	534	183
Total	561	976	404

Number of Thanachart Group's Employees by Location

Employees by Location	Gender	Number of Employees		
		2016	2015	2014
Headquarters	Male	3,662	3,323	2,388
	Female	4,962	4,210	3,381
Total		8,624	7,533	5,769
Domestic Branches	Male	1,458	1,957	3,091
	Female	3,906	4,645	5,385
Total		5,364	6,602	8,476
Grand Total		13,988	14,135	14,245

Remarks: Thanachart Group has no overseas branch

Number of New Employees and Former Employees

Types of Employees	Gender	Number of Employees		
		2016	2015	2014
New Employees	Male	510	725	547
	Female	1,293	1,769	1,355
Total		1,803	2,494	1,902
Former Employees	Male	664	940	909
	Female	1,305	1,666	1,519
Total		1,969	2,606	2,428

Number of Employees Returning to Work and the Rate of Employees Remaining Employed after Exercising Maternity Leave Right (Applicable to Female Only)

In Case of Taking Leaves	2016	2015	2014
Number of employees who are entitled to take maternity leave to take care of a newborn child	8,868	8,855	8,452
Number of employees who exercise maternity leave right to take care of a newborn child	313	318	360
Number of employees who return to work after the end of maternity leave right to take care of a newborn child	313	293	352
Rate of employees (percent) who return to work after the end of maternity leave right to take care of a newborn child	100	92	98
Number of employees who return to work after the end of maternity leave to take care of a newborn child and remain employed for one year	297	286	303

The number of employees shown above does not include employees of MBK Life, TM Broker, MTS, THANI, and SSV.

Environmental Protection

Environmental Management

Thanachart Group recognizes its role as an organization that is responsible for natural resource use and global climate change. As a result, it considers that conservation of natural resources and efficient use of energy are important matters and need cooperation from all parties in order to achieve sustainability. Since 2013, TBANK representing Thanachart Group has set up a clear energy conservation policy which serves as practice guidelines. It has also established an energy management committee responsible for energy conservation of member companies of Thanachart Group, ensuring that energy consumption of member companies of Thanachart Group is efficient and sustainable. In addition, TBANK promotes the most effective energy consumption possible through its internal public relations. It also launched numerous campaigns, aiming at inculcating in staff members the awareness of the importance of energy conservation and environmental protection.

Improvements of Building Envelopes in Order to Reduce Heat from Sunlight Penetrating into Buildings

TBANK's office in Petchburi Building has set aside areas for work and also a common area inside the building. The office made arrangements for improvements in the building engineering systems, air conditioning systems, lighting systems, and also other systems, ensuring that the improvements were in line with its energy conservation policy,

management systems, measures for managing energy inside building as well as energy consumption control. The objective was to minimize impacts on the environment. Having successfully made use of new technology and innovative building system, the office in Petchburi building **won an outstanding award under the category of innovative retrofitted building for energy conservation, at Thailand Energy Awards 2016.**

TBANK's office in Suanmali Building used new ideas for managing its property. In particular, it installed solar panels on the building, in order to convert sunlight into electricity for use in the area around the building during night time. The installation of solar panels made use of the sun's unlimited renewable energy which could replace the energy which was produced from burning fossil fuels. As a result, the use of solar panels not only helped mitigate impacts on the environment and promote energy conservation but also helped address global warming and overcome part of the country's energy crisis. In this connection, Thanachart Group planned to install additional solar panels at other buildings. The objectives were to conserve energy and to reduce electricity consumption.

Training for Executives and Staff Members on Basic Energy Consumption

Thanachart Group recognizes that everyone can cooperate with one another in making the best use of limited energy resources. As a result, it has always been one of Thanachart Group's missions to inculcate in members of the general public the awareness of the importance of

- 1 Thanachart... "Power of Ants... Reducing Global Warming"
- 2 The outstanding award under the category of innovative Retrofitted Building for energy conservation



making the best use of energy as well as the vital role of energy and environmental preservation, and the participation in the reduction of greenhouse gas emissions. Although Thanachart Group's business operations do not have direct impacts on the environment, the Group could play a role in raising everyone's awareness of these important issues. As a result, Thanachart Group organized an annual training course on energy, for staff members at all levels starting from executive level, as well as the working group on energy management. In addition, the Group's outsourcing service providers are requested to attend the training on energy annually. Emphasis is place on raising awareness of energy losses in the past and unnecessary energy losses at present, as well as natural resources that are going to be depleted, use of alternative energy and energy conservation measures. Given at the training were demonstrations of how to use each type of electrical appliance properly, among others, in order to save expenses and energy costs. The objective was for participants to apply the knowledge to everyday life, both at their workplace and their own houses. Participants were also given opportunities to share their opinions and suggestions with others. The results obtained at the training would be used for developing activities or making improvements to achieve sustainable energy preservation. Apart from training, Thanachart Group organized energy-related activities within various buildings on a continuous basis. The objective is for staff members of the organization to jointly generate innovative ideas and changes that help preserve energy in the most effective manner. The activity also serves as another way of human resource development.

Guidelines for Energy Management

- Thanachart Group makes use of measures and equipment for measuring, monitoring, and managing energy in a systematic manner. It has also adopted a measure aiming at installing electrical equipment properly.
- Thanachart Group makes use of the most efficient building systems that are energy-efficient and support energy management.
- Thanachart Group uses alternative energy and environmentally friendly equipment and support transactions that have no adverse impact on the environment.
- Thanachart Group reduces energy usage as well as the use of natural resources in the organization.
- One of Thanachart Group's missions is to promote energy preservation in line with laws and other related regulations.
- Thanachart Group has formulated an energy preservation plan.
- All executives and staff members have been assigned the responsibility of preserving energy. As a result, they must not only give cooperation in the implementation of the established measures but also monitor and examine the implementation and present a report to the working group on energy management.



Training on Energy Consumption at Various Buildings

- 3 Thanachart Suanmali Building
- 4 Petchburi Building
- 5 MBK Tower

- Executives and the working group on energy management will review and revise the policy, targets, and action plans related to energy preservation on an annual basis.

Implementation

- **Controlling water pump on-off switch** is a way to manage electricity usage based on peak and off-peak times, by avoiding usage during peak hours and promoting usage during off-peak hours from 22:00 hours to 9:00 hours. As a result, TBANK saved up to 793,000 baht per annum in terms of electricity costs, cut electricity consumption by 187,941 kilowatt-hours (kWh), and reduced carbon dioxide emissions by 105,430 kilograms.

- TBANK made arrangements for **the replacement of incandescent lamps with LED lamps** inside seven buildings including headquarters offices at Suanmali Building, Petchburi Building, MBK Tower, Glas Haus Ratchada Building, Wongsawang Building, Rama VII Building, and The Ninth Tower. In addition, TBANK made use of LED lamps at newly opened branches and renovated branches in order to save energy. As a result, it was able to save up to 1,606,899 baht per annum in terms of electricity costs, cut electricity consumption by 378,797 kWh, and reduce carbon dioxide emissions by 192,849 kilograms. Importantly, it managed to reduce heat from lighting fixtures and reduce hazardous waste from disposal of lamps, mainly because the lifespan of LED lamps is much longer than the lifespan of other types of lamps. LED lights up instantly when it is turned on. LED's tubes are smaller and do not produce Ultraviolet (UV)

radiation. Light produced from LED lamps does not cause damage to materials on which it shines on. In addition, as it does not contain mercury, it is not harmful to human beings and the environment.

- TBANK made arrangements for seasonal adjustments of the chilled water temperature **set point on chillers** in order to save energy usage and reduce expenses. As a result, TBANK saved up to 3,600,000 baht per annum in terms of electricity costs, cut electricity consumption by 852,793 kWh, and reduced carbon dioxide emissions by 442,633 kilograms.

- TBANK made arrangements for the **installation of ozonation systems** in the chiller systems in order to make chillers work efficiently and preventing accumulation of dirt and scale in the cooling systems. The ozonation systems not only reduced cleaning procedures and save water and electricity expenses but also reduced the usage of water softeners and enhanced safety for operating staff and the environment. As a result, TBANK saved up to 713,200 baht per annum in terms of electricity costs, cut electricity consumption by 33,534 kWh, and reduced carbon dioxide emissions by 49,910 kilograms.

Water and Waste Management

- **Installation of wastewater treatment systems** by reusing treated water to reduce water consumption and save water costs. For example, the treated water could be used for watering plants and cleaning floors. This not only



Training on Energy Consumption at Various Buildings

- 6 Glas Haus Ratchada Building
- 7 Wongsawang Building
- 8 Rama VII Building



represented a way of making the best use of water resources but also make trees grow well. Importantly, the effluent water that was discharged into public canals had no adverse impact on the environment since it went through a treatment system that met the established standards.

- **Garbage sorting for waste reduction** by making garbage sorting to identify materials that were still useful and could be reused. These materials included, among others, plastic bottles and paper. The sorting helped reduce carbon dioxide, water usage and enhance safety from toxic waste such as light tubes, flashlight batteries, and spray cans, among others.

Environmental Protection in Terms of Occupational Health and Safety in Buildings

Measuring lighting levels in buildings, ensuring that the work environment is appropriate and the indoor lighting is in line with the established standards and the related laws as well as the occupational health and safety requirements. It is also important not only to closely monitor, assess, and contain hazards but also establish measures aiming at preventing luminous intensity-related problems as too much or too little light at workplace could strain eyes and cause vision-related problems. The lighting levels are scheduled to be measured at least once a year. The testing results which are obtained each time must meet the established standards.

Testing quality of air in buildings, ensuring that the work environment is appropriate and the indoor air quality is in line with the established standards and the related laws as well as the occupational health and safety requirements. It is also important not only to closely monitor, assess, and contain hazards but also establish measures aiming at preventing air pollution and too much particles of dust which cause headache, asthma, and heart diseases, among others. The air quality is scheduled to be tested at least once a year. The testing results which are obtained each time must meet the established standards.

Testing quality of drinking water in buildings in compliance with the established standards and the related laws as well as occupational health and safety in buildings. It is important not only to closely monitor, assess and contain hazards but also to establish measures aiming at preventing water contamination. The measures help bolster the confidence of employees in buildings and customers visiting buildings as the drinking water in each building is clean and meets the established standards. The certificates issued by the Bureau of Quality and Safety of Food (BQSF), Department of Medical Sciences, Ministry of Public Health, are attached to drinking water dispensers whose water quality is scheduled to be tested at least twice a year. The testing results that are obtained each time must meet the established standards.

3. Fair Business Practice

Priority Areas	Practice Guidelines
Code of Conduct	<ul style="list-style-type: none"> - In 2016, Thanachart Group has implemented the following activities in relation to the code of conduct: <ol style="list-style-type: none"> 1) The Group organized a training course on the code of conduct every month for all new staff members who were required to sign an acknowledgement of the code. As for the existing staff members, the Group organized a training course on knowledge and mind development. 2) The Group developed CG e-learning resources which were distributed via the Intranet system. The arrangement enables staff members to study and learn on their own. 3) The Group posted on the Company's website (www.thanachat.co.th) additional practice guidelines, including procedure for filing complaints, guidelines on avoiding copyright infringement, human resource practice guidelines, and fair practice guidelines and responsibility to lenders, among others. 4) The Group made arrangements for all executives and staff members at every level to sign an agreement to adhere to the code of conduct and to avoid taking any action in pursuit of business benefits that give rise to a conflict of interest with Thanachart Group. 5) Assessment forms were prepared for all of Thanachart Group's staff members at every level. The objectives were to develop, test, and measure the level of knowledge and understanding in relation to the compliance with the good principles of corporate governance and the code of ethics. The assessment was carried out twice a year. 6) Thanachart Group organized seminars for trading partners, and business representatives to learn about the Group's corporate governance policy, business ethics as well as the code of conduct for staff members. The objectives were for them to be aware of and support the policy and the code of ethics.
Supporting Socially Responsible Trading Partners	<ul style="list-style-type: none"> - In selecting trading partners, the Group has adopted a clear policy of not supporting trading partners that are not socially responsible, such as those using child labor. Nor shall it encourage unethical or illegal business conduct.
Providing Consumers with Clear Information about Its Products and Services.	<ul style="list-style-type: none"> - Thanachart Group not only publicizes details of its products and services but also provides customers and consumers in general with clear user manuals related to the products and services.
Protection of Customer Rights	<ul style="list-style-type: none"> - Thanachart Group gives services that meet professional standards and are of good quality. - Staff members of the Group are required to keep customer information confidential and are prohibited from disclosing it to any third party. - Staff members are prohibited from using customer information for an undue advantage for the Company and related parties, except in compliance with the requirements of the law. - The Group puts in place or makes available channels, through which customers could file complaints and give opinions about services. In handling complaints, the Group takes corrective actions and inform customers of the results in a timely manner through its website, the Group's customer service marketing officers (Thanachart Contact Center 1770) and TBANK's Facebook Page (www.facebook.com/thanachartbank).

Responsibility to Trading Partners in Supply Chain

Thanachart Group conducts its business affairs by following the sustainable development guidelines across the entire supply chain, starting with management of social and environmental impacts through TBANK's procurement process. Emphasis is placed on development of trading partners on a continuous basis, ensuring their sustainable development. Such development would be achieved through honest, transparent, and accountable business operations. As a result, it is hoped that Thanachart Group's trading partners will be able to develop their business operation processes while raising social and environmental standards at the same time.

The Group's business operations have to depend on trading partners' cooperation, in order to be able to deliver products and services that meet customer needs in a responsible manner. In 2016, Thanachart Group had over 500 trading partners in the following areas:

1) Procurement of stationery and general supplies including general products and services, stationery, office supplies, important office forms, general printing supplies, printed plastic cards, and other miscellaneous items.

2) Outsourcing services including marketing and sales promotions, public relations, document/cash transportation services, security services, cleaning services, chauffeur services, and messenger services.

3) Building maintenance services such as refurbishment of office buildings (both at headquarters and at branches), renovation, maintenance, repairs and replacement of spare parts and equipment within TBANK's offices or in areas where electronic appliances are installed, as well as furniture repair jobs.

4) Procurement of information technology and office equipment including electronic equipment (such as desktop computers, notebooks, multifunction copiers, cash deposit machines, and automated teller machines), security devices (such as CCTV cameras and burglar alarm systems), and all types of electric appliances.

As a result, it is essential for Thanachart Group to pay close attention to the efficiency of its trading partners in managing resources. The trading partners are required to comply with environmental laws, regulations, and standards.

As well, they must be capable of using natural resources in an efficient and effective manner and reducing negative impacts on the environment by following the 3 R's: reduce, reuse/recycle, and replenish. The above criteria serve as guidelines for the work units in charge of procurement in selecting each trading partner. In the future, Thanachart Group will incorporate into the guidelines three additional dimensions including society, the environment, and corporate governance, which will cover issues related to business ethics, labor conditions, human rights, laws, occupational health and safety, and environment.

In this connection, trading partners are required to sign an acknowledgement, agreeing to strictly adhere to the anti-corruption policy. Thanachart Group will also check, monitor, and assess the performance of its trading partners in these areas in a continuous manner.

In case trading partners fail to follow the established guidelines, Thanachart Group may consider taking actions against them, taking into account the impacts and damages caused, such as activating penalty clauses specified in the agreement, claiming compensation for damages in line with the agreement, cancelling the agreement or removing the name of the trading partners in the approved vendor list.

Actions Taken in 2016

- Thanachart Group restructured the procurement management, aiming at streamlining procurement processes including administration and management processes as well as business operations across the supply chain. In this connection, the Group has adopted a centralized procurement policy and has assigned the responsibility to the strategic procurement division and the central administration office. The objective is to ensure that the procurement processes are transparent and that suppliers and service providers are assessed on a continuous basis.

- Thanachart Group encourages its suppliers and service providers to pay close attention to the conduct of business affairs in a socially and environmentally responsible manner. The objective is to raise the standards and broaden the scope in order to achieve sustainable procurement. Emphasis is placed on developing operating procedures in collaboration with trading partners in various forms and on managing costs in a systematic manner. It is expected that trading partners will benefit from the concepts which will

enable them to manage better and learn how to reduce costs properly in order to be able to deliver good products and services at a competitive price. In the end, trading partners will be able to operate their businesses in a stable and sustainable manner as well.

- TBANK has developed a procurement policy, aiming at raising procurement standards, by taking into consideration social and environmental factors such as fair trade, human rights, labor conditions, occupational health and safety, environmentally friendly production processes, and environmental management in the workplace. The developments are in line with TBANK's code of business ethics as well as its code of conduct for staff members. The main objective is to achieve sustainable development across the supply chain.

- TBANK manages its relationships with suppliers and service providers in a systematic manner as the relationships have impacts on its overall business performance. All parties concerned cooperate with one another in developing products and services that cater to the business needs. The cooperation not only enhances TBANK's competitiveness but also facilitates the business expansion of suppliers and service providers.

- TBANK is determined to promote further adoption of the sustainable development concept throughout the supply chain. It started by discussing and cooperating with trading partners in developing businesses, aiming at raising procurement standards by taking into account economic, social, and environmental factors. The cooperation enables all parties to achieve several goals in concrete terms. An example is the purchase of various products from charitable organizations, which could be used as mementoes on various occasions. As another example, TBANK and a number trading partners jointly develop various print media by using environmentally friendly print materials. Other example is the continuous cooperation with trading partners in researching and developing new procurement processes in order to come up with innovative products for the society and the environment in line with the sustainable development policy.

In this connection, TBANK conducts an assessment survey on the quality of services delivered by over 500 trading partners on an annual basis. Based on the assessment of user satisfaction, it was found that in 2016 there were altogether 16 cases of quality-related user complaints.

Of the total cases, the problems of over 99 percent were successfully addressed.

Examples of Project

Electronic Equipment Procurement Project

Thanachart Group has established a procurement guideline that places emphasis on use of environmentally friendly materials and reduction of carbon dioxide emissions by requiring that raw materials for production must be capable for being recycled. As well, it is required that the various electronic equipment to be procured must meet standards for safety requirements established by national standards institutes such as Underwriter Laboratories (UL). In addition, the equipment must receive certification from national institutes such as Federal Communications Commission (FCC) that it conforms to standards that limit the amount of electromagnetic interference (EMI). Importantly, the equipment must receive certification for energy efficiency, such as Energy Star 5, apart from receiving certification from national institutes for products that meet electronic product environmental performance criteria, such as Electronic Product Environmental Assessment Tool (EPEAT) rating. The guideline covers procurement of electronic equipment such as computers and their peripheral devices, multifunction photocopiers, and other electrical appliances.

A4 Paper Procurement Project

Foreseeing impacts on the environment, Thanachart Group has adopted a policy, ensuring that the A4 paper to be procured must be made from perennial plant fibers or those of farm trees or used agricultural materials mixed with 100 percent recycled fibers without using any new trees since the production of paper is based on an environmentally friendly process. In this connection, over 95 percent of the paper used consists of the following:

- 1) A4 Paper 80 grams is made from 70 percent farmed tree fibers and 30 percent recycled fibers using waste or used materials as mixtures. Emphasis is also placed on reduction of the use of bleaching agents in the environmentally friendly production process. The raw materials are suitable for producing paper with quality equal to the photocopy paper made from 100 percent new fibers. Apart from being thick, smooth, slippery and white, both sides of the paper could be printed.

2) A4 Paper 70 grams which accounts for 90 percent of printing is made from 50 percent farmed tree fibers and 50 percent recycled fibers using waste or used materials as mixtures. Emphasis is also placed on reduction of the use of bleaching agents in the environmentally friendly production process. The result is paper jam-packed with a higher degree of opacity for high performance. Apart from being thick, smooth, slippery and white, both sides of the paper could be printed.

Online Procurement Project

Thanachart Group has adopted an Online Purchasing System as its standard procurement procedure. As a result, apart from being able to reduce paper use by over 1 percent, compared with past consumption, the Group managed to save 160,000 baht per annum in terms of reduced paper usage expenses.

Adjustments of Operating Procedures to Reduce Use of Natural Resource

Apart from encouraging staff members to make the best use of the paper, Thanachart Group has adjusted its operating procedures, aiming at reducing paper usage. The efforts represent indirect participation in the environmental preservation. The Group has undertaken activities in various forms as follows:

- The Group makes use of electronic systems in various business operations and meeting systems within the organization. As a result, previous consumption of paper in a large quantity for supporting documentation for meetings has greatly been reduced.

- Sending information or transaction records to customers through electronic media instead of sending hard copies to them has resulted in significant reduction of paper usage in the business operating procedures. Customers also receive the information in an efficient manner through electronic media as agreed.

- Thanachart Group has also launched campaigns aiming at encouraging staff members to recognize the importance of the reduction of paper usage. The objective is for them to change their behavior so that they minimize their use of paper. As an example, they are encouraged to reuse paper in their work units.

Responsibility to Prevent Copyright Infringement of Software

Policy

Thanachart Group has established computer security measures and their implementation. The objective is to prevent software piracy in relation to installation of hardware, installation of software packages on computers, and installation of software programs.

Procedures

- Thanachart Group has put in place asset register procedures with the register being subject to review at least once a year by assigning officers to check software programs installed on the staff members' computers.

- As well, the Group has put in place a purchase order registration procedure to be followed when users make a purchase requisition.

- A report comparing the number of existing software licenses and the number of software programs actually installed is submitted to the IT Security Management Committee and the Technology Project Review (TPR) Committee on a monthly basis.

Technology

- Computer users are not allowed to install software by themselves. Otherwise, it will take back the right of the users concerned. In case users want to make use of software, the installation is subject to approval by the unit concerned. In this connection, users are required to submit their request to the IT unit for the installation.

- The Company puts in place a desktop management system which is used for monitoring the software installed on desktop computers and for collecting data for preparation of monthly reports.

Users

The Company organizes a training activity and also conducted an assessment of IT security awareness of employees at least once a year. The objective was to ensure that employees are well aware of its IT security policy.

Responsibility to Creditors

The Company is committed to strictly fulfilling various contractual requirements and obligations to creditors, particularly as regards the conditions related to guarantee, fund management, and default, as well as the objectives of loan applications, repayments of principle and interest, guarantee conditions and any other matters agreed with creditors. In this connection, the Company will submit a report on its position and financial information to creditors in line with the conditions specified in the loan agreement, in an accurate, transparent, and consistent manner as deemed appropriate.

For fund management, the Company pays close attention to the stability and strengths as well as adequate liquidity for making loan repayments to creditors in line with the established schedule.

CSR in Process in Relation to Other Stakeholders

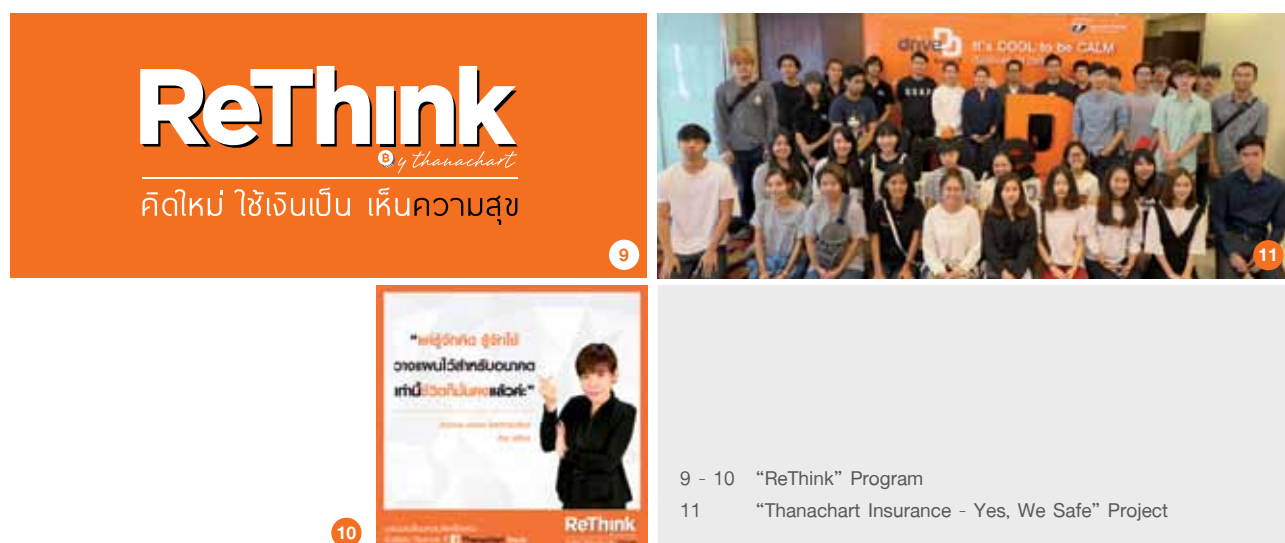
1. ‘ReThink’ Campaign Program

The “ReThink” campaign program has been initiated and implemented since 2015. Realizing the importance of knowledge sharing and financial discipline which are the key foundations for living, Thanachart Group has established the program. The main objective is to inculcate in members of the general public with a wake-up call on the importance of rethinking and changing their spending behavior in order to bring their spending in line with their own income as well as the importance of creating financial discipline in order to live

happily in a stable and sustainable manner under the slogan “ReThink, know how to use money, and find happiness”. The concept is developed from the sufficiency economy philosophy conceived and developed by His Majesty King Bhumibol Adulyadej. In implementing the project in 2016, Thanachart Group made publicity and propagation about the project in a continuous manner, with focus on development of contents in relation to financial literacy that was useful for daily living. The contents were broadcast through various television programs. In addition, the program was publicized, using video clips that provided financial literacy in the form of stories about famous people at each stage of their lives. The stories offered different points of view and different methods for managing personal finance. Taking into account the evolving digital society and the change in information acquisition behavior, the contents about personal financial management, awareness raising and promotion of financial discipline as well as advice on how to manage finance, were distributed through social media including Thanachart Bank’s Facebook, Instagram, Line application, and website (www.thanachartcsr.com).

2. ‘Thanachart Insurance – Yes, We Safe’ Project

Recognizing the traffic accident problems and being concerned about road traffic safety as well as road users whose lives and assets are affected, Thanachart Insurance has initiated the ‘**Thanachart Insurance – Yes, We Safe**’ Project, aiming at reducing road accidents and reducing damages that resulted in injuries and loss of life and assets. Activities are implemented on two parts: (i) prevention which



places emphasis on promotion and enhancement of traffic safety and (ii) supporting and assistance which focus on various factors that cause traffic accidents. The activities undertaken in 2016 include the following:

- In relation to the prevention, as part of the **'Drive DD United Season 2' program**, Thanachart Insurance organized a video clip contest under the theme 'IT'S COOL TO BE CALM, Drive smart, look good and being conscious of what you're doing'. The objective was to inculcate in drivers the awareness of the importance of responsible and safe driving. The awareness helped reduce traffic accidents caused by irresponsible, reckless, uncaredful as well as irritating or provoking driving behaviors which led to accidents and physical assaults. The contest provided university students of various educational institutes throughout the country with opportunities to demonstrate their knowledge, ability, and potential in a creative manner through production of video clips that promoted safe driving campaigns and recognition of the problems caused by irresponsible and reckless driving behaviors. They were encouraged to share their opinions and ideas with their peers as well as members of the general public. In this connection, there were students from over 30 universities, who participated in the contest. Altogether, there were 118 video clips produced while students from the regions accounted for over 20 percent of the participating teams.

- On the supporting and assistance, Thanachart Insurance has been giving scholarships to students of Sirindhorn School of Prosthetics and Orthotics, the Faculty of Medicine, Siriraj Hospital, Mahidol University, since 2012. So far, four scholarships of 25,000 baht each (or 100,000 baht in total) have already been awarded. The school produces professional prosthetists/orthotists with a Bachelor of prosthetics and orthotics degree. They have knowledge to produce prosthetics and orthotics (P&O) devices and appliances to restore the physical capabilities of patients. They are also capable of producing, redesign, and developing the devices and corrective appliances with standards on a par with the international level.

CSR after Process

This type of CSR covers any activities other than those undertaken in the ordinary course of its business. Thanachart Group has been involved in this type of activities for a long time since the beginning of its business operations. Later, as

the commercial banking services became one of Thanachart Group's main businesses with an extensive branch network nationwide, the CSR activities have been implemented by regional hubs with cooperation from the staff members of Thanachart Group. Their customers, business counterparts, and people living in communities are also invited to participate in the activities. In 2016, the Group took part in the following CSR and environmental protection activities in order to promote and develop society in various areas.

1. Campaigns and promotion of Thai cultural identity and Buddhism: Thanachart Group participated in promoting activities related to Thai cultural identity, local traditions, and Buddhism, with participation of people living in the communities, employees, and members of the general public.

2. Promotion and support of implementation of activities for charity: Playing the role of a good corporate citizen, Thanachart Group participated in social development by giving support to the activities implemented by various charitable organizations which were involved in strengthening society and making it sustainable. The activities covered all target groups, regardless of whether they are patients, children, youth, women or the underprivileged.

3. Promotion of education and educational development: Thanachart Group participated in the activities aiming at filling in education gaps as well as developing and streamlining the country's educational systems so that they not only could produce quality children and youth but also raised their potential to the levels on a par with international standards. They were also provided with opportunities to enhance their competitiveness. The efforts laid a strong foundation for the country's strengths and competitiveness.

4. Environmental protection: As part of its determination to implement activities which help reduce indirect impacts on the environment created by its business operations, Thanachart Group promoted education and understanding in using energy in the most efficient manner. It also participated in campaigns aiming at inculcating energy conservation culture in both executives and employees.

Moreover, Thanachart Group has established **the Thanachart Foundation for Thai Society** which serves as a key mechanism in driving the implementation of the Group's CSR activities. Most of the Foundation's activities focus on

creating a sound and sustainable society as well as social development. The main aim is to build a prototype model for developing communities and society in various ways. Emphasis is placed on the knowledge in developing, improving, and changing oneself, including thoughts, practicing skills, confidence, making decision as well as right attitudes and values suitable for making a living. Focus is also given on improvements of one's livelihood based on His Majesty King Bhumibol Adulyadej's concept of the 'sufficiency economy'. Importantly, Thanachart Group has established coordination networks for giving social assistance and services in case of unfortunate events. The Group also participated in activities related to preservation of Thai arts and culture. As an example, TBANK established and maintained the Garuda Museum which served as a resourceful place for youth and members of the general public.

Campaigns and Promotion of Thai Cultural Identity and Buddhism

Presentation of Royal Kathin Robes in 2016

Thanachart Group hosted the presentation of Royal Kathin Robes in 2016. This marked the 10th consecutive year, in which Thanachart Group was graciously bestowed by His Majesty King Bhumibol Adulyadej to offer the Royal Robes at royal temples in different parts of the country. This year, the Group offered the Royal Robes at Wat Payab, a royal temple in Nakhon Ratchasima Province. In this connection, member companies of Thanachart Group, their customers, business counterparts, executives, and staff members as well

as members of the general public jointly donated 8,888,999 baht in good faith to the temple as part of the funds to be used for completing the construction of the temple's main hall, which was underway. In addition, 20 scholarships were awarded to needy students with good academic records and good behavior. Cash donations were also given to three charitable organizations in the province.

Thanachart Group's first presentation of the Royal Kathin Robes took place in 2006 at Wat Kaew Kro Waram Temple in Krabi Province. Since then, the Group has been organizing the activity annually. The activity represents the Group's efforts to promote the preservation of Buddhism, royal temples, and Buddhist places of worship so that they continue to exist as long as Thailand does.

'Thanachart Initiates and Fulfills Thai Identity' Project

The implementation of the 'Thanachart Initiates and Fulfills Thai Identity' project in 2016 marked the 45th consecutive year. The project was inherited from Siam City Bank. Its main objective is to maintain and preserve Thai identity including reading aloud Thai and using Thai manners in daily life. The project not only helps preserve the unique identity and prevent its disintegration over time, but also strikes a balance between social values which have been increasingly affected by foreign cultures. Moreover, the project helps inspire and inculcate in Thai youth the love of Thai culture. The love makes them cherish the culture and helps keep it as part of Thai society forever. Both Thai language and Thai



12 - 13 Presentation of Royal Kathin Robes in 2016



manners are widely recognized as unique characteristics of Thai identity.

The project consists of two main activities including reading aloud contests and Thai manners contests. Representing their educational institutions, students from Prathomsuksa 1 to the university level are provided with an opportunity to participate in the contests to compete for Her Royal Highness Princess Maha Chakri Sirindhorn's Cups, honorable shields and certificates of honor, as well as scholarships. In 2016, there were more than 4,000 students from every region participating in the contests and in this year there was the Thai manners contests for hearing-impaired children to compete for Her Royal Highness Princess Maha Chakri Sirindhorn's honorable shields and scholarships. This marked the 2nd consecutive year of the hearing-impaired children project implementation, there were 12 schools and 104 students participating in the contests. In addition, TBANK recognizes the importance of promoting and supporting hearing-impaired children so that they have opportunities to participate in various social activities and are able to lead dignified lives as normal people. As well, these hearing-impaired children should be provided with opportunities to show their determination, intention, and potential for participating in the activities related to the maintenance and preservation of Thai identity by practicing Thai manners properly.

Garuda Museum by TBANK

"The Garuda Museum by TBANK" is considered the first and only Garuda museum in ASEAN. Its establishment could be traced back to the event on 1 October 2011 in which

TBANK took transfer of SCIB's entire business. Before the acquisition, SCIB had been operating for over 70 years and the Royal Garuda Emblems had been graciously bestowed by His Majesty the King upon SCIB for display at its headquarters and branches since 1941. After the merger with TBANK in 2011, it was necessary to dismount Garuda Emblem in compliance with the Garuda Emblem Act (No. 2) B.E. 2535 (1992). TBANK recognized the value and the importance of the Royal Garuda Emblem which Thai people have a great faith in and a strong relationship with. The Emblem is also a symbol representing His Majesty the King of Thailand. As a result, TBANK respectfully relocated the Emblems from the headquarters and branches to its Bangpu Training Center in the municipal area of Tambon Bangpu, Samut Prakan Province. This was followed by the founding of the Garuda Museum. The Museum showcases various stories of Garuda in a multimedia format. The stories are principally based on Thai people's basic understanding about Garuda and Buddhism beliefs. It is designed and created so that visitors could learn about the origin of Garuda according to the legend from the viewpoints of both Buddhism and Brahmanism. Importantly, an area in the museum has been set aside for exhibiting the Emblems which are respectfully relocated from SCIB's branches. One of the objectives of the exhibition is to reflect the Royal Garuda Emblem's relationship with the country's three fundamental institutions, namely the Nation, Religion, and Monarchy. Importantly, the exhibition also pays tribute to the memory of His Majesty King Bhumibol Adulyadej and His immeasurable generosity. In addition, the museum serves as a resourceful place for children, youth, and interested members of the general public to learn about the history.



14 - 16 "Thanachart Initiates and Fulfills Thai Identity" Project

Activities Related to Sustenance and Preservation of Local Traditions

TBANK recognizes the value of Thai identities, customs, and traditions in various localities throughout the country, which reflect ways of living, folk wisdom, and cultural growth. The heritages which have been passed from one generation to the next represent unique identities which no other country could imitate. They are invaluable and worthy of preservation. As a result, the activities related to “sustenance and preservation of local traditions” have been conceived. In this connection, TBANK’s network hubs which are located nationwide are responsible for implementing these activities and cooperating with communities as a member of their respective localities. This leads to cooperation among the employees, customers, members of the public as well as various institutes and agencies, both in the public and private sectors. The activities also include regional tourism promotion and public relations. In 2016, the activities organized in relation to the sustenance and preservation of local traditions were as follows:

1. Chinatown Chinese New Year Celebration in Bangkok,
2. Conservation of Thai tradition festival (100 years of faith) in Nakhon Sawan Province.
3. Commemoration marking the 41st anniversary of the death of Luang Pu Tim Issariko, Wat Lahanrai, Rayong Province,
4. Songkran festival, Phra Pradaeng in Samut Prakan Province,

5. Candle festival for the Buddhist Lent in 2016 in Ubon Ratchathani Province,

6. Lotus throwing festival (held on the 14th day of 11th lunar month) in Samut Prakan Province,

7. Merit making festival for giving Look Yon boiled rice to monks at Wat Phra Puttachai, Saraburi Province,

8. Conservation of Phuket vegetarian festival in Phuket Province,

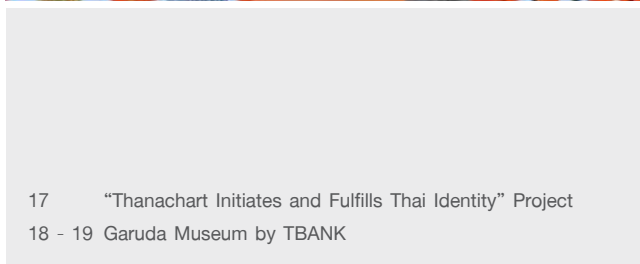
9. Conservation of Yi Peng festival in Chiang Mai Province.

Promotion and Support of Implementation of Activities for Charity

Annual Red Cross Fair

TBANK participated in the sale of Red Cross lottery tickets as well as the Red Cross Fair which was held annually. The participation in the annual fair could be traced back to the year 1976 when Bangkok Metropolitan Bank was the only commercial bank which was invited to join the Red Cross Fair, at which the bank used the name of “Bangkok Metropolitan Bank’s Red Cross Booth”. Later in 2011 when the business of SCIB was transferred to TBANK, the name of ‘Thanachart Bank’ was used at the fair. In particular, the booth name was changed to Thanachart Bank’s Red Cross Booth”. Today, it is still the only commercial bank with a booth at the Annual Red Cross Fair in Suan Amporn Park.

In 2016, TBANK participated in the fair from 31 March 2016 to 7 April 2016 in Suan Amporn Park. The Bank decorated



17 “Thanachart Initiates and Fulfills Thai Identity” Project
18 - 19 Garuda Museum by TBANK

its store, using a concept called ‘Let’s Play Let’s Learn’ with emphasis placed on creative play as well as building of learning power, through construction of a children playground model in the booth area. The model served as a window on children’s world of learning. After the closure of the fair, TBANK gave various equipment used for decorating the booth to schools that lacked resources. The objective was to support children’s learning and development. The equipment included, among others, playground slide, large-sized ball swimming pool, swing, and teeter board. The schools receiving the equipment were Wat Rue Chai School and Wat Map Pho School in Phra Nakhon Si Ayutthaya Province. As well, TBANK would humbly present the net proceeds worth 6,300,000 baht from its sales of Red Cross lottery tickets for the year 2016 and from its participation in the fair to Her Royal Highness Princess Maha Chakri Sirindhorn, Executive Vice-President of the Council of the Thai Red Cross Society, for charity at the discretion of Her Royal Highness as partial financial support to the Council.

Bridge-of-merit Project

Thanachart Group is determined to play a part in supporting the work of charitable organizations in a sustainable manner. This could be traced back to the ‘Thanachart Initiates and Fulfills...Merit Saving Exposition’ project implemented in 2009. Charitable organizations were invited to participate in the exposition, open their booths and publicize the work of their organizations. The implementation of the project received good responses from customers, members of the public and charitable organizations. As a result, in 2011 TBANK decided

to establish a project called ‘the bridge-of-merit’ to carry on its support to the work of charitable organizations in a sustainable manner. The main objectives of the project were to fill the gaps between givers and recipients and to serve as the bridge linking givers and recipients. In this connection, customers and members of the general public could make donations to charitable organizations through ATMs, bank counters, Automatic Deposit Machines (ADMs) or through the Internet without any service fee to be charged. The charitable organizations wishing to participate in the project must have the main objectives of helping different groups of the underprivileged and of addressing social problems. Importantly, their work in the past must be well received by the public. Currently, there are 18 charitable organizations participating in the ‘bridge-of-merit’ project. These organizations include the following:

1. Association for the Promotion of the Status of Women,
2. Baan Nokkamin Foundation,
3. Cardiac Children Foundation of Thailand Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,
4. Foundation for Children with Disability,
5. Foundation for Slum Child Care Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,
6. Ramathibodi Foundation,
7. Thammasat University,
8. Princess Mother’s Medical Volunteer Foundation,
9. Foundation for the Family Welfare of War Veterans Under the Royal Patronage of Her Royal Highness the Princess Mother,



20 - 22 Annual Red Cross Fair

10. Sai Jai Thai Foundation Under the Royal Patronage,
11. Srithanya Hospital Foundation,
12. Phradabos Foundation,
13. Phrakhruba Noi Khemmapunyo Foundation,
14. Khum Klao Foundation Under the Royal Patronage,
15. Soka Gakkai Thailand,
16. Phra Mahathat Napaphol Phumsiri Foundation,
17. The King's Scholarship for Thai Monks, and
18. Queen Sirikit Center for Breast Cancer Foundation.

Support to Chakri Naruebodindra Medical Institute, Ramathibodi Foundation

Recognizing the importance of participation in the development of public health service systems and in the opening up of opportunities for people to have access to health care as well as treatment and protection against diseases, the Company, TBANK, TFUND, and TNI jointly donated cash in the amount of 1,500,000 baht as a partial support to the project of Chakri Naruebodindra Medical Institute, Ramathibodi Foundation. The objectives were to build a medical institute and a hospital with 400 beds for treating patients at all levels in an integrated manner as well as promoting health, rehabilitation, protection against disease, health care, and public health services with high standards. Apart from being a center for medical studies, the Institute places emphasis on establishing learning networks and providing academic services in relation to health promotion for people living in the country's eastern region.

Blood Donation in Honor of the Royal Father and Mother

The activity has been implemented by the Network Hub 2 of the northeastern region (Khon Kaen) continuously for over ten years. The main objective of the activity is to encourage members of the public in Khon Kaen Province, Roi Et Province, Kalasin Province, and Maha Sarakham Province as well as staff members to donate blood in honor of His Majesty King Bhumibol Adulyadej and Her Majesty Queen Sirikit for charity. Donating blood not only helped save the lives of victims of emergent accidents but also alleviated blood shortage during treatment. The activity was always well supported by the Faculty of Medicine, Khon Kaen University, which facilitated the blood donation. Moreover, TBANK also gave financial health check-up to those who participated in the activity. In 2016, 823 people donated 359,000 cc of blood to the Thai Red Cross Society.

Promotion of Education and Educational Development

'Things Given by Elders Used by Juniors' Project

The project was conceived as a result of Thanachart Group's determination to promote and develop Thailand's education. The concept was based on reuse of office equipment such as tables, cabinets, chairs, and computers, which were no longer used and were still in a good condition. They were given to various educational institutes, government agencies, associations, foundations, and temples. The purpose was to make best use of the available office equipment.



23 - 24 Blood Donation in Honor of the Royal Father and Mother
25 Mangrove Forest Development Project



Performance from 2014-2016

Year	No. of Institutes Received Donation	No. of Equipment	Amount (Baht)
2014	100	5,626	78,751,210.89
2015	59	2,869	30,333,242.81
2016	133	5,247	46,648,595.72
Total	292	13,742	155,733,049.42

In the Area of Environmental Protection

Mangrove Forest Development Project

Mangrove swamps not only serve as sources of energy and food but also help protect the ecological balance along coastlines. Mangrove forests are also vitally important and highly beneficial as they are areas where a great variety of plants and aquatic and land animals live. They play a critical role in sustaining the livelihoods of people in different forms including reduction of wave damage which results in coastal erosion, reduction of storm surges, and acting as a filter that prevents untreated industrial wastes from flowing into the sea and causing damage to aquatic animals and coastal ecosystems.

Mourning and Paying Tribute to the Memory of His Majesty King Bhumibol Adulyadej's Boundless Generosity

Activities Undertaken by Thanachart Group

1. Thanachart Group organized a mourning ceremony in tribute to His Majesty the late King Bhumibol Adulyadej. At the ceremony held on 20 October 2016 at Thanachart Bank's Suanmali Building, a representative of Thanachart Group made a statement mourning the passing of His Majesty the King and also gave a speech in remembrance of His Majesty's gracious kindness. Ceremony participants stood in silence for 99 seconds in tribute to His Majesty the late King and in memory of His Majesty's boundless generosity. In addition, the Group's teams of executives and staff members jointly sang the Royal



26 Mourning and Paying Tribute to the Memory of His Majesty King Bhumibol Adulyadej's Boundless Generosity

27 Pathumwan People Do Good Deeds for Father

28 Tree Planting - Retracing Our Father's Footsteps - in Honor of King Rama IX



Anthem and lined up to form the shape of a black ribbon pin to mourn the passing of His Majesty the King.

2. One of the activities undertaken was to volunteer for making black ribbons to be given to people without black shirts or those who had to wear uniforms at work. In this connection, employees of Thanachart Group jointly made over 3,000 black ribbons to be given away.

3. Thanachart Group, Pathumwan District Office, Pathumwan Institute Technology, and Siam Synergy Trade Association jointly organized a merit-making ceremony called 'Pathumwan people do good deeds for Father' on 28 November 2016. As part of the ceremony, participants offered dried food and rice to 999 monks on the roadside areas along Rama 1 Road from Siam Paragon shopping mall to Tesco Lotus store at Charoen Phon Intersection.

4. In collaboration with local state agencies and people living in San Pa Tong District of Chiang Mai Province, TBANK organized a project called 'Tree planting - retracing our Father's footsteps - in honor of King Rama IX'. The project placed emphasis on improving the landscape and the environmental conditions of the communities located in the district by growing perennial plants and increasing green areas. The target was to plant mahogany trees along the roadside over a distance of 25 kilometers. The project would be implemented in a continuous manner, aiming at jointly improving the quality of rural people's life. The project demonstrates the power of determination of the private sector which is well aware of the vital role played by corporate social responsibility in contributing to sustainable development by delivering economic, social, and environmental benefits for all stakeholders concerned.

The Company places strong emphasis on the establishment of effective and consistent internal control system. Strong internal control would help the Company to enhance effective business operation, steer the Company toward its goals, and protect the Company from operational error and from illicit exploitation from executives and staff. Furthermore, the Company takes into consideration the use of suggestions given by the auditors and the BOT's inspectors in streamlining the internal control system. Internal control system can be summarized as follows:

1. Organization and Environment

The Company sets the structure in supporting the achievement of the organization's objective. The Company properly specifies in writing the limitation of authorities and roles and responsibilities of staff and executives. It also puts in place the effective internal control system. The scopes of responsibility of the operational staff, approval authority, control and supervision function, and evaluation function are separate in order to avoid conflicts of interest, create check and balance, and conduct business operation under the principal of good corporate governance. The Company has put in writing the policies, working procedures, and working manuals. The Audit Committee is assigned to assess the sufficiency of the internal control system with various sub-committees being appointed to consider and make a decision on various matters efficiently.

The Company's Board of Directors sets clear business targets which can be measured and monitored the operating results ensuring that they are in line with the set targets. Good Corporate Governance, Code of Conduct, Anti-corruption policies and measures, and related announcements are set for the Directors, executives, and staff to adhere to in practice. Self-evaluation in good corporate governance is conducted for staff every year to create awareness and consciousness. Systems or channels are provided for customers and employees to state their opinions or complaints and to whistle-blow regarding frauds and corruptions through the provided channels. A security and protection measures are provided for the whistleblower and the accused with justice and fairness.

All personnel is trained to reinforce and ensure that they have sufficient work knowledge and skills. The Company gives appropriate return and benefit for all personnel to make sure that the level of return and benefit is proper for retaining quality staff at the Company. The Company also sets a succession plan for effective business continuity.

2. Risk Management

The Company appointed the Risk Management Committee and also assigned the Risk Management Department of TBANK to effectively consider, monitor, and supervise various risks in line with business objectives. Policies and risk management guidelines are clearly set in writings and are disclosed in the Intranet of the Company for the Directors, executives, and staff to cohere to as a practice guideline. Also, external risk factors that may affect business operations, internal control, and financial statements are assessed. Responsive measure to each change is evaluated adequately. Furthermore, the concerned risk report is presented to the Audit Committee and the Company's Board of Directors monthly and quarterly.

3. Supervision of Operational Management

The Company delegates approval authority, clearly separating approval function from operational function. Accounting function, IT function, and custodian function are all separated from each other for check and balance system, preventing any misrepresentation. The Company sets policies for the Directors, executives, and staff which discourage and disapprove of corruptions in any shape or form, directly or indirectly. All personnel shall not ignore, neglect or be indifferent on the matters

of corruptions and are obliged to report through the provided channels. Policies of Good Corporate Governance are also set for the matters of related parties to prevent conflicts of interest. The approval shall not be done by the related parties, e.g., lending or investment. The policy is set for lending to major shareholders or any company that has related interest (Related Lending) and also any investment in any company that has related interest shall be done under the regulations stipulated by the BOT. The Company has delegated the IT Department of TBANK to monitor and supervise all working systems of IT. The standard to control IT usage, the procedure, policy, and IT security as well as the standard to control the development and maintenance of IT system are implemented for work control and IT security standard of the Company.

In case the Company invests in its subsidiaries, the Company appoints its representatives to sit on the boards of directors of the subsidiaries to set the policies and also to give directions for them. As well, arrangements have been made that the representatives give a monthly report of the subsidiaries to the Company.

4. Information Technology and Communication

The Company has put in place the process of information preparation and the guideline of information disclosure. The disclosed information has to be accurate, current, and sufficient to all related parties, i.e. Directors, executives, staff, shareholders, clients, and other stakeholders in order to efficiently support their decision making. Communication channels are provided for both internal and external parties to report on frauds and corruptions through whistle-blower hotline.

5. Auditing and Monitoring

The Company has put in place a system for monitoring business performance and presenting a report comparing the actual performance with the established goals of the Company and its subsidiaries to the Executive Committee and the Board of Directors on a monthly basis. In this connection, the goals will be reviewed every six months.

Internal Audit reports directly to the Audit Committee who is responsible for auditing and assessing work units and work procedures in order to evaluate the internal control and risk management systems. They are also responsible

for reporting any significant defect and making suggestion guidelines to correct the root cause problems as well as reporting progress of correction of such defect to the Audit Committee quarterly. The auditing makes use of End-to-end process as the auditing guidelines.

Furthermore, the Company uses the service of the Compliance Department of TBANK to monitor the adherence to the Code of Conduct and the avoidance of any conflict of interest and report to the Audit Committee, the Executive Committee, and the Company's Board of Directors every sixth month.

In the Company's Board of Directors Meeting No. 2/2017 dated 20 February 2017, the Board of Directors concluded that the internal control system of the Company was appropriate and adequate to conduct business operation.

Head of Internal Audit

The Company as a holding company has assigned Mrs. Vijitra Thumpothong, an Executive Vice President, Audit Department of TBANK, a member company of Thanachart Group to be the Head of Internal Audit of the Company. She is responsible for monitoring internal audit work of the Company. She is well experienced in the internal audit field in the businesses similar to the Company and its subsidiaries. With more than 10 years of experiences and profound knowledge in the business activities and operations of the Company, she is most suitable for the roles and responsibilities. The consideration to evaluate, remove, transfer or dismissal of employment of the Company's Head of Internal Audit must be consented by the Audit Committee. Her profiles can be seen in the section of Board of Directors and Executives Management of the Company in this Annual Report.

Head of Compliance

The Company uses the service of the Compliance Department of TBANK under the centralized support service policy. In effect, Ms. Kavita Boonpochanasoontorn, the Head of the Compliance Department of TBANK, is responsible for monitoring the Company's operation assuring that it is in compliance with the regulations of the authorities concerned. Her profiles are disclosed in the section of Board of Directors and Executives Management of the Company in this Annual Report.

Board of Directors and Executives Management of the Company

The Board of Directors

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

Date of Appointment	30 October 1980
Age	72 Years
Education	<ul style="list-style-type: none"> • Master of Science (Finance) in Management, Massachusetts Institute of Technology, USA • Bachelor of Science in Electrical Engineering, Massachusetts Institute of Technology, USA
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 25/2004
Position in Other Listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director, Dusit Thani Public Company Limited
1994 - Present	<ul style="list-style-type: none"> • Chairman of the Executive Committee, MBK Public Company Limited • Chairman, MBK Public Company Limited (2006 - Present) (Holding a Director position since 1989 before MBK Public Company Limited was transformed into a public company limited in 1994.)
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Director, Laem Sai Village Company Limited
2006 - Present	<ul style="list-style-type: none"> • Director, Siam Piwat Holding Company Limited
2003 - Present	<ul style="list-style-type: none"> • Chairman, MBK Resort Public Company Limited • Director, Siam Piwat Company Limited • Director, B.V. Holding Company Limited
2002 - Present	<ul style="list-style-type: none"> • Chairman, Thanachart Bank Public Company Limited
1987 - Present	<ul style="list-style-type: none"> • Director, Deebuk Company Limited • Director, Thai Farming Company Limited
Experience in the Past 5 Years	
2012 - 2014	<ul style="list-style-type: none"> • Chairman, Thanachart Insurance Public Company Limited • Vice Chairman, Thanachart Insurance Public Company Limited (2006 - 2012)
2010 - 2011	<ul style="list-style-type: none"> • Chairman, Siam City Bank Public Company Limited
2005 - 2013	<ul style="list-style-type: none"> • Chairman, Thanachart Life Assurance Public Company Limited
2003 - 2015	<ul style="list-style-type: none"> • Chairman, Plan Estate Company Limited
2001 - 2015	<ul style="list-style-type: none"> • Advisor, Dusit Thani Public Company Limited • Advisor, Patum Ricemill and Granary Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Suphadej Poonpipat

Vice Chairman, Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer (Executive Director)

Date of Appointment	23 May 1983
Age	66 Years
Education	<ul style="list-style-type: none">• Master of Science, University of Wisconsin, USA• Bachelor of Business Administration and Accounting, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Role of the Compensation Committee (RCC), Class 15/2012• Certificate, Role of the Chairman Program (RCP), Class 28/2012• Certificate, Financial Institutions Governance Program (FGP), Class 4/2012• Certificate, Director Accreditation Program (DAP), Class 8/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014 <u>Capital Market Academy, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 8/2009
Position in Other Listed Company	
2011 - Present	<ul style="list-style-type: none">• Chairman of the Executive Committee, Patum Ricemill and Granary Public Company Limited
2007 - Present	<ul style="list-style-type: none">• Chairman, Patum Ricemill and Granary Public Company Limited (2012 - Present)
1994 - Present	<ul style="list-style-type: none">• Director, Royal Orchid Hotel (Thailand) Public Company Limited• Director, MBK Public Company Limited• Vice Chairman of the Executive Committee, MBK Public Company Limited (2003 - Present)• Vice Chairman, MBK Public Company Limited (2006 - Present)• Chairman of the Nomination and the Compensation Committee, MBK Public Company Limited (2015 - Present) (Holding a Director position since 1989 before MBK Public Company Limited was transformed into a public company limited in 1994.)
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none">• Chairman, DMS Property Investment Private Company Limited
2014 - Present	<ul style="list-style-type: none">• Chairman, MBK Life Assurance Public Company Limited
2007 - Present	<ul style="list-style-type: none">• Director, Thai Royal Orchid Real Estate Company Limited
2006 - Present	<ul style="list-style-type: none">• Director, Siam Piwat Holding Company Limited
2005 - Present	<ul style="list-style-type: none">• Vice Chairman, Chairman of the Executive Committee, and Member of the Succession Committee, Thanachart Bank Public Company Limited• Chairman of the Executive Committee, Thanachart Insurance Public Company Limited• Chairman, Thanachart Insurance Public Company Limited (2014 - Present)• Director, MBK Resort Public Company Limited• Director, Siam Piwat Company Limited
2003 - Present	
Experience in the Past 5 Years	
2012 - 2014	<ul style="list-style-type: none">• Vice Chairman, Thanachart Insurance Public Company Limited
2011 - 2015	<ul style="list-style-type: none">• Director, DMS Property Investment Private Company Limited
2011 - 2012	<ul style="list-style-type: none">• Vice Chairman, Patum Ricemill and Granary Public Company Limited
2010 - 2011	<ul style="list-style-type: none">• Vice Chairman, Siam City Bank Public Company Limited
2003 - 2013	<ul style="list-style-type: none">• Director, Thanachart Life Assurance Public Company Limited• Chairman of the Executive Committee, Thanachart Life Assurance Public Company Limited (2005 - 2013)
2003 - 2015	<ul style="list-style-type: none">• Director, Plan Estate Company Limited
2002 - 2015	<ul style="list-style-type: none">• Member of the Nomination and the Compensation Committee, MBK Public Company Limited
2000 - 2011	<ul style="list-style-type: none">• Advisor, Patum Ricemill and Granary Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Siripen Sitasuwan

Chairperson of the Audit Committee and Member of the Nomination and Remuneration Committee (Independent Director)

Date of Appointment	23 May 2000
Age	68 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Wichita State University, Kansas, USA• Bachelor of Business Administration and Accounting, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Certificate, Audit Committee Program (ACP), Class 32/2010• Certificate, Role of the Compensation Committee (RCC), Class 4/2007• Certificate, Director Certification Program (DCP), Class 33/2003 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014 <p><u>Singapore Institute of Directors</u></p> <ul style="list-style-type: none">• Attendance for course LCD - Module 1: Listed Company Director Essentials- Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know• Attendance for course LCD - Module 2: Audit Committee Essentials• Attendance for course LCD - Module 4: Nominating Committee Essentials
Position in Other Listed Company	
2013 - Present	<ul style="list-style-type: none">• Chairperson of the Audit Committee, Thai Solar Energy Public Company Limited• Member of the Audit Committee, Sermasuk Public Company Limited• Member of the Risk Management Committee, Sermasuk Public Company Limited (2015 - Present)
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none">• Member of the Remuneration Committee, Fraser and Neave, Limited (Singapore)• Chairperson of the Audit Committee and Member of the Nomination Committee, Fraser and Neave, Limited (Singapore) (2014 - Present)
2008 - Present	<ul style="list-style-type: none">• Chairperson, Solaris Asset Management Company Limited
Experience in the Past 5 Years	
2013 - 2014	<ul style="list-style-type: none">• Member of the Audit Committee and Member of the Remuneration Committee, Frasers Centrepoint Limited (Singapore)
2009 - 2014	<ul style="list-style-type: none">• Member of the Nomination Committee and Member of the Remuneration Committee, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Somkiat Sukdheva

Member of the Audit Committee and Member of the Risk Management Committee
(Independent Director)

Date of Appointment	23 May 2000
Age	72 Years
Education	<ul style="list-style-type: none">• Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University• Bachelor of Economics, Thammasart University
Directorship and Executive Training Program	<p><u>Sloan School M.I.T., USA</u></p> <ul style="list-style-type: none">• Senior Executive Program (SEP) <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Certificate, Boards that Make a Difference (BMD), Class 1/2016• IOD Luncheon Briefing 3/2016: A Discussion on Corporation's Preparedness for the Cybersecurity Threats in the Digital Transformation Era• Special Seminar 2/2013 "Risk Resilience: How the company's directors should deal with the issues of Enterprise Risk Management?"• Thai Directors Compensation Survey 2012• New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability 2012• Anti-Corruption Seminar 2012• Certificate, Advanced Audit Committee Program (AAP), Class 7/2012• Certificate, Monitoring the System of Internal Control and Risk Management (MIR), Class 12/2012• Certificate, Role of the Nomination and Governance Committee (RNG), Class 1/2011• Certificate, Financial Institutions Governance Program (FGP), Class 3/2011• Certificate, Monitoring Fraud Risk Management (MFM), Class 6/2011• Certificate, Monitoring the Internal Audit Function (MIA), Class 11/2011• Certificate, Monitoring the Quality of Financial Reporting (MFR), Class 13/2011• Certificate, Role of the Chairman Program (RCP), Class 25/2011• Certificate, Successful Formulation & Execution of Strategy (SFE), Class 3/2009• Certificate, Role of the Compensation Committee (RCC), Class 6/2008• Certificate, Audit Committee Program (ACP), Class 3/2004• Certificate, Director Certification Program (DCP), Class 40/2004• Certificate, Finance for Non-Finance Director (FND), Class 8/2004 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014 <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 6/2008 <p><u>Thammasat Association</u></p> <ul style="list-style-type: none">• Thammasat Leadership Program (TLP) Class 6
Position in Other Listed Company	
2011 - Present	<ul style="list-style-type: none">• Chairman of the Audit Committee, Energy Earth Public Company Limited
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none">• Director, Green Energy Plantations Company Limited
2005 - Present	<ul style="list-style-type: none">• Director, Eco Energy Group Corporation Company Limited• Director and Advisor, Thaimart Corporation Company Limited
Experience in the Past 5 Years	
2014 - 2015	<ul style="list-style-type: none">• Chairman of the Executive Committee, Thaimart Corporation Company Limited• Chairman, Thaimart Corporation Company Limited (2009 - 2014)
2009 - 2014	<ul style="list-style-type: none">• Chairman of the Nomination Committee and Chairman of the Remuneration Committee, Thanachart Capital Public Company Limited
2005 - Present	<ul style="list-style-type: none">• Director, Korvac (Thailand) Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Tiraphot Vajrabhaya

Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee (Independent Director)

Date of Appointment	3 April 2014
Age	63 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Boston University, USA• B.A in Economics and Commerce, University of Melbourne, Australia
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 197/2014• Certificate, Role of the Compensation Committee (RCC), Class 19/2014 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
1997 - Present	<ul style="list-style-type: none">• Director, U.S.P.N. Company Limited• Director, U.V.S.P. Company Limited
1984 - Present	<ul style="list-style-type: none">• Managing Director, T.V.V. Enterprise Company Limited
Experience in the Past 5 Years	
1997 - 2014	<ul style="list-style-type: none">• Director, Thanu Chana Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Vichit Yanamorn

Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee (Non-executive Director)

Date of Appointment	25 February 2015
Age	70 Years
Education	<ul style="list-style-type: none">• Master of Science (Computer Science), University of Iowa, USA• Bachelor of Commerce and Accountancy (Statistics), Second Class Honor, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Driving Company Success with IT Governance (ITG) Class 3/2016• Certificate, Role of the Nomination and Governance Committee (RNG) Class 7/2015• Certificate, Role of the Compensation Committee (RCC) Class 20/2015• Certificate, Audit Committee Program (ACP), Class 18/2007• Certificate, Director Accreditation Program (DAP), Class 34/2005
Position in Other Listed Company	
2014 - Present	<ul style="list-style-type: none">• Member of the Audit Committee, Netbay Public Company Limited
2012 - Present	<ul style="list-style-type: none">• Information Technology Advisor, MBK Public Company Limited
2004 - Present	<ul style="list-style-type: none">• Member of the Audit Committee, IT City Public Company Limited
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none">• Director, Amornchewin Company Limited
2014 - Present	<ul style="list-style-type: none">• Information Technology Advisor, Thanachart Insurance Public Company Limited
2010 - Present	<ul style="list-style-type: none">• Director, The Grand UB Company Limited
2002 - Present	<ul style="list-style-type: none">• Director, New Continent Company Limited
2001 - Present	<ul style="list-style-type: none">• Sub-Committee, Public Sector Audit Evaluation Sub-Committee of Social Development and Human Security
Experience in the Past 5 Years	
2007 - 2013	<ul style="list-style-type: none">• Information Technology Advisor, Thanachart Bank Public Company Limited
2004 - 2015	<ul style="list-style-type: none">• Director, Thai Feed Mills Public Company Limited
1991 - 2016	<ul style="list-style-type: none">• Director, Acerts Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Ms. Suvarnapha Suvarnaprathip

Vice Chairperson of the Executive Committee and Vice Chairperson of the Risk Management Committee (Executive Director)

Date of Appointment	1 September 2005
Age	71 Years
Education	<ul style="list-style-type: none">• Bachelor of Economics, Monash University, Australia
Directorship and Executive Training Program	<u>Banker Trust, New York, USA</u> <ul style="list-style-type: none">• Corporate Finance Training Program <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 20/2004
Position in Other Listed Company	None
Position in Other Non-listed Company	
2002 - Present	<ul style="list-style-type: none">• Director, Thanachart Bank Public Company Limited• Vice Chairperson of the Executive Committee, Thanachart Bank Public Company Limited (2006 - Present)
1991 - Present	<ul style="list-style-type: none">• Director, Seacon Development Public Company Limited
Experience in the Past 5 Years	
2010 - 2011	<ul style="list-style-type: none">• Director and Vice Chairperson of the Executive Committee, Siam City Bank Public Company Limited
2005 - 2013	<ul style="list-style-type: none">• Director and Member of the Executive Committee, Thanachart Life Assurance Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Somjate Moosirilert

Member of the Executive Committee, Member of the Risk Management Committee,
and Senior Executive Vice President (Executive Director)

Date of Appointment	2 March 2009
Age	60 Years
Education	<ul style="list-style-type: none">• Master of Management , Sasin Graduate Institute of Business Administration of Chulalongkorn University• Bachelor of Business Administration, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Corporate Governance for Capital Market Intermediaries (CGI), Class 15/2016• Certificate, Role of the Chairman Program (RCP), Class 5/2001 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014 <u>Thai Listed Company Association, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, TLCA Leadership Development Program (LDP)/2012 <u>Capital Market Academy, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 5/2007 <u>Judicial Training Institute, Courts of Justice</u> <ul style="list-style-type: none">• Certificate, The Program for Senior Executives on Justice Administration, Class 9/2005
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none">• Advisor, The Thai Bankers' Association
2015 - Present	<ul style="list-style-type: none">• Vice Chairman Advisor, Thai Listed Company Association
2011 - Present	<ul style="list-style-type: none">• Chairman, TS Asset Management Company Limited
2010 - Present	<ul style="list-style-type: none">• Director, Thanachart Fund Management Company Limited• Chairman of the Executive Committee, Thanachart Fund Management Company Limited (2011 - Present)• Chairman, Thanachart Fund Management Company Limited (2013 - Present)• Director and Member of the Executive Committee, Thanachart Insurance Public Company Limited• Vice Chairman of the Executive Committee, Thanachart Insurance Public Company Limited (2013 - Present)• Vice Chairman, Thanachart Insurance Public Company Limited (2014 - Present)• Board Advisor, Association of Thai Securities Companies
2009 - Present	<ul style="list-style-type: none">• Director and Member of the Executive Committee, Thanachart Bank Public Company Limited• Chief Executive Officer and President, Thanachart Bank Public Company Limited (2011 - Present)• Chairman, Thanachart Securities Public Company Limited• Chairman of the Executive Committee, Thanachart Securities Public Company Limited (2013 - Present)
Experience in the Past 5 Years	
2014 - 2016	<ul style="list-style-type: none">• Director, Sasin Graduate Institute of Business Administration of Chulalongkorn University
2011 - 2016	<ul style="list-style-type: none">• Director, The Thai Bankers' Association
2011 - 2015	<ul style="list-style-type: none">• Director and Vice Chairman, Thai Listed Company Association
2010 - 2014	<ul style="list-style-type: none">• Chairman and Chairman of the Executive Committee, Siam City Life Assurance Public Company Limited
2010 - 2011	<ul style="list-style-type: none">• Chairman, Siam City Asset Management Company Limited• Chairman, Siam City Securities Company Limited• Chairman, Thanachart Fund Management Company Limited• Director and Chairman of the Executive Committee, Siam City Bank Public Company Limited• Chief Executive Officer and President, Siam City Bank Public Company Limited (2011)• Chief Executive Officer, Thanachart Bank Public Company Limited
2009 - 2012	<ul style="list-style-type: none">• Governor, The Stock Exchange of Thailand
2009 - 2011	<ul style="list-style-type: none">• Vice Chairman, The Stock Exchange of Thailand (2009 - 2011)• Director, Thai Capital Market Development Committee
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Taweesak Saksirilarp
Director
(Non-executive Director)

Date of Appointment	23 February 2016
Age	62 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institution of Development Administration • Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Certification Program (DCP), Class 94/2007 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 <u>SG Asia Credit Public Company Limited</u> <ul style="list-style-type: none"> • Trouble Debt Restructuring
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Advisor, MBK Guarantee Company Limited
2016 - 31 December 2016	<ul style="list-style-type: none"> • Advisor, MAX Asset Management Company Limited • Advisor, NFS Asset Management Company Limited
Experience in the Past 5 Years	
2011 - 2015	<ul style="list-style-type: none"> • Director, TS Asset Management Company Limited
2010 - 2011	<ul style="list-style-type: none"> • Executive, SMEs Business Groups, Siam City Bank Public Company Limited
2009 - 2011	<ul style="list-style-type: none"> • Director, Fuel Pipeline Transportation Limited
2007 - 2015	<ul style="list-style-type: none"> • Director, Member of the Executive Committee, and Executive Vice President, Thanachart Capital Public Company Limited • Member of the Risk Management Committee, Thanachart Capital Public Company Limited (2013 - 2015)
2003 - 2015	<ul style="list-style-type: none"> • Chairman, MAX Asset Management Company Limited
2000 - 2015	<ul style="list-style-type: none"> • Investment Committee, NASSET Property Fund 6 • Chairman, NFS Asset Management Company Limited • Chairman of the Executive Committee, NFS Asset Management Company Limited (2001 - 2015)
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Executives

Mr. Kamtorn Tantisirivat

Member of the Risk Management Committee and Executive Vice President, Financial Division

Age	54 Years
Education	<ul style="list-style-type: none"> • M.B.A. in Finance, The University of Michigan at Ann Arbor, USA • M.S. in Computer Science, The University of Texas at Austin, USA • Bachelor of Engineering, Chalalongkorn University
Directorship and Executive Training Program	<u>CFA Institute</u> <ul style="list-style-type: none"> • CFA Program/2001 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Director, MT Service 2016 Company Limited • Chairman, MAX Asset Management Company Limited • Chairman and Chairman of the Executive Committee, NFS Asset Management Company Limited
2014 - Present	<ul style="list-style-type: none"> • Member of the Executive Committee and Member of the Risk Management Committee, MBK Life Assurance Public Company Limited
Experience in the Past 5 Years	
2007 - 2013	<ul style="list-style-type: none"> • Senior Vice President, Risk Policy and Capital Markets Unit, Thanachart Bank Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Watchara Permphithak

Senior Vice President, Business Division

Age	55 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institution of Development Administration • Bachelor of Engineering (Electrical), Kasetsart University
Directorship and Executive Training Program	<u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
2007 - Present	<ul style="list-style-type: none"> • Director, MAX Asset Management Company Limited • Vice Chairman, MAX Asset Management Company Limited (2016 - Present)
2006 - Present	<ul style="list-style-type: none"> • Vice Chairman of the Executive Committee, NFS Asset Management Company Limited • Vice Chairman, NFS Asset Management Company Limited (2016 - Present)
Experience in the Past 5 Years	
2012 - 2015	<ul style="list-style-type: none"> • Senior Vice President, Asset Development, Thanachart Bank Public Company Limited
2012 - 2013	<ul style="list-style-type: none"> • Director, Owendelle Company Limited
2011 - 2015	<ul style="list-style-type: none"> • Director, TS Asset Management Company Limited
2007 - 2015	<ul style="list-style-type: none"> • Investment Committee, NASSET Property Fund 6
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Wuthilert Suwannasri
First Vice President, Business Division

Age	47 Years
Education	<ul style="list-style-type: none"> • Master of Economics, Kasetsart University • Bachelor of Economics, Kasetsart University
Directorship and Executive Training Program	<ul style="list-style-type: none"> • Information Security Awareness Training for Top Management 2013 • Basic Taxes and Duties on Transfer Pricing • New Accounting Standards: Impacts and Practices (Standards of High Impacts Group) • Key Audit Matters in New Auditor's Report • Knowledge Related to Anti-money Laundering Act and Combating the Financing of Terrorism Act • Compliance to Anti-money Laundering & Combating the Financing of Terrorism Acts for Financial Sector • Getting Ready for Assessment from The Financial Action Task Force (FATF) <u>Thanachart Bank Public Company Limited</u> • Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
2011 - Present	<ul style="list-style-type: none"> • Director, MAX Asset Management Company Limited
2000 - Present	<ul style="list-style-type: none"> • Managing Director, NFS Asset Management Company Limited • Director, SynPhaet Company Limited
Experience in the Past 5 Years	
2011 - 2015	<ul style="list-style-type: none"> • Director, TS Asset Management Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Ms. Darawan Bunnumstien
First Vice President, Debt Restructuring Department, Business Division

Age	55 Years
Education	<ul style="list-style-type: none"> • Bachelor of Political Science, Thammasat University
Directorship and Executive Training Program	<u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 <u>The Bank of Thailand</u> <ul style="list-style-type: none"> • Seminar Program 2009 "Coping with and Looking beyond the Global Crisis" • Managing the Recovery Program • Debt Restructuring to Successful Program
Position in Other Listed Company	None
Position in Other Non-listed Company	
2007 - Present	<ul style="list-style-type: none"> • Director, MAX Asset Management Company Limited
2005 - Present	<ul style="list-style-type: none"> • Director, NFS Asset Management Company Limited
Experience in the Past 5 Years	
2003 - 2015	<ul style="list-style-type: none"> • Investment Committee, NASSET Property Fund 6
Family Relationship with Director and Management	None
No. of TCAP Share Held	0.00006 Percent (800 Shares)

Ms. Rommanee Jenpinit
First Vice President, Management Information Planning Department

Age	56 Years
Education	<ul style="list-style-type: none"> • Bachelor of Business Administration, Sukhothai Thammathirat Open University
Directorship and Executive Training Program	<u>Thai Institute of Banking and Finance Association</u> <ul style="list-style-type: none"> • Modern Banking Executive Development Program
Position in Other Listed Company	None
Position in Other Non-listed Company	None
Experience in the Past 5 Years	None
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Thanawan Chaisithikarnkha
First Vice President, Accounting Department

Age	51 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration Program in Entrepreneurship Management, King Mongkut's University of Technology Thonburi • MINI MBA, Chulalongkorn University • Bachelor of Business (Accounting), Ramkhamhaeng University
Directorship and Executive Training Program	<u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 <u>Thai Institute of Banking and Finance Association</u> <ul style="list-style-type: none"> • Young Banker's Executive Development Program (YOBEX) <u>NIDA Business School/The Stock Exchange of Thailand/Market for Alternative Investment (MAI) and The Federation of Thai Industries</u> <ul style="list-style-type: none"> • CFO Professional Program
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Director, MT Service 2016 Company Limited
2010 - Present	<ul style="list-style-type: none"> • Director, MBK Life Assurance Public Company Limited
Experience in the Past 5 Years	
2002 - 2012	<ul style="list-style-type: none"> • Vice President, Accounting Department, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Company Secretary

Mr. Panupan Tuangthong

Company Secretary, Secretary to the Board of Directors, Secretary to the Executive Committee, Secretary to the Nomination and Remuneration Committee, and Vice President to the Corporate Secretary Office

Age	53 Years
Education	<ul style="list-style-type: none">• Bachelor of Law, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 150/2011• Certificate, Financial Institutions Governance Program (FGP), Class 2/2011• Certificate, Effective Minute Taking (EMT), Class 8/2007• Certificate, Company Secretary Program (CSP), Class 4/2003 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company 2014 - Present	<ul style="list-style-type: none">• Director, Thai Company Secretary Club, Thai Listed Company Association
Experience in the Past 5 Years 2007 - 2014	<ul style="list-style-type: none">• Secretary to the Nomination Committee, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Details of the Company's Head of Internal Audit and Head of Compliance

The Company's Head of Internal Audit

Mrs. Vijitra Thumpothong
Executive Vice President, Chief Auditor, TBANK

Age	54 Years
Education	<ul style="list-style-type: none"> • Master of Science (Accounting), Thammasart University • Bachelor of Accounting, First Class Honor, Thammasart University • Certified Public Accountant (CPA)
Training Program related to Roles and Responsibilities and Competencies of Head of Internal Audit	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • New Certification Process Anti Corruption 2014 • Certificate, Director Certification Program (DCP), Class 171/2013 • Certificate, Financial Institutions Governance Program (FGP), Class 6/2013 <p><u>The Thai Institute of Banking and Finance Association</u></p> <ul style="list-style-type: none"> • Enterprise Risk Management Class 10/2010 <p><u>Thai Listed Companies Association</u></p> <ul style="list-style-type: none"> • TLCA Annual Risk Management Conference (2012) <p><u>The Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> • Audit Change from Internal Auditor to Consultant (2013) • Audit Committee Effectiveness Seminar (2012) • Asian Confederation of Institute of Internal Auditors Conference (2012) <p><u>Chula Unisearch, Chulalongkorn University</u></p> <ul style="list-style-type: none"> • Positive and Creative Thinking for Smart Auditors Class 1/2013 <p><u>The Institute of Internal Auditors</u></p> <ul style="list-style-type: none"> • Internal Audit International Conference (2008) <p><u>Berkeley-Nanyang, Singapore - USA</u></p> <ul style="list-style-type: none"> • Berkeley-Nanyang Advanced Management Program (2010) <p><u>The Asia Business Forum</u></p> <ul style="list-style-type: none"> • Detecting & Preventing Corporate Fraud (2007) • Strategic Change Management (2007) <p><u>PacRim Group</u></p> <ul style="list-style-type: none"> • LEADERSHIP GREATNESS; Great Leaders, Great Teams, Great Results Program Class 1/2013
Holding Directorship in Other Company	None
Experience in the Past 5 Years 2007 - 2011	<ul style="list-style-type: none"> • FSVP, Head of Corporate Administration, Siam Commercial Bank Public Company Limited • FSVP, Audit Division Head, Siam Commercial Bank Public Company Limited
Family Relationship with Management	None
No. of TCAP Share Held	None

The Company's Head of Compliance

Ms. Kavita Boonpochanasoontorn
Senior Vice President, Compliance Department, TBANK

Age	49 Years
Education	<ul style="list-style-type: none"> • Barrister-at-Law, Thai Bar Association, The Institute of Legal Education • Master of Laws (International Business Laws) - International Program, Chulalongkorn University in partnership with University of British Columbia, University of Victoria and Kyushu University • Master of Business Administration (Finance), Saginaw Valley State University, Michigan, USA • Bachelor of Law (Business Law), Chulalongkorn University • Chartered Financial Analyst Candidate, Association for Investment and Research, the Institute of Chartered Financial Analysts, USA
Training Program related to Roles and Responsibilities and Competencies of Head of Compliance	<ul style="list-style-type: none"> • The Act on International Cooperation re Foreign Account Tax Compliance Act (FATCA) • Risk and Compliance Solution for Banking, Reuters (Thailand) Company Limited • Certification of Compliance Officer in Banking Business, Chulalongkorn University, Class 8/2015 • Anti-money Laundering & Combating the Financing of Terrorism (AML&CFT) Acts Seminar, the Anti-Money Laundering Office, 2003 - 2014 • Asia Future Leader, Allianz, Singapore, China 2008 • Certified Compliance Officer, Allianz, Germany 2008 • Certified Operational Excellence (OPEX) Blue Belt, Allianz's Six Sigma 2007 <p><u>Thai Bond Market Association (ThaiBMA)</u></p> <ul style="list-style-type: none"> • Bond Regulatory Updates & Compliance <p><u>The Thai Institute of Banking and Finance Association</u></p> <ul style="list-style-type: none"> • Basel Standard of Risk and Capital Management • Financial Action Task Force (FATF) framework • Credit Risk Management (Concept & Framework) 2015 <p><u>The Securities and Exchange Commission</u></p> <ul style="list-style-type: none"> • Securities & Fund Compliance of the Management in charge of the Compliance Department, 2015 <p><u>The Thai Chamber of Commerce and The Institute of Internal Auditor</u></p> <ul style="list-style-type: none"> • The Business Collateral Act <p><u>The Asia Business Forum</u></p> <ul style="list-style-type: none"> • Corporate Legal Counsel Asia, Singapore • Thai Tax Forum, Thailand <p><u>PacRim Group</u></p> <ul style="list-style-type: none"> • Leadership Greatness • The 7 Habits of Highly Effective People Forum • The 4 Roles of Leadership <p><u>Marcus Evans</u></p> <ul style="list-style-type: none"> • Blue Ocean - Developing New Approach to Tackle Competition, Thailand • Operational Risk Managements, Singapore
Holding Directorship in Other Company	None
Experience in the Past 5 Years 2007 - 2014	<ul style="list-style-type: none"> • Senior Vice President, Head of Legal & Compliance and Internal Audit, Allianz Ayudhya Life Public Company Limited
Family Relationship with Management	None
No. of TCAP Share Held	None

Report on Changes in Shareholding of the Company's Directors and Executives in 2015 to 2016

(Information as at 31 December 2016)

No.	Name	Position	Number of Share(s) held as at 31 December 2016	Number of Share(s) held as at 31 December 2015	Increase (Decrease)	Percentage of Shareholding (Percent)
1	Mr. Banterng Tantivit Spouse and minor children	Chairman	-	-	-	-
			-	-	-	-
2	Mr. Suphadej Poonpipat Spouse and minor children	Vice Chairman, and Chief Executive Officer	-	-	-	-
			-	-	-	-
3	Mrs. Siripen Sitasuwan Spouse and minor children	Director	-	-	-	-
			-	-	-	-
4	Mr. Somkiat Sukdheva Spouse and minor children	Director	-	-	-	-
			-	-	-	-
5	Mr. Tiraphot Vajrabhaya Spouse and minor children	Director	-	-	-	-
			-	-	-	-
6	Mr. Vichit Yanamorn Spouse and minor children	Director	-	70,000	(70,000)	-
			-	-	-	-
7	Ms. Suvarnapha Suvarnaprathip Spouse and minor children	Director	-	-	-	-
			-	-	-	-
8	Mr. Somjate Moosirilert Spouse and minor children	Director, and Senior Executive Vice President	-	-	-	-
			-	-	-	-
9	Mr. Taweesak Saksirilarp Spouse and minor children	Director	-	-	-	-
			-	-	-	-
10	Mr. Kamtorn Tantisirivat Spouse and minor children	Executive Vice President, Financial Division	-	-	-	-
			-	-	-	-
11	Mr. Watchara Permphithak Spouse and minor children	Senior Vice President, Business Division	-	-	-	-
			-	-	-	-
12	Mr. Wuthilert Suwannasri Spouse and minor children	First Vice President, Business Division	-	-	-	-
			-	-	-	-
13	Ms. Darawan Bunnumstien Spouse and minor children	First Vice President, Debt Restructuring Department, Business Division	800	800	-	0.00006
			-	-	-	-
14	Ms. Rommanee Jenpinit Spouse and minor children	First Vice President, Management Information Planning Department	-	-	-	-
			-	-	-	-
15	Mrs. Thanawan Chaisithikarnkha Spouse and minor children	First Vice President, Accounting Department	-	-	-	-
			-	-	-	-

(Information as at 31 December 2016)

Notes:	XXX Chairman	XX Vice Chairman	X Director
/// Chairman of the Executive Committee		// Vice Chairman of the Executive Committee	/ Executive Committee
A CEO & President		B CEO	C Senior Executive Vice President
D Managing Director		E Senior Vice President	F First Vice President
G First Vice President			

List of Subsidiary, Associated, and Related Company

(Information as at 31 December 2016)

Subsidiary Company

1. Thanachart Bank Public Company Limited
2. Thanachart Securities Public Company Limited
3. Thanachart Fund Management Company Limited
4. Thanachart Insurance Public Company Limited
5. NFS Asset Management Company Limited
6. MAX Asset Management Company Limited
7. MBK Life Assurance Public Company Limited
8. TS Asset Management Company Limited
9. MT Service 2016 Company Limited

Associated Company

10. MBK Public Company Limited

Related Company

11. MBK Resort Public Company Limited
12. Siam Piwat Holding Company Limited
13. Siam Piwat Company Limited
14. Deebuk Company Limited
15. Thai Farming Company Limited
16. B.V. Holding Company Limited
17. Dusit Thani Public Company Limited
18. Laem Sai Village Company Limited
19. Patum Ricemill and Granary Public Company Limited
20. Royal Orchid Hotel (Thailand) Public Company Limited
21. Thai Royal Orchid Real Estate Company Limited
22. DMS Property Investment Private Company Limited
23. Solaris Asset Management Company Limited
24. Fraser and Neave, Limited (Singapore)
25. Thai Solar Energy Public Company Limited
26. Sermasuk Public Company Limited
27. Energy Earth Public Company Limited
28. Green Energy Plantations Company Limited
29. Eco Energy Group Corporation Company Limited
30. Thaimart Corporation Company Limited
31. T.V.V. Enterprise Company Limited
32. U.S.P.N. Company Limited
33. U.V.S.P. Company Limited
34. Netbay Public Company Limited
35. IT City Public Company Limited
36. Amornchewin Company Limited
37. The Grand UB Company Limited
38. New Continent Company Limited
39. Seacon Development Public Company Limited
40. SynPhaet Company Limited

Details Related to Directors of Subsidiary Company as of 31 December 2016

Subsidiary Company that significantly generated income more than 10 percent of total income in consolidated comprehensive income statements of the latest accounting year were Thanachart Bank Public Company Limited and Thanachart Insurance Public Company Limited

Name		TBANK	TNI
1.	Mr. Banerng Tantivit	XXX	
2.	Mr. Suphadej Poonpipat	XX ///	XXX ///
3.	Mr. Kiattisak Meecharoen	X	
4.	Mr. Narong Chivangkur	X	
5.	Mr. Sataporn Jinachitra	X	
6.	Assoc. Prof. Dr. Somjai Phagaphasvivat	X	
7.	Mr. Rod Michael Reynolds	X	
8.	Mr. Walter Tas	X	
9.	Mr. Adil Aziz Chaudhry	X	
10.	Ms. Suvarnapa Suvarnaprathip	X //	
11.	Mr. Peter Clifford Bessey	X // B	X
12.	Mr. Somjate Moosirilert	X / A	XX //
13.	Mrs. Noossara Roonsamrarn		X
14.	Mr. Praphan Anupongongarch		X
15.	Mr. Perapart Meksingvee		X /
16.	Mr. Chulasingh Vasantasingh		X
17.	Mr. Wichian Mektrakarn		X
18.	Mr. Pirus Pradithavanij		X
<u>Retiring Directors in 2016</u>			
	Mr. Alberto Jaramillo	X	

Notes: XXX Chairman XX Vice Chairman X Director
 /// Chairman of the Executive Committee // Vice Chairman of the Executive Committee / Executive Committee
 A CEO & President B Deputy Chief Executive Officer

Board of Directors and Executives Management of TBANK
(Subsidiary Company that is the Company's Main Business)

The Board of Directors of TBANK

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Mr. Suphadej Poonpipat
Vice Chairman, Chairman of the Executive Committee, and Member of the Succession Committee
(Executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Mr. Kiattisak Meecharoen
Chairman of the Audit Committee
(Independent Director)

Date of Appointment	22 April 2002
Age	70 Years
Education	<ul style="list-style-type: none"> • Master of Arts in Theoretical Economics, Keio University, Tokyo, Japan • Bachelor of Science in Finance, Hitotsubashi University, Kunitachi, Tokyo, Japan
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 40/2005 • Certificate, Audit Committee Program (ACP), Class 10/2005 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives Class 1/2014 <p><u>World Bank</u></p> <ul style="list-style-type: none"> • Futures Exchange (1995) <p><u>Merrill Lynch, New York</u></p> <ul style="list-style-type: none"> • Portfolio Investment (1994) <p><u>JP Morgan, New York</u></p> <ul style="list-style-type: none"> • Management Reserves (1993) <p><u>Harvard Institute for International Development, Harvard University</u></p> <ul style="list-style-type: none"> • Banking and Monetary Policy in Developing Countries (1988)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2000 - 2013	<ul style="list-style-type: none"> • Independent Director, Thanachart Life Assurance Public Company Limited
2010 - 2011	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Siam City Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2005 - Present	<ul style="list-style-type: none"> • Independent Director, Tararom Enterprise Public Company Limited
2000 - Present	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Safety Insurance Public Company Limited

Mr. Narong Chivangkur
Chairman of the Nomination and Remuneration Committee
and Chairman of the Succession Committee (Independent Director)

Date of Appointment	22 April 2002
Age	72 Years
Education	<ul style="list-style-type: none"> Higher Diploma in Business and Marketing, Assumption Commercial College
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> Certificate, Boards that Make a Difference (BMD), Class 3/2016 Certificate, Board Matters and Trends (BMT), Class 1/2016 Certificate, Advanced Audit Committee Program (AACP), Class 23/2016 Certificate, Ethical Leadership Program (ELP), Class 3/2016 Certificate, Anti-Corruption Executive Program (ACEP), Class 3/2011 Certificate, Role of the Nomination and Governance Committee (RNG), Class 1/2011 Certificate, Financial Institutions Governance Program (FGP), Class 2/2011 Certificate, Audit Committee Program (ACP), Class 32/2010 Certificate, Financial Statement for Director (FSD), Class 4/2009 Certificate, Successful Formulation and Execution of Strategy (SFE), Class 2/2008 Certificate, Role of the Compensation Committee (RCC), Class 4/2007 Certificate, Chartered Director Class (CDC), Class 1/2007 Certificate, Corporate Social Responsibility (CSR), Class 1/2007 Certificate, Director Certification Program (DCP), Class 34/2003 Certificate, Director Examination, Class 11/2003 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> Anti Corruption for Executives, Class 1/2014 <p><u>Pennsylvania State University</u></p> <ul style="list-style-type: none"> Advanced Executive Development Program (1987) <p><u>Rochester Institute of Technology, New York, USA</u></p> <ul style="list-style-type: none"> Financial Management Program (1986) <p><u>Asian Institute of Management, Philippines</u></p> <ul style="list-style-type: none"> Management Development Program (1982)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2005 - 2014	<ul style="list-style-type: none"> Director, Momchailai Development Company Limited
2003 - 2012	<ul style="list-style-type: none"> Director, Momentum IM Company Limited
2010 - 2011	<ul style="list-style-type: none"> Independent Director and Chairman of the Nomination and Remuneration Committee, Siam City Bank Public Company Limited
2004 - 2011	<ul style="list-style-type: none"> Director, Momentum Sale and Distribution Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2000 - Present	<ul style="list-style-type: none"> Director, Momentum BBS Company Limited

Mr. Sataporn Jinachitra

Member of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Succession Committee (Independent Director)

Date of Appointment	19 July 2007
Age	68 Years
Education	<ul style="list-style-type: none">• Master of Science (Econometrics), The London School of Economics and Political Science (University of London), England• Bachelor of Science (Economics) (Upper Second Class Honours), University College London, England• Bachelor of Art (Law), Sukhothai Thammathiraj Open University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Certificate, Boards that Make a Difference (BMD), Class 3/2016• The Thailand's 5th National Conference on Collective Action against Corruption, under the theme of "Tackling Corruption through Public-Private Collaboration"• Certificate, Anti-Corruption for Executive Program (ACEP), Class 4/2012• Certificate, the Executive Director Course (EDC), Class 1/2012• Certificate, Role of the Chairman Program (RCP), Class 24/2010• Certificate, Role of the Compensation Committee (RCC), Class 10/2010• Certificate, Successful Formulation and Execution of Strategy (SFE), Class 4/2009• Certificate, Corporate Social Responsibility (CSR), Class 1/2007• Certificate, Chartered Director Class (CDC), Class 1/2007• Certificate, DCP Refresher Course, Class 2/2006• Certificate, Director Certification Program (DCP), Class 0/2000 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2010 - 2011	<ul style="list-style-type: none">• Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Siam City Bank Public Company Limited
2006 - 2011	<ul style="list-style-type: none">• Dispute Resolution Committee, Interconnection Institution, NTC
1999 - 2011	<ul style="list-style-type: none">• Director, Thai Institute of Directors Association
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Assoc. Prof. Dr. Somjai Phagaphasvivat
Member of the Audit Committee
(Independent Director)

Date of Appointment	26 March 2009
Age	70 Years
Education	<ul style="list-style-type: none"> • Doctorado de Estado, Facultad de Ciencia Politica, Universidad Complutense de Madrid, Spain • Diplome d'Etudes Superieures (Economic Integration), Universite de Nancy, France • Licenciatura, Facultad de Ciencia Politica y Economica, Universidad Complutense de Madrid, Spain • Bachelor of Arts, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 34/2005
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2007 - 2016	<ul style="list-style-type: none"> • Director and Chairman of the Audit Committee, Thai Hua Rubber Public Company Limited • Director and Chairman of the Audit Committee, The Krungthep Thanakom Company Limited
2006 - 2013	<ul style="list-style-type: none"> • Chairman of the Audit Committee, SEAFCO Public Company Limited
1996 - 2013	<ul style="list-style-type: none"> • Member of the Audit Committee, Amarin Printing and Publishing Public Company Limited
2010 - 2011	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Siam City Bank Public Company Limited
Position in Other Listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director, Supalai Public Company Limited
2013 - Present	<ul style="list-style-type: none"> • Chairman, SEAFCO Public Company Limited • Chairman of the Audit Committee, Amarin Printing and Publishing Public Company Limited
2007 - Present	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Lee Feed Mill Public Company Limited
2006 - Present	<ul style="list-style-type: none"> • Independent Director, SEAFCO Public Company Limited
1996 - Present	<ul style="list-style-type: none"> • Independent Director, Amarin Printing and Publishing Public Company Limited
Position in Other Non-listed Company	None

Mr. Rod Michael Reynolds
 Member of the Nomination and Remuneration Committee
 and Member of the Succession Committee (Non-executive Director)

Date of Appointment	15 January 2013
Age	59 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, York University, Toronto, Canada • Bachelor of Science in Engineering, Queen's University, Ontario, Canada
Directorship and Executive Training Program	<u>Euromoney Training</u> <ul style="list-style-type: none"> • Euromoney Asia Corporate Governance Program (2012)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
1983 - 2016	<ul style="list-style-type: none"> • Various executive positions at The Bank of Nova Scotia
2012 - 2015	<ul style="list-style-type: none"> • Senior Independent Director, C.H. Bailey Public Limited Company
2009 - 2013	<ul style="list-style-type: none"> • Director, Tulsa Inspection Resources Limited Liability Company
Position in Other Listed Company	None
Position in Other Non-listed Company	
2009 - Present	<ul style="list-style-type: none"> • Director, Logarithmics Limited

Mr. Walter Tas
Director
(Non-executive Director)

Date of Appointment	1 March 2015
Age	45 Years
Education	<ul style="list-style-type: none"> • Master of Arts, Economics and Business Administration, Vrije Universiteit Amsterdam, The Netherlands • Bachelor of Commerce - Economics, Hogeschool voor Economische Studies, Amsterdam, The Netherlands
Directorship and Executive Training Program	<p><u>The Hong Kong Institute of Bankers</u></p> <ul style="list-style-type: none"> • Regulator's Perspective - Account Opening, KYC Information Collection and Financial Inclusion (2016) • Trends and Updates on Credit Risk Regulations and Requirements: Impact on Banking and Finance Sector of HK and China (2016) • Resolution Regime for Financial Institutions in Hong Kong (2015) • Implementation of Basel III in Hong Kong and Regulatory Requirements (2015) • Corporate Governance for AIs (2014)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2014 - 2016	<ul style="list-style-type: none"> • Vice President, CFO & Corporate Development, Asia Pacific, The Bank of Nova Scotia
2011 - 2014	<ul style="list-style-type: none"> • Vice President, Strategic Transactions and Review, The Bank of Nova Scotia
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Director, Scotia Securities Asia Limited • Chief Operating Officer & CFO, Global Banking and Markets, Asia Pacific, The Bank of Nova Scotia
2014 - Present	<ul style="list-style-type: none"> • Director, Scotiabank (Hong Kong) Limited, Hong Kong

Mr. Adil Aziz Chaudhry
 Director
 (Non-executive Director)

Date of Appointment	1 April 2016
Age	59 Years
Education	<ul style="list-style-type: none"> • Master of International Law and Banking, Asian Studies, Columbia University in the City of New York • Bachelor of Arts, English and Political Science, Rutgers University, New Brunswick
Directorship and Executive Training Program	<p><u>The Institute of Banking and Finance Singapore (IBF)</u></p> <ul style="list-style-type: none"> • The Capital Markets and Financial Advisory Services Examination (CMFAS Exam) Module 1B - Rules and Regulations for Dealing in Securities (2016) <p><u>The National Association of Securities Dealers (NASD)</u></p> <ul style="list-style-type: none"> • The Series 7 Exam (General Securities Representative Examination) (1986)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	None
Position in Other Listed Company	None
Position in Other Non-listed Company	<p>2004 - President</p> <ul style="list-style-type: none"> • Vice President and Head Regional Credit Markets, The Bank of Nova Scotia Asia Limited, Singapore

Ms. Suvarnapha Suvarnaprathip
 Vice Chairperson of the Executive Committee
 (Executive Director)

- Her profile is disclosed in the part of Directors and Executives of the Company -

Mr. Peter Clifford Bessey

Vice Chairman of the Executive Committee, Vice Chairman of the Risk Management Committee, and Deputy Chief Executive Officer (Executive Director)

Date of Appointment	1 September 2014
Age	56 Years
Education	<ul style="list-style-type: none">• Bachelor of Business Administration, University of New Brunswick, Canada
Directorship and Executive Training Program	<u>Ivey Executive Program</u> <ul style="list-style-type: none">• Richard Ivey School of Business <u>Investment Funds in Canada</u> <ul style="list-style-type: none">• Institute of Canadian Bankers <u>Associate of the Institute of Canadian Bankers</u> <ul style="list-style-type: none">• Institute of Canadian Bankers
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2011 - 2014	<ul style="list-style-type: none">• President and Chief Executive Officer, Scotiabank de Puerto Rico
2008 - 2011	<ul style="list-style-type: none">• Senior Vice President, Retail and Small Business Banking Atlantic Region, Halifax, The Bank of Nova Scotia, Canada
Position in Other Listed Company	None
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none">• Director, Thanachart Insurance Public Company Limited

Mr. Somjate Moosirilert

Member of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer and President (Executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Mrs. Noossara Roonsamrarn
Executive Vice President, Corporate Banking Team 1

Date of Appointment	22 April 2002
Age	58 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institute of Development Administration • Bachelor of Political Science, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, DCP Refresher Course, Class 4/2007 • Certificate, Director Certification Program (DCP), Class 19/2002 <p><u>Harvard Business School</u></p> <ul style="list-style-type: none"> • Certificate in Advanced Management Program (AMP 168) <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Leadership Program, Class 7 (CMA 7) <p><u>The National Defence College</u></p> <ul style="list-style-type: none"> • Diploma, National Defence College, The Joint-State-Private Sectors Course, Class 22
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
1997 - 2014	<ul style="list-style-type: none"> • Member of the Audit Committee, Thanachart Insurance Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
1997 - Present	<ul style="list-style-type: none"> • Director, Thanachart Insurance Public Company Limited

Mr. Piyaphong Artmangkorn
Executive Vice President, Investment Management

Date of Appointment	1 September 2005
Age	59 Years
Education	<ul style="list-style-type: none"> • Master of Public Administration (Taxation), University of Southern California, USA • Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 8/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	None
Position in Other Listed Company	
2006 - Present	<ul style="list-style-type: none"> • Executive Committee, MBK Public Company Limited
1998 - Present	<ul style="list-style-type: none"> • Director, MBK Public Company Limited
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Director, Thanachart Fund Management Company Limited

Mr. Anuwat Luengtaweekul
Executive Vice President, Chief Financial Officer

Date of Appointment	1 June 2009
Age	53 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Rangsit University • Bachelor of Science (Accounting), Kasetsart University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Role of the Compensation Committee (RCC), Class 21/2016 • How to Measure the Success of Corporate Strategy (HMS), Class 4/2014 • Certificate, Successful Formulation and Execution of Strategy (SFE), Class 3/2009 • Certificate, Director Certification Program (DCP), Class 24/2002 • Certificate, Board and Performance Evaluation Program <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 <p><u>Association of Finance Companies</u></p> <ul style="list-style-type: none"> • Financers' Executive Development Program, Class 9/1994
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	None
Position in Other Listed Company	
2012 - Present	<ul style="list-style-type: none"> • Member of the Nomination and Remuneration Committee, Ratchthani Leasing Public Company Limited
2010 - Present	<ul style="list-style-type: none"> • Director, Ratchthani Leasing Public Company Limited
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Information and Communication Networks Company Limited

Mr. Enghug Nontikarn
Executive Vice President, Treasury and Debt Capital Markets*

Date of Appointment	1 June 2011
Age	60 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Thammasat University • Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 25/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2006 - 2011	<ul style="list-style-type: none"> • Senior Executive Vice President, Siam City Bank Public Company Limited
Position in Other Listed Company	
1995 - Present	<ul style="list-style-type: none"> • Independent Director, Member of the Audit Committee, and Member of the Nomination Committee, Srithai Superware Public Company Limited
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none"> • Director, TRIS Corporation Limited
2014 - Present	<ul style="list-style-type: none"> • Director and Chairman of the Risk Management Committee, Thanachart Fund Management Company Limited** • Member of the Nomination Committee, TRIS Corporation Limited

Notes: * Mr. Enghug Nontikarn retired from Executive Vice President - Treasury and Debt Capital Markets on 1 January 2017.

** Mr. Enghug Nontikarn resigned from his directorship and Chairman of the Risk Management Committee of Thanachart Fund Management Company Limited, effective on 1 January 2017.

Mr. Sanong Kumnuch
Executive Vice President, Retail and Small Business Distribution

Date of Appointment	12 February 2015
Age	55 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration (Finance), University of the Thai Chamber of Commerce • Bachelor of Laws, Sukhothai Thammathirat Open University • Bachelor of Accountancy, Ramkhamhaeng University
Directorship and Executive Training Program	<u>Association of Investment Management Companies</u> <ul style="list-style-type: none"> • Securities Investment Consultant Tutoring <u>PacRim Group</u> <ul style="list-style-type: none"> • Leadership Greatness <u>The Bank of Thailand</u> <ul style="list-style-type: none"> • Anti-Corruption for Executives <u>Grid Business Solutions Limited</u> <ul style="list-style-type: none"> • The Leadership Grid <u>The Continuing Education Center Chulalongkorn University</u> <ul style="list-style-type: none"> • Psychology of Leadership for Executives
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2010 - 2015	<ul style="list-style-type: none"> • Executive Vice President, Thanachart Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company 2016 - Present	<ul style="list-style-type: none"> • Director, Thanachart Fund Management Company Limited

Mr. Ziad El-Hoss
Executive Vice President, Chief Risk Officer

Date of Appointment	12 February 2015
Age	61 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, The American University of Beirut, Lebanon
Directorship and Executive Training Program	<p>Canadian Securities Course <u>The Bank of Nova Scotia</u></p> <ul style="list-style-type: none"> • Anti-Corruption • Anti-Money Laundering • Operational Risk • Integrity & Privacy • Global Sanctions • Information & Cyber Security • Managing High Risk Customers
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2013 - 2015	<ul style="list-style-type: none"> • Executive Vice President, Chief Risk Officer, Thanachart Bank Public Company Limited
2008 - 2013	<ul style="list-style-type: none"> • Vice President, The Bank of Nova Scotia
Position in Other Listed Company	None
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none"> • Vice Chairman, TS Asset Management Company Limited

Ms. Wisarnsri Nilodom
Executive Vice President, Corporate Banking Team 2

Date of Appointment	12 February 2015
Age	53 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Accountancy, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Leadership Program, Class 21 (CMA 21) <p><u>The National Defence College</u></p> <ul style="list-style-type: none"> • Diploma, The National Defence Course for the Joint State - Private Sectors, Class 24 • Certificate of Achievement, Advanced Security Management Program (ASMP 5) <p><u>The Bank of Thailand</u></p> <ul style="list-style-type: none"> • Anti-Corruption for Executives, Class 1/2014 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Security officials in the executive management Course, Class 2/2014 • BANK GUARANTEE and STAND BY L/C and International Regulations, Class 3/2013 • Knowledge of the Money Laundering Act and the Terrorism Financing Act for Branch Executives
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2013 - 2015	<ul style="list-style-type: none"> • Executive Vice President, Thanachart Bank Public Company Limited
1999 - 2013	<ul style="list-style-type: none"> • Executive Vice President, Standard Chartered Bank (Thai) Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director and Shareholder, CSR Alliance (Thailand) Company Limited • Director and Shareholder, Money M Company Limited

Mr. Boonlerd Sinsombat
Executive Vice President, Information Technology

Date of Appointment	1 April 2015
Age	48 Years
Education	<ul style="list-style-type: none"> • Master of Science (Computer & Engineer Management), Assumption University • Bachelor of Science (Mathematics), King Mongkut's Institute of Technology Thonburi
Directorship and Executive Training Program	<u>PacRim</u> <ul style="list-style-type: none"> • Leadership Great Leader Great Team Great Result <u>GE Capital</u> <ul style="list-style-type: none"> • Executive Information Leadership Program - USA <u>Thai Banking Association</u> <ul style="list-style-type: none"> • Banker Managerial Training
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 1998 - 2015	<ul style="list-style-type: none"> • Executive Vice President, KGCP Information Technology, Ayudhya Capital Services Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mr. Praphan Anupongongarch
Executive Vice President, Automotive Lending

Date of Appointment	9 September 2016
Age	53 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institute of Development Administration • Bachelor of Business Administration (Marketing), Sukhothai Thammathirat Open University • Bachelor of Science (Mathematics), King Mongkut's Institute of Technology Thonburi
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Successful Formulation and Execution of Strategy (SFE), Class 22/2014 • Certificate, Director Certification Program (DCP), Class 173/2003
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2014 - 2016 2010 - 2014	<ul style="list-style-type: none"> • Executive Vice President, Automotive Lending, Thanachart Bank Public Company Limited • Executive Vice President, Secured Lending and Deposits, Thanachart Bank Public Company Limited
Position in Other Listed Company 2011 - Present	<ul style="list-style-type: none"> • Director and Member of the Executive Committee, Ratchthani Leasing Public Company Limited
Position in Other Non-listed Company 2010 - Present	<ul style="list-style-type: none"> • Director, Thanachart Insurance Public Company Limited

Mr. William George Said
Executive Vice President, Chief Administrative Officer

Date of Appointment	4 November 2016
Age	44 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Queen's University, Kingston, Canada • Bachelor of Commerce, Dalhousie University
Directorship and Executive Training Program	None
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2011 - 2015	<ul style="list-style-type: none"> • Managing Director and Head of Greater China, Scotiabank
2015 - 2016	<ul style="list-style-type: none"> • Managing Director, Structural Cost Transformation, Scotiabank
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mrs. Pittimart Sanguansook
Senior Vice President, Finance

Date of Appointment	1 August 2016
Age	52 Years
Education	<ul style="list-style-type: none"> • Bachelor of Accounting, Thammasat University • High Diploma in Auditing, Thammasat University
Directorship and Executive Training Program	<ul style="list-style-type: none"> • Seminar IFRS, Toronto, Canada • Seminar Fundamental Practice for CFO
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2014 - 2016	<ul style="list-style-type: none"> • Senior Vice President, Accounting, Thanachart Bank Public Company Limited
2008 - 2013	<ul style="list-style-type: none"> • Vice President, Citibank
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mr. Premsak Chitprapaporn
First Vice President, Accounting

Date of Appointment	1 August 2016
Age	40 Years
Education	<ul style="list-style-type: none">• Bachelor of Accounting, Thammasat University• Master of Accountancy, Chulalongkorn University
Directorship and Executive Training Program	<ul style="list-style-type: none">• Seminar IFRS Update, Toronto, Canada
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2011 - 2016	<ul style="list-style-type: none">• Vice President, Financial Analysis and Data Management & BNS Support, Thanachart Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None

RELATED PARTY TRANSACTION

Measures or Procedures Related to Approval of Related Party Transactions

The Company has put in place a policy and regulations related to the execution of related party transactions and connected transactions in compliance with the requirements imposed by the SEC and the SET. The objective is to prevent conflicts of interest. In this connection, the Company has announced the regulations, to which both its staff and executives are required to adhere to. In addition, the regulations cover internal transactions within Thanachart Group as well as transactions with related parties, based on the regulations of the BOT.

In considering the execution of related party transactions, the Company uses the same procedures as applied to customers or business counterparts in general. It also follows the properly established normal processes as it deems necessary to support the Company's operations. In executing related party transactions, to prevent a conflict of interest, the Company not only has adopted the practice of using a fair and appropriate price but it also complies with the regulatory requirements, taking into consideration mainly the maximum benefit to be gained by the Company and its shareholders.

The execution of any transaction between the Company and its subsidiaries with related party that may have a conflict of interest is subject to approval of the Board of Directors and is subject to the consideration and consent of the Audit Committee, in adherence to the set policy or rules of which have been announced clearly to all parties. The Company's directors or senior executives having a conflict of interest in the transaction are prohibited from participating in the discussion and from voting on the agenda item concerned. Importantly, the approval of the transaction has to be within the power and credit line established by the Company and also in compliance with the regulatory requirements. As well, the Company is required to disclose such transaction in accordance with the regulatory requirements, financial disclosure standards as well as the Company's regulations.

Policies and Trends on Related Party Transactions in the Future

Related party transactions between the Company and its subsidiaries with parties having a possible conflict of interest shall arise from normal business transactions or transactions that support various business operations. In this connection, the Company has established clear standards and approval procedures and it is the Company's policy to follow the same normal practices as well as terms and conditions of trade as applied to customers in general.

Information Disclosure

The Company discloses major related party transactions in the notes to financial statements. In this connection, during fiscal year of 2016, there were significant transactions between the Company and its subsidiaries with related parties which may have a conflict of interest, as follows:

1. MBK Public Company Limited ("MBK") and Its Subsidiaries

Relationship

MBK is a business whose equity stake is jointly held by the Company and its subsidiaries in the amount of 21.98 percent. The related directors holding board positions in both corporations are listed below.

1. Mr. Banterng Tantivit
2. Mr. Suphadej Poonpipat
3. Mr. Piyaphong Artmangkorn

Related Party Transactions

1.1 Property lease between the Company and its subsidiaries (lessees) and MBK and its subsidiaries (lessors)

Nature and value of transactions

The objectives of the property lease between the Company and its subsidiaries and MBK and its subsidiaries were as follows:

(Unit: Million Baht)

Lessees	Objectives	Amount
The Company	Lease of property being used as headquarters	10.81
TBANK	Lease of property being used as headquarters, branches, foreign exchange offices, as well as locations for ATMs and billboards for advertising products and services	126.61
Subsidiary Companies	Lease of property being used as headquarters and branches	68.11
Total		205.53

Necessity and rationale of transactions

The property was leased for the purpose of conducting normal business affairs. The rental rate was based on fair market rates charged for adjoining or neighboring properties.

1.2 Property lease between a subsidiary of the Company (lessors) and T Leasing Company Limited (“TLS”), a subsidiary of MBK (lessees)

Nature and value of transactions

TBANK has leased parts of Huai Khwang branch for TLS to utilize as an office with a rental fee of 0.17 million baht during the fiscal year.

Necessity and rationale of transactions

The property was leased for the most optimal utilization of the space with rental rate comparable to 3 adjoining properties.

1.3 Asset sale between a subsidiary of the Company (seller) and MBK Hotel and Tourism Company Limited (“MBK-HT”), a subsidiary of MBK (buyer)

Nature and value of transactions

TBANK sold the assets in forms of partitions, desks, chairs, and cabinets which TBANK no longer used to MBK-HT. The assets valuation totaled 0.19 million baht.

Necessity and rationale of transactions

The transaction was a sale of unutilized office equipment’s at a price of book value or a price higher than market rate.

1.4 Fees for managing the properties foreclosed, which the Company and its subsidiaries paid to Plan Estate Company Limited (“PST”), a subsidiary of MBK

Nature and value of transactions

The Company and its subsidiaries employed PST to manage properties foreclosed. The transaction was in the total amount of 51.62 million baht.

Necessity and rationale of transactions

In order to ensure that the properties foreclosed were in good condition for sale, the Company and its subsidiaries employed PST as the provider of the foreclosed property management services.

1.5 Cash rewards which the Company and its subsidiaries paid to PST, a subsidiary of MBK

Nature and value of transactions

The Company and its subsidiaries paid cash rewards to PST for selling their foreclosed properties. The cash rewards were in the total amount of 17.70 million baht.

Necessity and rationale of transactions

The transaction provided incentive for PST who has expertise in sale of foreclosed properties. The payments of cash rewards for referring and/or selling the foreclosed properties were in line with the rates and conditions which were comparable to that in the similar nature of transactions in the industry.

1.6 Agreements for inventory management services and auction of repossessed vehicles with Apple Auto Auction (Thailand) Company Limited ("AAA"), a subsidiary of MBK (the employed)

Nature and value of transactions

TBANK employed AAA to manage inventories and organize auctions of its their repossessed vehicles. The total value of the related transactions amounted to 3.50 million baht.

Necessity and rationale of transactions

Services were required for managing inventories and auctioning the vehicles which were repossessed in the ordinary course of business. As a result, it was necessary to select an appropriate service provider which offered a maximum rate of cash back. In this connection, the selection went through a regular approval process.

2. Scotiabank

Relationship

Scotiabank is a major shareholder of TBANK with a total of 49.00 percent holding of the TBANK's total paid up shares.

Related Party Transactions

2.1 Credit facilities of TBANK, a subsidiary of the Company, for Scotiabank

Nature and value of transactions

TBANK provided nine credit-related facilities including various commitments: export bill, discount/bank line, MM, placement and trade finance, derivative (CCS), (FX), (IRS), LG, risk participation, and settlement loans. The total credit lines amounted to 15,500 million baht. In this connection, the outstanding balance in the form of commitments was in the amount of 195 million baht (not including interbank items).

Necessity and rationale of transactions

The credit extension/commitments were normal business transactions. Being subject to general terms and conditions, these transactions did not contain any special terms and conditions. As well, they were approved unanimously by TBANK's Members of the Board of Directors who were not related to the transactions.



GENERAL INFORMATION

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	<p>A holding company which is authorized to operate the following businesses:</p> <ol style="list-style-type: none"> 1. Making investments and loans to member companies of its own financial business group. 2. Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the Bank of Thailand.
Head Office	:	444 MBK Tower, 16 th - 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330, THAILAND
Registration No.	:	0107536000510
Registered Capital	:	12,064,797,030 baht
Paid-up Capital	:	12,064,797,030 baht
Ordinary Shares	:	1,206,466,487 shares at 10 baht per share
Preferred Shares	:	13,216 shares at 10 baht per share
Website	:	www.thanachart.co.th
E-mail	:	tcap_ir@thanachart.co.th
Tel.	:	+66 (0) 2217 8000, 2217 8160
Fax	:	+66 (0) 2217 8312
Contact Center	:	1770

- Notes:**
- 1) Preferred shareholders have right to convert preferred shares into ordinary shares at the ratio of 1 : 1 without any costs, and can subscribe conversion on every 15th of February, May, August, and November of every year.
 - 2) Ordinary shareholders and preferred shareholders have equal right for gaining dividend, attending the meeting, and voting in shareholder's meeting and other rights. Voting right equals one share per one vote.
 - 3) The aforementioned ordinary shares include the repurchased shares amounting to 41,350,000 shares under the Treasury Stock Project from 10 February 2015 to 9 August 2015.

Investments of the Thanachart Capital Public Company Limited in Other Companies

As of 31 December 2016, the Company had investments in other companies by holding at least 10 percent of their issued and paid-up shares as follows:

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
Thanachart Bank Public Company Limited 444 MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8333	Banking	Ordinary	99,136,649,030	60,648,621,700	6,064,862,170	3,090,699,234	50.96
NFS Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8289	Asset Management	Ordinary	700,000,010	700,000,010	70,000,001	69,999,995	100.00
MAX Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8289	Asset Management	Ordinary	143,000,010	143,000,010	14,300,001	11,931,919	83.44
MBK Life Assurance Public Company Limited 231 MBK Life Building, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2252 5070 Fax : +66 (0) 2252 7155	Life Assurance	Ordinary	1,000,000,000	700,000,000	70,000,000	35,699,997	51.00
Bangkok Home Company Limited 444 MBK Tower, 10 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000	Being Liquidated	Ordinary	15,000,000	15,000,000	1,000,000	998,679	99.87
HTR Corporation Limited 32/46, Shino-Thai Tower, 18 th Floor, Sukhumvit 21 Road (Asoke), North Klongtoey, Wattana, Bangkok 10110 Tel. : +66 (0) 2259 8911-6 Fax : +66 (0) 2259 8919	Office Building & Property Development	Ordinary	500,000,000	500,000,000	50,000,000	5,000,000	10.00

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
MBK Public Company Limited 444 MBK Center, 8 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2620 9000 Fax : +66 (0) 2620 7000	Real Estate Business & Hotel and Tourism Business	Ordinary	1,707,960,000	1,707,960,000	1,707,960,000	188,561,290	11.04
MT Service 2016 Company Limited 231 MBK Life Building, 10 th , 11 th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254 4166 Fax : +66 (0) 2254 4166	Supporting Business	Ordinary	50,000,000	50,000,000	5,000,000	2,549,998	51.00
TM Broker Company Limited 231 MBK Life Building, 8 th Floor, Rachadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2252 5070 Fax : +66 (0) 2252 7155	Life Insurance Broker / Non - life Insurance Broker	Ordinary	20,000,000	20,000,000	2,000,000	1,019,998	51.00

Reference's Information

Securities

- Ordinary Shares and Preferred Shares

Securities Registrar

: Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Din Daeng, Bangkok 10400, THAILAND
Tel. +66 (0) 2009 9000
Fax +66 (0) 2009 9991
Call Center +66 (0) 2009 9999
Website : www.set.or.th/tsd

- Senior debentures of Thanachart Capital Public Company Limited No. 1/2012 due 2022 (TCAP22NA)
- Senior debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2023 (TCAP238A)
- Senior debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2025 (TCAP258A)
- Senior debentures of Thanachart Capital Public Company Limited No. 2/2013 due 2023 (TCAP23OA)
- Senior debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2018 (TCAP18NA)
- Senior debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2020 (TCAP20NA)
- Senior debentures of Thanachart Capital Public Company Limited No. 3/2015 due 2017 (TCAP179A)
- Senior debentures of Thanachart Capital Public Company Limited No. 4/2015 due 2018 (TCAP181A)

: Thanachart Bank Public Company Limited
1101 Petchburi Building, 2nd Floor, Petchburitatmai Road, Makkasan, Ratchathewi, Bangkok 10400, THAILAND
Tel. +66 (0) 2208 5000 Ext. 4519
Fax +66 (0) 2651 7899
Website : www.thanachartbank.co.th

Audit Firm

: EY Office Limited
193/136-137 Lake Rajada Office Complex, 33rd Floor, Rajadapisek Road, Klongtoey, Bangkok 10110, THAILAND
Tel. +66 (0) 2264 0777
Fax +66 (0) 2264 0789 - 90
Website : www.ey.com

Auditor's Name

: Ms. Ratana Jala, Certified Public Accountant (Thailand) No. 3734

Legal Advisor

: None

Frequently Contacted Financial Institutions

: Thanachart Bank Public Company Limited
and The Government Saving Bank

Companies in Thanachart Group

Thanachart Capital Public Company Limited

444 MBK Tower, 16th-17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0107536000510
Website : www.thanachart.co.th

NFS Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8289
Registration No. : 0105540086022
Website : None

MAX Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8289
Registration No. : 0105540093282
Website : None

MBK Life Assurance Public Company Limited

231 MBK Life Building, Ratchadamri Road,
Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2252 5070
Fax : +66 (0) 2252 7155
Registration No. : 0107555000481
Website : www.mbklife.co.th

MT Service 2016 Company Limited

231 MBK Life Building, 10th, 11th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2254 4166
Fax : +66 (0) 2254 4166
Registration No. : 0105559103291
Website : None

Thanachart Bank Public Company Limited

444 MBK Tower, Phayathai Road,
Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8333
Registration No. : 0107536001401
Website : www.thanachartbank.co.th

Thanachart Securities Public Company Limited

444 MBK Tower, 14th, 18th and 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2056 8888
Fax : +66 (0) 2217 8625
Registration No. : 0107547000591
Website : www.tnsitrade.com

Thanachart Fund Management Company Limited

231 MBK Life Building, 5th-7th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2126 8300
Fax : +66 (0) 2126 8398
Registration No. : 0105535049696
Website : www.thanachartfund.com

Thanachart Insurance Public Company Limited

999/1 The Nine Tower,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2308 9300
Fax : +66 (0) 2308 9333
Registration No. : 0107555000473
Website : www.thanachartinsurance.co.th

TS Asset Management Company Limited

1101 Petchburi Building, 9th Floor,
Petchburitatmai Road, Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5555
Fax : +66 (0) 2208 5892
Registration No. : 0105554031624
Website : www.thanachartnpa.com

TM Broker Company Limited

231 MBK Life Building, 8th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2252 5070
Fax : +66 (0) 2252 7155
Registration No. : 0105559122776
Website : None

Thanachart Group Leasing Company Limited

444 MBK Tower, 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8098
Registration No. : 0105538045861
Website : None

Thanachart Management and Service Company Limited

2 Thanachart Suanmali Office Building, 2nd Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2520
Registration No. : 0105533119077
Website : None

Thanachart Training and Development Company Limited

2 Thanachart Suanmali Office Building, M Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2300
Registration No. : 0105550042966
Website : None

Ratchthani Leasing Public Company Limited

77/35-36 Sinsathorn Tower, 11th UP Floor,
Krungthonburi Road, Khlongtonsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9000
Fax : +66 (0) 2431 9099
Registration No. : 0107545000209
Website : www.ratchthani.com

National Leasing Company Limited

444 MBK Tower, 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : None
Registration No. : 0105532078407
Website : None

Thanachart Broker Company Limited

999/3, 999/4 The Nine Tower,
D, E, F Building, 4th Floor,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2685 0200, 2308 9700
Fax : +66 (0) 2685 0333, 2308 9775
Registration No. : 0105540075314
Website : None

Security SCIB Services Company Limited

1091/230 Petchburitatmai Road,
Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5061 – 2
Fax : +66 (0) 2651 6611
Registration No. : 0105534009895
Website : None

SHAREHOLDERS AND DIVIDEND POLICY

Shareholders

Structure of Major Shareholders of the Company

Below is the list of the Company's top ten shareholders/group of shareholders holding ordinary and preferred shares.

Name of Shareholders/Group of Shareholders	Ordinary Shares	Preferred Shares	Total Shares	Percentage of Shareholding
1. Thai NVDR Company Limited	217,746,901	-	217,746,901	18.048
2. MBK Public Company Limited	129,914,400	-	129,914,400	10.768
PRIMACY ELEGANCE INVESTMENTS LIMITED	3,400,000	-	3,400,000	0.282
3. STATE STREET BANK EUROPE LIMITED	59,071,353	-	59,071,353	4.896
4. Thanachart Capital Public Company Limited	41,350,000	-	41,350,000	3.427
5. STATE STREET BANK AND TRUST COMPANY	29,188,023	-	29,188,023	2.419
6. CHASE NOMINEES LIMITED	26,772,229	-	26,772,229	2.219
7. Krungsri Dividend Stock LTF	22,710,600	-	22,710,600	1.882
8. NORTRUST NOMINEES LTD-CL AC	17,684,198	-	17,684,198	1.466
9. THE BANK OF NEW YORK (NOMINEES) LIMITED	15,458,690	-	15,458,690	1.281
10. HSBC (SINGAPORE) NOMINEES PTE LTD	12,916,800	-	12,916,800	1.071
Other Shareholders	630,253,293	13,216	630,266,509	52.240
Issued and Paid-up Shares	1,206,466,487	13,216	1,206,479,703	100.000
Thai Shareholders	844,721,941	13,156	844,735,097	70.017
Foreign Shareholders	361,744,546	60	361,744,606	29.983

Source: Report of the Company's Major Shareholders as at 31 October 2016 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes: 1) The second largest shareholder is included the relevant person under the Securities and Exchange Act (No. 4), B.E. 2551, section 258. MBK Public Company Limited operates real estate business and hotel and tourism business. Their top ten shareholders as at 21 October 2016 (the most recent closing date of the register book) were as follows:

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Patum Rice Mill and Granary Public Company Limited	474,249,530	27.767
PRG. Granary Company Limited	25,000,000	1.464
2. Thanachart Capital Public Company Limited	188,562,090	11.040
Thanachart Bank Public Company Limited	76,842,000	4.499
Thanachart Securities Public Company Limited	75,603,000	4.427
Thanachart Insurance Public Company Limited	34,365,000	2.012
3. NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	44,258,245	2.591
4. Thai NVDR Company Limited	38,090,333	2.230
5. Krungsri Dividend Stock LTF	37,356,200	2.187
6. DBS BANK LTD	36,307,500	2.126
7. AIA Company Limited-APEX	33,030,700	1.934
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	23,050,000	1.350
9. Mr. Prinya Tieanworn	23,000,000	1.347
10. STATE STREET BANK AND TRUST COMPANY	22,846,166	1.338
Other Shareholders	575,399,236	33.689
Issued and Paid-up Shares	1,707,960,000	100.000
Thai Shareholders	1,439,992,144	84.311
Foreign Shareholders	267,967,856	15.689

- Notes:**
- 1) The first and second largest shareholder are included the relevant person under the Securities and Exchange Act (No. 4), B.E. 2551, Section 258.
 - 2) Percentage of shareholding is calculated from the registered and paid - up shares, deducting capital reduction shares under the Treasury Stock Project on 25 October 2016. As a result, the paid - up shares decreased from 1,886,291,000 shares to 1,707,960,000 shares.
 - 2) The fourth largest shareholder (Thanachart Capital Public Company Limited) repurchased its shares under the Treasury Stock Project during 10 February 2015 to 9 August 2015.
 - 3) The major shareholders no. 3, 5 - 6 and 8 - 10 are Nominee Accounts that cannot identify real shareholders.

Major Shareholders whose Behavior Exhibits Significant Influence over Management Policy Setting

- None -

Structure of Major Shareholders of Thanachart Bank Public Company Limited

1. The list of top ten shareholders/group of shareholders were as follows:

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Thanachart Capital Public Company Limited	3,090,699,234	50.961
2. Scotia Netherlands Holdings B.V.	2,971,739,163	48.999
3. Mr. Thung-ngern Pum-ngern	460,309	0.008
4. Ms. Kittima Tolieng	173,278	0.003
5. Mr. Sathit Mujarintangkur	121,360	0.002
6. Ms. Piengjai Hanphanit	96,665	0.002
7. Mr. Kobchai Chirathivat	84,809	0.001
8. Mr. Thanawat Chareonthassanont	70,000	0.001
9. Mr. Pinit Laosoontorn	69,926	0.001
10. Mr. Somyos Jittipralangsri	60,000	0.001
By receivership of Legal Execution Department of Thai Finance and Securities PCL.		
Other Shareholders	1,287,426	0.021
Issued and Paid-up Shares	6,064,862,170	100.000
Thai Shareholders	3,093,079,707	51.000
Foreign Shareholders	2,971,782,463	49.000

Source: Report of the TBANK's Major Shareholders as at 1 September 2016 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

- Notes:**
- 1) The first largest shareholder (Thanachart Capital Public Company Limited) is a holding company which is authorized to operate the following businesses: 1) Making investments and loans to member companies of its own Financial Business Group. 2) Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the BOT.
 - 2) The second largest shareholder (Scotia Netherlands Holdings B.V.) is a juristic person registered in the Netherlands. The BOT permitted Scotiabank to change its shareholding in TBANK by holding 48.999 percent of the total paid-up shares of TBANK through Scotia Netherlands Holding B.V. on 9 May 2011.

2. Groups of major shareholders who have significant influence over the formulation of management policies or TBANK's operation include Thanachart Capital Public Company Limited (TCAP) and the Scotia Netherlands Holding B.V., which holds 50.961 percent and 48.999 percent of the total paid-up shares respectively. The Company does not have any major shareholders which have significant influence over its management policies or its operation.

Shareholders' Agreement

The Company and Scotiabank hold an agreement between the shareholders namely Shareholders' Agreement. The important agreement is to send representatives to participate in the management in the director and executive level as well as the director in major subsidiary companies. Moreover, any resolution made by the Board of Directors of TBANK and its shareholders' meeting on the significant issues shall comply with TBANK's Articles of Association. Such agreement is put in place for the TBANK's management to achieve the goals of shareholders from both parties.

Shareholders' Agreement Affected to Newly Offered and Issued Securities

- None -

Dividend Policy

Dividend Policy of the Company

In considering dividend payments, the Company takes into consideration its performance and the long-term benefits to its shareholders, as well as its capital adequacy. The dividend payments must also receive approval at the shareholders' meeting. However, the Board of Directors may pay an interim dividend to shareholders occasionally when it considers that the Company has an adequate profit and deems appropriate to make the payment. The Board of Directors is required to report the dividend payments to the shareholders at its next shareholders' meeting.

Dividend Payments in the Past Five Years

Operating Performance	2015	2014	2013	2012	2011
Earnings per Share (Baht)	1.86	1.37	1.77	2.24	1.28
Dividend per Share (Baht)	1.80	1.60	1.60	1.40	1.20
Dividend Payout Ratio (Separate Financial Statements) (Percent)	95.60	116.81	88.53	62.57	93.78
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	38.58	37.70	20.91	32.47	30.65

Note: On 21 October 2016, the Company made interim dividend payment for the year 2016 at the rate of 0.80 baht per share.

Dividend Payment Policy of Subsidiary Companies Made to the Company

The Company has not specified the dividend payout ratio made to the Company by its subsidiary companies. However, the dividend payment of each subsidiary company depends on its performance.

Each subsidiary company's dividend payment policy is to pay a dividend when it has made profit. In order to make the dividend payments, it has to take into account the excess cash for business operation, the capital adequacy for supporting the business, and legal reserve, depending on the business of each subsidiary company. Any subsidiary company may pay an interim dividend occasionally to the Company when it considers that it has an adequate profit and deems appropriate to make the payment. After making the interim dividend payment, it is required to report the dividend payments to the shareholders at its next shareholders' meeting.

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has established the Nomination and Remuneration Committee which consists of three members, of whom two are Independent Directors and one is Non-executive Director. Their names are as follows:

1. Mr. Tiraphot	Vajrabhaya	Chairman	(Independent Director)
2. Mrs. Siripen	Sitasuwan	Member	(Independent Director)
3. Mr. Vichit	Yanamorn	Member	(Non-executive Director)

The Nomination and Remuneration Committee has carried out the duties assigned by the Board of Directors in a careful and cautious manner as well as in line with the Committee's policies and Code of Conduct established by the Board of Directors in the best interests of the Company's operations, the details of which are as follows:

- Recruiting and selecting candidates with a diverse range of knowledge, ability, experience, and expertise, who meet all eligibility requirements of the law and possess no prohibited characteristics established by the law or stipulated in the official announcements. Also, proposing them for appointment as the Company's Directors, the members of various sub-committees, chief executive officer, and executives at the executive vice president level and higher. As well, ensuring that the number, structure, qualifications, knowledge, and expertise of the Directors are appropriate in line with the Company's corporate governance.

- Determining remuneration and the rates of remuneration applicable to Members of the Board of Directors, the members of various sub-committees, chief executive officer, and executives at the executive vice president level and higher, ensuring that they are not only at the levels appropriate to their duties and responsibilities and comparable to the remuneration of those industry peers but also at the levels which are fair to shareholders. In addition, proposing performance appraisal of the Board of Directors and various sub-committees as well as assessing the performance of chief executive officer and executives at the executive vice president level and higher.

In 2016, the Nomination and Remuneration Committee held six meetings in total to carry out the following important matters:

1. Considering and reviewing the remuneration paid to the Board of Directors and the sub-committees for the Year 2016.
2. Considering the allocation of the performance allowance for the Board of Directors, taking into account the 2015 performance.
3. Assessing the 2015 performance. In addition, considering salary increase and special incentives of chief executive officer and executives at the executive vice president level and higher for the Year 2016.
4. Considering to provide shareholders with an opportunity to propose candidates for election as the Company's Director and to propose agenda items for the Annual General Meeting of Shareholders for the Year 2017.
5. Considering and examining annual qualifications of Directors and executives for the Year 2016.
6. Considering the contract renewal of executives for the Year 2017.
7. Considering and reviewing the board skill matrix which includes each Director's level of experience in specific areas for the Year 2016.
8. Considering the performance appraisal of the Board of Directors and sub-committees for the Year 2016.
9. Considering the selection of a candidate to be proposed for appointment as Directors replacing those retiring by rotation for the Annual General Meeting of Shareholders for the Year 2017.

In this connection, the nomination and remuneration policy and the details of the nomination and remuneration process have been disclosed in this annual report.



(Mr. Tiraphot Vajrabhaya)
Chairman of the Nomination
and Remuneration Committee



REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company consists of three members. Each member is an Independent Director, qualified in the field of accounting and finance, and experienced with financial institutions and large organizations. The members are as follows:

- | | | |
|-----------------|------------|-------------|
| 1. Mrs. Siripen | Sitasuwan | Chairperson |
| 2. Mr. Somkiat | Sukdheva | Member |
| 3. Mr. Tiraphot | Vajrabhaya | Member |

The Committee appointed Mrs. Vijitra Thumpothong, Executive Vice President, Audit Department acting as the Secretary of the Audit Committee.

The Audit Committee has carried out the duties and responsibilities as assigned by the Company's Board of Directors, which are in line with the regulations of the SEC and the notifications of the SET and the BOT which are specified in the Charter approved by the Company's Board of Directors.

In 2016, the Audit Committee held 15 meetings with management, high-ranking executives from related work functions, and the auditors. Of the total meetings, 12 were regular meetings and 3 were extraordinary meetings. The meetings were held to acknowledge and consider various related matters as follows:

- Financial Reports

The Committee reviewed quarterly financial statements, annual financial statements, and consolidated financial statements of the Company and its subsidiaries by conferring with the auditors, Chief Financial Officer, and the management of Accounting Department of the Company for ensuring that the financial statements were in accordance with the Generally Accepted Accounting Principles and the disclosed information was sufficient, complete, and reliable. The Committee also considered accounting policies and important changes. Moreover, the Committee arranged the meetings with the auditors without the management for conferring about independent work and opinion of the auditors. The auditors have reported all examined issues to the Audit Committee for consideration.

- Internal Control and Internal Audit

The Committee ensured that the Company has an efficient internal control system and efficient internal audit as well as appropriate anti-corruption measures. The Committee also ensured that the Company has whistle-blowing procedures and considers the procedures independently by protecting the confidentiality of a whistleblower to ensure the whistleblower does not get into trouble and the accused person is fairly treated. The Committee conferred with the internal auditors in strategizing and approving annual audit process plans, evaluating the sufficiency and suitability of the personnel, and independence of internal audit work process. The Committee monitored and evaluated the performance monthly including evaluation of staff knowledge and competency in order to develop knowledge and efficiency of auditing. The Committee also considered the BOT audit report and the report of the auditors in order to evaluate the adequacy of internal control system.

- Compliance with Rules and Regulations

The Committee closely monitored the enforcement of rules and regulations so as the Company may operate in accordance with the regulations of authorities such as the SEC, the SET, and the BOT, in order to acknowledge changing regulations that have any effect to the Company's performance to be able to adjust, resolve, and closely monitor.

- Risk Management

The Audit Committee placed importance particularly on risk management because the Committee realized that changes in economic situations, political climates, and social issues have significant impacts to the Company's risk management directions. The Committee arranged the meetings with executives of risk management to acknowledge risk management report in all aspects. This was to ensure that the Company has a comprehensive risk management system that is substantial and sufficient.

- The Charter of the Audit Committee

The Committee ensured that the Charter of the Audit Committee is regularly revised at least once a year and approved the revision of the Charter of the Audit Department and ensured that they were up-to-date and most appropriate. The performance of the Audit Committee was also assessed and it was concluded that the Committee functioned in accordance with the Charter and yielded good and appropriate results that helped achieve good corporate governance.

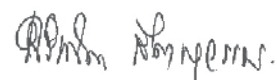
- Auditor

The Committee gave advice for selecting the auditors by considering from qualification, experienced personal, independence, performance in the past, and the fairness in remuneration for the auditors in accordance with their responsibilities. The results were reported to the Company's Board of Directors for proposing to the Annual General Meeting of Shareholders for appointing the auditors and approving the audit fees.

- Related Party Transaction and Conflict of Interest

The Committee examined the related party transactions or transactions that may lead to a conflict of interest by holding the principles of rationale, transparency, and sufficiency of disclosure to related parties as reported by related departments before reporting to the Company's Board of Directors.

The Audit Committee independently acts on its duties with cautiousness and gives frankly opinion for the benefits of the Company without limitation in data and cooperation from executives and staff of the Company. Finally, the Audit Committee is of the opinion that the financial reports were correctly prepared and the financial information was sufficiently and properly disclosed in accordance with the Generally Accepted Accounting Principle. The internal control system and internal audit are appropriate and efficient. As well, the Company's risk management system and risk control are efficient. The Company operates strictly abiding by the laws and regulations of the authorities. The external auditors are independent in carrying out their duties. In addition, related party transactions or transactions that may lead to a conflict of interest are reasonable and considered as normal business operations with sufficient disclosure.



(Mrs. Siripen Sitasuwan)

Chairperson of the Audit Committee



RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT

Thanachart Capital's Board of Directors is responsible for the Company's separated and consolidated financial statements and for financial information presented in this annual report. The aforementioned financial statements were prepared in accordance with standards of financial report, applying appropriate and consistent accounting policies along with careful judgments and reasonable estimates. Important information is fully disclosed to shareholders and other investors in the notes to financial statements reflecting the Company's accurate financial status and performance and its commitment to transparency.

The Board of Directors has established and maintained appropriate and effective risk management and internal control systems in order to guarantee that the accounting information is accurately, completely, and adequately recorded and insuring there is sufficient risk protection in every field to sustain Thanachart Capital's assets, as well as to prevent any material irregularity in its operations and/or fraud.

Thanachart Capital's Board of Directors has appointed an Audit Committee comprising Independent Directors who have knowledge and expertise in finance and accounting. They are responsible for revision of accounting policies and the quality of the Company's financial statements, internal controls, internal audits, as well as the disclosure of related transactions or transactions that may lead to a conflict of interest. The Committee's comments on these issues are included in the Audit Committee Report in this annual report.

Thanachart Capital's separated and consolidated financial statements were independently audited by the Certified Public Accountant of EY Office Limited. The Board of Directors provided the auditing team with all information and support documents in order to ensure that the auditing team would be able to complete their task to the highest auditing standards. The Auditor is of the opinion that the Company's financial statements are fairly presented in all material respects in accordance with standards of financial report. The opinion is included in the Report of Independent Auditor in this annual report.

Thanachart Capital's Board of Directors is of the opinion that the Company's overall internal controls are both adequate and appropriate and ensure the reliability of its separated and consolidated financial statements for the year ended 31 December 2016. Those controls are complete in compliance with standards of financial report and rules and regulations.

(Mr. Banterng Tantivit)
Chairman

(Mr. Suphadej Poonpipat)
Chief Executive Officer

To the Shareholders of Thanachart Capital Public Company Limited**Opinion**

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy on the measurement of land, from cost method to revaluation method. My opinion is not qualified in respect of this matter.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowances for doubtful accounts

As discussed in Note 11 to the financial statements, as at 31 December 2016 the Group had loans to customers of Baht 740,219 million (accounting for 77% of total assets) and allowance for doubtful accounts amounting to Baht 25,153 million, which are material amounts. The allowance for doubtful accounts is estimated based on criteria established by the Bank of Thailand and relies on various assumptions. Therefore, the management is required to exercise considerable judgment in determining the assumptions to be used. Because the allowance for doubtful accounts is material and estimated based on judgement, I addressed the adequacy of allowance for doubtful accounts as a key audit matter.

I gained an understanding of, assessed and tested on a sampling basis the internal controls relating to the calculation of allowances for doubtful accounts, the calculation of collateral value and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Group in the determination and calculation of the allowance, and compared the Group's policy with regulatory requirements, and I tested certain controls over the computer-based controls relevant to the calculation of allowance for doubtful accounts.

Moreover, I examined the allowances for doubtful accounts as at the period-end date by testing the completeness of the data used in the calculation of allowance for doubtful accounts, reviewing the assumptions and methods applied by the Group to the determination and calculation of the allowances for doubtful accounts, as follows:

- In cases where the Group set loan loss provisions on a specific basis, I tested on a sampling basis the allowance for doubtful accounts by reviewing the loan classification and checking the correctness of the collateral values used in the allowance calculation.
- In cases where the Group applied a collective approach to loan loss provisioning, I tested, on a sampling basis, the assumptions and historical data or information used in determining the assumptions relating to the probability of default and loss given default, compared the assumptions used in the current year and the prior year, and reviewed whether the assumptions and methods were applied consistently.

Recognition of interest income

In 2016, the Group recognised interest income on loans to customers amounting to Baht 41,417 million (accounting for 64% of total income). The interest income was derived from a variety of loans provided to a large number of customers and each type of loan agreement had different conditions. Moreover, the recognition of interest income relies primarily on data processed by information systems and regulations require the Group to cease accrual of interest income for overdue loans. I therefore addressed the measurement and occurrence of interest income as a key audit matter.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the Group's internal controls relevant to loan origination and interest income recognition, including related computer-based controls. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement, whether it was in compliance with the Group's accounting policy and whether recognition ceased in accordance with the regulatory requirements. I also performed analytical procedures on interest income and examined, on a sampling basis, material adjustments made through journal vouchers.

Goodwill

As at 31 December 2016, goodwill of Baht 17,439 million was presented in the financial statements. I have focused on the examination of the impairment of goodwill because the impairment assessment on goodwill is a significant accounting estimate requiring the management to exercise a judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

I assessed the identified cash generating units and the financial models selected by the Group's management by gaining an understanding of the management's decision-making process to determine whether the decisions were consistent with how the assets are utilised. In addition, I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the assets in the future, through comparison of those assumptions and information from both internal and external sources and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also considered the discount rate used by the management by comparing the rate with the market rate for the same business and tested the calculation of the realisable values of the assets using the selected financial model, taking into consideration the impact of changes in the key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates. Moreover, I assessed the disclosure made with respect to the impairment assessment for goodwill.

Insurance contract liabilities

As discussed in Note 27 to the financial statements, as at 31 December 2016, the Company and its subsidiaries have life policy reserves of Baht 9,558 million and outstanding claims from insurance contracts of Baht 1,559 million that are treated as part of the insurance / life contract liabilities in the financial statements. Life reserves are the accumulated reserves for insurance policies in force from the inception of the insurance contracts to the end of the reporting period, and are calculated under an actuarial method which applies several assumptions that are best estimates of obligations under the insurance contracts at that time. Changes in these assumptions will affect the balance of life reserves. The loss reserves and outstanding claims are estimates of claims incurred and reported and claims incurred but not reported made by the management of the Company and its subsidiaries using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. In addition, the estimates of these reserves are dependent on the accuracy of the data related to the number, amounts and nature of both current and historical claims incurred. I therefore focused on the completeness of these reserves.

I assessed and tested the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives, gaining an understanding of the assumptions used in the estimates made by the actuary. I also randomly selected data used by the actuary in calculating the life policy reserve and claims reserve, performed random tests on major claims to compare them with the accounting records, and compared historical claims data with the reserve estimates. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserves recognised, assessed the assumptions and methods used in the calculation of reserves, tested the accuracy and completeness of historical data used by the actuary and compared the assumptions to those used in the prior year.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

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

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Group'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 or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the 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 Thai Standards on Auditing 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 financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the 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 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 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 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 to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Ratana Jala.



Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 20 February 2017

STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Assets					
Cash		12,077,047	13,337,367	-	-
Interbank and money market items - net	7	48,734,079	58,138,243	30,299	24,515
Derivatives assets	8	3,564,235	5,446,810	-	-
Investments - net	9	186,928,040	184,561,830	2,279,080	2,711,809
Investments in subsidiary and associated companies - net	10	2,889,920	2,352,901	33,924,640	33,888,940
Loans to customers and accrued interest receivables	11				
Loans to customers		740,219,156	765,167,097	1,144,805	1,165,322
Accrued interest receivables		630,780	666,969	1	1
Total loans to customers and accrued interest receivables		740,849,936	765,834,066	1,144,806	1,165,323
Less: Deferred revenue		(48,173,470)	(50,539,098)	(2,270)	(2,619)
Allowance for doubtful accounts	12	(25,153,026)	(26,240,283)	(86,101)	(90,455)
Revaluation allowance for debt restructuring	13	(1,976)	(4,080)	-	-
Net loans to customers and accrued interest receivables		667,521,464	689,050,605	1,056,435	1,072,249
Customers' liability under acceptances		9,544	9,944	-	-
Property foreclosed - net	15	4,991,810	6,333,674	578,391	752,634
Land, premises and equipment - net	16	9,604,927	8,046,760	45,189	35,331
Intangible assets - net	17	2,709,280	3,010,856	1,013	1,084
Goodwill	18	17,439,110	17,207,128	-	-
Deferred tax assets	19	1,089,436	1,174,867	26,204	54,751
Accrued interest and dividend receivables	20	983,302	1,094,012	2,902	682,250
Other assets - net	21	8,324,794	7,815,846	44,923	94,576
Total assets		966,866,988	997,580,843	37,989,076	39,318,139

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Liabilities and equity					
Deposits	22	676,455,824	669,454,481	-	-
Interbank and money market items	23	65,700,880	85,600,192	-	-
Liability payable on demand		1,986,425	2,201,580	-	-
Derivatives liabilities	8	4,912,489	6,757,528	-	-
Debts issued and borrowings	24	61,704,163	84,928,883	12,700,000	13,700,000
Bank's liability under acceptances		9,544	9,944	-	-
Provisions	25	3,676,948	3,350,858	84,639	48,755
Deferred tax liabilities	19	1,002,985	1,023,679	-	-
Accrued interest payables	26	2,148,799	3,064,362	96,204	103,070
Insurance contracts liabilities	27	14,593,739	14,601,702	-	-
Other liabilities	28	14,823,823	15,264,524	257,247	99,536
Total liabilities		847,015,619	886,257,733	13,138,090	13,951,361

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Equity					
Share capital	29				
Registered, issued and paid-up					
13,216 preferred shares of Baht 10 each (2015: 13,276 preferred shares of Baht 10 each)		132	133	132	133
1,206,466,487 common shares of Baht 10 each (2015: 1,277,816,427 common shares of Baht 10 each)		12,064,665	12,778,164	12,064,665	12,778,164
		12,064,797	12,778,297	12,064,797	12,778,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share		-	165,742	-	165,742
Other components of equity	30	2,449,904	1,920,203	502,525	461,190
Retained earnings					
Appropriated - statutory reserve	31	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		1,399,914	4,798,369	1,399,914	4,798,369
Unappropriated		39,032,705	34,466,039	8,940,189	8,618,074
Less: Treasury shares - common shares	29	(1,399,914)	(4,798,369)	(1,399,914)	(4,798,369)
Equity attributable to owners of the Company		56,890,881	52,673,756	24,850,986	25,366,778
Non-controlling interests		62,960,488	58,649,354	-	-
Total equity		119,851,369	111,323,110	24,850,986	25,366,778
Total liabilities and equity		966,866,988	997,580,843	37,989,076	39,318,139

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

STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit or loss					
Interest income	34	45,208,313	48,639,855	88,122	293,444
Interest expenses	35	(16,740,316)	(20,909,612)	(591,758)	(599,215)
Net interest income		28,467,997	27,730,243	(503,636)	(305,771)
Fees and service income		8,803,263	8,175,226	327	347
Fees and service expenses		(2,914,929)	(2,710,335)	(569)	(684)
Net fees and service income	36	5,888,334	5,464,891	(242)	(337)
Gains on trading and foreign exchange transactions	37	459,232	741,854	209	636
Gains on investments	38	1,060,788	1,956,373	20,830	63,559
Share of profit from investments accounted for under equity method	10.5	394,464	272,387	-	-
Insurance/Life insurance income	39	6,675,301	6,723,064	-	-
Dividend income		496,116	359,280	2,624,945	2,679,512
Other operating income		1,320,547	1,326,298	59,121	55,603
Total operating income		44,762,779	44,574,390	2,201,227	2,493,202
Insurance expenses	40	(4,016,080)	(4,679,726)	-	-
Net operating income		40,746,699	39,894,664	2,201,227	2,493,202
Other operating expenses					
Employee's expenses		11,875,745	11,151,449	114,358	122,368
Directors' remuneration	41	82,366	78,413	33,645	31,667
Premises and equipment expenses		3,080,910	2,999,920	21,048	21,391
Taxes and duties		775,236	864,128	1,227	1,589
Losses (gains) on property foreclosed and other assets		47,758	(310,015)	276,409	19,725
Other expenses		5,211,129	5,225,042	112,312	65,838
Total other operating expenses		21,073,144	20,008,937	558,999	262,578
Impairment loss of loans and debt securities (reversal)	42	6,209,856	8,600,150	(32,611)	24,076
Profit before income tax		13,463,699	11,285,577	1,674,839	2,206,548
Income tax	19.2	(852,260)	(225,099)	(15,522)	(12,725)
Profit for the year		12,611,439	11,060,478	1,659,317	2,193,823

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

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Thousand Baht except earnings per share expressed in Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Other comprehensive income	43				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale securities		(1,368,960)	(1,317,443)	36,322	(32,015)
Share of other comprehensive income (loss) of an associate		101,209	(42,178)	-	-
Income tax relating to components of other comprehensive income (loss)		268,417	261,522	(7,264)	6,403
		(999,334)	(1,098,099)	29,058	(25,612)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation on assets		1,620,855	-	15,347	-
Share of other comprehensive income of an associate		400,652	-	-	-
Actuarial gains (losses)		13,386	(215,871)	(910)	(359)
Income tax relating to components of other comprehensive income (loss)		(349,688)	41,749	(5,760)	72
		1,685,205	(174,122)	8,677	(287)
Total other comprehensive income (loss)		685,871	(1,272,221)	37,735	(25,899)
Total comprehensive income		13,297,310	9,788,257	1,697,052	2,167,924
Profit attributable to					
The Company		6,012,725	5,436,577	1,659,317	2,193,823
Non-controlling interests		6,598,714	5,623,901	-	-
		12,611,439	11,060,478	1,659,317	2,193,823
Total comprehensive income attributable to					
The Company		6,510,032	4,751,640	1,697,052	2,167,924
Non-controlling interests		6,787,278	5,036,617	-	-
		13,297,310	9,788,257	1,697,052	2,167,924
Earnings per share of the Company	44				
Basic earnings per share (Baht per share)		5.16	4.61	1.42	1.86
Diluted earnings per share (Baht per share)		5.16	4.61	1.42	1.86

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



STATEMENT OF CHANGES IN EQUITY

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2016

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
Issued and paid-up share capital		Premium on common share	Premium on treasury share	Share premium of a subsidiary	Amount by which the value of investment		Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income (loss) of associate	Retained earnings			Treasury shares	Non-controlling interests	Total
					in subsidiary lower than attributable net book value					Appropriated		Unappropriated			
Preferred shares	Common shares									Statutory reserve	Treasury shares reserve				
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	1,499,956	-	14,215	1,277,830	3,398,455	32,549,037	(3,398,455)	52,922,621	104,275,617
Cumulative effect of change in accounting policy for fair value measurement	-	-	-	-	-	-	-	-	-	-	-	(10,632)	-	(10,232)	(20,864)
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	-	-	-	(2,021,570)	-	-	(2,021,570)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	1,236	-	-	1,236
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	700,348	700,348
Cash payment for treasury shares (Note 29)	-	-	-	-	-	-	-	-	-	-	-	-	(1,399,914)	-	(1,399,914)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	1,399,914	(1,399,914)	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	5,436,577	-	5,623,901	11,060,478
Other comprehensive income for the year (loss)	-	-	-	-	-	-	(566,739)	-	(29,503)	-	-	(88,695)	-	(587,284)	(1,272,221)
Balance as at 31 December 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	933,217	-	(15,288)	1,277,830	4,798,369	34,466,039	(4,798,369)	58,649,354	111,323,110
Balance as at 1 January 2016	133	12,778,164	2,065,645	165,742	775,814	226,460	933,217	-	(15,288)	1,277,830	4,798,369	34,466,039	(4,798,369)	58,649,354	111,323,110
Cumulative effect from share capital reduction of an associated company	-	-	-	-	-	-	-	-	36,595	-	-	(116,658)	-	(23,215)	(103,278)
Conversion of preferred shares to ordinary shares (Note 29)	(1)	1	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	-	-	-	(2,213,747)	-	-	(2,213,747)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	903	-	-	903
Share capital reduction from treasury shares cancellation (Note 29)	-	(713,500)	-	(165,742)	-	-	-	-	-	-	(3,398,455)	879,242	3,398,455	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,452,929)	(2,452,929)
Transfer to retained earnings	-	-	-	-	-	-	-	(1,885)	-	-	-	1,885	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	6,012,725	-	6,598,714	12,611,439
Other comprehensive income for the year (loss)	-	-	-	-	-	-	(543,337)	666,760	371,568	-	-	2,316	-	188,564	685,871
Balance as at 31 December 2016	132	12,064,665	2,065,645	-	775,814	226,460	389,880	664,875	392,875	1,277,830	1,399,914	39,032,705	(1,399,914)	62,960,488	119,851,369

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



STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2016

(Unit: Thousand Baht)

	Separate financial statements										
	Issued and paid-up share capital				Other components of equity		Retained earnings				
					Revaluation surplus on investments - net	Revaluation surplus on assets	Appropriated		Unappropriated	Treasury shares	Total
	Preferred shares	Common shares	Premium on common share	Premium on treasury share			Statutory reserve	Treasury shares reserve			
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	486,802	-	1,277,830	3,398,455	9,844,786	(3,398,455)	26,619,102
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	(2,021,570)	-	(2,021,570)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	1,236	-	1,236
Cash payment for treasury shares (Note 29)	-	-	-	-	-	-	-	-	-	(1,399,914)	(1,399,914)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	1,399,914	(1,399,914)	-	-
Profit for the year	-	-	-	-	-	-	-	-	2,193,823	-	2,193,823
Other comprehensive income for the year	-	-	-	-	(25,612)	-	-	-	(287)	-	(25,899)
Balance as at 31 December 2015	133	12,778,164	2,065,645	165,742	461,190	-	1,277,830	4,798,369	8,618,074	(4,798,369)	25,366,778
Balance as at 1 January 2016	133	12,778,164	2,065,645	165,742	461,190	-	1,277,830	4,798,369	8,618,074	(4,798,369)	25,366,778
Conversion of preferred shares to ordinary shares (Note 29)	(1)	1	-	-	-	-	-	-	-	-	-
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	(2,213,747)	-	(2,213,747)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	903	-	903
Share capital reduction from treasury shares cancellation (Note 29)	-	(713,500)	-	(165,742)	-	-	-	(3,398,455)	879,242	3,398,455	-
Profit for the year	-	-	-	-	-	-	-	-	1,659,317	-	1,659,317
Other comprehensive income for the year	-	-	-	-	29,057	12,278	-	-	(3,600)	-	37,735
Balance as at 31 December 2016	132	12,064,665	2,065,645	-	490,247	12,278	1,277,830	1,399,914	8,940,189	(1,399,914)	24,850,986

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



STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2016

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before income tax	13,463,699	11,285,577	1,674,839	2,206,548
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(394,464)	(272,387)	-	-
Depreciation and amortisation	1,615,960	1,496,885	18,706	23,012
Impairment loss of loans and debt securities (reversal)	6,209,856	8,600,150	(32,611)	24,076
Increase in provisions	728,729	996,470	60,671	1,990
Increase in allowance for impairment of property foreclosed	182,849	272,946	369,485	54,438
Increase (decrease) in allowance for impairment of equipment/other assets	(14,896)	(26,683)	3,987	(533)
Loss from revaluation on land	13,640	-	-	-
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	120,880	71,805	-	(10,576)
Unrealised loss (gain) on exchange	299,496	(1,557,526)	-	-
Loss (gain) on disposal of land, premises and equipment	17,365	(10,989)	(5)	88
Decrease (increase) in accrued other income receivable	30,661	(47,293)	(26)	5,019
	22,273,775	20,808,955	2,095,046	2,304,062
Net interest income	(28,467,997)	(27,730,243)	503,636	305,771
Dividend income	(496,116)	(359,280)	(2,624,945)	(2,679,512)
Cash received from interest on operating activities	41,554,073	44,905,940	69,204	67,330
Cash paid for interest on operating activities	(14,403,502)	(18,024,481)	(7)	(181)
Cash paid for income tax	(982,380)	(1,776,522)	(4,499)	(6,962)
Income from operating activities before changes in operating assets and liabilities (loss)	19,477,853	17,824,369	38,435	(9,492)

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

STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	9,527,236	7,893,550	(5,782)	(3,439)
Derivatives assets	2,427,331	906,728	-	-
Investments in trading securities	(5,644,949)	3,685,800	-	600
Loans to customers	9,841,114	25,566,797	20,549	(682,155)
Property foreclosed	6,555,990	8,724,933	(195,153)	81,053
Receivables from purchase and sale of securities	(213,534)	892,413	-	-
Other assets	(653,009)	(2,832,181)	36,698	(9,326)
Increase (decrease) in operating liabilities				
Deposits	7,001,344	(27,494,026)	-	-
Interbank and money market items	(20,078,501)	5,262,160	-	(5)
Liability payable on demand	(215,156)	546,199	-	-
Derivatives liabilities	(2,495,400)	(1,129,263)	-	-
Payable from purchase and sales of securities	293,775	552,817	-	-
Insurance contract liabilities	(7,963)	(8,420)	-	-
Other liabilities	(751,226)	(239,049)	132,074	8,466
Net cash flows from (used in) operating activities	25,064,905	40,152,827	26,821	(614,298)
Cash flows from investing activities				
Decrease (increase) in investments in securities	1,576,368	(26,571,406)	497,145	3,282,267
Cash paid for purchase of investments in subsidiary	-	-	(35,700)	(2,809,727)
Cash received from interest	3,920,524	3,761,892	18,016	299,104
Cash received from dividend	743,458	584,496	3,304,899	1,999,558
Cash received from disposal of/capital return from subsidiary companies	-	-	-	353,976
Cash paid for purchase of premises and equipment/intangible assets	(1,419,524)	(1,061,077)	(1,812)	(2,650)
Cash received from disposal of land, premises and equipment	70,932	26,757	6	1,531
Net cash flows from (used in) investing activities	4,891,758	(23,259,338)	3,782,554	3,124,059

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

STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from financing activities				
Cash received from debts issued and borrowings	13,689,312	63,582,824	-	2,000,000
Cash paid for debts issued and borrowings	(36,914,032)	(77,071,655)	(1,000,000)	(500,000)
Cash paid for interest expenses on debts issued and borrowings	(3,326,490)	(3,967,967)	(596,531)	(589,513)
Cash received from non-controlling interests for issuance additional shares of a subsidiary company	34,300	2,702,246	-	-
Cash paid for capital return of subsidiary companies to non-controlling interests	-	(362)	-	-
Cash paid for dividend	(2,212,844)	(2,020,334)	(2,212,844)	(2,020,334)
Cash paid for treasury shares	-	(1,399,914)	-	(1,399,914)
Cash paid for dividend to non-controlling interests	(2,487,229)	(1,986,392)	-	-
Net cash flows used in financing activities	(31,216,983)	(20,161,554)	(3,809,375)	(2,509,761)
Net decrease in cash	(1,260,320)	(3,268,065)	-	-
Cash at beginning of the year	13,337,367	16,605,432	-	-
Cash at end of the year	12,077,047	13,337,367	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	5,368,516	6,389,979	90	-
Property foreclosed received from capital returned from a subsidiary company	-	-	-	2,200
Bad debt written off	6,708,749	7,850,747	-	-
Payable from purchase of assets	63,074	155,815	-	61

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



NOTES TO FINANCIAL STATEMENTS

Thanachart Capital Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2016

1. General information

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

2. Basis of preparation of the financial statements

- 2.1** These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Company and the following subsidiary companies. ("the subsidiaries").

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2016	2015	2016	2015
<u>Subsidiaries directly held by the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	In liquidation process	99.80	99.80	0.06	0.06
MBK Life Assurance Plc. (Formerly known as “Siam City Life Assurance Plc.”)	Life insurance	51.00	51.00	-	-
TM Broker Co., Ltd.	Life insurance / non-life insurance broker	51.00	-	-	-
MT Service 2016 Co., Ltd.	Service	51.00	-	-	-
<u>Subsidiaries indirectly held by the Company</u>					
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd.	Leasing business	-	-	100.00	100.00
Security Scib Services Co., Ltd. (Formerly known as “SCIB Service Co., Ltd.”)	Service	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2016 and 2015 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the years	
	2016	2015	2016	2015
Thanachart Bank Plc.	892,901	929,037	31,749	31,758
MBK Life Assurance Plc.	10,428	10,491	322	(7)
Thanachart Insurance Plc.	11,201	10,676	3,097	3,096
Thanachart Securities Plc.	9,307	7,139	1,914	1,640
TS Asset Management Co., Ltd.	3,221	4,295	323	443
Ratchthani Leasing Plc.	32,779	28,848	2,002	1,727
NFS Asset Management Co., Ltd.	1,613	1,604	40	68

- c) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- d) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiary and associated companies under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current accounting year

During the current year, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TFRS 4 Insurance Contracts

The objective of Thai Financial Reporting Standard No. 4 (TFRS 4) is to specify the financial reporting for insurance contracts (including reinsurance contracts) issued by any entity and the reinsurance contracts held by an entity, and to provide limited amendments in accounting for insurance contracts until the second phase of the project on the financial reporting standard regarding insurance contracts is completed. In particular, this standard requires disclosure that identifies and explains the amounts in an insurer's financial statements arising from insurance contracts and prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period. It also requires insurers to test for the adequacy of recognised insurance contract liabilities and perform an impairment test for reinsurance assets. Moreover, this standard temporarily exempts insurers from some requirements of other standards, including the requirement to consider the framework in selecting accounting policies for insurance contracts.

The management of the Company and its subsidiaries assesses and considers that this financial reporting standard does not have any significant impact on the Company and its subsidiaries' financial statements.

3.2 Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which is summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Change in accounting policy relating to the valuation of land from cost method to revaluation method

During the year, the Company and its subsidiaries reviewed and changed their accounting policy for recording the value of land from the cost method to the revaluation method, under which value is the fair value of the asset at the valuation date appraised by an independent professional appraiser.

In making the changes in accounting policy, the Company and its subsidiaries adopted TAS 8. This is considered to be a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require the change to be applied retroactively. Therefore, the Company and its subsidiaries have applied the change prospectively.

The amounts of adjustments affecting the statements of financial position as at 31 December 2016 and the statements of comprehensive income for the year then ended are as follows.

(Unit: Million Baht)

31 December 2016

	Consolidated	Separate
	financial statements	financial statements
The statements of financial position:		
Increase in investment in an associated company	439	-
Increase in land, premises and equipment	1,595	15
Increase in deferred tax liabilities	341	3
Increase in non-controlling interests of subsidiaries companies	721	-
Increase in retained earnings - unappropriated	2	-
Increase in other components of equity	988	-

(Unit: Million Baht)

For the year ended 31 December 2016

	Consolidated financial statements	Separate financial statements
The statements of comprehensive income:		
Profit or loss		
Increase in premises and equipment expenses	14	-
Decrease in share of profit from investments accounted for under equity method	(2)	-
Decrease in income tax	(3)	-
Decrease in non-controlling interests of subsidiaries companies	(6)	-
Decrease in profit attributable to the company	(7)	-
Other comprehensive income		
Increase in revaluation surplus on assets	1,621	15
Increase in share of other comprehensive income of an associate	400	-
Increase in income tax relating to components of other comprehensive income	344	3
Earnings per share of the Company		
Basic earnings (loss) per share (Baht per share)	(0.006)	-
Diluted earnings (loss) per share (Baht per share)	(0.006)	-

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the year.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised on an accrual basis. When the Company and its subsidiaries provide loyalty programmes to customers, they apportion compensation received from such services based on the fair value of accumulated reward points and realise it as deferred revenue. This deferred revenue is recorded under "other liabilities" in the statement of financial position. The Company and its subsidiaries then realise it as revenue through the statement of comprehensive income when the customers claim a reward and the Company and its subsidiaries have fulfilled their commitment to provide such reward.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the year-end date.

5.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

5.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments for which there is no active market or no available market value, is determined using a Black-Scholes Model, a universal theory that is widely used in estimating fair value. Gain/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by the BOT.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

5.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans to customers and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

5.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

5.6 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as "Receivables from purchase and sale of securities".

5.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

- b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.

- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.
- e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

5.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

5.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

5.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

5.11 Land, premises and equipment and depreciation

- a) Land is stated at revalued amount less allowance for loss on impairment of assets (if any). No depreciation is provided on land.

The Company and its subsidiaries initially record land at its cost on the acquisition date, and subsequently have it revalued by an independent professional appraiser, and state it at the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

- b) Assets under installation are stated at cost, and depreciation is not provided.
- c) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30 years
Buildings improvement	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

- d) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.
- e) The Company and its subsidiaries derecognise the revaluation surplus on an asset upon disposal or when no future economic benefits are expected from its use or disposal. The revaluation surplus remaining upon derecognition is transferred directly to retained earnings.

5.12 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

5.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

5.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

5.15 Receivable from/payable to Clearing House

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

5.16 Securities purchased under resale agreements/ securities sold under repurchase agreements

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of “Interbank and money market items” or “Loans to customers”, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of “Interbank and money market items” in the statements of financial position and the underlying securities are treated as collateral.

5.17 Classification of insurance contracts

Subsidiary companies classify insurance contracts and reinsurance contracts based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the subsidiary classifies it as an investment contract. Investment contracts are those contracts that transfer significant financial risk but not significant insurance risk. Financial risk is the risk arising from the change in interest rate risk, foreign exchange rate risk and securities prices.

In classifying insurance contracts subsidiary companies assess the significance of the insurance risk on the basis of individual contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

5.18 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period.

5.19 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

5.20 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprises unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Other	- Monthly average basis (the one-twenty fourth basis)

Unearned reinsurance premiums reserve is calculated based on the proportion of premiums ceded, using the same method as that applied for direct insurance policies that transfer the insurance risk throughout the term of the insurance contract to a reinsurer.

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life insurance premium reserve under long-term policies by using the gross premium valuation method (GPV). Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission (“OIC”) regarding valuation of assets and liabilities of life insurance company.

5.21 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary’s management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

5.22 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

5.23 Financial derivatives

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors, adjusted to reflect counterparty credit risk.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation (if any) recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

5.24 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

5.25 Impairment of assets

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. 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.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined in case that no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

5.26 Structured notes

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission (SEC), and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

5.27 Employee benefits

a) Short-term employee benefits

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

The Company, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund, and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

5.28 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

5.29 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5.30 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market

Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

6.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

6.3 Allowance for impairment of investments in securities

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

6.4 Assessment of investment funds as structured entities

In determining whether the funds to which a subsidiary provides asset management services are structured entities, the management is required to use judgment, taking into consideration the voting rights and other similar rights afforded to other parties, including the rights to remove the subsidiary as fund manager, liquidate the funds, or redeem holdings in the funds, and determining whether such rights are the dominant factor when deciding who controls the funds.

6.5 Fair value of financial instruments

In determining the fair value of financial instruments, which are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6.6 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.7 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent appraisers using the market approach. The valuation involves certain assumptions and estimates as described in Note 16 to the financial statements.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the year when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

6.8 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

6.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

6.10 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

6.11 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

6.12 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

6.13 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

6.14 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	3,606	5,500	9,106	2,985	3,000	5,985
Commercial banks	297	4,075	4,372	418	28,651	29,069
Specialised financial institutions	1	3,450	3,451	1	211	212
Other financial institutions	2	22,196	22,198	28	21,469	21,497
Total	3,906	35,221	39,127	3,432	53,331	56,763
Add: Accrued interest receivables	2	28	30	-	17	17
Less: Deferred revenue	-	(1)	(1)	-	-	-
Less: Allowance for doubtful accounts	-	(222)	(222)	(1)	(208)	(209)
Total domestic items	3,908	35,026	38,934	3,431	53,140	56,571
Foreign						
US Dollar	1,368	8,068	9,436	1,066	246	1,312
Euro	32	-	32	53	3	56
Others	262	-	262	202	-	202
Total	1,662	8,068	9,730	1,321	249	1,570
Add: Accrued interest receivables	-	71	71	-	-	-
Less: Allowance for doubtful accounts	-	(1)	(1)	-	(3)	(3)
Total foreign items	1,662	8,138	9,800	1,321	246	1,567
Total	5,570	43,164	48,734	4,752	53,386	58,138

(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	30	-	30	25	-	25
Add: Accrued interest receivables	-	-	-	-	-	-
Total domestic items	30	-	30	25	-	25

As at 31 December 2016, the Company had deposits with a subsidiary company of Baht 30 million in the separate financial statements (2015: Baht 24 million).

8. Derivatives

As at 31 December 2016 and 2015, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	2016			2015		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	642	698	85,966	1,282	1,160	86,309
Derivatives for banking book	44	103	11,076	3	56	4,661
Interest rate						
Derivatives for trading	2,505	2,485	309,647	3,749	3,712	345,178
Derivatives for banking book	-	-	1,000	-	-	3,000
Foreign exchange rate and interest rate						
Derivatives for trading	373	335	9,693	395	342	8,570
Derivatives for banking book	-	1,291	11,430	18	1,484	11,129
Others						
Derivatives for trading	-	-	1,713	-	4	432
Total	3,564	4,912	430,525	5,447	6,758	459,279

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as receivables and payables in other assets/other liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2016 and 2015.

Counterparty	Consolidated financial statements	
	2016	2015
	Percent	Percent
Financial institutions	93.04	94.42
Third parties	6.96	5.58
Total	100.00	100.00

9. Investments

9.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2016		2015		2016		2015	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Trading securities								
Government and state enterprises securities	9,317	9,321	6,251	6,286	-	-	-	-
Private debt securities	4,617	4,782	3,542	3,785	-	-	-	-
Domestic marketable equity securities	1,613	1,597	109	105	-	-	-	-
	15,547	15,700	9,902	10,176	-	-	-	-
Add: Allowance for change in value	153		274		-		-	
Net	15,700		10,176		-		-	
Available-for-sale securities								
Government and state enterprises securities	125,159	124,804	117,806	118,341	105	105	280	280
Private debt securities	23,472	23,611	26,082	26,832	597	608	447	463
Foreign debt securities	11,465	11,434	10,006	10,068	-	-	-	-
Domestic marketable equity securities	5,086	5,729	4,341	4,762	290	890	261	821
Unit trusts	155	158	524	524	145	147	514	514
	165,337	165,736	158,759	160,527	1,137	1,750	1,502	2,078
Add: Allowance for change in value	399		1,768		613		576	
Net	165,736		160,527		1,750		2,078	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2016		2015		2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	564	568	8,666	8,852	-	-	-	-
Private debt securities	305	340	205	247	-	-	-	-
Investment in receivables purchased	1,036	2,009	1,199	1,954	562	1,140	694	1,086
	1,905	2,917	10,070	11,053	562	1,140	694	1,086
Less: Allowance for impairment	(201)		(233)		(84)		(111)	
Net	1,704		9,837		478		583	
General investment								
Domestic non-marketable equity securities	3,824		3,831		76		76	
Foreign non-marketable equity securities	39		39		-		-	
Unit trusts	25		254		-		-	
	3,888		4,124		76		76	
Less: Allowance for impairment	(100)		(102)		(25)		(25)	
Net	3,788		4,022		51		51	
Total investments - net	186,928		184,562		2,279		2,712	

9.2 Classified by remaining period of debt securities

(Unit: Million Baht)

Consolidated financial statements										
2016						2015				
Due within						Due within				
	Less than	1 - 5	Over			Less than	1 - 5	Over		
At call	1 year	years	5 years	Total	At call	1 year	years	5 years	Total	
Available-for-sale securities										
Government and state enterprises securities	262	19,032	105,032	833	125,159	263	37,641	79,143	759	117,806
Private debt securities	-	1,750	17,052	4,670	23,472	-	3,917	19,050	3,115	26,082
Foreign debt securities	-	3,592	7,512	361	11,465	-	1,313	8,329	364	10,006
Total	262	24,374	129,596	5,864	160,096	263	42,871	106,522	4,238	153,894
Add: Allowance for change in value	-	79	(204)	(122)	(247)	-	83	1,058	206	1,347
Total	262	24,453	129,392	5,742	159,849	263	42,954	107,580	4,444	155,241
Held-to-maturity debt securities										
Government and state enterprises securities	-	522	-	42	564	-	8,624	-	42	8,666
Private debt securities	-	120	35	150	305	-	15	40	150	205
Investments in receivables purchased ⁽¹⁾	1,036	-	-	-	1,036	1,199	-	-	-	1,199
Total	1,036	642	35	192	1,905	1,199	8,639	40	192	10,070
Less: Allowance for impairment	(201)	-	-	-	(201)	(233)	-	-	-	(233)
Total	835	642	35	192	1,704	966	8,639	40	192	9,837
Total debt securities	1,097	25,095	129,427	5,934	161,553	1,229	51,593	107,620	4,636	165,078

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

(Unit: Million Baht)

Separate financial statements

	2016					2015				
	Due within					Due within				
	Less					Less				
	At call	than 1 year	1 - 5 years	Over 5 years	Total	At call	than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities	-	105	-	-	105	-	280	-	-	280
Private debt securities	-	20	577	-	597	-	-	447	-	447
Total	-	125	577	-	702	-	280	447	-	727
Add: Allowance for change in value	-	-	11	-	11	-	-	16	-	16
Total	-	125	588	-	713	-	280	463	-	743
Held-to-maturity debt securities										
Investments in receivables purchased ⁽¹⁾	562	-	-	-	562	694	-	-	-	694
Total	562	-	-	-	562	694	-	-	-	694
Less: Allowance for impairment	(84)	-	-	-	(84)	(111)	-	-	-	(111)
Total	478	-	-	-	478	583	-	-	-	583
Total debt securities	478	125	588	-	1,191	583	280	463	-	1,326

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

9.3 Investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 31 December 2016 and 2015, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiary or associated companies, separated by industry as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Manufacturing and commerce	1,455	1,408	723	699
Banking and finance sector	2	4	-	-
Real estate and construction	21	21	20	20

9.4 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 December 2016 and 2015 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Investments in receivables purchased	1,036	1,199	562	694
Less: Allowance for impairment	(201)	(233)	(84)	(111)
Investments in receivables purchased - net	835	966	478	583

	2016				2015			
	Number	Balance	Purchase	Yield	Number	Balance	Purchase	Yield
	of	per	price		of	per	price	
	debtors	agreement			debtors	agreement		
		Million	Million	Percent		Million	Million	Percent
		Baht	Baht			Baht	Baht	
<u>Consolidated financial statements</u>								
Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	315	8,332	1,036		325	8,632	1,199	
<u>Separate financial statements</u>								
Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	198	4,799	562		199	4,842	694	

During the year ended 31 December 2016, the Company entered into agreement restructuring debt from its investment in 1 debtor with no book balance before restructuring, by means of modification of repayment conditions. There was no loss on debt restructuring, where by the receivable is due in full within the year 2016 (for the year ended 31 December 2015, the Company entered into agreements restructuring debt from its investments in 3 debtors with book balances before restructuring amounting to Baht 3 million, by means of modification of repayment conditions. There were no losses on this restructuring, whereby the receivables are due in full within the year 2015).

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 December 2016 and 2015, there was no outstanding restructured receivables in the investments in receivables purchased account.

9.5 Investments in companies having problems relating to financial position and operating results

As at 31 December 2016 and 2015, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

	Consolidated financial statements							
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2016	2015	2016	2015	2016	2015	2016	2015
			Million	Million	Million	Million	Million	Million
			Baht	Baht	Baht	Baht	Baht	Baht
<u>Investments in receivables purchased</u>								
1. Closed financial institutions	6	6	-	-	-	-	-	-
2. Companies which have loan settlement problems or have defaulted on the repayment	121	127	784	929	1,320	1,274	151	155

	Separate financial statements							
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2016	2015	2016	2015	2016	2015	2016	2015
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	68	68	407	537	942	889	58	59

10. Investments in subsidiary and associated companies

10.1 Separate financial statements

As at 31 December 2016 and 2015, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the years	
	2016	2015	2016	2015	2016	2015	2016	2015
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	2,318	1,944
NFS Asset Management Co., Ltd.	700	700	100.00	100.00	700	700	35	585
MBK Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	143	143	83.44	83.44	117	117	99	-
NASSET Property Fund 6	121	121	99.80	99.80	88	88	-	-
MT Service 2016 Co., Ltd.	50	-	51.00	-	26	-	-	-
TM Broker Co., Ltd.	20	-	51.00	-	10	-	-	-
<u>Associated company</u>								
MBK Plc.	1,708	1,886	11.04	10.00	658	658	124	113
Total investments in subsidiary and associated companies					33,925	33,889	2,576	2,642

On 5 October 2015, the Company purchased 280,972,659 new ordinary shares of Thanachart Bank Plc. at Baht 10 each, totaling Baht 2,810 million, and the Company's shareholding remains at 50.96%.

During the year 2015, NFS Asset Management Co., Ltd. decreased its registered shares capital and returned Baht 300 million to the Company, based on the par value. However, the Company had no gain on the capital return.

During the year 2015, NASSET Property Fund 6 returned capital of Baht 34 million to the Company. On the first occasion, it returned Baht 2 million as a result of the reduction in the number of registered units, based on the net asset value on the date it announced the capital return to the unit holders. The Company recorded a gain on capital return of Baht 1 million in the separate financial statements and this was eliminated in the consolidated financial statements. The second occasion was the return of Baht 32 million as a result of liquidation, since the Fund matured on 31 August 2015.

The Company invested Baht 1 million in 50,998 ordinary shares of MT Service 2016 Co., Ltd. on 4 July 2016 and Baht 25 million in another 2,499,000 ordinary shares of this company on 22 July 2016. This represents a total investment of Baht 26 million or an equity interest of 51 percent.

The Company invested Baht 2 million in 203,998 ordinary shares of TM Broker Co., Ltd. on 8 August 2016 and Baht 8 million in another 816,000 ordinary share of this company on 30 August 2016. This represents a total investment of Baht 10 million or an equity interest of 51 percent.

10.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years		Profit allocated to non-controlling interests during the years		Other comprehensive income allocated to non-controlling interests during the years	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	(%)	(%)								
Thanachart Bank Plc. and its subsidiaries	49.04	49.04	62,308	58,122	2,468	1,986	6,503	5,634	174	(551)
MBK Life Assurance Plc.	49.00	49.00	588	481	-	-	92	(22)	15	(36)

10.3 Summarised financial information of subsidiaries that have material non-controlling interests based on amounts before inter-company elimination

Summarised information about financial position

(Unit: Million Baht)

	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2016	2015	2016	2015
Total assets	950,512	980,972	11,035	11,052
Total liabilities	824,391	863,282	9,835	10,070

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2016	2015	2016	2015
Net operating income	40,407	39,638	356	31
Profit for the year (loss)	12,839	11,126	189	(59)
Other comprehensive income (loss)	451	(1,170)	30	(75)
Total comprehensive income (loss)	13,290	9,956	219	(134)

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2016	2015	2016	2015
Cash flow from (used in) operating activities	26,182	38,450	(707)	681
Cash flow from (used in) investing activities	3,657	(22,412)	707	(681)
Cash flow used in financing activities	(31,099)	(19,306)	-	-
Net decrease in cash	(1,260)	(3,268)	-	-

10.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2016	2015	2016	2015	2016	2015
Cash flows from operating activities						
Profit before income tax (loss)	118	58	116	73	148	(83)
Adjustments to reconcile profit (losses) before income tax to net cash provided by (paid for) operating activities						
Gain on assets transferred for debt settlement	(25)	-	(5)	(37)	-	-
Loss on impairment of property foreclosed (reversal)	(24)	(27)	(14)	6	(146)	134
Impairment loss of loans and debt securities (reversal)	(7)	(9)	(1)	(2)	16	(811)
Others	(7)	(1)	(5)	-	1	1
	55	21	91	40	19	(759)
Interest income	37	25	26	21	(297)	(346)
Dividend income	(3)	(3)	-	-	-	-
Cash received from interest	-	10	-	6	300	409
Cash paid for income tax	(4)	(10)	(5)	(2)	(6)	(73)
Income from operating activities before changes in operating assets and liabilities (loss)	85	43	112	65	16	(769)
Decrease (increase) in operating assets						
Current investments	(257)	94	(24)	(134)	-	-
Investments in receivables purchased	27	26	1	15	-	-
Loans to customers	9	27	17	25	663	3,630
Property foreclosed	214	59	40	50	862	920
Other assets	8	(2)	7	2	10	(4)
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	(691)	(2,211)
Provisions	-	-	-	-	-	(8)
Other liabilities	6	21	(5)	(40)	(21)	(5)
Net cash flows from (used in) operating activities	92	268	148	(17)	839	1,553
Cash flows from investing activities						
Cash received from dividend	3	3	-	-	-	-
Net cash flows from investing activities	3	3	-	-	-	-

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2016	2015	2016	2015	2016	2015
Cash flows from financing activities						
Cash received from debts issued and borrowings	-	650	-	45	-	-
Cash paid for capital returned	-	(300)	-	-	-	-
Cash paid for interest on debts issued and borrowings	(44)	(36)	(28)	(27)	(4)	(52)
Cash paid for dividend	(35)	(585)	(118)	-	(700)	(1,500)
Net cash flows from (used in) financing activities	(79)	(271)	(146)	18	(704)	(1,552)
Net increase in cash and cash equivalents	16	-	2	1	135	1
Cash and cash equivalents at the beginning of the year	14	14	12	11	55	54
Cash and cash equivalents at the end of the year	30	14	14	12	190	55

10.5 Investment in an associated company in the consolidated financial statements

As at 31 December 2016 and 2015, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)														
Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income during the years		Share of profit during the years		Share of other comprehensive income (loss) during the years	
	2016	2015	2016	2015	Cost method		Equity method		2016	2015	2016	2015	2016	2015
					2016	2015	2016	2015						
MBK Plc. (operating in property rental, hotel and services businesses)	1,708	1,886	21.98	19.90	948	948	2,890	2,353	248	225	395	272	502	(42)
Total investment in an associated company					948	948	2,890	2,353	248	225	395	272	502	(42)

10.6 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2016 and 2015 and for the years then ended are as follows:

Summarised information about financial position

	(Unit: Million Baht)	
	30 September 2016 ⁽¹⁾	30 September 2015 ⁽¹⁾
Total assets	44,626	39,487
Total liabilities	(22,672)	(22,173)
Other equity items of an associated company	(936)	1,810
Net assets	21,018	19,124
Shareholding percentage (%)	21.98	19.90
Share of net assets	4,619	3,806
Elimination entries	(1,786)	(1,510)
Goodwill	57	57
Carrying amounts of associate based on equity method	2,890	2,353

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 30 September ⁽¹⁾	
	2016	2015
Revenue	12,654	10,812
Profit for the year	1,903	1,408
Other comprehensive income (loss)	3,498	(814)
Total comprehensive income for the year	5,401	594

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2016 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2016 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the year ended 30 September 2016 is not materially different from the income for the year ended 31 December 2016.

On 13 October 2016, MBK Plc. registered a decrease in its share capital in relation to its scheme to acquire 178,331,000 shares of treasury stock. As a result, paid-up share capital was reduced from 1,886,291,000 shares to 1,707,960,000 shares and the shareholding percentage of the Company and its subsidiaries had increased from 19.90 percent to 21.98 percent. The Company and its subsidiaries recognised the effect of the share capital reduction in retained earnings and share of other comprehensive income of associate, amounting to Baht 80 million.

b) Fair value of investment in an associated company

As at 31 December 2016 and 2015, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
MBK Plc.	5,405	5,293	2,715	2,659

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

		(Unit: Million Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2016	2015
<u>Loans to customers</u>			
Overdrafts		17,261	18,294
Loans		261,679	271,375
Notes receivables		62,534	54,892
Hire purchase receivables		393,325	415,334
Financial lease receivables		1,743	1,463
Others		141	351
Less: Deferred revenues		(48,173)	(50,539)
Total loans to customers net of deferred revenues		688,510	711,170
Add: Accrued interest receivables		631	667
Total loans to customers and accrued interest receivables net of deferred revenues		689,141	711,837
Less: Allowance for doubtful accounts			
1) BOT's minimum requirement provision			
- Individual approach		(15,380)	(16,070)
- Collective approach		(7,194)	(8,555)
2) Excess provision		(2,565)	(1,502)
Less: Revaluation allowance for debt restructuring		(2)	(4)
Loans to customers and accrued interest receivables - net		664,000	685,706
<u>Securities business receivables</u>			
Credit balances receivables		3,508	3,336
Other receivables		28	122
Total securities business receivables		3,536	3,458
Less: Allowance for doubtful accounts		(14)	(113)
Securities business receivables - net		3,522	3,345
Total loans to customers and accrued interest receivables - net		667,522	689,051

11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	672,777	-	672,777	692,357	-	692,357
US Dollar	11,916	6,455	18,371	14,054	7,082	21,136
Other currencies	120	778	898	346	789	1,135
Total*	684,813	7,233	692,046	706,757	7,871	714,628

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,142	-	1,142	1,163	-	1,163
Total*	1,142	-	1,142	1,163	-	1,163

* Total loans net of deferred revenues

11.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2016							Consolidated
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	13,703	14	299	35	29	14,080	1	14,081
Manufacturing and commerce	74,384	206	938	425	1,985	77,938	300	78,238
Real estate and construction	45,370	111	363	886	1,115	47,845	36	47,881
Public utilities and services	58,275	349	204	50	1,136	60,014	103	60,117
Personal consuming								
Housing loans	94,094	1,345	576	519	1,168	97,702	54	97,756
Securities business	-	-	-	-	-	-	3,536	3,536
Hire purchase	284,130	22,826	1,363	1,264	2,010	311,593	33,750	345,343
Others	26,760	636	534	184	493	28,607	351	28,958
Others	15,971	3	4	1	157	16,136	-	16,136
Total*	612,687	25,490	4,281	3,364	8,093	653,915	38,131	692,046

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements								
2015								
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	14,563	24	14	33	369	15,003	2	15,005
Manufacturing and commerce	72,182	552	507	304	5,010	78,555	261	78,816
Real estate and construction	47,943	350	171	163	1,214	49,841	32	49,873
Public utilities and services	62,803	1,317	255	271	924	65,570	109	65,679
Personal consuming								
Housing loans	85,748	1,171	603	490	1,047	89,059	29	89,088
Securities business	-	-	-	-	-	-	3,458	3,458
Hire purchase	300,554	26,914	1,804	1,917	4,240	335,429	29,553	364,982
Others	24,678	624	591	157	613	26,663	304	26,967
Others	20,392	16	173	1	178	20,760	-	20,760
Total*	628,863	30,968	4,118	3,336	13,595	680,880	33,748	714,628

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements						
2016						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Personal consuming						
Housing loans	4	-	4	1	7	16
Hire purchase	-	-	-	-	49	49
Others	-	-	-	-	96	96
Others	979	-	-	-	-	979
Total*	983	-	4	1	154	1,142

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements				
	2015				
	Normal	Special mention	Substandard	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	3
Personal consuming					
Housing loans	17	-	1	-	24
Hire purchase	-	-	-	-	53
Others	-	-	-	-	97
Others	986	-	-	-	986
Total*	1,003	-	1	-	1,163

* Total loans net of deferred revenues

11.4 Non-performing loans

As at 31 December 2016 and 2015, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Non-performing loans (excluding accrued interest receivables)				
The Company	159	160	159	160
Banking business	12,863	15,957	-	-
Securities business	14	113	-	-
Asset management business	2,716	4,932	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Company and its subsidiaries (banking and securities businesses) had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
The Company	159	160	159	160
Banking business	12,945	16,940	-	-
Securities business	14	113	-	-

The Company recognises income from loans that were transferred from investment in receivables on a cash basis. Subsidiary companies engaged in the asset management business also recognise income from loans on a cash basis.

11.5 Debt restructuring

During the years 2016 and 2015, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

	Consolidated financial statements				
Type of restructuring	Number of debtors	Outstanding balances before restructuring ⁽¹⁾	Outstanding balances after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
2016					
Modification of repayment conditions	1,950	5,456	5,411		
Transfer of assets and/or common shares and/or modification of repayment conditions	8	167	159	Land and premise thereon	195
Total	1,958	5,623	5,570		
2015					
Transfer of assets	2	2	2	Land and premise	2
Modification of repayment conditions	2,242	3,615	3,498		
Transfer of assets and/or common shares and/or modification of repayment conditions	34	309	308	Land, land and premise thereon	310
Total	2,278	3,926	3,808		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Type of restructuring	Separate financial statements		
	Number of debtors	Outstanding balances	Outstanding balances after
		before restructuring ⁽¹⁾	restructuring ⁽¹⁾
		Million Baht	Million Baht
<u>2016</u>			
Modification of repayment conditions	-	-	-
Total	-	-	-
<u>2015</u>			
Modification of repayment conditions	3	-	-
Total	3	-	-

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the years, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2016 and 2015, are summarised below.

Periods	Consolidated financial statements			
	2016		2015	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	900	947	799	1,143
Due within the year	221	790	387	1,721
Less than 5 years	565	2,746	634	243
5 - 10 years	172	645	357	389
10 - 15 years	42	322	40	177
Over 15 years	58	120	61	135
Total	1,958	5,570	2,278	3,808

Periods	Separate financial statements			
	2016		2015	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	-	-	3	-
Total	-	-	3	-

Supplemental information for the years 2016 and 2015 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Interest income recognised in the statements of comprehensive income	979	1,228	1	7
Gain on debt settlement /assets transferred for debt settlement	66	47	7	2
Cash repayment from receivables	5,273	5,238	16	18
Property foreclosed received for debt settlement	215	338	-	-

As at 31 December 2016 and 2015, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	2016	2015	2016	2015	2016	2015
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	16	17	93	101	14	13
Thanachart Bank Plc.	13,532	20,756	10,093	11,196	2,850	4,668
Thanachart Securities Plc.	-	1	-	7	-	7
TS Asset Management Co., Ltd.	325	564	4,261	5,316	2,923	3,249
Other subsidiaries	129	141	382	409	130	134

11.6 Hire purchase/financial lease receivables

As at 31 December 2016 and 2015, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2016				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	115,626	260,267	19,175	395,068
Less: Unearned finance income	(17,548)	(29,592)	(1,016)	(48,156)
Present value of minimum lease payments receivables	98,078	230,675	18,159	346,912
Allowance for doubtful accounts				(9,658)
Hire purchase/financial lease receivables - net				337,254

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2015				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	126,785	270,797	19,215	416,797
Less: Unearned finance income	(19,137)	(30,288)	(1,072)	(50,497)
Present value of minimum lease payments receivables	107,648	240,509	18,143	366,300
Allowance for doubtful accounts				(10,845)
Hire purchase/financial lease receivables - net				355,455

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2016				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	51	-	-	51
Less: Unearned finance income	(2)	-	-	(2)
Present value of minimum lease payments				
receivables	49	-	-	49
Allowance for doubtful accounts				(49)
Hire purchase/financial lease				
receivables - net				-

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2015				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	56	-	-	56
Less: Unearned finance income	(3)	-	-	(3)
Present value of minimum lease payments				
receivables	53	-	-	53
Allowance for doubtful accounts				(53)
Hire purchase/financial lease				
receivables - net				-

* Included non-performing receivables

11.7 Classified by classification

As at 31 December 2016 and 2015, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

Consolidated financial statements ⁽¹⁾						
	2016			2015		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾
Normal	613,284	404,054	9,805	629,494	424,401	8,101
Special mention	25,507	23,188	3,046	30,993	27,994	3,524
Substandard	4,287	2,465	1,726	4,119	2,725	1,819
Doubtful	3,364	1,656	975	3,336	2,441	1,352
Doubtful of loss	8,093	4,745	5,131	13,595	8,972	8,096
Total	654,535	436,108	20,683	681,537	466,533	22,892
Additional allowance for possible uncollectible accounts			2,345			1,502
Total			23,028			24,394

(1) Only the Company and subsidiary companies subject to BOT's regulations; and after deducting intergroup transactions.

(2) As at 31 December 2016, the provisions set aside by the Company and subsidiary companies exceeded the minimum requirement per the BOT's notification by a total of Baht 11,743 million (2015: Baht 9,681 million). The Company and subsidiary companies allocated Baht 9,398 million (2015: Baht 8,179 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 11,285 million (2015: Baht 14,713 million), the total provision set aside in accordance with BOT requirements is Baht 20,683 million (2015: Baht 22,892 million).

(Unit: Million Baht)

Separate financial statements

	2016			2015		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	983	979	10	1,003	986	10
Special mention	-	-	-	-	-	-
Substandard	4	-	-	1	-	-
Doubtful	1	-	-	-	-	-
Doubtful of loss	154	76	76	159	81	81
Total	1,142	1,055	86	1,163	1,067	91

Percentage of allowance for doubtful account set up

	Hire purchase receivables -			
	personal consumer of Thanachart Bank ⁽³⁾		Other loans	
	2016	2015	2016	2015
Normal	0.77	0.76	1	1
Special mention	9.50	8.56	2	2
Substandard	43.83	46.40	100	100
Doubtful	40.96	41.47	100	100
Doubtful of loss	94.69	60.98	100	100

(3) These percentages are average rates used in setting up allowance for doubtful accounts.

11.8 Loans to companies which have settlement problems

As at 31 December 2016 and 2015, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2016	2015	2016	2015	2016	2015	2016	2015
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	4	2	211	416	6	8	2	408
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	22	39	476	490	365	322	111	169
3. Companies which have loan settlement problems or have defaulted on the repayment	528	950	8,345	8,539	4,359	3,947	4,239	4,928

Separate financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2016	2015	2016	2015	2016	2015	2016	2015
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	21	22	84	84	88	88	10	11

11.9 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 December 2016 and 2015, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission ("SEC") governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	2016			2015		
	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts
Normal	3,522	-	3,522	3,345	-	3,345
Substandard	1	1	-	1	1	-
Doubtful	13	13	-	112	112	-
Total	3,536	14	3,522	3,458	113	3,345

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

11.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2016 and 2015, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	2016	2015
Current or overdue not over 90 days	32,663	28,548
Overdue 91 - 365 days	813	922
Overdue more than 1 year	170	218
Debtors under legal actions	545	269
Total	34,191	29,957
Allowance for doubtful accounts provided in the accounts	2,110	1,731

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2016									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	8,101	3,524	1,819	1,352	8,096	1,502	24,394	1,846	26,240
Increase (decrease) during the year	1,704	(478)	(93)	(377)	2,312	843	3,911	349	4,260
Bad debts recovery	-	-	-	-	1,356	-	1,356	6	1,362
Bad debts written-off	-	-	-	-	(6,633)	-	(6,633)	(76)	(6,709)
Balance - end of the year	9,805	3,046	1,726	975	5,131	2,345	23,028	2,125	25,153

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2015									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347
Increase (decrease) during the year	2,270	(818)	(602)	(352)	2,351	1,208	4,057	63	4,120
Bad debts recovery	-	-	-	-	1,609	-	1,609	15	1,624
Bad debts written-off	-	-	-	-	(7,624)	-	(7,624)	(227)	(7,851)
Balance - end of the year	8,101	3,524	1,819	1,352	8,096	1,502	24,394	1,846	26,240

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2016						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	10	-	-	-	81	91
Increase (decrease) during the year	-	-	-	-	(5)	(5)
Balance - end of the year	10	-	-	-	76	86

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2015					
	Normal	Special mention	Substandard	Doubtful	Total
Balance - beginning of the year	3	-	-	-	150
Increase (decrease) during the year	7	-	-	-	(60)
Bad debts recovery	-	-	-	-	1
Balance - end of the year	10	-	-	-	91

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Balance - beginning of the year	4	103	-	-
Amortised during the year	(2)	(99)	-	-
Balance - end of the year	2	4	-	-

14. Classification of assets

As at 31 December 2016 and 2015, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

Consolidated financial statements						
2016						
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	26,213	613,284	-	-	213	639,710
Special mention	-	25,507	-	-	115	25,622
Substandard	-	4,287	-	-	13	4,300
Doubtful	-	3,364	-	-	10	3,374
Doubtful of loss	-	8,093	1,290	1,538	340	11,261
Total	26,213	654,535	1,290	1,538	691	684,267

(Unit: Million Baht)

Consolidated financial statements

2015

	Loans to					
	Interbank and	customers and		Property		
	money market	accrued interest		foreclosed	Other assets	Total
	items	receivables	Investments			
Normal	48,755	629,494	-	-	236	678,485
Special mention	-	30,993	-	-	127	31,120
Substandard	-	4,119	-	-	14	4,133
Doubtful	-	3,336	-	-	14	3,350
Doubtful of loss	-	13,595	607	1,351	377	15,930
Total	48,755	681,537	607	1,351	768	733,018

(Unit: Million Baht)

Separate financial statements

2016

	Loans to					Total
	Interbank and money market items	customers and accrued interest receivables	Investments	Property foreclosed	Other assets	
Normal	-	983	-	-	-	983
Special mention	-	-	-	-	-	-
Substandard	-	4	-	-	-	4
Doubtful	-	1	-	-	-	1
Doubtful of loss	-	154	117	1,087	81	1,439
Total	-	1,142	117	1,087	81	2,427

(Unit: Million Baht)

Separate financial statements

2015

	Loans to					
	Interbank and money market	customers and accrued interest		Property		
	items	receivables	Investments	foreclosed	Other assets	Total
Normal	-	1,003	-	-	-	1,003
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	159	148	717	77	1,101
Total	-	1,163	148	717	77	2,105

15. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements			
	For the year ended 31 December 2016			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	5,276	210	(1,422)	4,064
Movable assets	604	5,173	(5,359)	418
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	1,749	452	(220)	1,981
Non-used branches				
External appraiser	90	29	(22)	97
Total property foreclosed	7,719	5,864	(7,023)	6,560
Less: Allowance for impairment	(1,385)	(1,320)	1,137	(1,568)
Property foreclosed - net	6,334	4,544	(5,886)	4,992

(Unit: Million Baht)

	Consolidated financial statements			
	For the year ended 31 December 2015			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	6,603	333	(1,660)	5,276
Movable assets	1,545	6,066	(7,007)	604
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	1,654	286	(191)	1,749
Non-used branches				
External appraiser	241	11	(162)	90
Total property foreclosed	10,043	6,696	(9,020)	7,719
Less: Allowance for impairment	(1,112)	(1,037)	764	(1,385)
Property foreclosed - net	8,931	5,659	(8,256)	6,334

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2016				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,161	6	(43)	1,124
Movable assets	1	-	-	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	228	273	(38)	463
Others				
Immovable assets				
External appraiser	80	-	(3)	77
Total property foreclosed	1,470	279	(84)	1,665
Less: Allowance for impairment	(717)	(391)	21	(1,087)
Property foreclosed - net	753	(112)	(63)	578

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2015				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,188	6	(33)	1,161
Movable assets	1	-	-	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	278	-	(50)	228
Others				
Immovable assets				
External appraiser	82	2	(4)	80
Total property foreclosed	1,549	8	(87)	1,470
Less: Allowance for impairment	(663)	(86)	32	(717)
Property foreclosed - net	886	(78)	(55)	753

16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2016						
	Land*	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2016	4,435	2,627	6,841	93	57	14,053
Additions	-	15	708	4	136	863
Transfers/disposals	(49)	-	(150)	(19)	(181)	(399)
Revaluation surplus*	1,621	-	-	-	-	1,621
Revaluation deficit*	(14)	-	-	-	-	(14)
31 December 2016	5,993	2,642	7,399	78	12	16,124
<u>Accumulated depreciation</u>						
1 January 2016	-	857	4,977	73	-	5,907
Transfers/disposals	-	(6)	(302)	(18)	-	(326)
Depreciation for the year	-	121	712	7	-	840
31 December 2016	-	972	5,387	62	-	6,421
<u>Allowance for impairment</u>						
1 January 2016	68	25	6	-	-	99
Transfers/disposals	-	-	(1)	-	-	(1)
31 December 2016	68	25	5	-	-	98
<u>Net book value</u>						
31 December 2016	5,925	1,645	2,007	16	12	9,605
Depreciation for the year						840

* In 2016, the Company and its subsidiaries changed its accounting policy to present land at revalued amount.

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2015

	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2015	4,447	2,599	6,227	111	91	13,475
Additions	-	49	525	4	268	846
Transfers/disposals	(12)	(21)	89	(22)	(302)	(268)
31 December 2015	4,435	2,627	6,841	93	57	14,053
<u>Accumulated depreciation</u>						
1 January 2015	-	757	4,553	84	-	5,394
Transfers/disposals	-	(20)	(208)	(21)	-	(249)
Depreciation for the year	-	120	632	10	-	762
31 December 2015	-	857	4,977	73	-	5,907
<u>Allowance for impairment</u>						
1 January 2015	68	25	6	-	-	99
31 December 2015	68	25	6	-	-	99
<u>Net book value</u>						
31 December 2015	4,367	1,745	1,858	20	57	8,047
Depreciation for the year						762

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2016

	Land*	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2016	3	45	70	27	-	145
Additions	-	-	2	-	-	2
Revaluation surplus*	15	-	-	-	-	15
31 December 2016	18	45	72	27	-	162
<u>Accumulated depreciation</u>						
1 January 2016	-	28	59	23	-	110
Depreciation for the year	-	2	4	1	-	7
31 December 2016	-	30	63	24	-	117
<u>Net book value</u>						
31 December 2016	18	15	9	3	-	45
Depreciation for the year						7

* In 2016, the Company changed its accounting policy to present land at revalued amount.

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2015					
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2015	3	62	72	27	-	164
Additions	-	-	2	-	-	2
Transfers/disposals	-	(17)	(4)	-	-	(21)
31 December 2015	3	45	70	27	-	145
<u>Accumulated depreciation</u>						
1 January 2015	-	40	59	22	-	121
Transfers/disposals	-	(15)	(4)	-	-	(19)
Depreciation for the year	-	3	4	1	-	8
31 December 2015	-	28	59	23	-	110
<u>Net book value</u>						
31 December 2015	3	17	11	4	-	35
Depreciation for the year						8

As at 31 December 2016 and 2015, the Company and its subsidiaries have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 4 million and Baht 8 million, respectively. In addition, the Company and its subsidiaries have building, office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 3,510 million and Baht 3,144 million, respectively (separate financial statements: the Company have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 1 million and Baht 2 million, respectively and have building, office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 76 million and Baht 73 million, respectively).

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of land in 2015 and 2016, using the market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as at 31 December 2016 would have been as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statement	financial statement
Land	4,329	3

Key assumptions used in the valuation are summarised below.

	Consolidated	Separate	Result to fair value where as an increase in assumption value
	financial statement	financial statement	
Price per square wah (Baht)	6,300 - 1,000,000	41,200	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land of the Company and its subsidiaries during the year ended 31 December 2016 are summarised below.

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statement	financial statement
Beginning balance	-	-
Increased during the year	1,621	15
Transferred out during the year	(5)	-
Ending balance	1,616	15

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

17. Intangible assets

(Unit: Million Baht)

	For the year ended 31 December 2016					
	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
1 January 2016	4,100	2,442	8	270	6,820	9
Additions	-	184	-	279	463	-
Transfers/disposals	-	230	(1)	(372)	(143)	-
31 December 2016	4,100	2,856	7	177	7,140	9
<u>Accumulated amortisation</u>						
1 January 2016	2,589	1,164	7	-	3,760	8
Amortisation for the year	451	189	-	-	640	-
31 December 2016	3,040	1,353	7	-	4,400	8
<u>Allowance for impairment</u>						
1 January 2016	-	49	-	-	49	-
Decrease during the year	-	(18)	-	-	(18)	-
31 December 2016	-	31	-	-	31	-
<u>Net book value</u>						
31 December 2016	1,060	1,472	-	177	2,709	1
Remaining amortisation period	3.25 years	0 - 10 years	-	-		0 - 2 years
Amortisation for the year					640	-

(Unit: Million Baht)

For the year ended 31 December 2015

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
1 January 2015	4,100	2,227	7	229	6,563	10
Additions	-	115	1	155	271	1
Transfers/disposals	-	100	-	(114)	(14)	(2)
31 December 2015	4,100	2,442	8	270	6,820	9
<u>Accumulated amortisation</u>						
1 January 2015	2,127	939	7	-	3,073	8
Amortisation for the year	462	225	-	-	687	-
31 December 2015	2,589	1,164	7	-	3,760	8
<u>Allowance for impairment</u>						
1 January 2015	-	63	-	-	63	-
Decrease during the year	-	(14)	-	-	(14)	-
31 December 2015	-	49	-	-	49	-
<u>Net book value</u>						
31 December 2015	1,511	1,229	1	270	3,011	1
Amortisation for the year					687	-

As at 31 December 2016 and 2015, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 182 million and Baht 92 million, respectively (separate financial statements: Baht 8 million and Baht 7 million, respectively).

18. Goodwill

The Company and its subsidiaries allocated goodwill arising from business combinations to the cash generating unit (CGU) for annual impairment testing, on the assumption that the CGU is the consolidated financial statements of Thanachart Bank and its subsidiaries.

The recoverable amount of the CGU have been determined based on its value in use. The value in use was calculated by using estimate future cash flow, covering a five-year period, for the consolidated operating results of Thanachart Bank and its subsidiaries.

Key assumptions used in value in use calculation are summarised below:

	<u>Rate (Percentage)</u>
Terminal growth rate	5
Discount rate	12

The management of the Company and its subsidiaries determined these key assumptions based on historical operating results and expected market growth. The discount rate used is a rate that reflects risks specific to Thanachart Bank and its subsidiaries.

The management of the Company believes that changes in the key assumption used to determine the value in use of the CGU would not result in impairment.

The management of the Company believes that there is no impairment of goodwill.

19. Deferred tax assets/ liabilities and income tax

19.1 Deferred tax assets/ liabilities

As at 31 December 2016 and 2015, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets	1,089	1,175	26	55
Deferred tax liabilities	(1,003)	(1,024)	-	-
Net	86	151	26	55

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Deferred tax assets		
Intercompany gain from disposal of assets	245	292
Non-accrual of interest income	64	81
Allowance for doubtful debts - general provision/other assets	962	771
Allowance for impairment of properties foreclosed	227	267
Provisions for employee benefits	482	427
Provisions	231	238
Accrued expenses	100	97
Insurance contract liabilities	307	292
Unused tax loss	-	42
Fees income received in advance	369	381
Late payment fee	178	176
Others	278	374
	3,443	3,438
Deferred tax liabilities		
Assets transferred as a result of business combination	(1,104)	(1,115)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(1,379)	(1,349)
Intangible assets	(212)	(302)
Unrealised gains on changes in value of available-for-sale securities	(162)	(353)
Others	(500)	(168)
	(3,357)	(3,287)
Net	86	151

(Unit: Million Baht)

	Separate financial statements	
	2016	2015
Deferred tax assets		
Allowance for impairment of properties foreclosed	134	138
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	19	20
Provisions for employee benefits	-	7
Provisions	-	3
Unused tax loss	-	3
Others	-	1
	153	172
Deferred tax liabilities		
Unrealised gains on changes in value of available-for-sale securities	(122)	(115)
Others	(5)	(2)
	(127)	(117)
Net	26	55

As at 31 December 2016 and 2015, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 2,214 million and Baht 985 million, respectively (separate financial statements: Baht 1,836 million and Baht 931 million, respectively) on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow full utilisation of the temporary differences and unused full tax losses.

The unused tax losses amounting to Baht 1,121 million will expire by 2018 - 2021.

In addition, as at 31 December 2016 and 2015, Thanachart Bank (“a subsidiary”) has tax losses totaling Baht 14,669 million and Baht 25,326 million, respectively arising from investment in a subsidiary company which has already completed the liquidation process. These will expire by 2020. The subsidiary has not recognised deferred tax assets in respect of these losses because management’s assessment is that there is uncertainty about their future benefit.

19.2 Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Corporate income tax charge for the year	859	714	-	-
Adjustment in respect of income tax from previous year	2	12	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(8)	(501)	16	13
Income tax expense reported in statements of comprehensive income	853	225	16	13

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to revaluation surplus on assets	324	-	3	-
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	(274)	(259)	7	(6)
Deferred tax relating to actuarial gain (loss) on defined benefit plan	6	(42)	3	-
Deferred tax relating to share of other comprehensive income of an associated company	25	(2)	-	-
	81	(303)	13	(6)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	13,464	11,286	1,675	2,207
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	2,693	2,257	335	441
Adjustment in respect of income tax from previous year	2	12	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(1,842)	(2,044)	(319)	(428)
Income tax expenses reported in statements of comprehensive income	853	225	16	13

20. Accrued interest and dividend income receivables

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accrued interest receivable	983	1,094	3	2
Dividend income receivable	-	-	-	680
Total	983	1,094	3	682

21. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accrued premium insurance income	269	275	-	-
Suspense debtors	498	509	13	19
Other receivables	777	693	74	76
VAT refundable	297	450	-	-
Other receivables - VAT paid in advance for customers	255	292	-	-
Deposits	275	293	3	3
Estimated insurance claims recoveries	230	285	-	-
Receivable from clearing house	1,332	1,101	-	-
Leasehold right	177	213	10	10
Prepaid corporate income tax	428	254	11	49
Deposits from derivative contracts	1,034	1,226	-	-
Prepaid expenses	382	455	9	11
Reinsurance assets	216	178	-	-
Receivables from purchase and sale of securities	1,126	912	-	-
Others	1,509	1,155	6	4
Total	8,805	8,291	126	172
Less: Allowance for impairment	(480)	(475)	(81)	(77)
Other assets - net	8,325	7,816	45	95

22. Deposits

22.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Current	11,421	9,779	-	-
Saving	296,885	258,887	-	-
Certificates of deposit	125,493	113,598	-	-
Fixed deposits				
- Less than 6 months	39,442	38,632	-	-
- 6 months and up to 1 year	93,129	122,076	-	-
- Over 1 year	110,086	126,482	-	-
Total deposits	676,456	669,454	-	-

22.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	675,262	1	675,263	668,563	1	668,564
US Dollar	837	30	867	738	24	762
Other currencies	317	9	326	111	17	128
Total	676,416	40	676,456	669,412	42	669,454

23. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	416	2,779	3,195	417	3,347	3,764
Commercial banks	649	17,478	18,127	424	22,886	23,310
Specialised financial institutions	47	3,724	3,771	40	2,850	2,890
Other financial institutions	10,780	9,822	20,602	10,265	17,294	27,559
Total domestic items	11,892	33,803	45,695	11,146	46,377	57,523
Foreign						
US Dollar	118	15,766	15,884	85	19,546	19,631
Euro	1	-	1	3	-	3
Baht	3,610	511	4,121	7,650	793	8,443
Total foreign items	3,729	16,277	20,006	7,738	20,339	28,077
Total	15,621	50,080	65,701	18,884	66,716	85,600

As at 31 December 2016, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,750 million, consisting of (i) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly (iii) a loan of Baht 200 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable quarterly, and (iv) a loan of Baht 250 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2015: included loans of a subsidiary company amounting to Baht 1,573 million).

24. Debt issued and borrowings

As at 31 December 2016 and 2015, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

(Unit: Million Baht)						
Types of borrowings	Interest rate per annum (as at 31 December 2016)	Maturity date	Consolidated financial statements		Separate financial statements	
			2016	2015	2016	2015
Unsubordinated debentures (a - ai)	1.96 - 5.03 percent	2017 - 2025	26,605	28,771	12,700	13,700
Subordinated debentures issued under Tier II (aj - ak)	4.70 percent	2022	12,516	12,516	-	-
Subordinated instruments issued under Tier II (al - am)	4.65, 6.00 percent	2024 - 2025	19,530	19,530	-	-
Short-term debentures	1.65 percent	2017	2,000	22,900	-	-
Structured notes	1.00 percent	2017	50	-	-	-
Promissory notes	0.20 - 2.50, 7.15 percent	At call, 2017	1,002	1,207	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2017	1	5	-	-
Total debt issued and borrowings			61,704	84,929	12,700	13,700

- (a) On 27 April 2012, a subsidiary issued 4,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 1,500,000 units bear interest at a fixed rate of 5.20 percent per annum and matured in the second quarter of 2015, and the remaining 2,500,000 units bear interest at a fixed rate of 5.50 percent per annum and matured in the second quarter of 2016. All debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (b) On 1 November 2012, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each and bear interest at a fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio. The debenture matured in the fourth quarter of 2016.
- (c) On 21 November 2012, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.60 percent per annum, payable semi-annually.
- (d) On 14 June 2013, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (e) On 9 August 2013, the Company issued 1,400,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 500,000 units will mature in 2023 and bear interest at a fixed rate of 4.85 percent per annum, payable semi-annually. The remaining 900,000 debentures will mature in 2025 and bear interest at a fixed rate of 4.95 percent per annum, payable semi-annually.

- (f) On 30 August 2013, a subsidiary issued 760,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.759 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (g) On 22 October 2013, the Company issued 1,300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2023 and bear interest at a fixed rate of 5.00 percent per annum, payable semi-annually.
- (h) On 25 October 2013, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.80 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (i) On 15 November 2013, the Company issued 6,000,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3,100,000 debentures will mature in 2018 and bear interest at a fixed rate of 4.70 percent per annum, payable semi-annually. The remaining 2,900,000 units will mature in 2020 and bear interest at a fixed rate of 5.03 percent per annum, payable semi-annually.
- (j) On 30 April 2014, a subsidiary issued 280,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (k) On 2 May 2014, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 4.75 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (l) On 21 May 2014, a subsidiary issued 210,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (m) On 3 July 2014, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.22 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (n) On 25 September 2014, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (o) On 22 January 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures matured in 2016 and bear interest at a fixed rate of 2.60 percent per annum, payable semi-annually.
- (p) On 28 April 2015, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 3.35 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (q) On 26 May 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures matured in 2016 and bear interest at a fixed rate of 2.15 percent per annum, payable semi-annually.

- (r) On 3 September 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (s) On 11 September 2015, a subsidiary issued 350,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (t) On 15 September 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 1.97 percent per annum, payable semi-annually.
- (u) On 23 September 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (v) On 2 October 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.00 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (w) On 9 October 2015, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.00 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (x) On 22 December 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 1.96 percent per annum, payable semi-annually.
- (y) On 15 February 2016, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 2.88 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (z) On 11 March 2016, a subsidiary issued 770,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 2.60 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (aa) On 8 April 2016, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 2.88 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (ab) On 25 April 2016, a subsidiary issued 1,000,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 2.70 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (ac) On 9 June 2016, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 3.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (ad) On 21 June 2016, a subsidiary issued 215,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 3.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (ae) On 21 July 2016, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 3.00 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (af) On 3 August 2016, a subsidiary issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 3.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (ag) On 9 August 2016, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 3.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (ah) On 9 September 2016, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 2.95 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (ai) On 15 September 2016, a subsidiary issued 320,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2019 and bear interest at a fixed rate of 2.95 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (aj) On 20 July 2012, Thanachart Bank issued 8,497,000 units of name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (ak) On 19 October 2012, Thanachart Bank issued 4,018,500 units of name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (al) On 19 June 2014, Thanachart Bank issued 13 million units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments will mature in 2024 and bear interest at a fixed rate of 6.00 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met.
- (am) On 11 May 2015, Thanachart Bank issued 7,000,000 units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments will mature in 2025 and bear interest at a fixed rate of 4.65 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met.

25. Provisions

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2016				
	Loss from	Employee	Obligations		
	litigation	benefits	from off-	Others	Total
			balance items		
As at 1 January 2016	350	2,161	447	393	3,351
Increase during the year	125	420	13	658	1,216
Decrease from actual utilised	(40)	(106)	(13)	(230)	(389)
Reversal of provisions	(24)	-	(13)	(464)	(501)
As at 31 December 2016	411	2,475	434	357	3,677

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2015				
			Obligations		
	Loss from	Employee	from off-		
	litigation	benefits	balance items	Others	Total
As at 1 January 2015	171	1,944	434	302	2,851
Increase during the year	285	406	33	277	1,001
Decrease from actual utilised	(102)	(189)	(20)	(186)	(497)
Reversal of provisions	(4)	-	-	-	(4)
As at 31 December 2015	350	2,161	447	393	3,351

(Unit: Million Baht)

	Separate financial statements		
	For the year ended 31 December 2016		
	Loss from litigation	Employee benefits	Total
As at 1 January 2016	14	35	49
Increase during the year	61	3	64
Decrease from actual utilised	(20)	-	(20)
Reversal of provisions	(8)	-	(8)
As at 31 December 2016	47	38	85

(Unit: Million Baht)

	Separate financial statements		
	For the year ended 31 December 2015		
	Loss from litigation	Employee benefits	Total
As at 1 January 2015	9	37	46
Increase during the year	5	4	9
Decrease from actual utilised	-	(6)	(6)
As at 31 December 2015	14	35	49

Long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Defined benefit obligation at the beginning of the year	2,129	1,889	35	37
Recognised in profit and loss:				
Current service cost	155	135	2	2
Interest cost	70	76	1	1
Past service costs and gains or losses arising from the payment of benefits	(90)	(137)	(1)	-
Recognised in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	26	4	1	-
- Financial assumptions changes	(67)	172	(1)	2
- Experience adjustments	28	40	1	(1)
Employee benefits paid during the year	(47)	(50)	-	(6)
Defined benefit obligation at the end of the year	2,204	2,129	38	35

As at 31 December 2016 and 2015, the Company and its subsidiaries expect to pay Baht 86 million and Baht 47 million, respectively, in long-term employee benefits during the next one year (separate financial statements: Baht 16 million and nil, respectively).

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

	(Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Discount rate	2.71 - 3.51	2.71 - 3.83	3.51	3.21
Future salary increase rate	5.00 - 6.39	5.00 - 7.43	5.00	5.00
Average staff turnover rate (depending on age)	0 - 100.00	0 - 92.86	0.20 - 28.22	0.31 - 23.46

The result of sensitivity analysis for significant assumptions that affect the increasing in present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Change	2016	2015	2016	2015
Discount rate	Decrease 0.25%	56	75	1	1
Future salary increase rate	Increase 0.25%	55	74	1	1
Average staff turnover rate	Decrease 0.25%	56	76	1	1

As at 31 December 2016 and 2015, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 10, 15, 16, 20 years and 11, 16, 24 years, respectively (separate financial statements: 16 years and 16 years, respectively).

26. Accrued interest payables

(Unit: Million Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		2016	2015	2016	2015
Accrued interest payables		2,149	3,064	96	103

27. Insurance contract liabilities

(Unit: Million Baht)

		Consolidated financial statements					
		2016			2015		
		Insurance contract liabilities		Reinsurance assets	Insurance contract liabilities		Reinsurance assets
			Net			Net	
Life policy reserve		9,558	-	9,558	9,723	-	9,723
Loss reserves and outstanding claims		1,559	(159)	1,400	1,709	(153)	1,556
Unearned premium reserve		3,408	(57)	3,351	3,097	(25)	3,072
Unpaid policy benefits		7	-	7	10	-	10
Other liabilities under insurance policies		62	-	62	63	-	63
Total		14,594	(216)	14,378	14,602	(178)	14,424

Non-life insurance

Assumptions used in determining liabilities from insurance contracts

The assumptions used in determining liabilities from insurance contracts are set taking into consideration the model used to assess, the nature of the data, including actual experience up to the date the assessment is made. The analysis performed considers both internal and external factors that affect the pattern of experience, such as the underwriting process, the proportion of insurance, the process of claims handling, the reinsurance policy, economic trends and regulatory changes. In the event that historical loss data is insufficient to be a credible basis for the determination of the assumptions, industry information is used to ensure that this method is appropriate. In addition, the assumptions used in determining insurance liabilities should be consistent with the assumptions used in determining claims liabilities.

Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in calculating those liabilities, which will impact claims liabilities both before reinsurance and after reinsurance. The risk may occur because the frequency and severity of the damage or loss adjustment claim expense may not be in line with expectations.

(Unit: Million Baht)

Consolidated financial statements					
2016					
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Ultimate loss ratio	Increase 2%	146	145	(145)	(116)
Loss adjustment expense	Increase 2%	11	11	(11)	(9)
Ultimate loss ratio	Decrease 2%	(141)	(140)	140	112
Loss adjustment expense	Decrease 2%	(11)	(11)	11	9

(Unit: Million Baht)

Consolidated financial statements					
2015					
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Ultimate loss ratio	Increase 2%	146	146	(146)	(117)
Loss adjustment expense	Increase 2%	12	12	(12)	(10)
Ultimate loss ratio	Decrease 2%	(140)	(139)	139	111
Loss adjustment expense	Decrease 2%	(12)	(12)	12	10

Life insurance

Assumptions used in the estimating life reserve for long-term contracts

Mortality rate

The assumptions are determined based on actual historical claims data of the subsidiary company, the industry mortality rate and TMO 2008. Assumptions are differentiated by the type of product, sex and age of the insured, the credibility of data, and the underwriting process. An increase in rates will lead to a larger number of claims (and claims could occur sooner than anticipated), which will increase the long-term insurance policy reserves.

Related expenses

The assumptions are determined through analysis of actual expenses per the financial statements, taking into account both fixed expenses and variable expenses that relate to policy maintenance and adjusted appropriately for inflation. An increase in the level of expenses will result in an increase in the long-term insurance policy reserves.

Lapse and surrender rates

The subsidiary company determines the assumptions based on actual historical lapse and surrender rates of the subsidiary, taking into account the product type, distribution channel and the credibility of data, as well as industry data, in order to arrive at appropriate rates. An increase in lapse and surrender rates early in the life policy will tend to increase in expense, which will reduce profits for shareholders.

Discount rate

The subsidiary company determines the discount rates to be used in estimating the subsidiary company's future payment obligation to the insured using the risk free rate as at the valuation date, which is the higher of the rate of the return on non-interest bearing Thai governments bonds at the valuation date and average rate of return on non-interest bearing Thai governments bonds at the end of each of the eight quarters following the valuation date. A decrease in the discount rate would result in an increase the long-term insurance policy reserves.

Sensitivity analysis

The result of sensitivity analysis for significant assumptions that affect the present value of the insurance contract liabilities as at 31 December 2016 are summarised below:

(Unit: Million Baht)

		Insurance contract liabilities		Effect to	
		Gross reinsurance	Net reinsurance	Increase/	Increase/
		increase/	increase/	(decrease) on	(decrease) on
		(decrease)	(decrease)	profit before tax	equity
	Change				
Mortality rate	Increase 10%	17	-	(17)	(13)
Expenses rate	Increase 10%	10	-	(10)	(8)
Lapse and surrender rates	Increase 10%	(19)	-	19	15
Discount rate	Increase 0.5%	(252)	-	252	201
Mortality rate	Decrease 10%	(17)	-	17	13
Expenses rate	Decrease 10%	(10)	-	10	8
Lapse and surrender rates	Decrease 10%	19	-	(19)	(16)
Discount rate	Decrease 0.1%	47	-	(47)	(38)

27.1 Life policy reserve

(Unit: Million Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	9,723	9,827
Insurance policy reserves increased from new policies and enforced policies	525	621
Insurance policy reserves decreased from benefit paid, lapse, surrender and others	(496)	(940)
Assumptions changes	(25)	258
Experience adjustments	(7)	14
Other adjustments	(162)	(57)
Balance - end of the year	9,558	9,723

27.2 Loss reserves and outstanding claims

(Unit: Million Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	1,709	1,646
Claim expenses for the year	3,185	3,131
Change in loss reserves and outstanding in claims and assumption	186	266
Claim expenses paid during the year	(3,521)	(3,334)
Balance - end of the year	1,559	1,709

27.3 Unearned premium reserve

(Unit: Million Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2016	2015
Balance - beginning of the year	3,097	3,071
Premium written for the year	6,489	6,165
Premium earned for the current year	(6,178)	(6,139)
Balance - end of the year	3,408	3,097

27.4 Insurance/Life insurance risk

Non-life insurance

Insurance Risk

Insurance risk is the risk that the frequency and severity of losses may deviate from the assumptions used in determining the premium rate, reserve calculations and underwriting. Insurance risk can be divided into three types, depending on the source of the risk, and these consist of product development and pricing risk, underwriting risk and claims management risk.

A subsidiary has insurance risk management procedures covering risk identification, risk assessment using risk measurement indexes like the estimated ultimate combine ratio and claim management, as well as the monitoring and reporting of risk, in order to ensure that risk is appropriately reflected.

Life insurance

Insurance Risk

Insurance risk is the risk that actual claim and benefit payments under life policies will differ from a subsidiary's expectations because fluctuations in frequency, violence and the timing result cause them to deviate from the assumptions that were used in determining premium rate, insurance reserve calculation and the underwriting process. Insurance risk is classified into 3 categories based on the source of risk, as follows:

A) Product development and product pricing risk

Product development and product pricing risk are the risks that premiums will not be sufficient to pay losses and benefits to the insured because the related risk factors, which are mortality rate, morbidity rate, lapse and surrender rates, and investment return rate, deviate from assumptions that used to determine premium rates that may be not appropriate and consistent with the current environment and the occurrence of disasters, violent incidents which have resulted in many deaths and injuries.

In addition, the subsidiary company launches life insurance products which are whole life-ordinary product, endowment-ordinary product, term-ordinary product, group product and other product but the majority of the subsidiary 's products is endowment-ordinary product so the subsidiary may have concentration risk in this product and high loss and underwriting cost in this product would be tend to reduce profits.

B) Underwriting risk

Underwriting risk is arising due to insufficient in underwriting process, no manuals or guidelines for determining underwriting process which are appropriate each risk factor and these are effect to incompleteness of risk assessment such as underwriting in high risk or underwriting which has premium not related to risk etc.

C) Claims management risk

Claim management risk is risk that the subsidiary company allocates insufficient long-term insurance policy reserves to cover its liabilities under insurance policies.

However, the subsidiary company manages the risk by designing new products that are competitive and meet customer needs, adjusting premium rates and conditions for underwriting processes so that they reflect the level of risk, and managing the amounts of short term and long term investments so that they are appropriate and in line with the situation in the money market and the capital market and the insurance maturity profile. It also reviews the correctness and appropriateness of the models used in the design of products, reviews the principles applied in the underwriting process to ensure they are current and consistent for each risk factor, review the reasonableness of the main assumptions used in estimating long-term insurance policy reserves and test the adequacy of the reserves by designing possible scenarios, such as changes in interest rates that would affect the discount rate, in order to ensure that the subsidiary company has adequate reserves to meet its obligations to its policyholders.

27.5 Unpaid policy benefits

(Unit: Million Baht)

	Consolidated financial statements	
	2016	2015
Death benefits	5	8
Surrender	1	1
Others	1	1
Total unpaid policy benefits	7	10

28. Other liabilities

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Other payables	2,004	2,198	33	12
Suspense cash received from accounts receivable	654	646	141	14
Income received in advance	1,875	1,899	-	-
Corporate income tax payable	439	346	-	-
Accrued personnel expenses	2,184	1,957	69	67
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,627	1,701	-	-
Accrued other expenses	1,471	2,121	4	2
Insurance premium received in advance	1,355	1,428	-	-
Payables from purchase and sale of securities	2,366	2,073	-	-
Others	849	896	10	5
Total other liabilities	14,824	15,265	257	100

29. Share capital/Treasury stocks

During the year ended 31 December 2016, preferred shares converted 60 preferred shares to the Company's common shares. Therefore, as at 31 December 2016, 13,216 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

As at 31 December 2015, the Company has 112,700,000 shares of treasury shares, valued at Baht 4,798 million. These consist of 71,350,000 treasury shares valued at Baht 3,398 million that were repurchased during 11 December 2012 to 10 June 2013 and 41,350,000 treasury shares valued at Baht 1,400 million that were repurchased during 10 February 2015 to 9 August 2015. Both repurchase plans require that the treasury shares are to be sold within 3 years from the repurchase date.

On 27 June 2016, the Board of Directors of the Company approved a decrease of Baht 713,500,000 in the Company's registered share capital due to the end of treasury stock program, though the cancellation of 71,350,000 shares, valued at Baht 3,398 million. The Company registered the decrease in its share capital with the Ministry of Commerce on 29 June 2016 resulting in a decline in the issued and fully paid up share capital from Baht 12,778,297,030 to Baht 12,064,797,030. Of the difference between the treasury stock value and the par value, amounting to Baht 2,685 million, the Company recognised Baht 166 million as a deduction against premium on treasury shares in equity and the remaining Baht 2,519 million as a deduction against retained earnings. Moreover, the Company cancelled the appropriation of retained earnings as a reserve for treasury shares amounting Baht 3,398 million, and returned it to unappropriated retained earnings.

30. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary lower than attributable net book value	226	226	-	-
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	297	740	12	16
Equity instruments	936	845	609	572
Total	1,233	1,585	621	588
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(414)	(43)	(1)	-
Equity instruments	(327)	(371)	(7)	(12)
Total	(741)	(414)	(8)	(12)
Total revaluation surplus on investments	492	1,171	613	576
Less: The effect of deferred tax liabilities	(102)	(238)	(122)	(115)
Net revaluation surplus on investments	390	933	491	461
Revaluation surplus on assets	831	-	15	-
Less: The effect of deferred tax liabilities	(166)	-	(3)	-
Net revaluation surplus on assets	665	-	12	-
Share of other comprehensive income of associate	407	(16)	-	-
Less: The effect of deferred tax liabilities	(14)	1	-	-
Net share of other comprehensive income of associate	393	(15)	-	-
Total	2,450	1,920	503	461

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit 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.

As at 31 December 2016 and 2015, the statutory reserve has fully been set aside.

32. Capital funds

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and to preserve the ability to continue their businesses as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of business regarding maintenance of capital funds, cash, liquidity and other matters.

As at 31 December 2016 and 2015 the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	2016	2015
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	10,665	7,980
Share premium	2,066	2,231
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	37,348	35,701
Other components of equity		
Accumulated other comprehensive income	1,142	583
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating commercial banking business qualifying as Tier I capital	53,746	49,447
Less: Deductions from Common Equity Tier I capital	(19,925)	(19,457)
Total Common Equity Tier I capital	87,096	78,539
Total Tier I capital	87,096	78,539
<u>Tier II capital</u>		
Subordinated debentures	24,519	25,270
Reserve for assets classified as normal	8,613	8,508
Total Tier II capital	33,132	33,778
Total capital funds	120,228	112,317

As at 31 December 2016 and 2015, the capital adequacy ratios of the financial group calculated in accordance with the Notification of the BOT are as follows:

	2016		2015	
	Capital ratio of the financial group	Minimum BOT requirement	Capital ratio of the financial group	Minimum BOT requirement
Total capital to risk-weighted assets (percent)	15.59	9.125	14.71	8.50
Total Tier I to risk-weighted assets (percent)	11.30	6.625	10.29	6.00
Total Common Equity Tier I to risk-weighted assets (percent)	11.30	5.125	10.29	4.50

In compliance with the Notification of the BOT regarding Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The Company will disclose capital requirement information as at 31 December 2016 on its website at www.thanachart.co.th within April 2017 and have disclosed capital requirement information as at 30 June 2016 on the website since October 2016.

33. Dividends

During the years ended 31 December 2016 and 2015, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Interim dividend for the first half-year of 2016	The Company's Board of Directors on 26 September 2016	932	0.80	21 October 2016
Dividend for the second half-year of 2015	The Annual General Meeting of shareholders on 5 April 2016	1,282	1.10	3 May 2016
		<u>2,214</u>	<u>1.90</u>	
Interim dividend for the first half-year of 2015	The Company's Board of Directors on 21 September 2015	816	0.70	16 October 2015
Dividend for the second half-year of 2014	The Annual General Meeting of shareholders on 2 April 2015	1,206	1.00	30 April 2015
		<u>2,022</u>	<u>1.70</u>	

34. Interest income

Interest income for the years ended 31 December 2016 and 2015 consisted of the following:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Interbank and money market items	1,347	1,614	-	-
Investments and trading transactions	220	334	-	-
Investments in debt securities	3,571	3,850	19	226
Loans to customers	18,362	19,514	69	67
Hire purchase and financial lease	21,708	23,328	-	-
Total interest income	45,208	48,640	88	293

35. Interest expenses

Interest expenses for the years ended 31 December 2016 and 2015 consisted of the following:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2016	2015	2016	2015
Deposits	9,525	12,831	-	-
Interbank and money market items	741	958	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	3,326	3,405	-	-
Debts issued and borrowings				
- Subordinated debentures	590	885	-	-
- Unsubordinated debentures	1,432	1,815	590	597
- Subordinated instruments	1,080	962	-	-
- Others	39	48	-	-
Borrowings cost	7	6	2	2
Total interest expenses	16,740	20,910	592	599

36. Fees and service income

Fees and service income for the years ended 31 December 2016 and 2015 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Fees and service income				
Acceptance, aval and guarantees	238	255	-	-
Brokerage fee from securities/derivatives	1,599	1,431	-	-
Hire purchase fee income	1,576	1,507	-	-
Credit card fee	907	937	-	-
ATM and electronic banking services	922	878	-	-
Insurance brokerage fee income	1,441	1,239	-	-
Others	2,120	1,928	-	-
Total fees and service income	8,803	8,175	-	-
Fees and service expenses	(2,915)	(2,710)	-	-
Net fees and service income	5,888	5,465	-	-

37. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the years ended 31 December 2016 and 2015 consisted of the following:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Foreign exchange and derivatives relating to				
foreign exchange	400	577	-	-
Derivatives relating to interest rate	5	31	-	-
Debt securities	(18)	110	-	1
Equity securities	(11)	(45)	-	-
Others	83	69	-	-
Total	459	742	-	1

38. Gains on investments

Gains on investments for the years ended 31 December 2016 and 2015 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Gains on disposal of available-for-sale securities	773	1,588	7	25
Gains on debt settlement/assets transferred				
from investments in receivables purchased	51	107	14	17
Reversal loss on impairment of investments	2	13	-	10
Others	235	248	-	12
Total	1,061	1,956	21	64

39. Insurance/Life insurance income

Insurance/life insurance income for the years ended 31 December 2016 and 2015 consisted of the following:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2016	2015
Gross premium written	7,107	6,885
Less : Premium ceded to reinsurers	(153)	(138)
Net insurance premium income	6,954	6,747
Add: Unearned premium reserve decreased from previous year	(279)	(24)
Total	6,675	6,723

40. Insurance expenses

Insurance expenses for the years ended 31 December 2016 and 2015 consisted of the following:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2016	2015
Gross claim and loss adjustment expense	821	1,326
Less: Claims recovery from reinsurers	(16)	(24)
Benefit payments under life policies and claims	3,053	3,111
Less: Benefit payment under life policies and claims refundable from reinsurers	(32)	(42)
Commissions and brokerages expenses	189	236
Less: Refundable commissions and brokerages expenses from reinsurers	(43)	(29)
Other underwriting expense	44	102
Total	4,016	4,680

41. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 48 million (separate financial statement: Baht 21 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders of the Company and its subsidiaries.

42. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2016 and 2015 consisted of the following:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Impairment loss of loans (reversal)				
Interbank and money market items	11	(4)	-	-
Loans to customers	6,231	8,585	(5)	2
Reversal of revaluation allowance for debts restructured during the year	(2)	(2)	-	-
Loss from impairment of investments in receivables purchased (reversal)	(30)	21	(28)	22
Total	6,210	8,600	(33)	24

43. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2016 and 2015 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the year	(596)	271	43	(7)
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(773)	(1,588)	(7)	(25)
	(1,369)	(1,317)	36	(32)
Share of other comprehensive income (loss) of an associated company	101	(42)	-	-
Other comprehensive income (loss) for the year	(1,268)	(1,359)	36	(32)
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale investments	274	259	(7)	6
Income tax - other comprehensive income (loss) of an associated company	(5)	2	-	-
Impact from related income taxes	269	261	(7)	6
	(999)	(1,098)	29	(26)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Revaluation surplus on assets	1,621	-	15	-
Share of other comprehensive income of an associated company	401	-	-	-
Actuarial gains (losses) on defined benefit plan	13	(216)	(1)	-
Other comprehensive income (loss) for the year	2,035	(216)	14	-
Impact from relevant income taxes:				
Income tax - revaluation surplus on assets	(324)	-	(3)	-
Income tax - other comprehensive income of an associated company	(20)	-	-	-
Income tax - actuarial gains (losses) on defined benefit plan	(6)	42	(2)	-
Effects of relevant income taxes	(350)	42	(5)	-
	1,685	(174)	9	-
Other comprehensive income (loss) for the year - net	686	(1,272)	38	(26)

44. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the year, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the year, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential common shares were issued.

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	6,012,725	5,436,577	1,165,117	1,179,356	5.16	4.61
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	6,012,725	5,436,577	1,165,130	1,179,369	5.16	4.61

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	1,659,317	2,193,823	1,165,117	1,179,356	1.42	1.86
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,659,317	2,193,823	1,165,130	1,179,369	1.42	1.86

45. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 10 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year ended 31 December 2016, amounting to Baht 436 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 7 million) (2015: Baht 433 million in the consolidated financial statements and Baht 6 million in the separate financial statements).

46. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2016	2015	2016	2015	(For the year 2016)
Transactions occurred during the years					
Subsidiary companies					
Purchase of debt securities	-	-	2,019	3,327	At market price
Sales of debt securities	-	-	-	477	
Investments in common shares of a subsidiary	-	-	36	2,810	At the par value
Capital returned from subsidiary companies (2015: gain Baht 1 million)	-	-	-	334	
Interest income	-	-	68	261	At interest rate of 0.40 - 7.40 percent per annum
Dividend income	-	-	2,452	2,529	As declared
Rental and other service income	-	-	46	66	At the rate agreed under the contract
Other expenses	-	-	3	4	
Associated company					
Cash received for common shares of subsidiary companies	34	-	-	-	At the par value
Dividend income	-	-	124	113	As declared
Other income	6	5	-	1	
Interest expenses	5	5	-	-	At interest rate of 0.40 - 7.40 percent per annum
Other expenses	129	123	12	11	
Dividend paid	-	-	247	221	As declared
Related companies					
Purchase of debt securities	2,083	1,653	-	-	At market price
Sales of debt securities	2,092	860	-	-	At market price
Purchase/sales of forward exchange contracts	106,563	226,231	-	-	At market price
Interest income	270	284	-	-	At interest rate of 0.05 - 7.68 percent per annum
Dividend income	140	59	40	34	As declared
Other income	7	7	-	-	
Interest expenses	136	279	-	-	At interest rate of 0.05 - 2.95 percent per annum

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2016	2015	2016	2015	(For the year 2016)
<u>Transactions occurred during the years</u>					
<u>Related companies (continued)</u>					
Dividend paid	2,229	1,870	-	-	As declared
Project management expenses	52	64	13	16	At the contract price calculated by reference to estimated usage time
Insurance premium/life insurance premium expenses	22	13	-	-	At the rate agreed under the contract
Other expenses	132	110	3	2	

The outstanding balances of the above transactions during the years ended 31 December 2016 and 2015 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	117	80
Investment in debt securities	-	-	-	2,798
Loans to customers	-	-	980	786
<u>Associated company</u>				
Deposits	135	119	-	-
Debt issued and borrowings	64	58	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	286	241	-	-
Loans to customers	8,199	7,340	-	-
Investment in debt securities	874	194	-	-
Deposits	1,564	1,374	-	-
Interbank and money market items (liabilities)	14,339	12,511	-	-
Debt issued and borrowings	11	2,855	-	-

As at 31 December 2016 and 2015, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements									
	2016									
	Assets				Liabilities					
	Interbank and money market items		Investments - debt securities	Loans to customers and interest receivables	Other assets	Interbank and money market items		Debt issued and borrowings	Other liabilities	Commitments
					Deposits					
Associated company										
MBK Plc.	-	-	-	35	136	-	65	1	-	
Related companies										
The Bank of Nova Scotia	250	-	-	-	-	14,333	-	19	195	
I-Con Siam Co., Ltd.	-	-	1,928	-	7	-	-	-	30	
Big C Supercenter Plc.	-	-	1,910	-	-	-	-	-	-	
Krungthai Card Plc.	-	1,056	1,400	6	6	-	-	-	-	
Synphaet Co., Ltd.	-	-	1,243	-	16	-	-	-	36	
SriThai Superware Plc.	-	-	829	-	13	-	-	-	30	
Pruksa Real Estate Plc.	-	-	400	-	1	-	-	-	463	
Other related companies	-	407	1,191	35	1,491	71	-	25	297	
	250	1,463	8,901	76	1,670	14,404	65	45	1,051	

(Unit: Million Baht)

	Consolidated financial statements								
	2015								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	39	63	-	58	-	-
Related companies									
The Bank of Nova Scotia	244	-	-	-	-	15,063	-	666	625
Krungthai Card Plc.	-	-	3,018	-	5	-	-	-	-
I-Con Siam Co., Ltd.	-	-	1,897	-	39	-	-	-	30
Synphaet Co., Ltd.	-	-	1,136	-	21	-	-	-	36
SriThai Superware Plc.	-	-	883	-	25	-	-	-	37
Pruksa Real Estate Plc.	-	-	-	-	-	-	-	-	851
Other related companies	-	-	1,517	28	1,253	180	140	16	382
	244	-	8,451	67	1,406	15,243	198	682	1,961

(Unit: Million Baht)

Separate financial statements

	2016								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	30	-	-	1	-	-	-	1	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	650	-	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	1	-
Max Asset Management Co., Ltd.	-	-	329	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
Related companies									
Plan Estate Co., Ltd.	-	-	-	-	-	-	-	2	-
	30	-	979	5	-	-	-	4	-

(Unit: Million Baht)

Separate financial statements

	2015								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	24	-	-	681	-	-	-	-	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	650	-	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	2	-
Max Asset Management Co., Ltd.	-	-	336	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	24	-	986	685	-	-	-	2	-

As at 31 December 2016 and 2015, the Company has loans to subsidiary companies as follows:

		(Unit: Million Baht)	
Company's name	Interest rate	Outstanding balances	
		2016	2015
Max Asset Management Co., Ltd.	MLR of Thanachart Bank + 0.5%	329	336
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank	650	650
Total		979	986

As at 31 December 2016 and 2015, the Company and its subsidiaries have investments amounting to Baht 1,615 million (Baht 773 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2015: Baht 1,568 million in the consolidated financial statements and Baht 749 million in the separate financial statements).

As at 31 December 2016 and 2015, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Loans to customers	125	84	-	-
Deposits	815	768	-	-

Directors and management's remuneration

During the years 2016 and 2015, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	743	739	92	94
Post-employment benefits	18	16	2	1
	761	755	94	95

47. Financial information classified by operating segment

47.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2016 and 2015, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2016			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	966,641	21,854	(21,628)	966,867
Interbank and money market items (assets)	54,566	15,796	(21,628)	48,734
Investments	180,915	6,013	-	186,928
Investment in an associated company	2,890	-	-	2,890
Loans to customers and accrued interest receivables	667,522	-	-	667,522
Deposits	676,456	-	-	676,456
Interbank and money market items (liabilities)	65,701	21,628	(21,628)	65,701
Debt issued and borrowings	61,704	-	-	61,704

(Unit: Million Baht)

Consolidated financial statements

	2015			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	997,373	22,838	(22,630)	997,581
Interbank and money market items (assets)	61,195	19,573	(22,630)	58,138
Investments	181,323	3,239	-	184,562
Investment in an associated company	2,353	-	-	2,353
Loans to customers and accrued interest receivables	689,051	-	-	689,051
Deposits	669,454	-	-	669,454
Interbank and money market items (liabilities)	85,600	22,630	(22,630)	85,600
Debt issued and borrowings	84,929	-	-	84,929

(Unit: Million Baht)

Consolidated financial statements

	2016			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	45,133	292	(217)	45,208
Interest expenses	(16,740)	(217)	217	(16,740)
Net interest income	28,393	75	-	28,468
Net fees and service income	5,888	-	-	5,888
Net insurance/life insurance income	2,659	-	-	2,659
Other operating income	3,731	1	-	3,732
Other operating expenses	(21,073)	-	-	(21,073)
Impairment loss of loans and debt securities	(6,210)	-	-	(6,210)
Profit before income tax	13,388	76	-	13,464
Income tax	(853)	-	-	(853)
Profit before non-controlling interests	12,535	76	-	12,611

(Unit: Million Baht)

	Consolidated financial statements			
	2015			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	48,568	191	(119)	48,640
Interest expenses	(20,912)	(117)	119	(20,910)
Net interest income	27,656	74	-	27,730
Net fees and service income	5,465	-	-	5,465
Net insurance/life insurance income	2,043	-	-	2,043
Other operating income	4,642	14	-	4,656
Other operating expenses	(20,009)	-	-	(20,009)
Impairment loss of loans and debt securities	(8,600)	-	-	(8,600)
Profit before income tax	11,197	88	-	11,285
Income tax	(225)	-	-	(225)
Profit before non-controlling interests	10,972	88	-	11,060

47.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	2016							
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations
Net interest income	(504)	26,548	191	323	191	233	1,547	(61)
Other operating income	2,705	8,929	2,445	33	2,016	120	1,046	(5,015)
Other operating expenses	(559)	(17,812)	(1,376)	(155)	(963)	37	(880)	635
Impairment loss of loans and debt securities	33	(5,808)	2	-	-	(8)	(490)	61
Profit before income tax	1,675	11,857	1,262	201	1,244	382	1,223	(4,380)
Income tax	(16)	105	(244)	(12)	(239)	(136)	(253)	(58)
Profit before non-controlling interests	1,659	11,962	1,018	189	1,005	246	970	(4,438)

(Unit: Million Baht)

	2015							
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations
Net interest income	(306)	25,553	212	399	245	301	1,362	(36)
Other operating income	2,799	10,423	2,096	(368)	2,067	202	961	(6,016)
Other operating expenses	(262)	(17,078)	(1,330)	(137)	(918)	(113)	(795)	624
Impairment loss of loans and debt securities	(24)	(8,007)	23	-	-	(342)	(400)	150
Profit before income tax	2,207	10,891	1,001	(106)	1,394	48	1,128	(5,278)
Income tax	(13)	561	(193)	47	(277)	(40)	(228)	(82)
Profit before non-controlling interests	2,194	11,452	808	(59)	1,117	8	900	(5,360)

The segment assets of the Company and its subsidiaries as at 31 December 2016 and 2015 are as follow:

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 December 2016	37,989	906,868	9,936	11,035	12,045	5,502	34,518	(51,026)	966,867
As at 31 December 2015	39,318	938,834	7,862	11,052	11,532	6,797	30,736	(48,550)	997,581

47.3 Major of principal customers

During the years 2016 and 2015, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

48. Encumbrance of assets

As at 31 December 2016 and 2015, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Interbank and money market items (assets)				
Placed at insurance registrar	650	650	-	-
Placed at court	3	7	-	-
Investments in securities				
Placed at insurance registrar	2,475	2,431	-	-
Placed at court	399	404	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	169	262	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	119	131	31	27
	<u>3,816</u>	<u>3,886</u>	<u>31</u>	<u>27</u>

49. Commitments and contingent liabilities

As at 31 December 2016 and 2015, significant commitments and contingent liabilities consisted of:

49.1 Commitments

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Aval to bills	629	1,270	-	-
Liability under unmatured import bills	637	497	-	-
Letter of credits	2,667	2,310	-	-
Other obligations				
Committed (but not drawn) overdraft	24,244	24,506	-	-
Others	55,272	53,203	1	1
Total	83,449	81,786	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 8 to the financial statements.

49.2 As at 31 December 2016, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

(Unit: Million Baht)

	Consolidated	Separate
	financial statements	financial statements
Year	Other companies	Other companies
2017	2,248	15
2018	1,120	10
2019 onward	796	4

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

49.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and/or SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 December 2016, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amount relate to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 December 2016, the transferred assets which SAM is re-examining totaling Baht 29 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 29 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 456 million, as disclosed under contingent liabilities in Note 50 to the financial statements.

- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 December 2016, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 407 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

50. Contingent liabilities/litigation

- a) As at 31 December 2016, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 3,356 million (separate financial statements: Baht 262 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 456 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

- b) Furthermore, an organization supervised by a government agency requested that a subsidiary pay compensation amounting to Baht 2,100 million, plus interest at 7.5 percent per annum. The management of a subsidiary is confident that no loss will be incurred.

51. Letter of guarantees

As at 31 December 2016, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 31 million, placed for electricity usage (separate financial statements: Baht 1 million).

52. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

52.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

52.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2016 and 2015, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	2016			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	12,077	12,077
Interbank and money market items	792	43,288	4,776	48,856
Derivatives assets	-	-	3,564	3,564
Investments	1,036	174,637	11,004	186,677
Loans to customers ⁽¹⁾	220,743	471,135	168	692,046
Receivables from purchase and sale of securities	-	-	1,126	1,126
Other assets - receivable from clearing house	-	-	1,332	1,332
<u>Financial liabilities</u>				
Deposits	307,012	363,141	6,303	676,456
Interbank and money market items	13,869	50,529	1,303	65,701
Liability payable on demand	-	-	1,986	1,986
Derivatives liabilities	-	-	4,912	4,912
Debt issued and borrowings	69	61,635	-	61,704
Other liabilities - payables from purchase and sale of securities	-	-	2,366	2,366
Other liabilities - payable to clearing house	-	-	2	2

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2015			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	13,337	13,337
Interbank and money market items	559	53,579	4,195	58,333
Derivatives assets	-	-	5,447	5,447
Investments	1,199	172,558	9,099	182,856
Loans to customers ⁽¹⁾	242,118	472,065	445	714,628
Receivables from purchase and sale of securities	-	-	912	912
Other assets - receivable from clearing house	-	-	1,101	1,101
<u>Financial liabilities</u>				
Deposits	267,328	395,614	6,512	669,454
Interbank and money market items	16,928	67,155	1,517	85,600
Liability payable on demand	-	-	2,202	2,202
Derivatives liabilities	-	-	6,758	6,758
Debt issued and borrowings	62	84,867	-	84,929
Other liabilities - payables from purchase and sale of securities	-	-	2,073	2,073

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Separate financial statements				
Transactions	2016			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	24	-	6	30
Investments	562	702	511	1,775
Loans to customers ⁽¹⁾	1,061	77	4	1,142
<u>Financial liabilities</u>				
Debt issued and borrowings	-	12,700	-	12,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	2015			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Interbank and money market items	18	-	7	25
Investments	694	727	851	2,272
Loans to customers ⁽¹⁾	1,069	90	4	1,163
Financial liabilities				
Debt issued and borrowings	-	13,700	-	13,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Transactions	Consolidated financial statements						
	2016						
	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	41,092	496	1,700	-	43,288	1.36 - 2.76
Investments	-	5,094	28,798	131,533	9,212	174,637	1.48 - 3.88
Loans to customers	3,028	51,671	28,359	243,158	144,919	471,135	1.32 - 7.77
Financial liabilities							
Deposits	92	98,927	232,932	31,190	-	363,141	1.61
Interbank and money market items	449	28,872	16,946	2,779	1,483	50,529	1.09 - 2.11
Debt issued and borrowings	933	50	10,171	12,735	37,746	61,635	1.00 - 4.99

(Unit: Million Baht)

Consolidated financial statements							
2015							
Transactions	Repricing or maturity date					Total	Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Percent							
Financial assets							
Interbank and money market items	-	52,068	511	1,000	-	53,579	2.08 - 3.04
Investments	263	18,019	38,469	108,685	7,122	172,558	2.20 - 3.78
Loans to customers	3,524	45,838	21,694	271,618	129,391	472,065	6.36 - 8.13
Financial liabilities							
Deposits	133	88,832	299,467	7,182	-	395,614	2.13
Interbank and money market items	439	39,352	21,522	5,107	735	67,155	1.08 - 2.71
Debt issued and borrowings	1,145	10,600	18,800	16,576	37,746	84,867	3.72 - 4.69

(Unit: Million Baht)

Transactions	Separate financial statements						
	2016						Weighted average interest rates Percent
	Repricing or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
Financial assets							
Investments	-	105	20	577	-	702	3.39
Loans to customers	77	-	-	-	-	77	7.38
Financial liabilities							
Debt issued and borrowings	-	-	500	6,500	5,700	12,700	4.59

(Unit: Million Baht)

	Separate financial statements						
	2015						
	Repricing or maturity date						Weighted
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	average interest rates
							Percent
Financial assets							
Investments	-	280	-	447	-	727	2.91
Loans to customers	90	-	-	-	-	90	7.47
Financial liabilities							
Debt issued and borrowings	-	500	500	7,000	5,700	13,700	4.43

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years 2016 and 2015 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	2016			2015		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	50,090	1,347	2.69	56,153	1,614	2.87
Investments and trading operations	8,402	220	2.62	10,504	334	3.18
Investments in debt securities	163,046	3,571	2.19	139,098	3,850	2.77
Loans to customers/hire purchase and financial lease	682,110	40,070	5.87	702,740	42,842	6.10
<u>Interest bearings financial liabilities</u>						
Deposits	667,088	12,851	1.93	664,784	16,236	2.44
Interbank and money market items	68,030	741	1.09	70,650	958	1.36
Debt issued and borrowings	72,093	3,148	4.37	90,501	3,716	4.11

(Unit: Million Baht)

Separate financial statements						
	2016			2015		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	50	-	0.60	72	-	0.72
Investments and trading operations	-	-	-	14	-	0.17
Investments in debt securities	1,175	19	1.61	4,246	226	5.33
Loans to customers/hire purchase and financial lease	1,001	69	6.96	907	67	7.25
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	12,931	592	4.58	13,085	599	4.58

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 31 December 2016 and 2015 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
2016					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	77	72	8	9	35
Interbank and money market items	9,506	32	122	21	119
Investments	11,466	-	-	-	38
Loans to customers and accrued interest receivable	18,414	73	43	781	4
Other assets	1,006	-	-	-	-
Total assets	40,469	177	173	811	196
Deposits	867	36	-	49	241
Interbank and money market items	16,242	1	-	-	-
Total liabilities	17,109	37	-	49	241
Net	23,360	140	173	762	(45)
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	571	6	19	-	2
Letter of credits	2,067	97	63	-	10
Others commitments	686	24	-	-	1

(Unit: Million Baht)

Consolidated financial statements					
2015					
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign currency in the statements of financial position					
Cash	95	80	10	11	39
Interbank and money market items	1,311	56	90	19	93
Investments	8,874	-	-	-	1,171
Loans to customers and accrued interest receivable	21,176	214	83	796	51
Other assets	1,222	-	-	-	2
Total assets	32,678	350	183	826	1,356
Deposits	762	79	-	28	21
Interbank and money market items	22,157	3	-	-	-
Derivatives liabilities	3	-	-	-	-
Total liabilities	22,922	82	-	28	21
Net	9,756	268	183	798	1,335
Foreign currency commitments					
Liability under unmatured import bills	365	21	84	-	8
Letter of credits	2,108	47	56	-	43
Others commitments	934	25	2	-	29

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

Consolidated financial statements					
2016					
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	42,370	1,187	459	26	621
- Sold	53,861	1,353	394	791	585
Cross currency and interest rate swap contracts					
- Bought	4,917	-	-	-	-
- Sold	16,543	-	-	-	-
Interest rate swap contracts					
- Bought	70,013	-	-	-	-
- Sold	70,013	-	-	-	-

(Unit: Million Baht)

	Consolidated financial statements				
	2015				
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	45,537	377	336	-	397
- Sold	45,634	679	521	796	593
Cross currency and interest rate swap contracts					
- Bought	5,513	-	-	-	-
- Sold	14,553	-	-	-	1,134
Interest rate swap contracts					
- Bought	70,573	-	-	-	-
- Sold	70,573	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

52.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2016 and 2015 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2016				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	12,077	-	-	-	12,077
Interbank and money market items	5,568	41,588	1,700	-	48,856
Derivatives assets	-	1,009	2,555	-	3,564
Investments	1,298	38,824	135,838	10,717	186,677
Loans to customers ⁽¹⁾	39,233	204,434	448,379	-	692,046
Receivables from purchase and sale of securities	-	1,126	-	-	1,126
Other assets - receivable from clearing house	-	1,332	-	-	1,332
<u>Financial liabilities</u>					
Deposits	308,416	335,684	32,356	-	676,456
Interbank and money market items	15,621	45,818	4,262	-	65,701
Liability payable on demand	1,986	-	-	-	1,986
Derivatives liabilities	-	1,609	3,303	-	4,912
Debt issued and borrowings	937	10,286	50,481	-	61,704
Other liabilities - payables from purchase and sale of securities	-	2,366	-	-	2,366
Other liabilities - payable to clearing house	-	2	-	-	2
<u>Commitments</u>					
Aval to bill	4	596	29	-	629
Liability under unmatured import bills	40	597	-	-	637
Letter of credits	457	2,210	-	-	2,667
Other commitments	41,130	36,031	2,355	-	79,516

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Consolidated financial statements					
Transactions	2015				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	13,337	-	-	-	13,337
Interbank and money market items	4,754	52,579	1,000	-	58,333
Derivatives assets	-	1,548	3,899	-	5,447
Investments	1,462	61,303	111,016	9,075	182,856
Loans to customers ⁽¹⁾	45,355	202,723	466,550	-	714,628
Receivables from purchase and sale of securities	-	912	-	-	912
Other assets - receivable from clearing house	-	1,101	-	-	1,101
<u>Financial liabilities</u>					
Deposits	268,820	391,705	8,929	-	669,454
Interbank and money market items	18,884	60,874	5,842	-	85,600
Liability payable on demand	2,202	-	-	-	2,202
Derivatives liabilities	-	1,639	5,119	-	6,758
Debt issued and borrowings	1,149	29,458	54,322	-	84,929
Other liabilities - payables from purchase and sale of securities	-	2,073	-	-	2,073
<u>Commitments</u>					
Aval to bill	278	868	124	-	1,270
Liability under unmatured import bills	19	478	-	-	497
Letter of credits	615	1,690	5	-	2,310
Other commitments	36,968	39,165	1,576	-	77,709

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements				
	2016				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	30	-	-	-	30
Investments	562	125	577	511	1,775
Loans to customers ⁽¹⁾	1,138	-	4	-	1,142
Financial liabilities					
Debt issued and borrowings	-	500	12,200	-	12,700
Commitments					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements				
	2015				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	25	-	-	-	25
Investments	694	280	447	851	2,272
Loans to customers ⁽¹⁾	1,146	-	17	-	1,163
Financial liabilities					
Debt issued and borrowings	-	1,000	12,700	-	13,700
Commitments					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

52.4 Fair value

As at 31 December 2016 and 2015, the Company and its subsidiaries had the financial assets and financial liabilities which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

Consolidated financial statements					
2016					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Derivatives assets	3,520	3,520	-	3,520	-
Investments	181,436	181,436	7,326	174,110	-
Derivatives liabilities	3,518	3,518	-	3,518	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	5,925	5,925	-	-	5,925
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Cash	12,077	12,077	12,077	-	-
Interbank and money market items (assets)	48,734	48,734	5,672	20,458	22,604
Derivatives assets	44	44	-	44	-
Investments	5,492	11,300	-	940	10,360
Loans to customers	667,521	675,143	-	328,743	346,400
Receivables from purchase and sale of securities	1,126	1,126	-	1,126	-
Other assets - receivable from clearing house	1,332	1,332	-	1,332	-
Deposits	676,456	676,666	313,315	363,351	-
Interbank and money market items (liabilities)	65,701	65,732	15,172	34,465	16,095
Liability payable on demand	1,986	1,986	1,986	-	-
Derivatives liabilities	1,394	1,256	-	1,256	-
Debt issued and borrowings	61,704	63,427	-	63,427	-
Other liabilities - payables from purchase and sale of securities	2,366	2,366	-	2,366	-
Other liabilities - payable to clearing house	2	2	-	2	-

(Unit: Million Baht)

Consolidated financial statements

2015

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Derivatives assets	5,426	5,426	-	5,426	-
Investments	170,703	170,703	4,867	165,836	-
Derivatives liabilities	5,218	5,218	4	5,214	-
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Cash	13,337	13,337	13,337	-	-
Interbank and money market items (assets)	58,138	58,138	4,726	31,901	21,511
Derivatives assets	21	22	-	22	-
Investments	13,859	19,052	-	9,356	9,696
Loans to customers	689,051	695,075	-	331,212	363,863
Receivables from purchase and sale of securities	912	912	-	912	-
Other assets - receivable from clearing house	1,101	1,101	-	1,101	-
Deposits	669,454	669,567	273,840	395,727	-
Interbank and money market items (liabilities)	85,600	85,619	18,404	54,203	13,012
Liability payable on demand	2,202	2,202	2,202	-	-
Derivatives liabilities	1,540	1,427	-	1,427	-
Debt issued and borrowings	84,929	87,248	-	87,248	-
Other liabilities - payables from purchase and sale of securities	2,073	2,073	-	2,073	-

(Unit: Million Baht)

Separate financial statements

2016

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Investments	1,750	1,750	890	860	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	18	18	-	-	18
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Interbank and money market items (assets)	30	30	30	-	-
Investments	529	1,635	-	-	1,635
Loans to customers	1,056	1,056	-	973	83
Debt issued and borrowings	12,700	13,501	-	13,501	-

(Unit: Million Baht)

	Separate financial statements				
	2015				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Investments	2,078	2,078	821	1,257	-
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Interbank and money market items (assets)	25	25	25	-	-
Investments	634	1,501	-	-	1,501
Loans to customers	1,072	1,072	-	993	79
Debt issued and borrowings	13,700	14,707	-	14,707	-

Valuation techniques and inputs used for fair value measurement

- | | | |
|---|---|--|
| Cash | - | The fair value is assumed to approximate its book value in the statement of financial position. |
| Interbank and money market items (assets) | - | The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature. |
| Derivatives | - | The fair value is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty credit risk, as mentioned in Note 5.23 to the financial statements. |
| Investments | - | The fair value of marketable securities is based on the latest bid price of the last working day of the year. |
| | - | The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association or on other markets. |
| | - | The fair value of unit trusts is determined from their net asset value, as mentioned in Note 5.3 to the financial statements. |

Investments (continued)	<ul style="list-style-type: none"> - The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value. - The fair value of investments in receivables is calculated based on the present value of future cash flows expected to be derived from the sale of collateral.
Loans to customers	<ul style="list-style-type: none"> - The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and revaluation allowance for debt restructuring. - The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue. - The fair value of non-performing loans is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale or to approximate the net present value of the cash flows expected to be derived from the sale of collateral.
Land, premises and equipment - land	<ul style="list-style-type: none"> - The fair value of land is determined using market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.
Receivables and payable from purchase and sale securities	<ul style="list-style-type: none"> - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Receivables from and payables to clearing house	<ul style="list-style-type: none"> - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.

Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with no longer than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Thanachart Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits or fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Thanachart Bank's announced interest rate for similar deposits.
Liabilities payable on demand	<ul style="list-style-type: none"> - The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book values.

Debt issued and borrowings (continued)	-	The fair value of fixed rate debt issues and borrowings with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.
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During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

52.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, as a result, the Company and its subsidiaries are able to maintain overall risk at acceptable levels.

As at 31 December 2016 and 2015, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2016			2015		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	44,663	-	44,663	46,583	64	46,647
- Sold	56,983	-	56,983	48,159	64	48,223
Cross currency and interest rate swap contracts						
- Bought	699	4,218	4,917	1,153	4,360	5,513
- Sold	4,282	12,261	16,543	2,468	13,219	15,687
Interest rate swap contracts						
- Paid fixed interest rate	41,265	114,131	155,396	37,466	137,655	175,121
- Paid floating interest rate	40,070	115,181	155,251	33,391	139,667	173,058
- Received fixed interest rate	39,070	115,181	154,251	33,391	138,667	172,058
- Received floating interest rate	42,265	114,131	156,396	37,466	138,655	176,121
Future contracts						
- Bought	76	-	76	104	-	104
- Sold	1,587	-	1,587	239	-	239
Derivative warrant contracts						
- Sold	-	-	-	89	-	89
Other						
- Sold	50	-	50	-	-	-

53. Events after the reporting period

On 20 February 2017, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders 2017 for approval the payment of a dividend of Baht 1.20 per share, or a total of Baht 1,398 million, to the ordinary and preference shareholders.

54. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2017.



SUMMARY OF SPECIFIED ITEMS PER FORM 56-2 IN 2016 ANNUAL REPORT

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ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Bank Public Company Limited	TBANK
Thanachart Securities Public Company Limited	TNS
Thanachart Fund Management Company Limited	TFUND
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK Life
Thanachart Group Leasing Company Limited	TGL
Ratchthani Leasing Public Company Limited	THANI
NFS Asset Management Company Limited	NFS AMC
MAX Asset Management Company Limited	MAX AMC
TS Asset Management Company Limited	TS AMC
National Leasing Company Limited	NL
Thanachart Management and Services Company Limited	TMS
Thanachart Training and Development Company Limited	TTD
Thanachart Broker Company Limited	TBROKE
Security Scib Services Company Limited	SSV
TM Broker Company Limited	TM Broker
MT Service 2016 Company Limited	MTS
The Bank of Nova Scotia	Scotiabank
Siam City Bank Public Company Limited	SCIB
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
Financial Institutions Development Fund	FIDF
Bank of Thailand	BOT
The Securities and Exchange Commission	SEC
The Stock Exchange of Thailand	SET
Office of the Insurance Commission	OIC
Anti-Money Laundering Office	AMLO
Office of National Anti-Corruption Commission	Office of NACC
EY Office Limited	EY
The United State of America	USA

Thanachart Group embraces its environmental responsibilities
in the reduction of global warming and consumption of natural resources.
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