

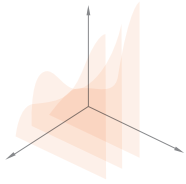
ANNUAL REPORT 2017

THANACHART CAPITAL PUBLIC COMPANY LIMITED



DIGITAL INNOVATION





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"Investors can get more information of the Company from the Form of issuing company's annual statement (Form 56-1) shown in www.sec.or.th or the Company's website: www.thanachart.co.th"

FOUR STRATEGIC INTENTS FOR THE BUSINESS OPERATION IN 2018

1

Consistent Investment and Development of Technological Systems and Infrastructure: This is the key driving force in advancing Thanachart Group forward. Thanachart Group is committed to providing a full range of digital banking services geared towards the changing lifestyle of customers. The Company also strives to develop new innovations, service customers with more efficiency, and provide customers with complete, convenient, fast, and secure services that will help to create a better customer experience.

2

Process Enhancement: To meet the needs of diverse customers, Thanachart Group integrates technology for efficiency and security in customer servicing and managing operating costs.

3

People Development: Thanachart Group aspires that its employees be professional leaders. This is achieved through the construction of an employee knowledge base and the leveraging of employees' qualifications to concur with the complexity of the digital financial environment and the changing needs of customers.

4

Work Collaboration: To achieve corporate goals, Thanachart Group expects employees to be committed and earnest workers.

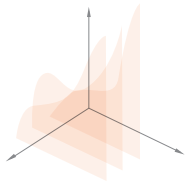


Vision

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. Being able to compete in a morally upright and ethical manner with strong performance, taking into account both short-and long-term impacts.
2. Conducting business affairs while according respect to and having a responsibility towards shareholders as well as stakeholders.
3. Adhering to the conduct of business affairs, which takes into consideration social and development impacts as well as reduction of negative environmental impact.
4. Being able to adapt to change (Corporate Resilience).

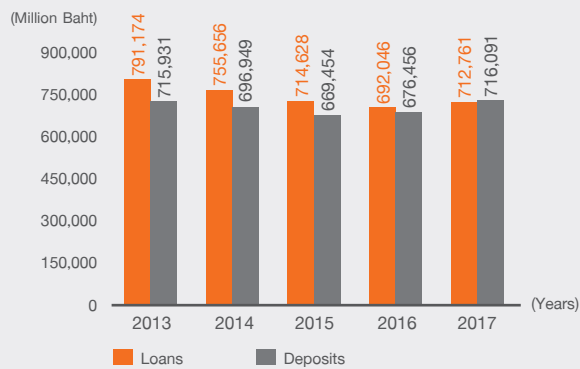


FINANCIAL HIGHLIGHTS

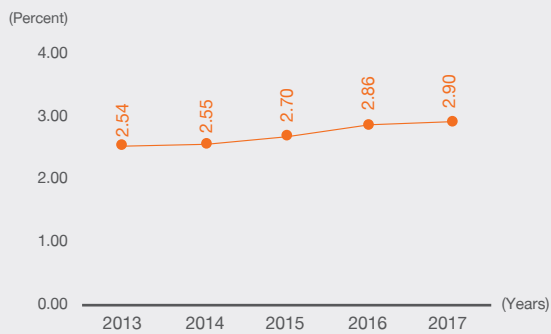
As at and for the year ended 31 December

	CONSOLIDATED				
	2017	2016	2015	2014	2013
Operating Performance (Million Baht)					
Interest Income	44,681	45,208	48,640	52,940	54,108
Interest Expenses	15,511	16,740	20,910	25,475	27,615
Net Interest Income	29,170	28,468	27,730	27,465	26,493
Non-interest Income	13,402	12,231	12,474	12,443	26,488
Net Operating Income ⁽¹⁾	42,572	40,699	40,204	39,908	52,981
Other Operating Expenses	20,836	21,025	20,319	19,830	20,624
Impairment Loss of Loans and Debt Securities	6,236	6,210	8,600	7,084	11,419
Profit before Income Tax	15,500	13,464	11,285	12,994	20,938
Income Tax	1,159	853	225	2,558	4,288
Profit for the Year from Continuing Operations	14,341	12,611	11,060	10,436	16,650
Profit for the Year from Discontinued Operations	-	-	-	-	354
Profit for the Year	14,341	12,611	11,060	10,436	17,004
Net Profit of the Company	7,001	6,013	5,436	5,120	9,231
Non-controlling Interests	7,340	6,598	5,624	5,316	7,773
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	1.45	1.29	1.12	1.02	1.65
Return on Average Equity ⁽²⁾ (ROAE)	11.80	10.89	10.48	10.39	20.36
Interest Spread ⁽³⁾	2.90	2.86	2.70	2.55	2.54
Credit Cost	0.79	0.86	1.12	0.88	1.36
Cost to Income Ratio ⁽⁴⁾	48.94	51.66	50.54	49.69	38.67
Financial Position (Million Baht)					
Loans	712,761	692,046	714,628	755,656	791,174
Non-performing Loans (NPLs)	18,894	17,289	22,581	33,768	37,540
Total Assets	1,025,525	966,867	997,581	1,025,630	1,050,914
Deposits	716,091	676,456	669,454	696,949	715,931
Total Liabilities	895,455	847,016	886,258	921,354	955,474
Total Equity	130,070	119,851	111,323	104,276	95,440
Equity Attributable to Owners of the Company	62,020	56,891	52,674	51,353	47,369

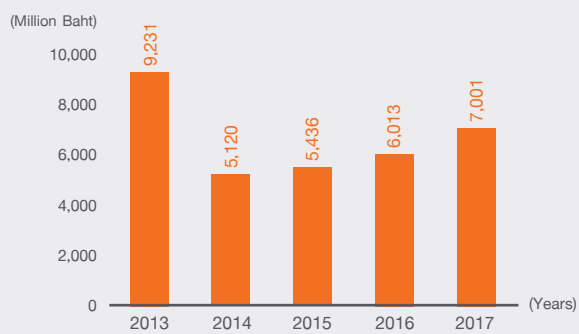
Loans and Deposits



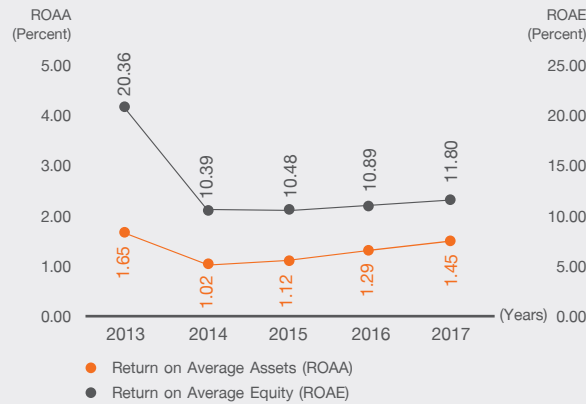
Interest Spread



Net Profit of the Company



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



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

Formulas ⁽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⁾ Dividend per Share for 2017 is Interim Rate Paid

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

As at and for the year ended 31 December

	CONSOLIDATED				
	2017	2016	2015	2014	2013
Financial Position Quality (Percent)					
Loans to Deposits Ratio	99.53	102.30	106.75	108.42	110.51
NPL-gross to Total Loans	2.40	2.41	2.96	4.21	4.49
NPL-net to Total Loans	1.23	1.12	1.30	2.06	2.30
Coverage Ratio ⁽⁵⁾	131.06	146.79	117.16	84.89	82.61
Reserve to Required Reserve ⁽⁶⁾	170.48	189.19	157.71	132.64	127.36
Capital Adequacy					
(Consolidated Supervision of the BOT)					
Tier I Capital Ratio (Percent)	12.62	11.30	10.29	9.37	9.07
Total Capital Ratio (Percent)	15.33	15.59	14.71	13.59	14.31
Risk Weighted Assets (Million Baht)	757,218	771,056	763,285	809,876	780,045
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	6.01	5.16	4.61	4.24	7.49
Book Value	53.23	48.83	45.21	42.56	39.26
Dividend ⁽⁷⁾	0.90	2.00	1.80	1.60	1.60
Common Shares Outstanding (Million Shares)					
Average-Basic	1,165	1,165	1,179	1,206	1,232
End of Year	1,165	1,165	1,165	1,206	1,206
Share Price ⁽⁸⁾ (Baht)					
High	58.00	44.75	37.00	38.75	50.25
Low	43.75	33.00	28.25	30.00	29.75
Close	56.25	44.00	36.50	31.75	32.25
Market Capitalization (Million Baht)	65,539	51,266	42,527	38,306	38,909
Other Information					
Employees	13,885	14,763	14,905	14,971	15,427



INNOVATIVE VISION

SUCCESS

With our **prudent** and comprehensive vision and commitment, driven by **innovation**, we aim to bring the organization and customers to **success**, together.

SMART

SPIRIT



PROFESSIONAL SYNERGY

EXPERIENCE

With the **cooperation**
of **experts** from every field,
we deliver **more than** just
a financial **experience**.

EXCELLENCE

EXPERT



CUSTOMER CAPTIVATION

CAPABILITY

To meet the needs of all lifestyles in the digital era, we deliver **unlimited financial innovation** that provides benefits and convenience in all financial transactions, in order to **meet the needs of customers.**

CREATE

CONTINUE

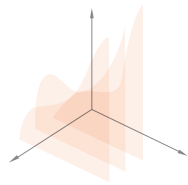


COMMUNITY ENRICHMENT

We are **mindful** of the economic stability and Thai way of life; therefore, for almost half a century, we have **cultivated** the concepts of financial philosophy, and **passed on** the cultural identity and culture of **giving back to society**.

GIVE

GROW



MESSAGE FROM THE BOARD OF DIRECTORS

Thai economy in 2017 grew 3.9 percent, which was higher than the growth rate of 3.3 percent in the previous year. This was mainly due to a number of key factors including exports and tourism which grew in line with the gradual, continuous recovery of the global economy. In addition, both private consumption and private investment improved. As a result, demand for commercial banks' loans grew stronger, particularly in the second half of the year. On the other hand, deposits also grew in line with the loan growth.

Thanks to the favourable economic conditions and the implementation of the customer centric strategy which focused on becoming the main bank of choice to customers, TBANK and its subsidiaries registered positive growth in the past year, with the last quarter representing their twelfth consecutive quarter of growth. In this connection, the value of loans increased by 3.01 percent. The increase was mainly due to the growth of retail and SME loans, particularly the automobile hire purchase loans. Importantly, they were able to maintain the asset quality at an appropriate level. In particular, non-performing loans accounted for 2.30 percent, which was lower than the industrial average. Total income of TBANK also improved as it succeeded in controlling its operating expenses. As a result, net profit of TBANK and its subsidiaries grew positively in a continuous manner. In addition, TBANK's capital adequacy ratio reached 18.94 percent, which was among the top of the industry. Importantly, TBANK was able to maintain a liquidity coverage ratio (LCR) of higher than 100 percent in line with the Basel III standard, which was higher than the minimum requirement imposed by the BOT.

The strong performance of TBANK and its subsidiaries caused the profit of Thanachart Group to grow to 14,341 million baht from 12,611 million baht in the previous year, representing an increase of 13.72 percent. In particular, the profit attributable to the Company increased to 7,001 million baht from 6,013 million baht in the previous year, representing an increase of 16.43 percent, with the earnings per share being 6.01 baht.

Moreover, the year 2017 represents a successful year for members of Thanachart Group as they won numerous awards. Among others, these include Marketeer No.1 Brand Thailand 2016-2017 Awards in the categories of Auto Hire Purchase Loans and Auto Re-Finance respectively, Auto Loan Product of the Year Award, Best Securities Company Award in the category of Retail Investors, Outstanding Derivatives House Award, Outstanding Deal of the Year Award, Best Asset Management Company Award, Outstanding Asset Management Company Award, and Top Non-Life Insurance Company with Outstanding Management Award for 2016. The related details of various awards received are given in this Annual Report. These awards reflect the Group's dedication and commitment to business operations. Noteworthy is the fact that the developments in the Group's services and products are well received by various organizations.

In 2018, the Thai economy is expected to continue growing, mainly due to public expenditure on infrastructure projects, tourism growth, and recovery of private sector confidence. However, competitions in debt mobilization and lending have become more intense in line with the economic growth. Meanwhile, explosion of digital services is also being witnessed. This is in line with the changes in consumers' financial behaviour as well as the public sector's strategy that promotes electronic payment systems including PromptPay, QR code payment systems, as well as digital identification (ID) systems. Fully recognizing the afore-mentioned, the Board of Directors has adopted a policy aiming at promoting improvements and developments in all areas. The objective is to enhance competitiveness in Thanachart Group's main businesses, which will result in sustainable business growth. Emphasis will be placed on streamlining work processes in order to enhance customer experience. As well, emphasis is placed on continuous investment and development in information technology systems in order to make it easy, convenient and safe for customers to execute financial transactions through Thanachart Group's digital banking systems. The Group also focuses on developing financial innovations that meet customer needs in the digital age in relation to their transaction execution. The Board of Directors is confident that Thanachart Group can maintain stable position with performance continuing to grow stronger in the future. As a result, the Board adopted a resolution to increase the interim dividend payment to 0.90 baht per share in 2017 from 0.80 baht per share in 2016. Moreover, the Board proposes that shareholders approve an additional dividend payment of 1.30 baht per share. As a result, the total dividend payment made for 2017 amounts to 2.20 baht per share, up from 2.00 baht per share in the previous year. This represents a payout ratio of 36.61 percent, based on the performance attributable to the Company in the consolidated financial statements.



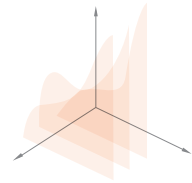
As regards corporate governance to which the Board of Directors has always attached great importance, the Board regularly reviews the corporate governance policy, anti-corruption policy as well as the related measures and regulations. The Board communicates them to all employees, requiring that they are adhered to and implemented in a continuous manner. In 2017, the Company was ranked among the 5-star listed companies with excellent CG Scoring, based on the survey under the Corporate Governance Report of Thai Listed Companies Project. In this connection, the Company received a full score of 100 points for the organization of its annual general meeting of shareholders from the Thai Institute of Directors Association (IOD). Importantly, the Company also participates in campaigns for anti-corruption. In this connection, all members of Thanachart Group have become members of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) since 2014. Moreover, the Company attaches great importance to social responsibility and environmental protection, energy conservation and conscious use of natural resources as well as sharing knowledge of personal finance and proper ways to saving money. The objective is to promote financial stability in the long term.

The Board of Directors would like to express our appreciation and thanks to shareholders, customers, trading partners and each group of stakeholders for your continuous trust and support to Thanachart Group's business operations as well as the execution of the Board's duties. As well, we would like to thank all executives and employees of Thanachart Group for your complete dedication to perform duties to the best of your abilities and your continuous contribution to Thanachart Group's success. Last but not least, we believe that, with the support of all the parties concerned, Thanachart Group will achieve strong growth and become increasingly more successful in a sustainable manner in the future.

On behalf of the Board of Directors,

(Mr. Banterng Tantivit)
Chairman

(Mr. Suphadej Poonpipat)
Vice Chairman and Chief Executive Officer



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,
Remuneration, and Corporate
Governance 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,
Remuneration, and Corporate
Governance Committee and
Member of the Audit Committee



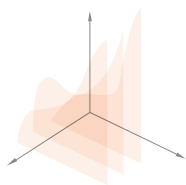
Mr. Somjate Moosirilert
Member of the Executive
Committee,
Member of the Risk
Management Committee,
and Senior Executive
Vice President



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



Mr. Taweesak Saksirilarp
Director



MANAGEMENT'S DISCUSSION AND ANALYSIS

Thai Economic Condition and Commercial Bank Competition

In 2017, the Thai economy showed a 3.9 percent growth, an increase from 3.3 percent in the previous year, following the Report of the Office of the National Economic and Social Development Board (NESDB). This was mainly due to export and tourism sectors which have been thriving consistently throughout the year following a recovering global economies. Private consumption showed promising sign especially in durable goods, which have been growing consistently in line with expanding car sale volume as the automotive market improved. Private investment also experienced growth from the previous year due to the favorable growth in export sector, resulting in a gradual increase in production in some areas of manufacturing sector. However, the driver from government sector has slowed down. Overall, the Thai economy has been showing healthy growth throughout 2017. Inflation rate has been increasing gradually. Consequently, the Monetary Policy Committee of the BOT issued a resolution to maintain the policy rate at 1.50 percent per annum in order to further the economic growth in the future.

For 2018, the NESDB has estimated GDP growth of 3.6 - 4.6 percent for the Thai economy. Government sector is the main key driver both in forms of spending and investment. The private sector is predicted to continue the improving trend both in consumption and investment while export sector is forecasted to grow, following the growth of global economies.

Loan volume of commercial bank industry in 2017 grew when compared to the previous year following the improving economic conditions, especially in the latter half of the year. Deposits also grew in line with increasing loan growth. For 2018, loan volume is forecasted to maintain its healthy trend while deposits are expected to be more competitive and will put upward pressure on the cost of fund for the industry.

Overview of Performance

For the year ended 31 December 2017

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 2017, the Company and its subsidiaries had net profit according to the consolidated financial statements of 14,341 million baht, an increase of 1,730 million baht or 13.72 percent from the previous year. This was mainly from the success in implementation of Customer Centric strategy by focusing on being the Main Bank. As a result, TBANK and its subsidiaries showed a continuous growth in their performances. Total income base of the Company and its subsidiaries increased in both net interest income, which increased by 2.47 percent and non-interest income, which increased by 9.57 percent. At the same time, operating expenses decreased by 0.90 percent. As a result, pre-provision operating profit (PPOP) increased by 10.48 percent. However, impairment loss of loans and debt securities increased by 0.42 percent from effective risk management and maintaining asset quality properly amid growing loan volume.

Total assets of Thanachart Group increased by 6.07 percent from the end of the previous year. This was in line with a 2.99 percent growth in total loans which were contributed by retail and SME loans.

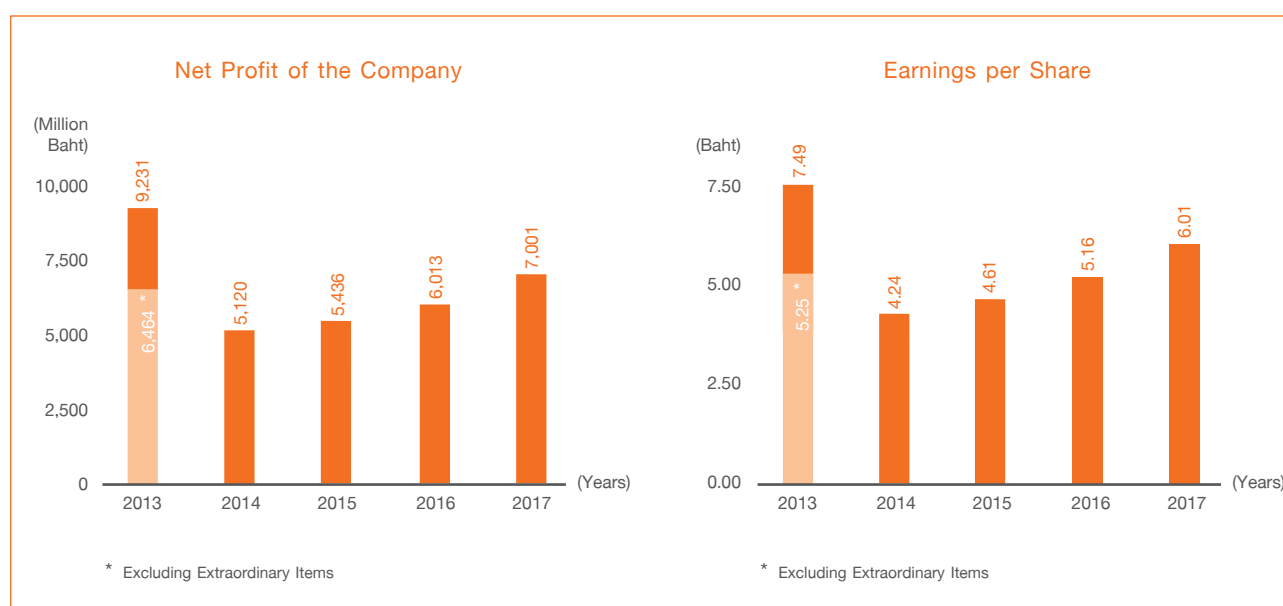
Although NPLs of Thanachart Group increased by 1,605 million baht from the end of 2016, the Group was still able to manage its NPL ratio down to 2.40 percent. Coverage ratio stayed at 131.06 percent.

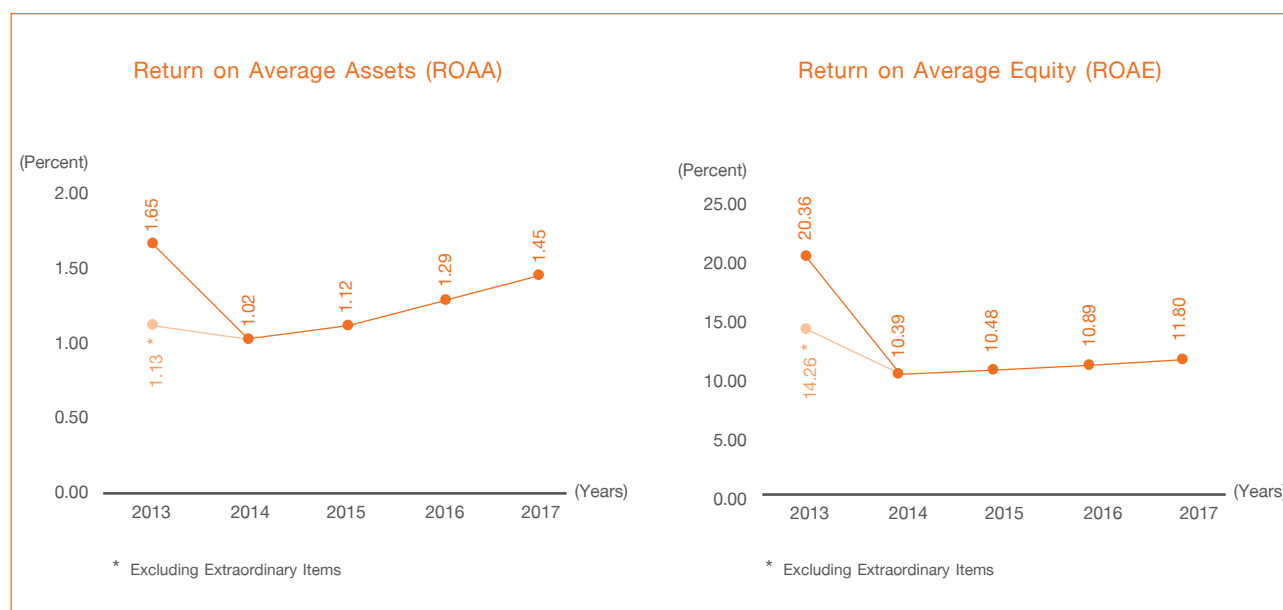
The net profit attributable to the Company in 2017 amounted to 7,001 million baht, an increase of 988 million baht or 16.43 percent from the previous year. Earnings per share (EPS) was 6.01 baht, an increase from 5.16 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.45 percent and 11.80 percent respectively.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Interest Income	44,681	45,208	(527)	(1.17)
Interest Expenses	15,511	16,740	(1,229)	(7.34)
Net Interest Income	29,170	28,468	702	2.47
Net Fees and Service Income	5,890	5,888	2	0.03
Operating Income ⁽¹⁾	7,512	6,343	1,169	18.43
Net Operating Income	42,572	40,699	1,873	4.60
Other Operating Expenses	20,836	21,025	(189)	(0.90)
Impairment Loss of Loans and Debt Securities	6,236	6,210	26	0.42
Profit before Income Tax	15,500	13,464	2,036	15.12
Income Tax	1,159	853	306	35.87
Profit for the Year	14,341	12,611	1,730	13.72
Profit Attributable to the Company	7,001	6,013	988	16.43
Profit Attributable to Non-controlling Interests	7,340	6,598	742	11.25
Earnings per Share (Baht)	6.01	5.16	0.85	16.47
Weighted Average Number of Ordinary Shares (Million Shares)	1,165.13	1,165.13	-	-

Note: ⁽¹⁾ Operating income net insurance/life insurance expenses





Net Interest Income

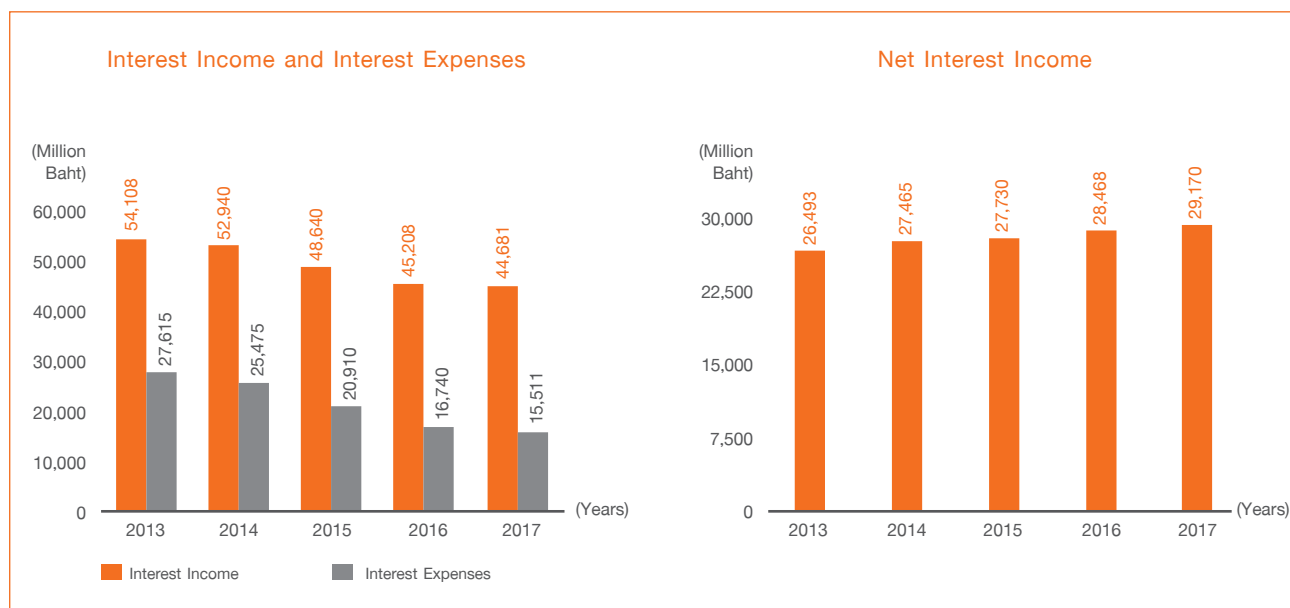
(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	1,391	1,347	44	3.27
Investments and Trading Transactions	238	220	18	8.18
Investments in Debt Securities	3,191	3,571	(380)	(10.64)
Loans to Customers	17,786	18,362	(576)	(3.14)
Hire Purchase and Financial Lease	22,075	21,708	367	1.69
Total Interest Income	44,681	45,208	(527)	(1.17)
Interest Expenses				
Deposits	8,698	9,525	(827)	(8.68)
Interbank and Money Market Items	791	741	50	6.75
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,348	3,326	22	0.66
Debts Issued and Borrowings	2,666	3,141	(475)	(15.12)
Borrowings Cost	8	7	1	14.29
Total Interest Expenses	15,511	16,740	(1,229)	(7.34)
Net Interest Income	29,170	28,468	702	2.47

In 2017, the Company and its subsidiaries had 29,170 million baht in net interest income, an increase of 702 million baht or 2.47 percent from the previous year. Interest Spread was at 2.90 percent, an increase from 2.86 percent.

- Interest income amounted to 44,681 million baht, a decrease of 527 million baht or 1.17 percent. This was mainly due to lower yield on earning assets from lower loan yield of TBANK following the market interest rate trend.

• Interest expenses amounted to 15,511 million baht, a decrease of 1,229 million baht or 7.34 percent. This was due mainly to the effective cost of fund management under TBANK's strategy to manage liquidity.



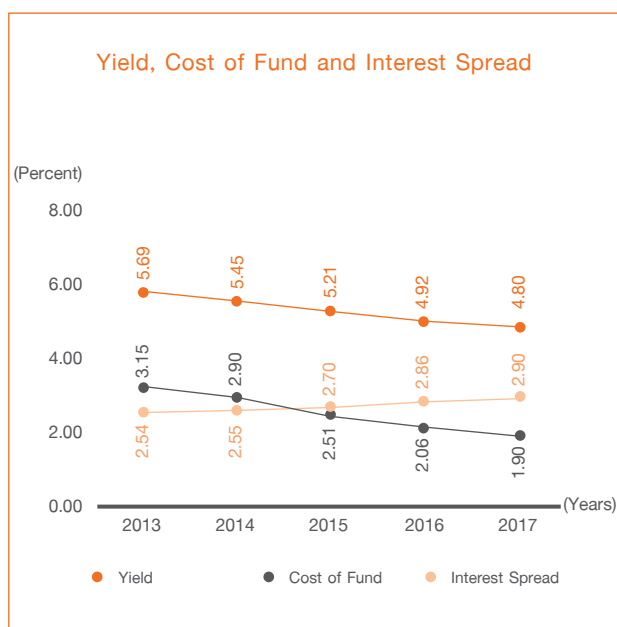
Interest Spread

(Unit: Percent)

Interest Spread	For the Year	
	2017	2016
Yield ⁽¹⁾	4.80	4.92
Cost of Fund ⁽²⁾	1.90	2.06
Interest Spread	2.90	2.86

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

⁽²⁾ Cost of Fund = Total 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	
	2017	2016	Increase/ (Decrease)	Percent
Fees and Service Income	9,097	8,803	294	3.34
Fees and Service Expenses	3,207	2,915	292	10.02
Net Fees and Service Income	5,890	5,888	2	0.03
Gains on Trading and Foreign Exchange Transactions	665	459	206	44.88
Gains on Investments	1,908	1,061	847	79.83
Share of Profit from Investments Accounted for Under Equity Method	337	395	(58)	(14.68)
Net Insurance/Life Insurance Income	2,605	2,659	(54)	(2.03)
Dividend Income	557	496	61	12.30
Other Operating Income	1,440	1,273	167	13.12
Total Other Operating Income	7,512	6,343	1,169	18.43
Total Non-interest Income	13,402	12,231	1,171	9.57

Non-interest income of the Company and its subsidiaries in 2017 was 13,402 million baht, an increase of 1,171 million baht or 9.57 percent from the previous year.

Net Fees and Service Income

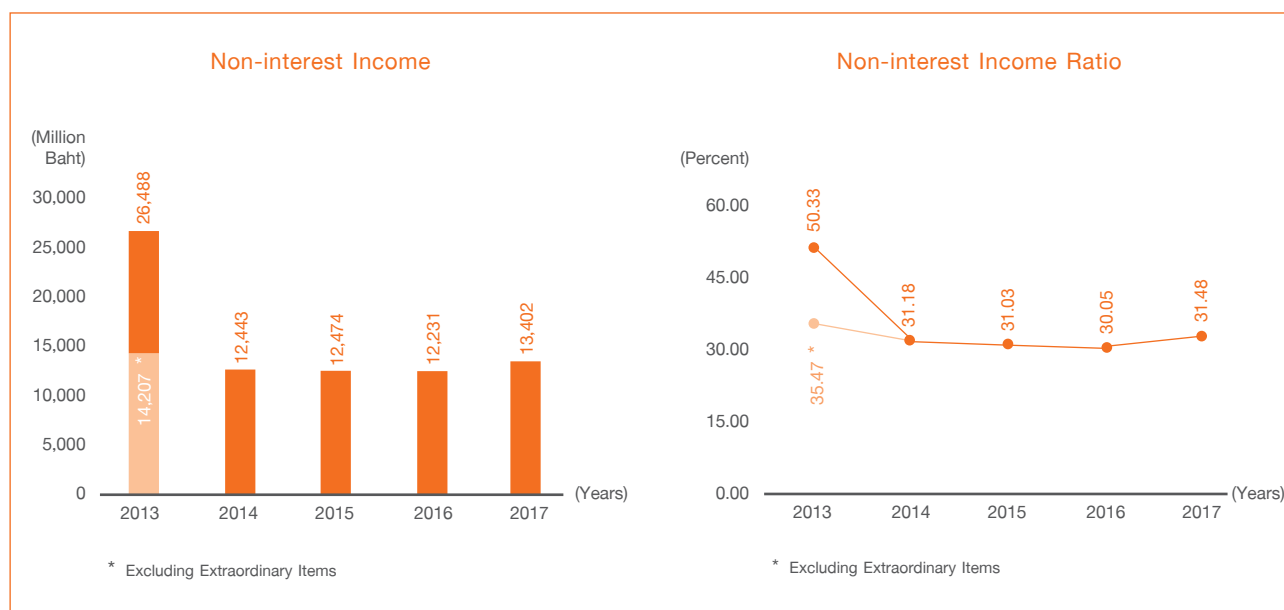
- In 2017, net fees and service income amounted to 5,890 million baht, an increase of 2 million baht or 0.03 percent. This was mainly due to an increase in commission received from selling insurance/life insurance and an increase in fund management fees while income from securities business decreased in line with the market situation.

Other Operating Income

Other operating income amounted to 7,512 million baht, an increase of 1,169 million baht or 18.43 percent. The main reasons were from:

- Gains on investments equaled 1,908 million baht, an increase of 847 million baht or 79.83 percent. This was partly from gains on selling shares of MBK.
- Gains on trading and foreign exchange transactions amounted to 665 million baht, an increase of 206 million baht or 44.88 percent.
- Dividend income was 557 million baht, an increase of 61 million baht or 12.30 percent.
- Share of profit from investments accounted for under equity method totaled 337 million baht, a decrease of 58 million baht or 14.68 percent.
- Net insurance/life insurance income amounted to 2,605 million baht, a decrease of 54 million baht or 2.03 percent.

Non-interest income ratio of 2017 was at 31.48 percent, an increase from 30.05 percent in the previous year.

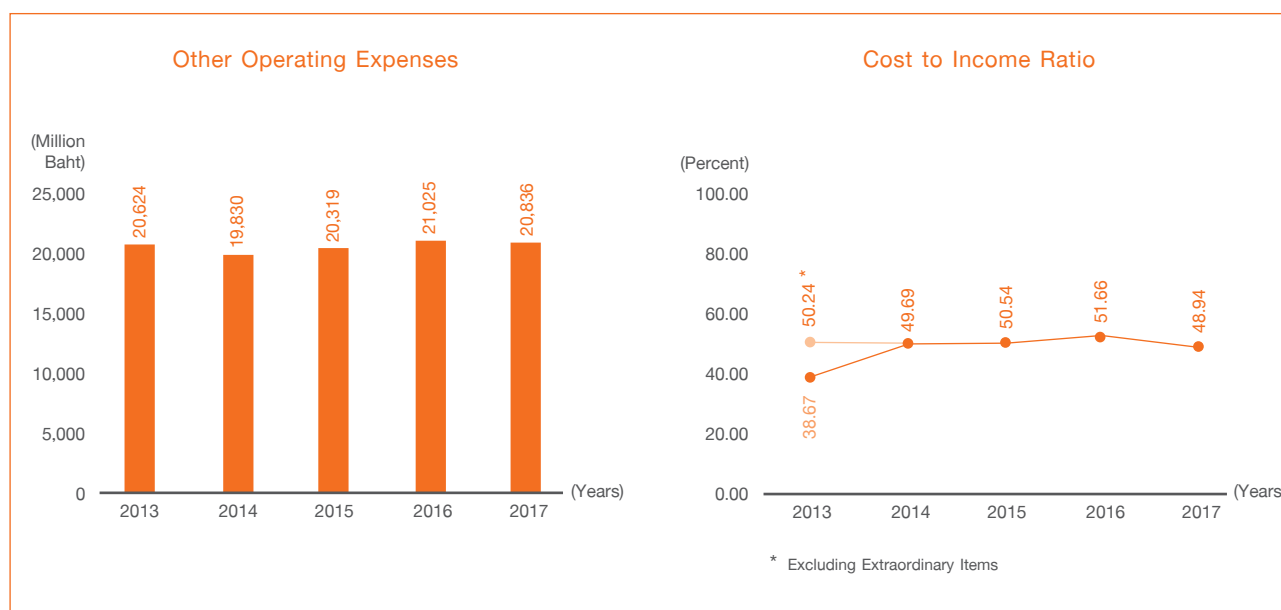


Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2017	2016	Increase/(Decrease)	Percent
Employee's Expenses	12,202	11,876	326	2.75
Directors' Remuneration	93	82	11	13.41
Premises and Equipment Expenses	2,835	3,081	(246)	(7.98)
Taxes and Duties	746	775	(29)	(3.74)
Other Expenses	4,960	5,211	(251)	(4.82)
Total Other Operating Expenses	20,836	21,025	(189)	(0.90)

In 2017, other operating expenses of the Company and its subsidiaries amounted to 20,836 million baht, a decrease of 189 million baht or 0.90 percent from the previous year. This was due to a decrease in premises and equipment expenses as well as the effective cost management. As a result, cost to income ratio in 2017 was at 48.94 percent, a decreased from 51.66 percent of the previous year.

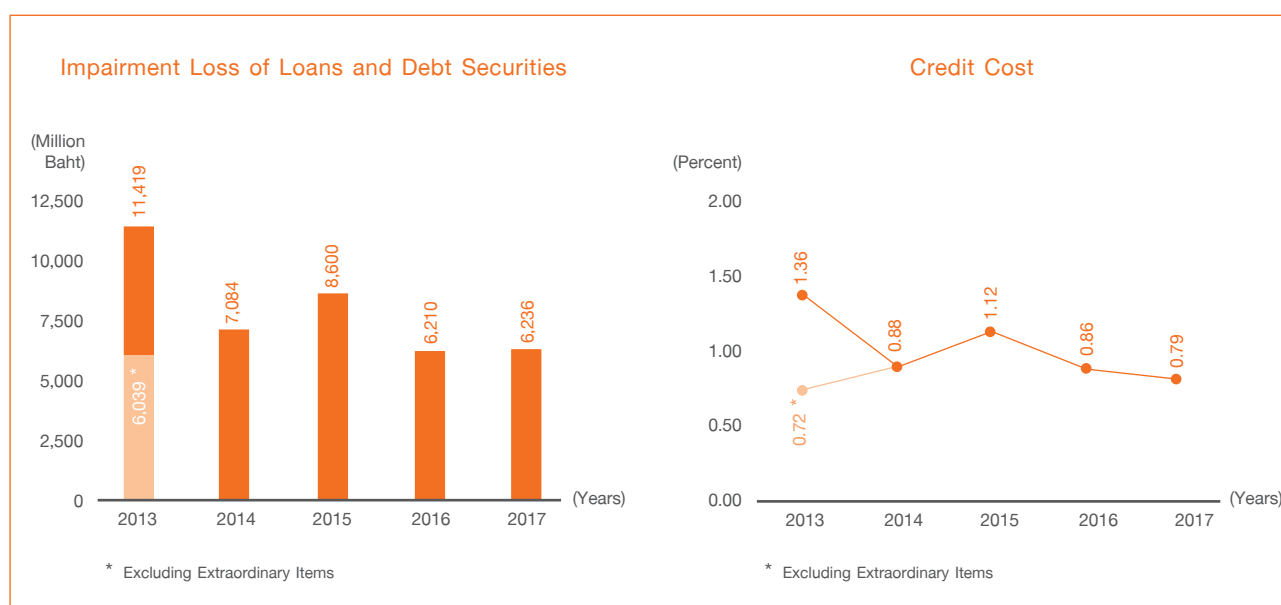


Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	6,236	6,210	26	0.42
Credit Cost (Percent)	0.79	0.86	(0.07)	(8.14)

In 2017, the Company and its subsidiaries had impairment loss of loans and debt securities in the amount of 6,236 million baht, an increase of 26 million baht or 0.42 percent from the previous year. Credit cost was at 0.79 percent, a decrease from 0.86 percent. This was from the effective risk management and ability to maintain asset quality appropriately amid the expansion of loans.



Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2017		31 December 2016		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Cash	11,453	1.12	12,077	1.25	(624)	(5.17)
Interbank and Money Market Items - net	95,918	9.35	48,734	5.04	47,184	96.82
Investments - net	178,703	17.42	186,928	19.33	(8,225)	(4.40)
Investments in Associated Company	2,827	0.28	2,890	0.30	(63)	(2.18)
Loans to Customers	712,761	69.50	692,046	71.58	20,715	2.99
Accrued Interest Receivables	601	0.06	631	0.06	(30)	(4.75)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(24,518)	(2.39)	(25,155)	(2.60)	637	(2.53)
Property Foreclosed - net	4,747	0.46	4,992	0.52	(245)	(4.91)
Intangible Assets from Business Combination - net	677	0.07	1,060	0.11	(383)	(36.13)
Goodwill	17,637	1.72	17,439	1.80	198	1.14
Other Assets	24,719	2.41	25,225	2.61	(506)	(2.01)
Total Assets	1,025,525	100.00	966,867	100.00	58,658	6.07
Deposits	716,091	69.83	676,456	69.96	39,635	5.86
Interbank and Money Market Items	82,343	8.03	65,701	6.80	16,642	25.33
Debts Issued and Borrowings	51,596	5.03	61,704	6.38	(10,108)	(16.38)
Other Liabilities	45,425	4.43	43,155	4.46	2,270	5.26
Total Liabilities	895,455	87.32	847,016	87.60	48,439	5.72
Equity Attributable to Owners of the Company	62,020	6.05	56,891	5.89	5,129	9.02
Non-controlling Interests	68,050	6.63	62,960	6.51	5,090	8.08
Total Equity	130,070	12.68	119,851	12.40	10,219	8.53
Total Liabilities and Equity	1,025,525	100.00	966,867	100.00	58,658	6.07

Assets

As at 31 December 2017, Thanachart Group's total assets amounted to 1,025,525 million baht, an increase of 58,658 million baht or 6.07 percent from the end of 2016. The details of key contributing factors were as follows:

Net Interbank and Money Market Items (Assets)

As of 31 December 2017, net interbank and money market items amounted to 95,918 million baht, an increase of 47,184 million baht or 96.82 percent from the end of the previous year. This was from liquidity management.

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2017		31 December 2016		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Trading Securities - net	18,577	10.23	15,700	8.27	2,877	18.32
Available-for-sale Securities - net	155,454	85.64	165,736	87.31	(10,282)	(6.20)
Held-to-maturity Debt Securities - net	1,000	0.55	1,704	0.90	(704)	(41.31)
General Investments - net	3,672	2.02	3,788	2.00	(116)	(3.06)
Total Investments - net	178,703	98.44	186,928	98.48	(8,225)	(4.40)
Investments in Associated Company	2,827	1.56	2,890	1.52	(63)	(2.18)
Total Investments - net	181,530	100.00	189,818	100.00	(8,288)	(4.37)

As at 31 December 2017, the Company and its subsidiaries had total net investments of 181,530 million baht, a decrease of 8,288 million baht or 4.37 percent from the end of the previous year.

Loans to Customers

(Unit: Million Baht)

Loans Classified by Type of Business	31 December 2017		31 December 2016		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Agricultural and Mining	7,498	1.05	14,081	2.03	(6,583)	(46.75)
Manufacturing and Commerce	81,105	11.38	78,238	11.31	2,867	3.66
Real Estate and Construction	47,484	6.66	47,881	6.92	(397)	(0.83)
Public Utilities and Services	58,878	8.26	60,117	8.69	(1,239)	(2.06)
Personal Consuming						
Hire Purchase	371,031	52.06	345,343	49.90	25,688	7.44
Housing Loans	97,676	13.70	97,756	14.13	(80)	(0.08)
Securities Business	4,116	0.58	3,536	0.51	580	16.40
Others	29,504	4.14	28,958	4.18	546	1.89
Others	15,469	2.17	16,136	2.33	(667)	(4.13)
Total Loans to Customers	712,761	100.00	692,046	100.00	20,715	2.99

As at 31 December 2017, loans to customers amounted to 712,761 million baht, an increase of 20,715 million baht or 2.99 percent from the end of the previous year. This was mainly from the growth of retails and SME loans, especially hire purchase loans which continued increasing in line with the improved automotive market. TBANK still maintained its leading position in new car hire purchase business. Portion of retail loans to corporate and SME loans was 70 percent to 30 percent.

Total Loans and Allowance for Doubtful Accounts

The Company and its subsidiaries had total loans* and accrued interest receivables and related allowance (after deducting intercompany transactions) as follows:

(Unit: Million baht)

	31 December 2017		31 December 2016	
	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts
The Company	102	73	164	76
TBANK and Asset Management Company	744,419	12,356	680,584	11,434
Other Subsidiaries	44,995	2,096	38,142	1,904
Total	789,516	14,525	718,890	13,414
Additional Allowance		10,237		11,964
Grand Total	789,516	24,762	718,890	25,378

Note: * Total loans include loans to customers and loans to interbank and money market

Non-performing Loans: NPLs

(Unit: Million baht)

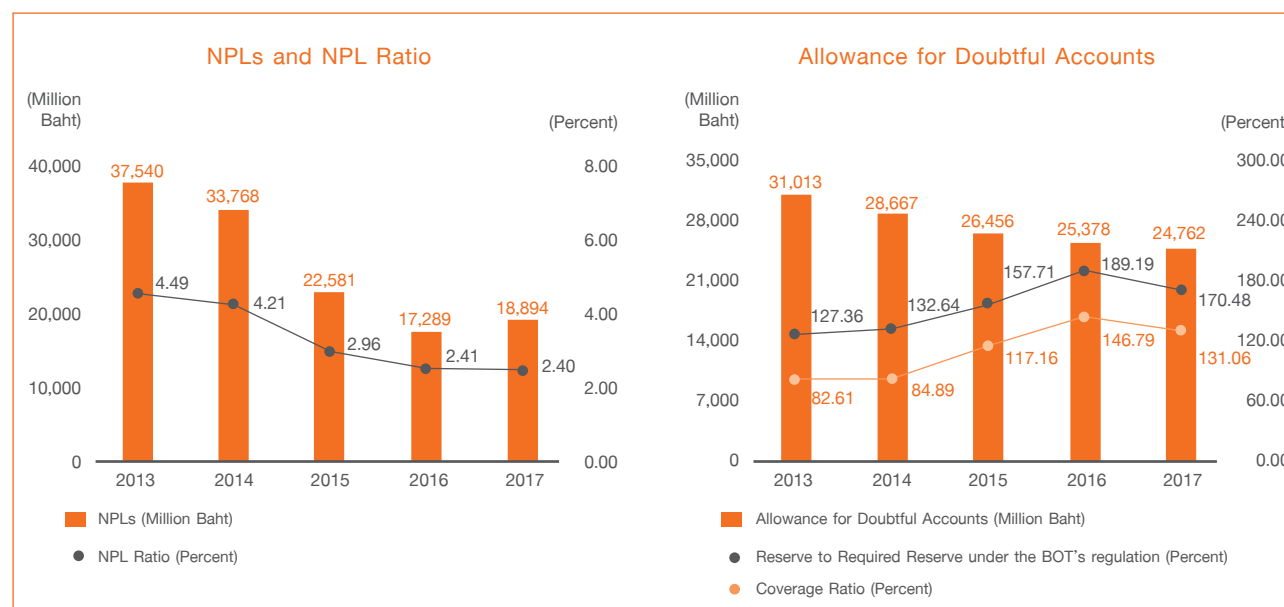
	31 December 2017	31 December 2016
NPLs	18,894	17,289
NPL - net	9,557	7,914
Total Allowance for Doubtful Accounts *	24,762	25,378
NPL - gross to Total Loans (Percent)	2.40	2.41
NPL - net to Total Loans (Percent)	1.23	1.12
Reserve to Required Reserve by the BOT (Percent)	170.48	189.19
Coverage Ratio (Percent)	131.06	146.79

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 recover, the Company and its subsidiaries still placed strong emphasis on managing NPLs through systematic and effective control. NPLs as of 31 December 2017 amounted to 18,894 million baht, an increase of 1,605 million baht or 9.28 percent from the end of the previous year. The increase was from the default of a large corporate loan.

Non-performing loans to total loans (NPL Ratio) at the end of the year 2017 was at 2.40 percent, a decrease from 2.41 percent at the end of the previous year. Non-performing loans after deducting reserve (NPL - net) amounted to 9,557 million baht while the ratio of NPL - net to total loans was at 1.23 percent.

Coverage ratio at the end of December 2017 was at 131.06 percent, a decrease from 146.79 percent at the end of December 2016. The ratio of reserve to required reserve under the BOT's regulations was at 170.48 percent at the end of 2017, a decrease from 189.19 percent of the end of 2016. Excess reserve was 10,237 million baht.



Property Foreclosed

As at 31 December 2017, the Company and its subsidiaries had property foreclosed stated at cost amounting to 6,547 million baht, accounting for 0.64 percent of total assets. The allowance for impairment of the property foreclosed was 1,800 million baht, accounting for 27.49 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2017, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 895,455 million baht and 130,070 million baht respectively. The ratio of debts to equity was at 6.88 times. The important components of funds from liabilities consisted of deposits which as at 31 December 2017 amounted to 716,091 million baht or accounted for 69.83 percent while interbank and money market items, debts issued and borrowings, and other liabilities accounted for 8.03 percent, 5.03 percent, and 4.43 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2017		31 December 2016		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Deposits	716,091	69.83	676,456	69.96	39,635	5.86
Interbank and Money Market Items	82,343	8.03	65,701	6.80	16,642	25.33
Debts Issued and Borrowings	51,596	5.03	61,704	6.38	(10,108)	(16.38)
Other Liabilities	45,425	4.43	43,155	4.46	2,270	5.26
Total Liabilities	895,455	87.32	847,016	87.60	48,439	5.72
Total Shareholders' Equity	130,070	12.68	119,851	12.40	10,219	8.53
Total	1,025,525	100.00	966,867	100.00	58,658	6.07

Liabilities

Total liabilities of Thanachart Group as at 31 December 2017 were 895,455 million baht, an increase of 48,439 million baht or 5.72 percent from the end of 2016. The key items were as follows:

- Deposits were 716,091 million baht, an increase of 39,635 million baht or 5.86 percent from the end of the previous year. This was mainly from an increase in long-term fixed deposits which was a result of TBANK's deposit restructuring plan to be in line with the growth of hire purchase loans.

(Unit: Million Baht)

Deposits	31 December 2017		31 December 2016		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Current	11,953	1.67	11,421	1.69	532	4.66
Saving	295,390	41.25	296,885	43.89	(1,495)	(0.50)
Certificates of Deposit	142,505	19.90	125,493	18.55	17,012	13.56
Fixed Deposits						
Less than 6 Months	36,529	5.10	39,442	5.83	(2,913)	(7.39)
6 Months and up to 1 Year	63,772	8.91	93,129	13.77	(29,357)	(31.52)
Over 1 Year	165,942	23.17	110,086	16.27	55,856	50.74
Total Fixed Deposits	266,243	37.18	242,657	35.87	23,586	9.72
Total Deposits	716,091	100.00	676,456	100.00	39,635	5.86

- The ratio of current and saving accounts to total deposits (CASA) was at 42.92 percent, a decrease from 45.58 percent at the end of the previous year.

- Interbank and money market items amounted to 82,343 million baht, an increase of 16,642 million baht or 25.33 percent from the end of the previous year. This was due to liquidity management.

- Debts issued and borrowings amounted to 51,596 million baht, a decrease of 10,108 million baht or 16.38 percent from the end of the previous year. This was mainly due to the early redemption of TBANK's Tier II subordinated debentures.

Shareholders' Equity

Total shareholders' equity as at 31 December 2017 was 130,070 million baht, an increase of 10,219 million baht or 8.53 percent from the end of 2016 which comprised of the following:

- Equity attributable to the owners of the Company was 62,020 million baht, an increase of 5,129 million baht or 9.02 percent. This was mainly from an increase in operating profit attributable to the Company in the year 2017 amounting to 7,001 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2016 in the amount of 1,398 million baht and interim dividend for the performance of the first six-month period of 2017 in the amount of 1,049 million baht.
- Equity attributable to non-controlling interests amounted to 68,050 million baht, an increase of 5,090 million baht or 8.08 percent, mainly from the operating results of the subsidiary companies.

Cash Flows

As at 31 December 2017, the Company and its subsidiaries had cash in the amount of 11,453 million baht. The details of the net cash flows from various activities were as follows:

- The net cash flows from operating activities were 1,353 million baht, mainly due to 23,238 million baht in profit from operation. The key changes in operating assets and liabilities included an increase of 47,365 million baht in interbank and money market items (asset); an increase of 33,506 million baht in loans to customers; an increase of 2,823 million baht in investments in trading securities; an increase of 2,001 million baht in receivables from purchase and sale of securities; a decrease of 5,292 million baht in property foreclosed; a decrease of 1,111 million baht in derivatives assets; a decrease of 9 million baht in other assets; an increase of 39,635 million baht in deposits; an increase of 16,509 million baht in interbank and money market items (liability); an increase of 47 million baht in insurance/life insurance contract liabilities; an increase of 2 million baht in liability payable on demand; a decrease of 1,745 million baht in derivatives liabilities; a decrease of 108 million baht in payable from purchase and sales of securities; and an increase of 3,058 million baht in other liabilities.
- The net cash flows from investing activities amounted to 16,008 million baht. This was mainly due to a decrease of 11,295 million baht in investments in securities; 3,830 million baht in cash received from interest; 805 million baht in cash received from dividend; 709 million baht in cash received from disposal of investment in an associated company; and 24 million baht in cash received from disposal of land, premises and equipment. On the other hand, cash paid for purchase of premises and equipment/intangible assets amounted to 655 million baht.
- The net cash flows used in financing activities amounted to 17,985 million baht. This included cash received of 13,224 million baht from debts issued and borrowings; cash paid of 23,332 million baht for debts issued and borrowings; cash paid of 2,770 million baht for interest expenses on debts issued and borrowings; cash paid of 2,446 million baht for dividend; and cash paid of 2,661 million baht for dividend to non-controlling interests.

Commitments

(Unit: Million Baht)

Commitments	31 December 2017	31 December 2016	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	115	629	(514)	(81.72)
Guarantees of Loans	2,291	1,188	1,103	92.85
Liabilities under Unmatured Import Bills	270	637	(367)	(57.61)
Letter of Credits	1,045	1,479	(434)	(29.34)
Other Obligations				
Committed (but not Drawn) Overdraft	23,832	24,244	(412)	(1.70)
Others	55,644	55,272	372	0.67
Total	83,197	83,449	(252)	(0.30)

As at 31 December 2017, the Company and its subsidiaries had commitments in the amount of 83,197 million baht, a decrease of 252 million baht or 0.30 percent from the end of 2016.

Capital Adequacy

As at 31 December 2017, the Company and its subsidiaries had legal capital in accordance with the Basel III regulations in the amount of 116,054 million baht. Of which, 95,581 million baht was Tier I capital and 20,473 million baht was Tier II capital. Total capital to risk-weighted assets or capital adequacy ratio accounted for 15.33 percent which was higher than 9.75 percent minimum requirement of the BOT. The details are as follows:

(Unit: Percent)

Capital Adequacy Ratio	31 December 2017		31 December 2016	
	Minimum BOT Requirement	Capital Ratio of the Financial Group	Minimum BOT Requirement	Capital Ratio of the Financial Group
Total Common Equity Tier I to Risk-weighted Assets	5.75	12.62	5.125	11.30
Total Tier I to Risk-weighted Assets	7.25	12.62	6.625	11.30
Total Tier II to Risk-weighted Assets	-	2.71	-	4.29
Total Capital to Risk-weighted Assets	9.75	15.33	9.125	15.59

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 for the Year	
		2017	2016
Thanachart Bank Public Company Limited Consolidated Financial Statements*		13,810	12,434
Separate Financial Statements	50.96	13,135	11,962
Thanachart Securities Public Company Limited	50.96	609	662
Thanachart Fund Management Company Limited	38.22	426	355
Thanachart Insurance Public Company Limited	50.96	1,051	1,005
TS Asset Management Company Limited	50.96	210	189
Ratchthani Leasing Public Company Limited	33.22	1,126	881
NFS Asset Management Company Limited	100.00	24	55
MAX Asset Management Company Limited	83.44	45	92
MBK Life Assurance Public Company Limited	51.00	30	122

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 2017 and 2016 based on consolidated financial statements)

(Unit: Million Baht)

Statements of Comprehensive Income	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Interest Income	44,366	44,886	(520)	(1.16)
Interest Expenses	14,956	16,174	(1,218)	(7.53)
Net Interest Income	29,410	28,712	698	2.43
Net Fees and Service Income	5,897	5,904	(7)	(0.12)
Other Operating Income ⁽¹⁾	6,675	5,749	926	16.11
Net Operating Income	41,982	40,365	1,617	4.01
Other Operating Expenses ⁽²⁾	20,437	20,585	(148)	(0.72)
Pre-Provision Operating Profit (PPOP)	21,545	19,780	1,765	8.92
Impairment Loss of Loans and Debt Securites	6,244	6,251	(7)	(0.11)
Profit before Income Tax	15,301	13,529	1,772	13.10
Income Tax	932	691	241	34.88
Profit for the Year	14,369	12,838	1,531	11.93
Profit Attributable to the Bank	13,810	12,434	1,376	11.07
Profit Attributable to Non-controlling Interests	559	404	155	38.37
Earnings per Share (Baht)	2.28	2.05		
Weighted Average Number of Ordinary Shares (Million Shares)	6,064.86	6,064.86		

Notes: ⁽¹⁾ Other operating income net insurance expenses

⁽²⁾ Excluding insurance expenses

Operating Results for the Year 2017

TBANK and its subsidiaries' net profit grew for the 12th consecutive quarter, resulting in a net profit of 13,810 million baht in 2017, up by 1,376 million baht or 11.07 percent compared to the previous year. This was contributed by the customer centric strategy, focusing on becoming the Main Bank by delivering quality services across all channels and offering the right products to customers, combined with enhanced efficiency to propel sustainable growth to the organization's core business. Pre-provision operating profit (PPOP) increased in line with the core business performance that showed robust growth potential. In addition, TBANK was able to continuously maintain the strength of asset quality, liquidity and capital, exhibiting the stability and competitiveness.

Total income of TBANK grew by 4.01 percent due to higher net interest income and non-interest income compared to the previous year. Net interest income increased by 2.43 percent from larger loan volume and wider interest spread. Non-interest income increased by 7.89 percent from gains on investments and net insurance income. On the other hand, operating expenses decreased by 0.72 percent due to lower premises expenses and improvement in productivity. As a result, pre-provision operating profit (PPOP) increased by 1,765 million baht or 8.92 percent from the previous year. Impairment loss of loans and debt securities decreased by 0.11 percent thanks to maintenance of asset quality amid total loan growth.

TBANK's total assets expanded consistently throughout the year at 6.21 percent from the previous year following the total loan growth of 3.01 percent from retail and SME loans. Asset quality remained strong due to prudent risk management policy while deposits surged by 5.87 percent.

NPLs on consolidated financial statements increased by 1,674 million baht from the previous year, resulting in NPL ratio at 2.30 percent, close to the previous year. Coverage ratio was at 134.07 percent and reserve to required reserve by the BOT as of 31 December 2017 was at 172.91 percent.

On separate financial statements, NPL ratio was at 1.94 percent, close to last year, with coverage ratio at 139.80 percent. The reserve to required reserve by the BOT was at 191.59 percent. Capital adequacy ratio of TBANK ended at 18.94 percent, a decrease from 19.15 percent at the end of 2016 as a result of the early redemption of the unsecured subordinated debentures counted as Tier II capital. TBANK's Tier I capital ratio was at 14.81 percent, higher than 2016 at 13.27 percent.

Summary of key operating results in 2017 compared to 2016 were as follows:

- Net interest income increased by 2.43 percent from growing loan volume and wider interest spread of 3.06 percent.
- Non-interest income increased by 7.89 percent mainly from gains on investments and net insurance income.
- Total income increased by 4.01 percent from improvement in net interest income and non-interest income.
- Operating expenses decreased by 0.72 percent due to lower premises expenses and the better productivity.
- Pre-provision operating profit (PPOP) increased by 1,765 million baht or 8.92 percent from higher total income and lower operating expenses.
- Impairment loss of loans and debt securities decreased by 0.11 percent thanks to efficient asset quality management.
- Net profit increased by 1,376 million baht or 11.07 percent.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Interest Income	44,366	44,886	(520)	(1.16)
Interbank and Money Market Items	1,365	1,307	58	4.44
Investments and Trading Transactions	25	30	(5)	(16.67)
Investments in Debt Securities	3,143	3,504	(361)	(10.30)
Loans to Customers	17,759	18,337	(578)	(3.15)
Hire Purchase and Financial Lease	22,074	21,708	366	1.69
Interest Expenses	14,956	16,174	(1,218)	(7.53)
Deposits	8,699	9,526	(827)	(8.68)
Interbank and Money Market Items	792	741	51	6.88
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,348	3,326	22	0.66
Debts Issued and Borrowings	2,110	2,576	(466)	(18.09)
Borrowings Cost	7	5	2	40.00
Net Interest Income	29,410	28,712	698	2.43

In 2017, TBANK and its subsidiaries' net interest income totaled 29,410 million baht, an increase of 698 million baht or 2.43 percent from last year.

- Interest income totaled 44,366 million baht, a decrease of 520 million baht or 1.16 percent. This was due to a decline in yield on earning assets from lower loan yield following the market interest rate trend.

- Interest expenses totaled 14,956 million baht, a decrease of 1,218 million baht or 7.53 percent, a result of cost of fund management according to TBANK's liquidity management strategy.

Consequently, interest spread in 2017 was at 3.06 percent, an increase from 3.03 percent last year. The details are shown in the table below.

(Unit: Percent)

	4Q16	1Q17	2Q17	3Q17	4Q17	2016	2017
Average Policy Interest Rate	1.50	1.50	1.50	1.50	1.50	1.50	1.50
Yield	5.00	4.93	4.95	4.96	4.87	5.06	4.93
Cost of Fund	1.89	1.88	1.89	1.87	1.85	2.03	1.87
Interest Spread	3.11	3.05	3.06	3.09	3.02	3.03	3.06

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Net Fees and Service Income	5,897	5,904	(7)	(0.12)
Gains on Trading and Foreign Exchange Transactions	548	491	57	11.61
Gains on Investments	1,113	714	399	55.88
Share of Profit from Investments Accounted for Under Equity Method	200	207	(7)	(3.38)
Net Insurance Income	2,928	2,688	240	8.93
Dividend Income	464	400	64	16.00
Other Operating Income	1,422	1,249	173	13.85
Total Other Operating Income	6,675	5,749	926	16.11
Total Non-interest Income	12,572	11,653	919	7.89

Non-interest income of TBANK and its subsidiaries in 2017 totaled 12,572 million baht, an increase of 919 million baht or 7.89 percent from last year. This was mainly due to higher gains on investments and net insurance income.

- Net fees and service income totaled 5,897 million baht, a decrease of 7 million baht or 0.12 percent mainly due to lower brokerage fees in line with the market conditions, whereas insurance commission and fund management fees improved.

- Other operating income totaled 6,675 million baht, an increase of 926 million baht or 16.11 percent. The surge was mainly due to gains on investments which increased by 399 million baht, higher net insurance income of 240 million baht and other income from gains on property foreclosed.

Due to reasons above, non-interest income ratio in 2017 was at 29.95 percent, an improvement from 28.87 percent in the previous year.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Employee's Expenses	11,981	11,647	334	2.87
Premises and Equipment Expenses	2,806	3,051	(245)	(8.03)
Taxes and Duties	726	757	(31)	(4.10)
Directors' Remuneration	53	46	7	15.22
Other Expenses	4,871	5,084	(213)	(4.19)
Total Other Operating Expenses	20,437	20,585	(148)	(0.72)

In 2017, other operating expenses of TBANK and its subsidiaries totaled 20,437 million baht, a decrease of 148 million baht or 0.72 percent from last year. The decrease was due to lower premises and equipment expenses and improvement in productivity. As a result, cost to income ratio in 2017 was at 48.68 percent, down from last year of 51.00 percent.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2017	2016	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	6,244	6,251	(7)	(0.11)
Credit Cost (Percent)	0.79	0.87	(0.08)	(9.20)

In 2017, TBANK and its subsidiaries had 6,244 million baht in impairment loss of loans and debt securities, a decrease of 7 million baht or 0.11 percent from last year. Credit cost was at 0.79 percent, a decrease from 0.87 percent in last year from an effective risk management and maintenance of strong asset quality amid loan growth.

Income Tax

As of 31 December 2017, TBANK had tax losses of 4,742 million baht from investments in the liquidation of a subsidiary company, equivalent to a tax benefit of 948 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 2017	31 December 2016	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	11,453	12,077	(624)	(5.17)
Interbank and Money Market Items - net	94,651	47,476	47,175	99.37
Investments - net	167,368	175,081	(7,713)	(4.41)
Loans to Customers	711,675	690,907	20,768	3.01
Accrued Interest Receivables	589	620	(31)	(5.00)
Allowance for Doubtful Accounts and Revaluation				
Allowance for Debt Restructuring	(24,034)	(24,618)	584	(2.37)
Property Foreclosed - net	2,793	3,112	(319)	(10.25)
Land, Premises, and Equipment - net	8,622	9,546	(924)	(9.68)
Goodwill and Intangible Assets - net	20,202	20,649	(447)	(2.16)
Other Assets	16,238	15,662	576	3.68
Total Assets	1,009,557	950,512	59,045	6.21

Assets

As of 31 December 2017, TBANK and its subsidiaries' total assets amounted to 1,009,557 million baht, an increase of 59,045 million baht or 6.21 percent from the end of 2016. The key changes are as follows:

- Net interbank and money market items were in the amount of 94,651 million baht, a surge of 47,175 million baht or 99.37 percent from the end of last year, due to liquidity management.
- Net investments totaled 167,368 million baht, a drop of 7,713 million baht or 4.41 percent from the end of last year, mainly due to appropriate return management.
- Loans totaled 711,675 million baht, an increase of 20,768 million baht or 3.01 percent from the end of last year, due to retail and SME loan growth, especially hire purchase loans which grew by 7.43 percent from internal process improvement and the recovering automotive market. TBANK still remained the new car market leader. The ratio of retail to corporate and SME loans was 71 percent to 29 percent.

(Unit: Million Baht)

Statements of Financial Position	31 December 2017	31 December 2016	Change	
			Increase/ (Decrease)	Percent
Liabilities and Shareholders' Equity				
Deposits	716,278	676,557	39,721	5.87
Interbank and Money Market Items	82,424	65,834	16,590	25.20
Liability Payable on Demand	1,989	1,986	3	0.15
Debts Issued and Borrowings	39,308	49,409	(10,101)	(20.44)
Provisions	3,638	3,579	59	1.65
Insurance Contracts Liabilities	5,475	4,937	538	10.90
Other Liabilities	24,237	22,089	2,148	9.72
Total Liabilities	873,349	824,391	48,958	5.94
Equity Attributable to Owners of the Bank	134,290	124,489	9,801	7.87
Non-controlling Interests	1,918	1,632	286	17.52
Total Liabilities and Shareholders' Equity	1,009,557	950,512	59,045	6.21

Liabilities and Shareholders' Equity

TBANK and its subsidiaries' total liabilities as of 31 December 2017 totaled 873,349 million baht, an increase of 48,958 million baht or 5.94 percent from the end of 2016. The key items are as follows:

- Deposits totaled 716,278 million baht, an increase of 39,721 million baht or 5.87 percent from the end of last year. The majority of deposits increase was from long-term fixed deposits, which was TBANK's deposits restructure along with the hire purchase loan growth. As a result, the CASA to deposit portion was 42.93 percent, down from last year at 45.58 percent.

- Debts issued and borrowings totaled 39,308 million baht, a decrease of 10,101 million baht or 20.44 percent, which was mainly due to early redemption of unsecured subordinated debentures.

Total shareholders' equity of TBANK and its subsidiaries as of 31 December 2017 was in the amount of 136,208 million baht, an increase of 10,087 million baht or 8.00 percent from the end of 2016. The details are as follows:

- The shareholders' equity of TBANK was 134,290 million baht, an increase of 9,801 million baht or 7.87 percent. This was primarily due to profitable operating results of TBANK and its subsidiaries in 2017 which totaled 13,810 million baht, revaluation surplus on investments which increased by 926 million baht, share of other comprehensive income of the associate which increased by 105 million baht, and 4,852 million baht in dividend payment.

- Equity attributable to non-controlling interests was in the amount of 1,918 million baht, an increase of 286 million baht or 17.52 percent, a result of profitable operating results of subsidiaries.

Asset Quality

The asset quality was considered based on consolidated financial statements.

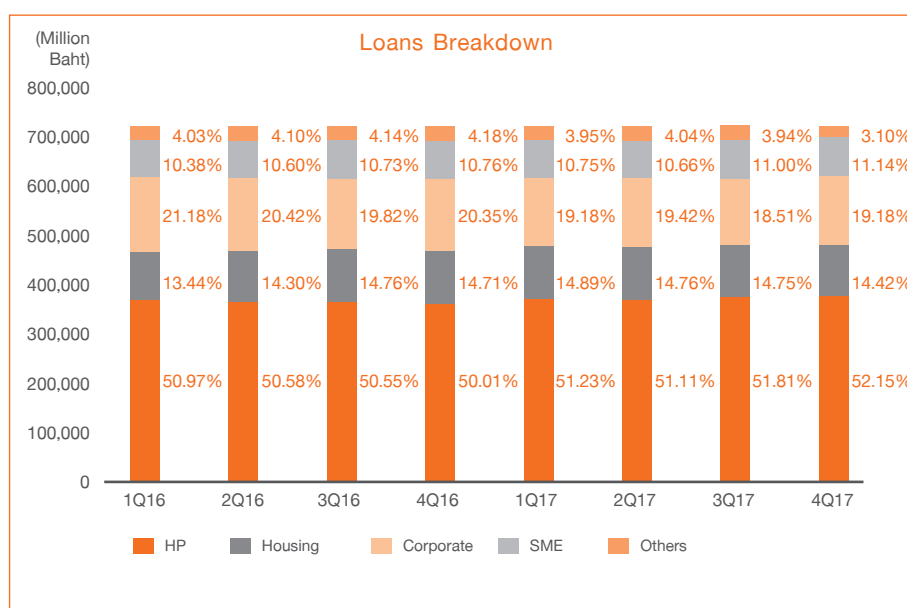
1. Loans

1.1 Loans to Customers and Accrued Interest Receivables

As of 31 December 2017, TBANK and its subsidiaries' loans to customers and accrued interest receivables totaled 712,264 million baht, increased from the previous year by 20,737 million baht or 3.00 percent. Hire purchase loans expanded by 7.43 percent, contributed by process improvement and the recovering automotive market. Other retail loans grew by 0.66 percent. Housing loans grew by 1.02 percent. Corporate and SME loans declined by 2.17 percent from the previous year. The retail to corporate and SME loans ratio was 71 percent to 29 percent. In addition, TBANK managed NPLs and maintained the strength of asset quality. In 2017, TBANK and its subsidiaries carried out debt restructuring agreements with debtors in a number of ways; changing repayment conditions, transferring assets and/or equity shares, and/or amending repayment terms, totaling 1,092 accounts whose accounting outstanding pre-restructuring was 2,377 million baht. At the end of 2017, TBANK and its subsidiaries had 8,703 restructured accounts, and the principle and accrued interest amounted to 10,820 million baht.

Loans Diversification

At the end of 2017, hire purchase loans accounted for 52.15 percent, followed by corporate and SME loans of 30.32 percent, housing loans of 14.42 percent, and others of 3.10 percent.



1.2 Loans classified in accordance with the BOT's regulation of TBANK and its financial institution subsidiary

As of 31 December 2017, TBANK and its financial institution subsidiary (Asset Management Company) had the amount of loans and accrued interest receivables classified in accordance with the BOT's guidelines of 667,571 million baht, increased from the previous year by 13,892 million baht or 2.13 percent. Allowance for doubtful accounts as of 31 December 2017, was 21,718 million baht and total allowance for doubtful accounts to loans and accrued interest receivable was 3.25 percent.

Loans Classified by the BOT's Regulations

(Unit: Million Baht)

	Loans and Accrued Interest Receivables		Allowance for Doubtful Accounts	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Normal	624,828	613,276	3,310	2,985
Special Mention	26,304	25,506	2,336	2,150
Substandard	5,938	4,258	2,219	1,644
Doubtful	2,672	3,362	823	906
Doubtful of Loss	7,829	7,277	3,013	3,100
Total	667,571	653,679	11,701	10,785
Additional Allowance for Doubtful Accounts			10,017	11,707
Total Allowance for Doubtful Accounts			21,718	22,492
Ratio of Total Allowance for Doubtful Accounts to Loans and Accrued Interest Receivables (Percent)			3.25	3.44

1.3 Non-performing Loans

As the market and economic conditions were recovering, TBANK and its subsidiaries managed to reduce NPLs through systematic and effective control. NPLs as of 31 December 2017 was 18,108 million baht, an increase of 1,674 million baht or 10.19 percent from the end of last year as a result of a default of corporate loan. However, the NPL ratio of TBANK and its subsidiaries was maintained at 2.30 percent, similar to that at the end of last year. For Bank only, NPLs increased by 1,519 million baht from the end of last year. Consequently, NPL ratio of TBANK was at 1.94 percent, an increase from 1.90 percent at the end of last year.

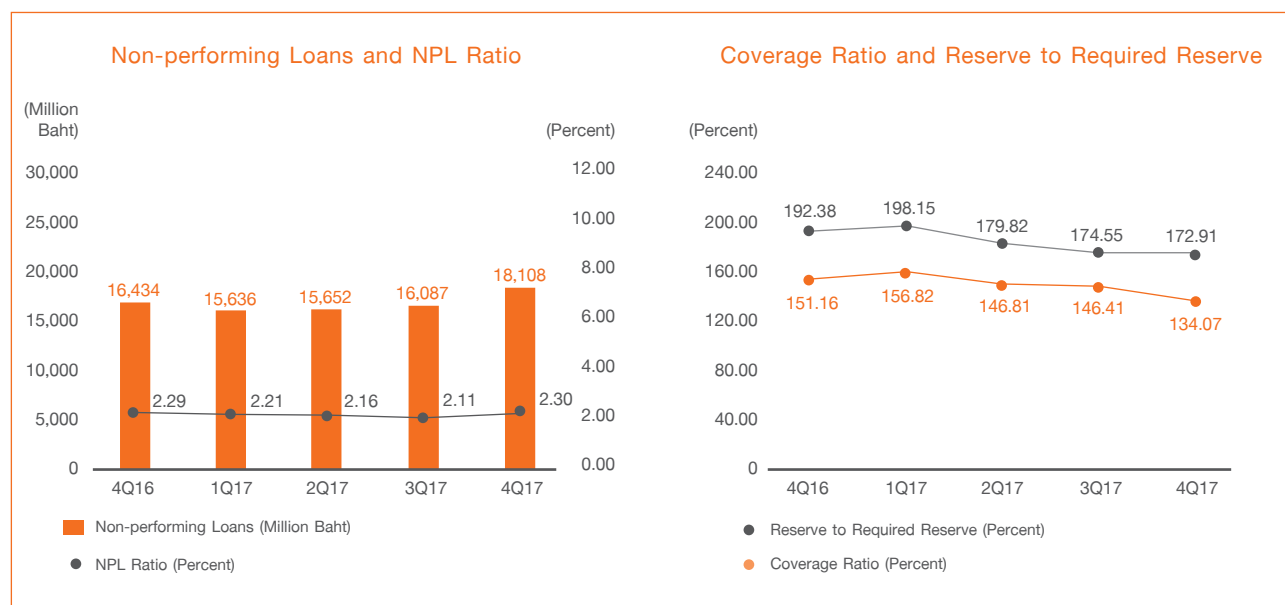
Coverage ratio of TBANK and its subsidiaries as of 31 December 2017 was at 134.07 percent, down from 151.16 percent at the end of December 2016. TBANK and its subsidiaries had an excess reserve of 10,237 million baht according to the BOT's regulations, and a reserve to required reserve under the BOT's regulations of 172.91 percent as of 31 December 2017, a drop from 192.38 percent at the end of December 2016. Coverage ratio of TBANK as of 31 December 2017 was at 139.80 percent, down from 151.64 percent at the end of December 2016. TBANK had an excess reserve according to the BOT's regulations of 9,632 million baht and a reserve to required reserve under the BOT's regulations of 191.59 percent, a reduction from 202.23 percent at the end of December 2016.

Non-performing Loans

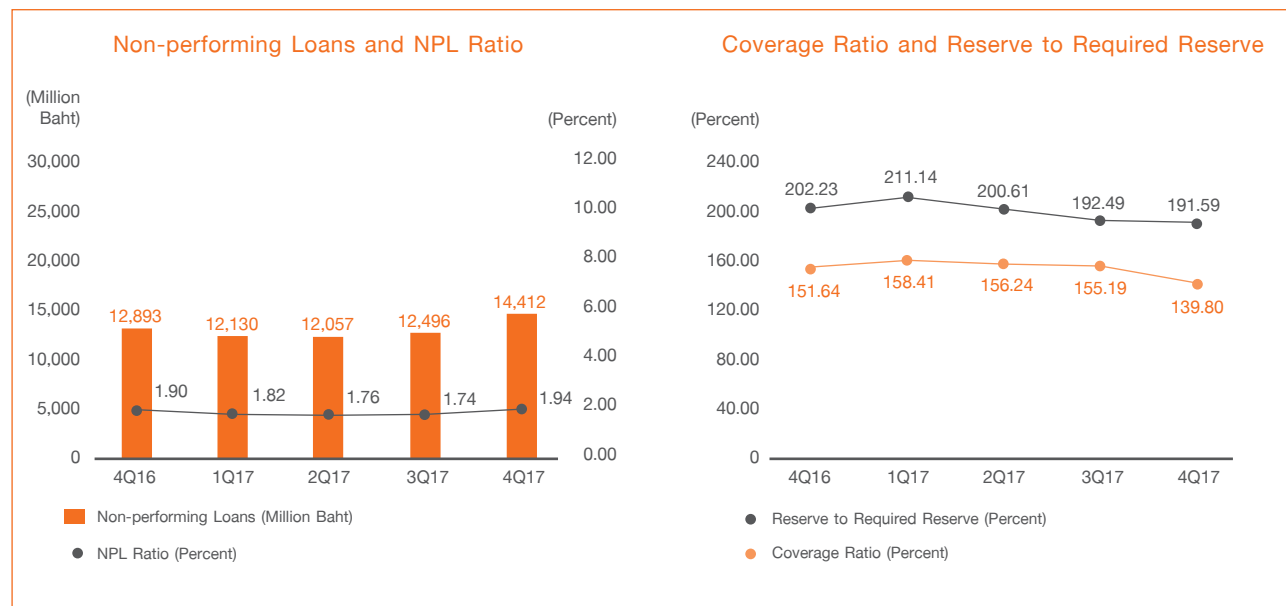
	TBANK		TBANK Consol.	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
NPLs (Million Baht)	14,412	12,893	18,108	16,434
Total Allowance for Doubtful Accounts * (Million Baht)	20,149	19,550	24,278	24,841
NPL - gross to Total Loans (Percent)	1.94	1.90	2.30	2.29
NPL - net to Total Loans (Percent)	1.19	1.05	1.19	1.07
Reserve to Required Reserve by the BOT (Percent)	191.59	202.23	172.91	192.38
Coverage Ratio (Percent)	139.80	151.64	134.07	151.16

Note: * Including revaluation allowance for debt restructuring

Consolidated Financial Statements



Separate Financial Statements



2. Investments in Securities

In 2017, TBANK and its subsidiaries had a total amount of investments in securities of 167,368 million baht. A major portion of approximately 73.88 percent was in government and state enterprises securities, followed by 14.71 percent in private corporate debt securities. After adding (deducting) allowance for change in value and allowance for impairment, net investments decreased from 175,081 million baht in 2016. Details of securities investments are as follows:

Securities Investments Classified by Types of Instruments

(Unit: Million Baht)

Type of Investments	31 December 2017	Percent	31 December 2016	Percent
Debt Securities				
Government and State Enterprises Securities				
• Trading	9,119	5.48	7,166	4.09
• Available-for-sale	113,782	68.37	125,033	71.29
• Held-to-maturity	42	0.03	62	0.03
Private Debt Securities				
• Trading	232	0.14	-	-
• Available-for-sale	24,009	14.43	22,076	12.59
• Held-to-maturity	240	0.14	205	0.12
Foreign Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	10,441	6.27	11,465	6.54
• Held-to-maturity	-	-	-	-
Equity Securities				
Listed Securities				
• Trading	1,749	1.05	1,613	0.92
• Available-for-sale	3,147	1.89	3,910	2.23
Investment in Receivables Purchased				
• Held-to-maturity	-	-	-	-
Other Investments	3,662	2.20	3,843	2.19
Total Debt Securities	166,423	100.00	175,373	100.00
Add (less): Allowance for Change in Value	955		(217)	
Allowance for Impairment	(10)		(75)	
Total Investments - net	167,368		175,081	

Liquidity

As of 31 December 2017, loans to deposits and debts issued and borrowings ratio of TBANK and its subsidiaries was 94.19 percent, improved from 95.17 percent at the end of 2016. This was 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 2017, TBANK's liquid assets portion which includes cash, interbank and money market items, and short-term investments according to consolidated financial statements were 14.38 percent of total assets, an increase from 9.77 percent as at the end of 2016.

TBANK also put focus on the implementation of the Basel III Liquidity Coverage Ratio (LCR) and currently had been maintaining LCR ratio of more than 100 percent, higher than the regulated requirement of the BOT of 70 percent.

At the end of 2017, TBANK and its subsidiaries had net cash flows from operating activities of 2,615 million baht, investing activities of 14,195 million baht, and used in financing activities of 17,434 million baht, attributed to a net decrease in cash and cash equivalents of 624 million baht. At the end of 2017, TBANK had an amount of 11,453 million baht in cash and cash equivalents. Key items consisted of the followings:

- Cash flows from operating activities were mainly from an increase in cash received from interest income of 41,277 million baht, an increase in deposits of 39,721 million baht, and an increase in interbank and money market items (liabilities) of 16,457 million baht offset by an increase in interbank and money market items (assets) of 47,352 million baht and an increase in loans to customers of 33,546 million baht.

- Cash flows from investing activities were mainly from a decrease in investments in securities held for investments of 10,271 million baht.

- Cash flows used in financing activities were spent on repayment of borrowings of 22,825 million baht while cash received from borrowings was 12,724 million baht.

(Unit: Million Baht)

Major Changes Items	2017	2016
Net Cash Flows Received from Operating Activities	2,615	26,182
Net Cash Flows Received from Investing Activities	14,195	3,657
Net Cash Flows Used in Financing Activities	(17,434)	(31,099)
Net Decrease in Cash	(624)	(1,260)
Cash at Beginning of the Year	12,077	13,337
Cash at the End of the Year	11,453	12,077

Relation between Source and Use of Fund

In 2017, TBANK and its subsidiaries's sources of fund from deposits and borrowings amounted to 716,278 million baht and 39,308 million baht, respectively. Uses of funds in giving loans were 711,675 million baht and investments before allowance for change in value were 166,423 million baht. List of sources and uses of major funds by remaining tenor as of 31 December 2017, 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 Funds										
Deposits	307,595	40.71	365,947	48.43	42,736	5.66	-	-	716,278	94.80
Borrowings	392	0.05	3,493	0.46	35,423	4.69	-	-	39,308	5.20
Total Sources of Funds	307,987	40.76	369,440	48.89	78,159	10.35	-	-	755,586	100.00
Uses of Funds										
Loans ⁽¹⁾	39,792	4.53	195,223	22.24	476,660	54.28	-	-	711,675	81.05
Investments	5	-	37,333	4.25	120,552	13.73	8,533	0.97	166,423	18.95
Total Uses of Funds	39,797	4.53	232,556	26.49	597,212	68.01	8,533	0.97	878,098	100.00

Note: ⁽¹⁾ The outstanding balance of loans at call includes stop-accrued loans

From the breakdown of sources and uses of funds by remaining tenor of the financial statements as of 31 December 2017, sources of funds consisted of a major portion of deposits reaching maturity less than 1 year of 48.43 percent and deposits at call of 40.71 percent of total sources of funds. Whereas the uses of funds consisted of a major portion of loans with remaining tenor of over 1 year of 54.28 percent and loans with remaining tenor of less than 1 year of 22.24 percent of total uses of funds. However, this incongruence between the sources and uses of funds is 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 funds 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 funds.

Commitments

As of 31 December 2017, TBANK and its subsidiaries' total commitments totaled 83,196 million baht, a decrease of 252 million baht or 0.30 percent from 83,448 million baht at the end of December 2016. This was mainly due to a decrease in aval to bills as shown in the table below.

(Unit: Million Baht)

	31 December 2017	31 December 2016	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	115	629	(514)	(81.72)
Liabilities under Unmatured Import Bills	270	637	(367)	(57.61)
Letter of Credits	1,045	1,479	(434)	(29.34)
Guarantees of Loans	2,291	1,188	1,103	92.85
Other Obligations				
Committed (but not Drawn) Overdraft	23,832	24,244	(412)	(1.70)
Others	55,643	55,271	372	0.67
Total	83,196	83,448	(252)	(0.30)

Capital Adequacy

As of 31 December 2017, TBANK's capital funds totaled 125,527 million baht, of which an amount of 98,209 million baht was Tier I capital and 27,318 million baht was Tier II capital. The capital adequacy ratio was at 18.94 percent compared to 19.15 percent at the end of 2016. Out of total, Tier I ratio accounted for 14.81 percent while Tier II ratio accounted for 4.13 percent.

However, the capital adequacy ratio was well over the minimum requirement of the BOT of not below 9.75 percent. Details are as follows:

Capital Adequacy Ratio

	31 December 2017		31 December 2016	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	98,209	14.81	90,561	13.27
Total Capital	125,527	18.94	130,673	19.15

Thanachart Securities Public Company Limited

Average daily trading volume of TNS in the year 2017 was 3,388 million baht with the market share of 3.78 percent, a decrease from 3,921 million baht with the market share of 4.17 percent in the previous year. The trading volume could be divided into 59.56 percent of retails, 28.02 percent of institutions, and 12.42 percent of foreign investors.

Net profit for the year ended 31 December 2017 amounted to 609 million baht, a decrease from the net profit of 662 million baht in the previous year, representing a decrease of 8.01 percent. Total income amounted to 2,004 million baht, a decrease of 7.09 percent, due to a decrease in brokerage fees of 17.26 percent. Gains and returns on financial instruments in this year amounted to 306 million baht, an increase of 46.41 percent while fees and service income amounted to 160 million baht, an increase of 18.52 percent. Total expenses amounted to 1,253 million baht, a decrease of 6.49 percent which was from the cost control and the decrease in income.

As of 31 December 2017, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 44.10 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 at 29 December 2017, TFUND had assets under management of 228,589 million baht, an increase of 39,581 million baht or 20.94 percent from the end of 2016. Assets under management comprised of 88.33 percent mutual funds, 6.79 percent provident funds, and 4.89 percent private funds.

As at 29 December 2017, mutual funds business of the company ranked 8th with market share of 4.01 percent. Private funds business ranked 12th with market share of 1.33 percent while provident funds business ranked 13th with market share of 1.43 percent.

For operating results of the year 2017, TFUND had a net profit of 426 million baht, an increase of 71 million baht or 20.00 percent from the previous year. This was due to an increase in sale volume of funds.

Thanachart Insurance Public Company Limited

In 2017, TNI had total insurance premium of 7,506 million baht, an increase of 1,086 million baht or 16.92 percent when compared with that of 2016. The increase in total insurance premium was higher than that of the Thai insurance industry which grew by 3.67 percent.

For operating results of 2017, TNI had a net profit of 1,051 million baht, an increase of 46 million baht or 4.58 percent from the operating results of 2016. This was due to an increase in insurance premium income and its effective management of operating expenses. The main factors affecting TNI's performance and contributing to TNI's net profit were its management of insurance portfolio proportion by focusing on the profitable products as well as efficient management of operating expenses by increasing productivity in all units.

TS Asset Management Company Limited

TS AMC Company Limited has been managing non-performing debts in accordance with the policy and business plan of Thanachart Group continuously. As a result, on 31 December 2017, TS AMC's total assets were 2,509 million baht, a decrease of 142 million baht or 5.36 percent from the end of the previous year. For operating results of 2017, TS AMC had a net profit of 210 million baht, an increase of 21 million baht when compared with the previous year. Interest income amounted to 93 million baht and non-interest income amountd to 299 million baht while operating expenses were 65 million baht.

Ratchthani Leasing Public Company Limited

At the end of 2017, THANI has still had a strong financial structure. The company's total assets were 39,492 million baht, an increase of 6,127 million baht or 18.36 percent from the end of the previous year. THANI had hire purchase loans and financial lease in the amount of 38,598 million baht, an increase of 5,851 million baht or 17.87 percent. Moreover, the hire purchase loans and financial lease accounted for 97.74 percent of the total assets. Total liabilities and shareholders' equity were 33,865 million baht and 5,627 million baht, respectively.

Net profit for the year 2017 amounted to 1,126 million baht, an increase of 245 million baht or 27.81 percent from the end of the previous year. The company was able to continue producing good operating results. Total income amounted to 3,307 million baht, an increase of 322 million baht or 10.79 percent while financial costs were 882 million baht, a decrease of 65 million baht or 6.86 percent from its ability to acquire lower costs of borrowings to facilitate lending. Provision expenses amounted to 523 million baht, an increase of 27 million baht or 5.44 percent from the previous year. This could be divided into normal provision of 243 million baht and additional provision of 280 million baht provided for new provision standard according to financial reporting standards implementing in 2019.

MBK Life Assurance Public Company Limited

As at 31 December 2017, MBK LIFE's total assets amounted to 10,610 million baht, a decrease of 425 million baht or 3.85 percent from the end of 2016.

MBK LIFE had a net profit for the year 2017 in the total amount of 30 million baht, a decrease from a net profit of 122 million baht in the year 2016. The main factor affecting its performance was an increase in insurance expenses of 150 million baht which was mainly from lower Zero Coupon Yield of the government bonds using to calculate insurance reserve according to the Gross Premium Valuation (GPV) compared to that of 2016. Moreover, net insurance premium decreased by 129 million baht. On the other hand, investments income increased by 156 million baht, mainly due to an increase in gains on fair value adjustments from the end of 2016.

NFS Asset Management Company Limited

As at 31 December 2017, NFS AMC had total assets in the amount of 1,293 million baht, a decrease of 369 million baht or 22.20 percent from the end of the previous year.

NFS AMC's net profit for the year 2017 amounted to 24 million baht, a decrease of 31 million baht or 56.36 percent from the year 2016. Operating income amounted to 30 million baht, a decrease of 114 million baht or 79.17 percent.

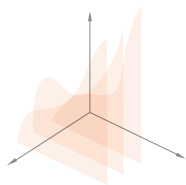
This was mainly due to gains on property foreclosed of 40 million baht, a decrease of 108 million baht or 72.97 percent and gains on investments of 5 million baht, a decrease of 23 million baht or 82.14 percent. Other operating expenses amounted to 28 million baht, a decrease of 5 million baht or 15.15 percent while there was a reversal of impairment loss of loans and debt securities in the amount of 46 million baht, an increase of 39 million baht from the previous year.

MAX Asset Management Company Limited

As at 31 December 2017, MAX AMC had total assets in the amount of 745 million baht, a decrease of 49 million baht or 6.17 percent from the end of the previous year.

MAX AMC's net profit for the year 2017 amounted to 45 million baht, a decrease of 47 million baht or 51.09 percent from the year 2016. Operating income amounted to 71 million baht, a decrease of 56 million baht or 44.09 percent. This was mainly due to gains on property foreclosed of 8 million baht, a decrease of 83 million baht or 91.21 from the previous year. At the same time, gains on debt settlement/ assets transferred for debt settlement amounted to 83 million baht, an increase of 21 million baht or 33.87 percent. Other operating expenses amounted to 13 million baht, an increase of 1 million baht or 8.33 percent and corporate income tax was 13 million baht, a decrease of 11 million baht or 45.83 percent from the previous year.

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NATURE OF BUSINESS OPERATION

Overview of Business Operation

The Company is the parent company of Thanachart Financial Conglomerate. The companies under the conglomerate are classified by their type of business into two groups as follows: (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, with TBANK being the main operating business. As a whole, it is a group that offers fully integrated financial services, with each type of business and operation being clearly separated and supporting one another. As regards distribution channels, the conglomerate's financial services are given mainly through TBANK's branch network and service channels. In this connection, the details of each company's business operation are as follows:

Companies of Thanachart Financial Conglomerate

Member Companies of 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, which include non-life insurance brokerage, life insurance brokerage, and securities business consisting of securities brokerage, securities trading and selling of unit trusts, mutual fund supervisor, private fund custodian, bond broker-dealer, securities registrar, and gold futures contract trader.

3. Thanachart Securities Public Company Limited operates a full-license (Type Kor) securities business including securities brokerage (domestic and international), securities underwriting, investment advisory service, securities borrowing and lending, financial advisory service, unit trust underwriting and repurchasing, and securities registrar. In addition, it operates a full-service (Type Sor-1) derivatives business including derivative trading agent and derivative proprietary trading.

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 could be considered one with fully integrated advisory services.

5. Thanachart Insurance Public Company Limited offers insurance services which cover 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 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 consisting of brokers such as TM Broker and others, groups of its employees, electronic channels, and other sales channels that are not those of TBANK or TBANK's subsidiaries.

7. Thanachart Group Leasing Company Limited operates automobile hire purchase business. Currently, it has no new hire purchase agreements, except existing ones.

8. Ratchthani Leasing Public Company Limited offers hire purchase and financial leasing services for both new and used car markets for passenger cars. Its main focus includes commercial vehicles such as pick-up trucks, taxis, trailer trucks, lorries, etc. It also operates other businesses connected to hire purchase as well as operating lease which is THANI's main business.

9. NFS Asset Management Company Limited operates asset management business. In this connection, it purchases or takes transfers of non-performing assets from financial institutions of Thanachart Group and other financial institutions.

10. MAX Asset Management Company Limited operates asset management business. In this connection, it purchases or takes transfers of non-performing assets from other financial institutions.

11. TS Asset Management Company Limited operates asset management business. In this connection, it takes transfers and manages non-performing assets, which include non-performing loans as well as property foreclosed, from SCIB and TBANK.

12. National Leasing Company Limited registered its business closure on 31 October 2017 and has been going through the liquidation process.

Member Companies of 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 Thanachart Group's member companies.

3. Thanachart Broker Company Limited operates life-and non-life insurance brokerage business, giving advice or introducing products of non-life and life insurance companies of Thanachart Financial Conglomerate and other non-life and life insurance firms to customers of Thanachart Financial Conglomerate and members of the general public. It also operates other businesses connected to life-and non-life insurance businesses, as well as annual car tax registration renewal.

4. Security Scib Services Company Limited operates various supporting services for TBANK and member companies of Thanachart Group. Among others, these services include cleaning services, security services, messenger services, car rentals, and recruitment process outsourcing.

5. TM Broker Company Limited gives life-and non-life insurance brokerage services. In particular, it introduces or offers general and life insurance products to MBK Group's customers and customer groups of Thanachart Group's member companies, business alliances of its shareholders but excluding TBANK and subsidiaries of TBANK. It also organizes training activities for employees of member companies of Thanachart Group's financial businesses and member companies of MBK Group, trading partners, as well as employees of trading partners and members of the general public who are interested in becoming insurance brokers or agents.

6. MT Service 2016 Company Limited operates back office and business support services for member companies of Thanachart Financial Conglomerate.

History, Change, and Key Development

The Company received approval from the Finance Ministry to operate finance and securities business since 1974, using the name of Lee Kwang Min Trust Company Limited before the change of the name to National Finance and Securities Company Limited in 1980, with focus on giving services related to finance business and other financial services in a fully integrated manner through member companies of the group. Later in 1997, the securities brokerage business was separated from the Company and was operated under the name of "National Securities Company Limited". The change was in line with the government policy on the separation of finance and securities businesses. On the part of the Company, its name was changed to "National Finance Public Company Limited".

Business Operation Under One Presence Policy

In 2005, the Company received approval from the Ministry of Finance through the BOT to reorganize Thanachart Group's business operations in line with the Ministry's One Presence Policy. In this connection, it transferred transactions related to deposit taking and lending to TBANK which was one of the Group's member companies. As a result, TBANK became the only one company of the Group to operate businesses of financial institution. In addition, the Company returned its finance business license to the Ministry of Finance in 2006. In consequence, the status of the Company was changed from a finance company to a holding company. As well, its name was changed to "Thanachart Capital Public Company Limited".

Establishment of Thanachart Financial Conglomerate According to Consolidated Supervision Regulatory Requirements

As financial institutions operated a diverse range of business operations in the form of networks or financial groups in order to enhance flexibility and meet customer needs, the BOT announced the Consolidated Supervision Regulatory Requirements. The objective was to develop the supervision of financial institutions in line with the nature of

financial institutions' business operations. In this connection, the Company submitted an application for establishing a financial conglomerate. In this regard, the BOT gave approval on 21 December 2006 in line with the Consolidated Supervision Regulatory Requirements. As a result, the Company was the parent company of member companies of Thanachart Financial Conglomerate which operated finance business. As well, the Company held shares in the Group's member companies. Later in 2007, Thanachart Group announced the plan to reorganize the shareholding structures of the Group's member companies, making TBANK hold equity stakes in member companies of the Group, which operated finance business, replacing the Company.

Strategic Partnership with The Bank of Nova Scotia

Scotiabank recognized potential for growth and competitiveness of TBANK and also member companies operating finance business, as well as Thanachart Group's professional management teams. As a result, it entered into an agreement with the Company to acquire equity stakes in TBANK, with the approval of the BOT. In 2007, Scotiabank held an equity stake in TBANK, which accounted for 24.98 percent of the total paid-up shares. Later in 2009, Scotiabank bought additional shares in TBANK, raising its equity stake to 49.00 percent of the total paid-up shares while the Company held a 50.92 percent equity stake in TBANK. Throughout the period of partnership, Scotiabank participated in supporting business operations and assigned its representatives with expertise in various areas to help manage TBANK. As a result, the potential for TBANK's business operations and competitiveness has been significantly enhanced. Later on 2 November 2011, Scotia Netherlands Holding B.V., a member company of Scotiabank Group, was requested to hold the equity stake in TBANK, in place of Scotiabank.

Acquisition of Siam City Bank and Entire Business Transfer

Thanachart Group saw the synergy potential in merging with Siam City Bank (SCIB) in the areas of human resources, information technology systems, sales and service channels, as well as the right mix of assets. In early 2010, TBANK participated in and won the bidding for buying all the SCIB shares held by the Financial Institution Development Fund (FIDF), which accounted for 47.58 percent of the total shares. In this connection, TBANK received approval from the

BOT to hold all the paid-up shares (100 percent) of SCIB. Later, TBANK bought the SCIB shares from FIDF and also made a tender offer to buy the remaining shares from other shareholders, raising TBANK's equity-stake in SCIB to 99.95 percent of the total paid-up shares. In this connection, the SET announced that the shares of SCIB were voluntarily delisted from the SET as from 13 December 2010.

Later, TBANK and SCIB jointly proposed the project for the transfer of SCIB's entire business to TBANK. In this connection, the BOT announced the approval of the project in the Government Gazette dated 10 March 2011. The approval was in line with the implementation of the Financial Sector Master Plan Phase 2 announced by the BOT, the objectives of which were to enhance stability and to raise the level of competitiveness of the financial institution system. Afterwards, SCIB transferred its entire business to TBANK and stopped operating its business as from 1 October 2011. Towards the latter part of November 2011, TBANK made a tender offer to buy SCIB shares from the rest retail investors. The objective was for the remaining SCIB shareholders who wished to sell their shares before the liquidation of the company. In this connection, a number of shareholders sold SCIB shares to TBANK. As a result, the total SCIB shares held by TBANK amounted to 99.98 percent of the total paid-up shares. Later, SCIB adopted a resolution approving the change of its name to SCIB Public Company Limited and closed down in December 2011. The company completed the registration for liquidation on 20 April 2015.

Key Events in 2017

- On 5 April 2017, the Annual General Meeting of Shareholders 2017 approved the payment of dividend to the Company's shareholders at the rate of 1.20 baht per share or 1,398 million baht in total. Taking into account this dividend payment and the interim dividend payment at the rate of 0.80 baht per share or 932 million baht, the total dividend payment in 2016 amounted to 2.00 baht per share or 2,330 million baht in total.
- On 25 September 2017, the Board of Directors adopted a resolution approving an interim dividend payment of 0.90 baht per share or 1,049 million baht in total for the first six months of 2017 to the Company's shareholders.

- During the period from 28 September 2017 to 9 October 2017, the Company and TBANK sold 35,487,290 shares they held in MBK, representing 2.0778 percent of the total issued and paid-up shares. The shares were disposed of in order to reduce their equity stakes in MBK in line with the conditions imposed by the BOT after the decrease of MBK's registered capital by reducing the number of shares held under the treasury stock project. As a result, the equity stakes held by the Company and its subsidiaries in MBK amounted to 10.00 percent and 9.90 percent of the total issued and paid-up shares respectively.

Awards Received in 2017

- TBANK won the Most Admired Company Award at Thailand Top Company Awards 2017 organized by the University of the Thai Chamber of Commerce in collaboration with Business+ magazine of ARIP Public Company Limited. The awards were given to Thai business organizations which achieved success in different areas. In this connection, TBANK won the Most Admired Company Award as TBANK was an organization that had strong performance and demonstrated its corporate social responsibility. Importantly, the award was also based on the satisfaction survey results which showed that customers were impressed with TBANK's creation of financial innovations that met customer needs. Moreover, TBANK was quite well known among consumers on social network and media.
- TBANK won a number of awards from selling the bonds issued by the Finance Ministry of Lao PDR. The awards included the following:
 - Frontier Markets Issue Award in the category of Regional Awards at the 20th Annual IFR Asia Awards (IFR Asia Awards 2016) on 21 February 2017. The event was organized by International Financing Review Asia (IFR Asia) which was the leading finance and capital markets magazine in the region.
 - Best Bond Award at the Asset Triple A Country Awards 2017 which was held by The Asset
- which was a leading finance magazine in Asia. TBANK helped sell 14-billion baht multi-tranche bonds issued by the Finance Ministry, Lao PDR.
- Best Foreign Currency Sovereign Bond Deal in Southeast Asia Award at the 11th Annual Alpha Southeast Asia Best Deal & Solution Awards 2017 which was organized by Alpha Southeast Asia which was a leading finance and investment magazine in Southeast Asia.
- TBANK won two awards at the Marketeer No. 1 Brand Thailand 2016-2017, with the first award being in the category of auto hire purchase loans and the second one being in the category of auto re-finance (Thanachart Cash Your Car) respectively. The event was organized by Marketeer magazine which was a leading online media. The awards were given, based on a survey on product and service popularity among Thai consumers nationwide. The survey was jointly carried out by Video Research International (Thailand) Limited and Marketeer Research, in order to find out consumers' top brands in different fields.
- TBANK won the Auto Loan Product of the Year Award 2017 for being a bank with an excellent hire purchase loan product namely, "Thanachart Cash Your Car". The event was held by The Asian Banker, a leading finance and banking magazine in Asia. Its head office is based in Singapore.
- TBANK won two awards at the Adman Awards & Symposium 2017 which was organized by the Advertising Association of Thailand. Awards were granted to top advertisement and marketing pieces. In this connection, the awards were given to TBANK for its advertisement titled "Bao Gong's Start-up: If you can think it, you can do it." and its campaign titled "Bao Gong's Honesty". The first award was given in the category of Integrated Marketing Communication (IMC) for making use of multimedia with emphasis placed on creative ideas. On the other hand, the second award was given in the category of Promo & Activation for the use of ambient large and small scales in outstanding marketing promotion activities.

- TBANK won a bronze award at the B.A.D. Awards 2017 in the category of outdoor campaign for the use of ambient large scale based on its “Bao Gong’s Honesty” campaign which promoted TBANK’s loan product namely “Thanachart Cash Your Car”. The event was organized by the Bangkok Art Directors’ Association.
- TBANK won an “ethical advertising and public relations media” award for its advertising movies titled “Rich Man’s Children (Mackerel)” under its “Rethink” Project which promoted social development. TBANK received an honorable plaque of Prime Minister Gen. Prayut Chan-o-cha at an awards ceremony organized by the Department of Religious Affairs, the Ministry of Culture, and Suan Sunandha Rajabhat University.
- TBANK won an “outstanding energy conservation in the category of building/factory control” award at the Thailand Energy Awards 2017 organized by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy. In this connection, TBANK’s Suanmali Building was selected as winner out of over 262 entries nationwide.
- TNS won three awards at the SET Awards 2017 which was organized by the SET together with Money & Banking Magazine. These included the following:
 - Best Securities Company Award for excellent services given to retail investors.
 - Outstanding Derivatives House Award for having outstanding business operations, quality services, quality securities research covering listed companies, as well as derivatives strategies for investment in Thailand Futures Exchange (TFEX), which were comprehensive and diverse.
 - Outstanding Deal of the Year Award in the capacities of financial advisory firm, bookrunner, and lead underwriter respectively in relation to Banpu Power Public Company Limited’s initial

public offering of ordinary shares worth up to 13,618 million baht for capital increase. This was considered Thailand’s largest deal in 2016.

- TNS was among the top ranks in different categories at the Asiamoney Broker Poll 2017 held by Asiamoney, which was a leading finance magazine in Asia and Pacific Region. Based on a survey of a fund managers and institutional investors worldwide, TNS’ ten quality rankings in different categories were as follows:

Brokerage Category

- 3rd rank as Best Local Brokerage
- 2nd rank as Most Improved Brokerage over the last 12 months

Individual Category

- 1st rank as Best Small Cap Analyst
- 2nd rank as Best Analyst for Healthcare
- 2nd rank as Best Analyst for Utilities
- 2nd rank as Best Analyst for Semiconductors & Semiconductor Equipment

Team Category

- 2nd rank as Best Team for Healthcare
- 2nd rank as Best Team for Semiconductors & Semiconductor Equipment
- 2nd rank as Best Team for Utilities
- 3rd rank as Best Team for Small Cap

- TNS won three Asian awards for its success as financial advisory firm, bookrunner, and lead manager respectively in relation to Banpu Power Public Company Limited’s initial public offering of ordinary shares worth up to 13,618 million baht. These awards were as follows:

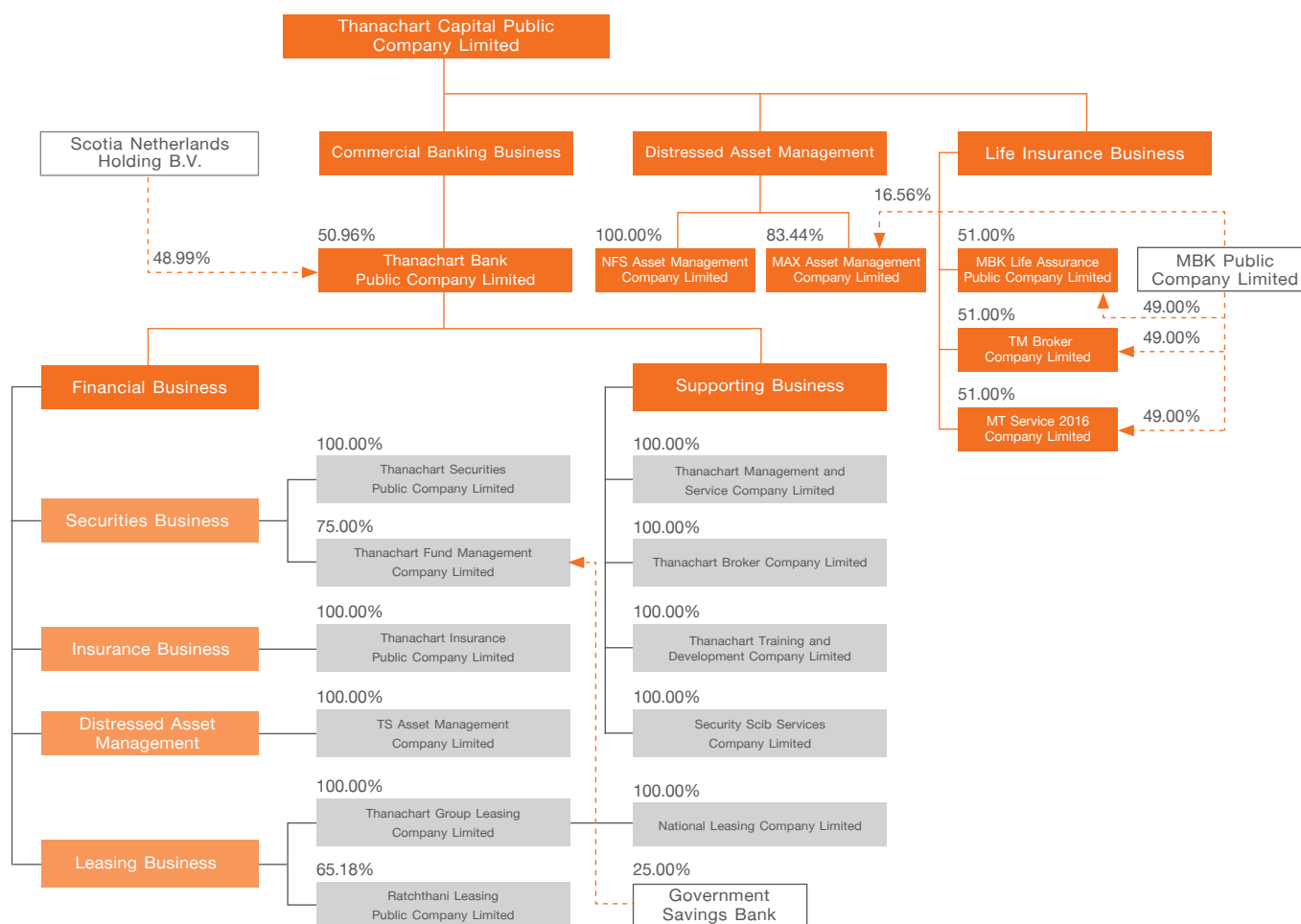
- Winning the “Thailand Capital Markets Deal of the Year” award at the IFR Asia Awards 2016 held by IFR Asia which was a leading finance and capital markets magazine in the region.
- Winning the “Best IPO Deal of the Year 2016 in Southeast Asia” award at the 10th Annual Alpha Southeast Asia Deal & Solution Awards 2016 held by Alpha Southeast Asia which was

a leading finance and investment magazine in Southeast Asia.

- Winning the “2016 Best Country Deals (Thailand)” award from Global Capital Asia and Asiamoney.
- TFUND won the Best Asset Management Company Award and the Outstanding Asset Management Company Award at the SET Awards 2017. As regards the Outstanding Asset Management Company Award, the year 2017 represented the 5th consecutive year in which the award was given to TFUND. On the other hand, in relation to the Best Asset Management Company Award, the Selection Committee selected TFUND as the best among five outstanding asset management companies.
- TFUND won an award for Thanachart-Open-end Retirement Mutual Fund (T-NFRMF) at the Morningstar Awards 2017 in the category of the Retirement Mutual Fund - Fixed Income. The year 2017 represented the 4th consecutive year in which the award was presented to TFUND. The awards ceremony was organized by Morningstar Research (Thailand) Ltd., a subsidiary of the world's leading investment research provider Morningstar, Inc.
- TNI won the best non-life insurance company with outstanding management award for 2016 from the Office of Insurance Commission (OIC). The year 2016 represented the 2nd consecutive year in which TNI was given the award. Earlier, it won an outstanding award for six consecutive years.
- Thanachart Group received an honorable certificate from the Ministry of Labour in 2017 for being an organization which contributed to society by supporting employment of the disabled. In 2017, Thanachart Group employed 141 employees with disabilities. The objectives were to help people with disabilities and provide them with an opportunity to depend on themselves in making a living.
- Thanachart Group won “Suriyasasithorn” two awards for the Group's Year 2017 Calendar Series 9 Decade of Chatchaipracha. In particular, it won the 2nd prize in the category of the hanging calendar in honoring the Royal Institution. On the other hand, it got an honorable mention for the creative design, making use of innovations. The awards ceremony was organized by the Public Relations Society of Thailand. Noteworthy was the fact that Thanachart Group's calendars won prizes every year in the past.
- Fourteen member companies of Thanachart Group were certified members of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The coalition was co-founded by the country's leading business organizations including the Thai Institute of Directors Association (IOD), the Thai Chamber of Commerce, the Joint Foreign Chambers of Commerce in Thailand (JFCCT), the Thai Listed Companies Association, the Thai Bankers' Association, the Federation of Thai Capital Market Organizations, the Federation of Thai Industries, and the Tourism Council of Thailand. In this connection, Thanachart Group's 14 certified members included 1) the Company, 2) TBANK, 3) TFUND, 4) TNS, 5) TNI, 6) TS AMC, 7) TBROKE, 8) TTD, 9) THANI, 10) NFS AMC, 11) MAX AMC, 12) MBK LIFE, 13) TM Broker, and 14) MTS.

Shareholding Structure of Thanachart Group

As of 31 December 2017



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

2) National Leasing Company Limited registered its business closure on 31 October 2017 and has been going through the liquidation process.

Policies and Strategies in Business Operations of Thanachart Group

In 2018, Thanachart Group places emphasis on driving and developing the organization in a continuous manner, aiming at creating a positive customer experience and making TBANK a main bank of choice to customers. The efforts are made through its members of the financial group which collectively offered fully integrated financial services consisting of a diverse range of quality products and services. The main objective is to fulfill all financial needs of customers under the following 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.”

The above vision consists of three fundamental concepts: Being a business group that collectively acts as a universal bank, Creating best value to customers, based on the customer-centric approach, by developing products and services that meet the needs of each customer group, and Receiving collaboration from all work units concerned to deliver excellent customer service. The efforts and achievements under these three fundamental concepts will not only make Thanachart Group a successful financial conglomerate with fully integrated financial services in various areas, but will also serve as key business drivers that will make Thanachart Group the country’s leading financial conglomerate with sustainable growth.

In addition to the strength gained from collaboration among its members, Thanachart Group has been continuously receiving full support from its business alliance Scotiabank in terms of knowledge, expertise, and financial innovations which are very beneficial to the development of work systems and processes, information technology, innovation, and financial services of Thanachart Group. The support also ensures that they incorporate the latest trends. Among others, these work systems and procedures include the following: Customer Relationship Management (CRM) for sales and services, which is an important work system for enhancing quality advisory services and ensuring that the products introduced to customers meet their needs; LEAP system for internet banking and mobile banking, which is a safe and secure system and helps make TBANK a leading digital bank

capable of having access to and accommodating changes in customer lifestyle; Loan Origination System (LOS) which is a modern loan application processing system for enhancing quality of TBANK’s loan approval by making it accurate, efficient and for reducing risks arising from non-performing loans; Continuous development of credit scoring in order to enhance effectiveness in assessing credit and managing credit risk and to enhance efficiency in managing relationship with customers, which in turn results in satisfaction and good experience for customers, let alone the increase in the ownership of products which in turn helps raise TBANK’s income.

In this connection, Thanachart Group communicates its business strategies to employees at all levels in every work unit. The objective is for all employees to work together dedicatedly to realize the vision and help the Group achieve the established goals in an efficient manner. In this regard, emphasis is placed on three business philosophies as follows:

1. Having confidence in employees: Thanachart Group is confident that its employees are the most valuable resources and recognizes that Thanachart Group’s growth is largely due to the capability and honesty of its human resources.

2. Dedicating oneself to excellence: Thanachart Group attaches great importance to achievement of excellence. In this connection, it continuously promotes development and improvements, through creation of various innovations amidst fast-paced technological change.

3. Paying attention to social responsibility: Thanachart Group has been paying close attention to corporate social responsibility.

In 2018, Thanachart Group attaches great importance to four strategic focus areas and the related implementation, aiming at developing and creating quality financial products and services that meet customer needs, taking into account each customer group’s lifestyle. Details of the strategic focus areas are as follows:

1. Continuous Investment and Development of Systems and Infrastructure: Focus is given on continuous investment and development of systems and infrastructure in the area of technology as they will be key drivers which

will help bring Thanachart Group to the forefront in a stable manner. As well, attention is paid not only to full-fledged digital banking services which are in line with changes in customer lifestyle, but also to development of innovations and more efficient customer services. As well, priority is given to delivery of fully integrated services to customers in a convenient, efficient and safe manner. The objective is to create good experience for customers.

2. Process Enhancement: Emphasis is placed on improvements and development of work systems and procedures from beginning to end, ensuring that they are in line with diverse customer needs. Priority is given to the use of technology as a main tool in enabling Thanachart Group to give services to customers in an efficient and safe manner. Not less importantly, the use of technology also helps cut operating costs effectively.

3. People Development: The objective is for employees to possess professionalism and leadership. Emphasis is placed on providing employees with basic knowledge and understanding as well as enhanced skills. In particular, employees must have knowledge and ability in line with not only the new financial circumstances in the digital age, which are getting increasingly sophisticated, but also the changing customer needs.

4. To foster collaboration between work units with all staff members making determined efforts and dedicatedly carrying out duties, aiming at achieving the organization's goals.

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 2017, the Company's Board of Directors Meeting No. 1/2017 dated 23 January 2017 considered and approved of the Business Plan and Budgets of years 2017-2019.

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 of the Company 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 2017, 2016, and 2015 was as follows:

(Unit: Million Baht)

	For the year ended 31 December					
	2017		2016		2015	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest Income						
Interbank and Money Market Items	1,391	3.27	1,347	3.31	1,614	4.01
Investments and Trading Transactions	238	0.56	220	0.54	334	0.83
Investments in Debt Securities	3,191	7.49	3,571	8.77	3,850	9.58
Loans to Customers	17,786	41.78	18,362	45.12	19,514	48.54
Hire Purchase and Financial Lease	22,075	51.85	21,708	53.34	23,328	58.02
Total Interest Income	44,681	104.95	45,208	111.08	48,640	120.98
Interest Expenses	15,511	36.43	16,740	41.13	20,910	52.01
Net Interest Income	29,170	68.52	28,468	69.95	27,730	68.97
Non-interest Income						
Net Fees and Service Income	5,890	13.84	5,888	14.47	5,465	13.59
Gains on Trading and Foreign Exchange Transactions	665	1.56	459	1.13	742	1.85
Gains on Investments	1,908	4.48	1,061	2.61	1,956	4.87
Share of Profit from Investments Accounted for Under Equity Method	337	0.79	395	0.97	272	0.68
Gains (Losses) on Property Foreclosed and Other Assets	52	0.12	(48)	(0.12)	310	0.77
Net Insurance/Life Insurance Income	2,605	6.12	2,659	6.53	2,043	5.08
Dividend Income	557	1.31	496	1.22	359	0.89
Other Operating Income	1,388	3.26	1,321	3.24	1,327	3.30
Total Non-interest Income	13,402	31.48	12,231	30.05	12,474	31.03
Net Operating Income	42,572	100.00	40,699	100.00	40,204	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 2017, TBANK has a total of 523 branches, 36 currency exchange booths of which 18 booths are booths in branch and 18 booths are stand alone booths, 1,727 automatic teller machines (ATMs), 1 recycling machine, 25 cash deposit machines, 75 multi-function machines, and 97 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 five 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 2017, TBANK still placed emphasis on increasing its customer base in a continuous manner and also on developing products that meet the needs of every customer group with focus not only on execution of transactions such as withdrawals, transfers, and payments, but also on development of additional channels for transaction execution such as PromptPay and QR Code payment service. The objective was to provide customers with maximum benefits

and satisfaction so that TBANK becomes the main bank of choice to customers.

To meet new customer needs as a result of changes in customer lifestyle in relation to execution of transactions via digital channels, TBANK has developed e-Savings Account which is a savings account whose transactions could be executed by customers themselves anytime any place via Thanachart Connect (Mobile Banking). As a result, customers will gain more benefits in terms of interest income. In addition, TBANK has also launched a campaign on Thanachart Smart Solution, which provides customers with knowledge of financial management via savings accounts consisting of two products. The first one called e-Savings Account is for savings while the other one called Freever Account is for consumption. The two products help customers earn more interest income while minimizing fees.

In 2017, TBANK was determined to create a 'Main Bank' customer base by using the Freever-Lite savings account as a main product to be presented to customers as the account helps customers save fees when they made withdrawals, transfers or payments as well as fees for debit card issuance.

Moreover, in the second half of the year, TBANK launched another round of campaign aiming at promoting Ultra Savings product. The objective was to provide customers with a diverse range of savings products that met the needs of different customer groups.

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) Wholesale Banking: TBANK has developed various products and services according to the needs of corporate clients, such as flexible loans, the project for giving financial assistance to business operators in the country's three southernmost provinces, 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 Electronic 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 supported a project that gave financial assistance to business operators in the three southernmost provinces and a loan guarantee project in the form of portfolio guarantee scheme, a low-interest loan project for small- and medium-sized enterprises which could use loans as their working capital, a low-interest loan project for small- and medium-sized enterprises which could use loans to replace old machines with new ones, thus increasing their efficiency, among others. In addition, TBANK provides customers with cash management services.

3) Small SME: TBANK makes available a small SME (SME-S) loan product program which provides SME-S with a credit line of up to 20 million baht. The objective is to meet the needs of small business enterprises in the form of term loan credit line, overdraft (O/D), promissory note (P/N), and letter of guarantee (L/G). The credit assessment and approval process are the same as those of the retail loan policy. In this connection, the offer of the SME-S loan products is made through TBANK's branch channel so that existing branches could look after customers directly and give them adequate services. However, loan specialists with expertise in SME-S loans who are assigned for different areas will work closely with the branch staff concerned to ensure that the services related to SME-S loans will be given in an efficient manner and that the services satisfactorily meet customer needs.

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. SME-S 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., SME Dai Jai Loan Product that focuses on small business enterprises. 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 and used car hire purchase loans which are offered through car sale channels including new car dealers and used car dealers. TBANK also offers Sale and Lease Back loans under the product called 'Cash Your Car' which 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 than those of cash personal loans 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 2017, TBANK developed a new product called "Thanachart Cash Your Book" which was aimed at car owners who needed cash for personal expenses or liquidity. Car registration booklets could be used as collateral for the loan while customers remain the car owners and could still use their cars as usual. In this connection, under the "Thanachart Cash Your Book" loan, borrowers paid only the interest on the current outstanding principal balance. In addition, TBANK developed and used a new application scoring system in the approval of loan applications submitted by customers who had no records with the National Credit Bureau (NCB) with the approval being subject to appropriate risk control rules. Using the new application scoring system not only helps TBANK screen loan applicants but also helps control their quality in a more efficient manner.

Marketing and Competition

New car market condition in 2017 grew at an increasing rate of 13.38 percent comparing to that of 2016. 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 market share of the new cars hire purchase increased.

For used cars hire purchase, 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 500 branches nationwide.

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". The multi-purposed loans for TBANK's borrowers who are currently using Thanachart home loans, but want to apply for additional credit lines.

TBANK places emphasis not only on providing customers with convenience and efficient services but also on offering fully integrated financial services that cover all

customer needs. As well, it does marketing promotions in line with market situations and ongoing competition. In this connection, the Housing and Secured Personal Loan Division of the Retail and Small Business Production Development Department will be the work unit responsible for developing products, specifying terms and conditions, interest rate charge and launching public relations campaigns through the branch network. Target customers include, among others, those who want to buy houses and those who want to apply for the multi-purposed loans by using houses as collateral. In this connection, TBANK makes available a service channel whereby members of retail customer teams and the branch network are jointly responsible for selling the products in line with the goals established in the business plan.

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: Replacing cash, the credit card represents a line of credit for buying products and services. As well, credit cardholders could withdraw cash (Cash Advance) through Automated Teller Machines (ATMs), make funds transfer (Sabai Cash), make cash transfer (Cash Transfer), and make installment payment (Smile Plan). In this connection, TBANK collaborates with Visa and MasterCard in issuing the following types of credit cards that meet different customer needs:

- **Thanachart Diamond Credit Card** is suitable for customers who like earning points. For every 25 baht spent through the card, cardholders will earn one point. In this connection, there are three levels of Diamond Credit Card available. These include Platinum Diamond, Blue Diamond, and Black Diamond (World or Signature Level).

- **Thanachart MAX Platinum Credit Card** is suitable for customers who prefer cash back for every payment made through the card. These card holders do not like earning points. The maximum cash back amounts to 1.25 percent.

- **Thanachart LIVE Platinum Credit Card**

is suitable for customers who need flexibility in paying lower credit card interest rate than the average rate of 18 percent. The applicable rate charged by this type of card is 15 percent.

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:

2.1 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.

2.2 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.

2.3 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.

2.4 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 five hundred thousand baht under Flash Plus credit limit.

4) Welfare Loan is a credit facility for a special project given to employees of 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 business 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

3.1 Electronic Products and Services for Business Customers

Characteristics of Products and Services

TBANK's products and services are designed for accommodating the execution of transactions by business customers including juristic persons and individuals via the electronic banking services namely Thanachart iBiz as well as various channels of TBANK. Emphasis is placed on making the services quicker and more efficient. Available products and services include funds transfer, BAHTNET, online retail funds transfer (SMART), bill payment, PromptPay funds transfer, QR code payment service, direct debit service, payroll payment service, outward remittance, and trade finance.

Market and Competition

The available products and services are able to accommodate the needs of small- and large-sized companies as well as individual customers who need convenience and efficiency in executing transactions. For large- and medium-sized companies, emphasis will be placed on the strategy of selling the products and services through cash management specialists. On the other hand, for small-sized companies and individual customers who do business, emphasis will be placed on cross-selling and up-selling via the branch network.

Furthermore, necessary preparations have been made for offering the products and services through an additional channel, i.e. teams of service delivery specialists. The objective is to ensure that customers will use the products in most effective and secure manner. In addition, customers could call Contact Center 1770 to get answers to their questions about the services.

3.2 Electronic Products and Services for Individual Customers

Characteristics of Products and Services

Available products and services are capable of accommodating financial transactions executed by customers through TBANK's various channels in a quicker and more efficient manner. These include funds transfer, online retail funds transfer (ORFT), bill payment, PromptPay funds transfer, QR Code payment service, verification of repayments for home loans, consumer loans, credit card account, Flash Plus credit card, National Credit Bureau reporting services, handling of buy and sell orders as well as switching between mutual fund schemes of TFUND, and pay alert service. Moreover, TBANK has developed a system for giving services via Internet in response to customer needs. These services include the following:

- Mobile banking services through Thanachart Connect
- Internet banking services through Thanachart iNet
- Getting text alerts for balance changes (Thanachart SMS Alert)

Market and Competition

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 Call 1770.

Group 4 Payment and Merchant Processing 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 cards with Visa or MasterCard brand. 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 two 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 Processing Products

Characteristics of Product and Service

Merchant processing products 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.

4. QR Code Payment Service (QR Pa Ruay) is suitable for small- and medium stores wishing to change from cash payments to electronic payments while keeping payment processing costs lower than those using cards.

Market and Competition

Merchant processing products 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 standard which allows access in more than 200 countries worldwide.

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's 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), 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. The objective is for its customers to receive timely and fair rates.

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 2017, Thai economy grew 3.9 percent, which was higher than the growth rates of 3.3 percent in 2016 and 3.0 percent in 2015 respectively. The growth rate surpassed estimates. One of the factors contributing to the economic growth in the past year was the recovery of several major economies in the world over the same period. Noteworthy was the economic recovery of Thailand's trading partners such as the United States, European Union, China and Japan. As a result, Thailand's exports increased significantly. In particular, exports in US dollar terms increased 9.7 percent, compared to 0.1 percent in 2016. Noteworthy was also continuous tourism expansion in terms of both income and the number of foreign tourists, especially from China and Russia, recovery of private consumption of durable goods, especially car purchases, as well as private sector investment in machinery and equipment in order to accommodate export-oriented manufacturing whose growth was promising. However, public spending which helped drive the economic growth over the past two years decreased, mainly due to the delay in public expenditure disbursement, procurement problems, postponements of project auctions, and adjustments of construction plans, among others.

Thailand's overall economic stability showed signs of continuous improvements. On the other hand, the average inflation rate was relatively low at 0.7 percent, representing a slight increase on prior year. This was mainly due to rising crude oil prices and increasing excise tax on tobacco products, alcohol and sugary drinks. Importantly, unemployment rate increased slightly but remained relatively low at 1.18 percent. As regards stability of foreign exchange, Thailand's international reserves were at the high levels, compared with foreign short-term debt. Current account surplus continued to

stay at relatively high levels, mainly due to expansion of export sector and tourism. However, net capital and financial accounts were in deficit, as Thai investors continued to invest overseas.

Commercial banking business in 2018 is faced with challenges in several areas, including both external and internal factors which affect Thailand's economic expansion and financial market as well as the overall business operations of operators. These factors include, among others, increases of benchmark interest rates of the Federal Reserve and central banks in Asia, uncertainties related to the implementation of monetary and fiscal policies of major economies in the world, such as the United States, European Union, Japan, and China, United States trade protectionism, trade negotiations of the North American Free Trade Agreement (NAFTA), results of Brexit negotiations for the withdrawal of the United Kingdom from the European Union, geopolitical conflicts in the Korean peninsula and the Middle East, potential price hikes for crude oil as a result of global economic expansion and the agreement of OPEC and non-OPEC producers to extend oil output cuts until the end of 2018, the BOT's benchmark interest rate hike, the initiative to promote the National e-Payment Strategy, development of financial technology, changes in consumer behavior as a result of fast-paced digital technology trends, household debt and SME debt worries, as well as regulatory changes in different areas such as the BOT's measures to prevent baht speculation and to manage capital flows, the International Financial Standards 9 (IFRS 9), Basel III regulatory framework on bank capital requirements, consumer protection laws, and the Royal Decree on Managing the Work of Aliens B.E. 2560 (2017).

Amidst the economic, social and technological changes, Thai economy is expected to continue growing in 2018, thanks mainly to the investment in transport and logistics infrastructure, the Government's Eastern Economic Corridor (EEC) Development Project, additional private investment in business areas connected to the public policy to accommodate the export expansion, as well as upward trends in global economic expansion, especially those of trading partners, which are expected to continue, thus promoting Thailand's export sector and tourism growth. Overall, these represent good opportunities for commercial banks to give support to various business sectors in terms of loans and financial services. The funds will in turn trickle down to other related businesses and help stimulated the country's

economic activities. However, in order to make the export sector and tourism to be major long-term and sustainable drivers of the country's economic growth, it is essential that all the sectors concerned make necessary adjustments to enhance competitiveness. Among others, these include addressing macro structural bottlenecks that weaken competitiveness as well as raising the quality of tourist destinations, taking into account their potential and suitability. Moreover, Thailand's economic growth in 2018 will also be driven by the BOT's flexible monetary policy that supports the economic growth and helps achieve the inflation rate target at a later stage.

Industry Conditions and Competition Trends

In 2017, commercial banks as a whole recognized the opportunities and challenges that accompanied advances in financial innovations and digital technologies, changes in consumers' financial behavior in the digital age, the Government's Thailand 4.0 policy and promotion of national electronic payment systems. As a result, the commercial banks attached great importance to adjustments of business models and financial services in order to support the Government's policy which aimed at transforming Thailand into a cashless society. They also set aside significant funds for digital technology investment. The objective was to apply financial technology to financial services that would deliver good customer experience and cut customers' financial transaction costs. Among others, these included development of QR Code payment service, expansion of digital banking services, technological application, research and development (R&D) in financial innovations as well as establishment of collaboration with FinTech Startups and promotion of businesses of Tech Startups.

Although the Thai economy is expected to recover strongly and the business sector is in need of additional loans, some businesses, especially small- and medium-sized enterprises and low-income households, do not benefit adequately from the economic recovery. Their repayment capacity also deteriorates. As a result, commercial banks as a whole attach importance to loan quality by being more careful and stricter in approving loan applications. The objective is to address the pressures caused by non-performing loans. Meanwhile, commercial banks strengthen their business by setting aside additional provision for doubtful accounts, ensuring that the provision will be adequate in line with the new International

Financial Reporting Standards 9 (IFRS 9) which addresses the accounting for financial instruments. The standard is expected to become enforceable in 2019. Moreover, emphasis is placed on streamlining work processes and on appropriate cost management.

In the past year, although the commercial banking industry was faced with challenges in several areas, the overall financial stability of the industry remained strong, as reflected by the fact that the capital adequacy ratio of the commercial banking industry increased from 18.04 percent in 2016 to 18.19 percent in 2017. The industry remained an important funding source of the Thai economy. In particular, loans of the banking industry increased from 11,925,460 million baht in 2016 to 12,457,878 million baht in 2017, representing an increase of 4.46 percent. However, as many large commercial banks had to set aside a significant amount of additional provision for doubtful accounts, net profit of the industry decreased by 5.65 percent from 198,523 million baht in 2016 to 187,297 million baht in 2017.

As regards the year 2018, a number of key drivers including speeding up implementation of the Government's policy in relation to investment in different areas such as development of transport and logistics infrastructure to enhance the country's competitiveness and the Eastern Economic Corridor (EEC) Development Project as well as additional investment of business sector in line with the continuous growth of the Thai economy and the global economy, will positively increase the overall amount of loans in the commercial banking industry. In this connection, the stronger demand for loans is expected to reduce liquidity in the market. As a result, deposit mobilization of commercial banks will intensify in order to accommodate the loan expansion. However, commercial banks will continue to attach great importance to asset quality.

Overall, the commercial banking industry continues to place emphasis on the customer centric approach in their conduct of business affairs. As well, they use customer big data analytics in assessment in order to gain insights into customer behavior and customer decision journey in relation to financial transactions. The insights are useful for formulating strategies and designing financial products and services that meet the needs of each customer group and give them good experience.

In addition, commercial banks continue to make investment in digital technologies. One of the objectives is to support the Government's policy to develop a basic structure for national electronic payment systems which will serve as main foundation for transforming Thailand into a cashless society. Other objectives include streamlining of work processes and raising the levels of quality services to be delivered to customers as well as development of new formats of financial innovations as well as channels for financial services which are in line with changes in financial needs and behavior of customers so that they will be able to execute a diverse range of financial transactions conveniently in an efficient manner and without any difficulty. Importantly, transaction fees will be reduced and they feel confident of data security and privacy. Moreover, emphasis is placed on people development and productivity enhancement. Priorities are given to enhancement of skills and knowledge of employees in each group, ensuring that the new skills and knowledge to be acquired are in line with the changing business models.

Competitive Capabilities of TBANK in comparison to Peer Group

TBANK operates as a universal bank with the support from its strong business partner Scotiabank in all areas in order to enhance competitiveness and efficiency in delivering financial services. The support covers efficient risk management systems, advanced technological innovations, as well as development of financial productions and new forms of services. In addition, TBANK possesses strengths and competitive edges over other banks in many fields, mainly because its subsidiaries are strong and have high potential for providing customers with a total financial solution. They are also prepared for looking after customers in an integrated manner in order to fulfill customer needs in all areas through asset management, private equity, provident fund, securities brokerage, as well as insurance and leasing. As well, TBANK maintains a leadership position in hire purchase loans by offering a full range of upstream, midstream and downstream services. TBANK also makes available financial experts who could provide customers with advice. Importantly, it places emphasis on developing new products and financial innovations as well as efficient tools in screening customers. In addition, it applies advanced technologies to work processes, aiming at providing customers with convenience and efficient services as well as good experience.

Apart from placing emphasis on developing financial products and services that meet the needs of each customer group, TBANK makes available a diverse range of convenient channels suitable to each group of customers. Among others, these channels include branch network, telephones, digital channels, both internet banking via “Thanachart iNet” and mobile banking application via “Thanachart Connect”. In this connection, it keeps enhancing quality of the service channels in a continuous manner. As regards online banking services via Thanachart Connect, TBANK has developed additional new functions which provide customers with convenience in executing their financial transactions. These include, among others, funds transfer and receipt of payment for products and services by scanning QR Code at the point of payment, topping up e-wallet payment account, funds transfer using mobile phone number or ID number via Thanachart PromptPay without having to use the account number, executing favorite transactions for funds transfer or payment without having to use one-time password (OTP), placing buy and sell orders as well as switching between mutual fund schemes, checking performance status of the mutual funds in which one invests anytime anywhere, automatic savings via “Piggy Bank”, as well as verification of account transactions or loan transactions, credit card repayment and repayments of other loans.

As regards branch distribution channel, TBANK has made additional adjustments to its branch models in order to accommodate changes in customer behavior with customers making more use of digital technology in daily life. Two branch prototypes have been opened. The first type of branches namely “Thanachart Express” focuses on execution of transactions but without cash at the branch (Cashless Branch). Instead, Auto Machines are made available to handle almost all transactions by customers, which include transfer, withdrawal, payment or updating of latest outstanding balances of various accounts. In this connection, customers are provided with convenience, efficiency and security. As well, financial advisors are made available to give advice to customers in all areas. On the other hand, the second type of branch namely “Thanachart Next” focuses on giving fully integrated financial services including counters, auto machines, and spaces for customers who are interested in finance, investment, deposit, and unit trusts. The branch is fully equipped with tools and facilities for making a comprehensive study of TBANK’s information in various areas. TBANK has also made available experts who could

provide customers with advice in a professional manner. The objective is to reaffirm TBANK’s policy of truly becoming the main bank of choice to customers.

In 2017, TBANK could be well considered one of the banks with great potential and preparedness for registering strong growth in a stable, sustainable manner in the long term. In the past, it managed its risks in a careful manner and was able to maintain asset quality, liquidity and capital adequacy in a continuous manner and at higher levels than industrial averages. In this connection, total assets of TBANK and its subsidiaries amounted to 1,009,557 million baht, an increase of 6.21 percent from the previous year. Loans to customers amounted to 711,675 million baht, an increase of 3.01 percent from the previous year. Net profit in 2017 amounted to 13,810 million baht, representing an increase of 11.07 percent over the prior year. Moreover, deposits of TBANK amounted to 716,278 million baht, representing an increase of 5.87 percent. Taking into account the risk management and asset quality, TBANK’s non-performing loan ratio (NPL ratio) was 2.30 percent, which was close to the previous year. On the other hand, capital adequacy ratio was 18.94 percent, which was higher than the industrial average. Importantly, it was able to maintain the liquidity coverage ratio (LCR) of over 100 percent, which was higher than the minimum requirement imposed by the BOT.

As regards enhancement of efficiency and quality of delivering services, TBANK has developed and improved its basic structural systems and work procedures, ensuring that they are efficient. As well, it has enhanced capabilities of its human resources in a continuous manner, ensuring that they have knowledge and understanding of financial products and services and that they are prepared to give recommendations and advice to customers in a professional manner. The objective is for customers to gain good experience from using TBANK’s services.

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 Service), which

includes future contract broker and future contract buyer and derivatives trading for its 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 2017, TNS had 30 branches and offered the following services:

1. Brokerage Business implied brokerage services which included a service of securities trading and giving investment advices to TNS's customers 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 served as another opportunity to access various investments for customers as well as a risk diversification tool.

Market and Competition

1. The Thai economy in 2017 continued growing from the previous year at an increasing rate while the SET index rose by 13.70 percent to 1,753.71 points with the average daily securities trading value being 47.8 billion baht, down 4.95 percent when compared to 50.2 billion baht in 2016.

The SET index fluctuated narrowly throughout the first half of 2017, mainly due to worries about the economic growth, especially consumption and investment as a result of the country's period of mourning and the crackdown on 'zero-dollar' tour groups which reduced the number of foreign visitors. However, the SET index began recovering again towards the latter part of the third quarter, thanks to both internal and external factors as follows:

- Internal factors contributing to the rise of the SET index included, among others, the following:

- 1) The overall economy in 2017 sent a signal of keeping the previous year's growth momentum but at an increasing rate and being more widespread across industries. In particular, tourism recovered strongly after the negative impacts caused by the crackdown of the 'zero-dollar' tour groups were weakened. This was reflected by the strong recovery of tourism with the country hitting a new record high in the number of tourists which amounted to about 35 million visitors in 2017, up from 32.6 million visitors in 2016. As well, the export sector expanded again. Imports of capital goods increased, representing an index signaling the trend of the increase in domestic investment at a higher rate. Noteworthy was the fact that private consumption, especially in the area of durable goods, increased sharply while public investment weakened but was expected to gradually recover during the next stage.
- 2) The BOT maintained the monetary policy that supported the economic expansion with the benchmark interest rate remaining unchanged at 1.50 percent throughout 2017. On the other hand, inflationary pressures remained low.
- 3) Net profit of Thai listed companies hit a new record high in 2017. Most analysts continuously adjusted earnings estimates and fundamental target prices of stock with upward revisions since the third quarter of 2017, thus reducing the pressures on fundamental values of stock.
- 4) Domestic liquidity was at

a high level, as a result of current account surplus being over 40 billion US dollars, accounting for about 10 percent of GDP, for two consecutive years. 5) Domestic political order in 2017 was more stable than in the past several years. The climate was conducive to the continuation of the public sector's infrastructure investment projects and the Eastern Economic Corridor (EEC) Development Project. As well, it was expected that the country would hold a general election in 2018.

- External factors which also contributed to the rise of the SET index included, among others, the following: 1) The global economy, particularly economies of developed countries such as the United States, the European Union and Japan, grew strongly. 2) Worries about the stability of Europe politics eased after the election results in several countries in Europe were in line with expectations. 3) The Federal Reserve raised U.S. interest rates gradually. In addition, asset normalization did not have impact on liquidity in global financial markets and capital markets. On the other hand, the European Central Bank (ECB) extended the quantitative easing (QE) programme of 30 billion euros per month beyond September 2018. 4) The US House of Representatives was expected to pass a new tax bill towards the latter part of 2017. The bill would have a positive impact on the purchasing power of the world's largest economy. It also represented a positive factor for net profit of companies listed on the U.S. stock exchanges in 2018.

In 2018, the Thai economy is expected to recover rapidly and grow by over 4 percent, thanks to the support in the form of public investment. More funds will be injected into the system as from 2018 since auctions for many infrastructure investment projects were completed in 2017. Importantly, exports expand in line with the strong global economy while tourism is expected to continue expanding. As well, private investment will recover gradually after the law meant to attract investment to the Eastern Economic Corridor is approved in the early part of 2018.

According to the SET, during the period from January 2017 to November 2017, the market capital of listed companies/securities at initial public offering (IPO) price amounted to 426,349 million baht, representing an increase of 170 percent when compared to the end of 2016. A large part of the market capital was from the primary market. Based on information as of 31 December 2017, the market capitalization

of the SET amounted to 17.59 trillion baht, representing an increase of 17 percent when compared to the end of 2016. On the other hand, the market capitalization of the Market for Alternative Investment (MAI) amounted to 338,836 million baht, representing a decrease of 20 percent from the end of 2016. This was partly due to the move of Energy Absolute PCL (EA) from MAI to the SET. The market capitalization of EA was 114,700 million baht on the movement date, accounting for 27 percent of MAI market capitalization.

As for TNS, its market share accounted for 3.78 percent of total turnover. It was ranked 9 among 38 securities companies. The competition in 2017 remained intense, particularly in the area of retail investors due to movement of investment consultants from one company to another in the past year. As regards the overall competition, apart from continuously enhancing the quality of investment consultants, emphasis was placed on introducing new products and innovations to investors. Among others, these included fund trading via applications such as "FundConnex", presentation of investment information via LINE application as well as offering of the product namely Block Trade to investors.

2. Currently, there were 42 members of the Thailand Futures Exchange (TFEX) PCL. Total trading volume amounted to 78,990,574 contracts in 2017, representing an increase of 13.68 percent when compared to 2016. A large part of the trading volume was attributable to the Single Stock Futures and SET50 Index Futures. The number of investors' trading accounts was 146,559, representing an increase of 17,275 accounts from the year 2016. As for TNS, its market share accounted for 5.92 percent. It was ranked 4 among the total members of TFEX.

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 29 December 2017, there were a total of 23 fund management companies, with a total of 4,649,894.23 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 9.91 percent from 2016. In 2017, there were 551 new funds with a total of 1,184,510 million baht of net asset value (NAV), of which 395 funds were domestic and foreign debt securities fund accounting for 1,065,101 million baht NAV or 89.92 percent of the total NAV of the new issued funds in 2017. In 2017, 82.38 percent of TFUND products were domestic and foreign debt securities funds.

As of 29 December 2017, TFUND had a total of 228,589.63 million baht in asset under management (AUM), an increase of 39,581.36 million baht or 20.94 percent from 2016. This was mainly an increase from mutual fund which increased by 42,030.45 million baht or 26.29 percent. The total AUM comprised of 88.33 percent mutual fund, 4.89 percent private fund, and 6.79 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

In 2017, Thai non-life insurance business experienced a growth of 3.67 percent compared to the Insurance premium of 2016. Total insurance premium amounted 219,581 million baht. The composition of the non-life insurance market in 2017 was 58 percent automobile insurance, continuing to be the highest portion of the market, 35 percent miscellaneous insurance, 5 percent fire insurance, and 2 percent marine and transportation insurance.

TNI places emphasis on giving high quality services which are quick, efficient and honest. As well, it has developed a new product line and introduced new types of policies that is in line with prevailing economic and social conditions as well as needs of different customer groups, taking into account the premiums which are fair to customers. In addition, it adopted an aggressive strategy to address changes in the environment. In particular, it increases distribution channels and creates new client bases while maintain existing ones. Moreover, in 2017 TNI developed an application namely "Thanachart Club DD" Version 2. The objectives were to raise the quality level of the after-sale services and to establish good relationships with customers. As well, it encouraged customers to drive properly by using car driving behavior and insurance claims as indicators for earning points. They could be used for getting special incentives that covered all aspects of living for all important customers. About 98 percent of customers were retail customers whose sum insured of the insured assets did not exceed five million baht. The most popular non-life insurance products were car insurance, personal accident insurance, and fire insurance for home. The customer groups were mostly borrowers of TBANK's loans and also from TNI's marketing activities.

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.

MBK Life Assurance Public Company Limited

Characteristics of Product and Service

MBK LIFE 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 just 10-year premium payment. A cash back with 3 percent of the beginning sum insured in years 1-19 and 150 percent of the beginning sum insured in year 20. A total return of 207 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Life 10/5:** A policy coverage of 10 years with just 5-year premium payment. A cash back with 20 percent of the beginning sum insured in years 1-6, 100 percent of the beginning sum insured in year 7-9, and 150 percent of the beginning sum insured in year 10 which is the last year of the policy. A total return of 570 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Sure 10/7:** A policy coverage of 10 years with just 7-year premium payment. A cash back with 5 percent of the beginning sum insured in years 1-9 and 155 percent of the beginning sum insured in year 10 when the policy expires. A total return of 200 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Life 10/10:** A policy coverage of 10 years with 10-year premium payment, which offers life protection in the amount worth 200 percent of the beginning sum insured, plus additional 100 percent of the beginning sum insured in case of death caused by accident, as well as a total return of the paid annual premiums at the end of 10th year when the policy expires.

- **MBK Life 14/7:** A policy coverage of 14 years with just 7-year premium payment. A cash back with 3 percent of the beginning sum insured in years 1-5, 4 percent of the beginning sum insured in years 6-10, 5 percent of the beginning sum insured in years 11-13, and 180 percent of the beginning sum insured in year 14 which is the last year of the policy. A total return of 230 percent of the beginning sum insured for the whole policy period.

- **MBK Easy Protection Life 15/10:** A policy coverage of 15 years with just 10-year premium payment, which offers life protection worth 300 percent of the beginning sum insured in years 1-3, protection worth 500 percent of the beginning sum insured in years 4-6, protection worth 700 percent of the beginning sum insured in years 7-9, and protection worth 800 percent of the beginning sum insured in years 10-15. As regards cash back at the end of policy, policyholders are entitled to receive 730 percent of the beginning sum insured. Altogether, policyholders receive a total return worth 730 percent of the beginning sum insured.

- **MBK Happy Pension 85/1 (tax deductible pension):** A policy coverage with just one-year premium payment. A yearly pension is given when the policy holder reaches 60-85 years of age. A total of 520 percent of the beginning sum insured for 26 yearly pensions.

- **Healthy Max:** A policy coverage of 5 years with 5-year premium payment. The policy covers all types of death for up to 100,000 baht, including illness and accident. As well, the policy covers in-patient medical care in case of illness or accident for up to 200,000 baht per visit.

As regards personal accident products, the company has products that cover death, total permanent disability, and injuries caused by accident around the clock, accidents from driving or riding motorcycles, with coverage including daily income compensation (not exceeding 365 days). Policyholders can also choose either individual coverage or family coverage for family members from the age of 1-65 years.

In relation to its group life insurance, the company has products for both life and health insurance policies which cover during the period of both regular business hours and outside. Importantly, the policy covering all holders regardless of age and gender does not require any medical exam.

With regard to the Mortgage Reducing Term Assurance (MRTA), this product provides protection for individuals who are property loan borrowers. The objective is to prevent loan repayments from become burdens in the unfortunate event happening to borrowers, resulting in death or total permanent disability. The sum insured will decrease by the same amount after each premium payment is made or decrease at each time the premium payment is made, due to compounding interest.

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 sale channels through TM Broker, sale channels through employees Relationship Management, sale channels via electronic, 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 and examining their possibility, preparing business plan and presenting to target customers, 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 lease in both new and used car markets for passenger cars. In addition, it places emphasis on commercial vehicles including pick-up truck, taxi, trailer, and big lorry, among others. It also does business connected to hire purchase and financial lease which are THANI's main businesses. In this connection, the

company's hire purchase loans to new cars and used cars accounted for 60 percent of its total portfolios and 40 percent respectively. On the other hand, hire purchase loans to lorries and other types of vehicles accounted for 70 percent and 30 percent respectively.

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.

Moreover, THANI offers after-sales services which are connected to its main businesses consisting of hire purchase and financial lease. Among others, the services include annual tax registration renewal, coordination on renewal of insurance policies, as well as technical check of car prior to tax registration renewal. The services not only provide customers with convenience, but also help earn supplemental income for THANI. Moreover, the services are beneficial in the form of asset protection for customers and damage protection for THANI.

Market and Competition

In 2017, hire purchase and leasing industry experienced a 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.

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 2017 amounted to 60,649 million baht, including legal reserve and retained earnings. There are other two key sources of fund which are

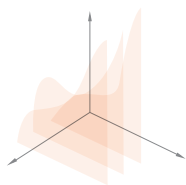
1) Deposits which by the end of the year 2017 were in the amount of 716,278 million baht.

2) Borrowings in the amount of 39,308 million baht could be divided into 20,000 million baht of Tier II capital subordinated debentures, 18,284 million baht of unsubordinated debentures, 631 million baht of promissory notes, 393 million baht of equity linked notes.

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 2017, TBANK gave loans to THANI, a subsidiary company of TBANK, in the amount of 1,570 million baht, a decrease of 1,610 million baht from the outstanding balance of 3,180 million baht at the end of 2016. This was for business operation in accordance with Thanachart Group Policy.

The above outstanding loan balance accounted for 0.24 percent of total outstanding loan balance of TBANK's separate financial statements in 2017. All lending and borrowing activities were transacted under the permission of the BOT.



RISK MANAGEMENT AND RISK FACTORS

Overview of Risk Management

In 2017, the Thai economy maintained the growth momentum which was registered in the previous year although the inflation was lower than expected. The growth was mainly due to the increases in both exports and tourism in line with the global economic recovery. As well, private sector consumption registered positive growth. On the other hand, the driver from government sector has slightly slowed down.

Total loans of the commercial banking sector in 2017 kept up the growth momentum in the previous year, in line with the positive outlook of Thai economy which recovered healthily. However, non-performing loans increased from a year earlier. This was mainly due to deteriorating ability of some business groups to repay. However, the overall outlook of the commercial banking sector was bright with financial strength and stability, reflecting a high capital adequacy ratio and a high level of reserves.

As regards the year 2018, it is expected that the Thai economy will grow faster than the previous year. Key factors include progress in implementation of major public sector investment projects, recovery of private investment as well as global economic growth which has a positive impact on exports. However, there are several risk factors that have to be monitored closely. These include, among others, diversification of purchasing power, household debt problem, increases in the Federal Reserve's benchmark interest rate, etc. which may have an adverse impact on various risks such as marketing 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 adequacy 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.

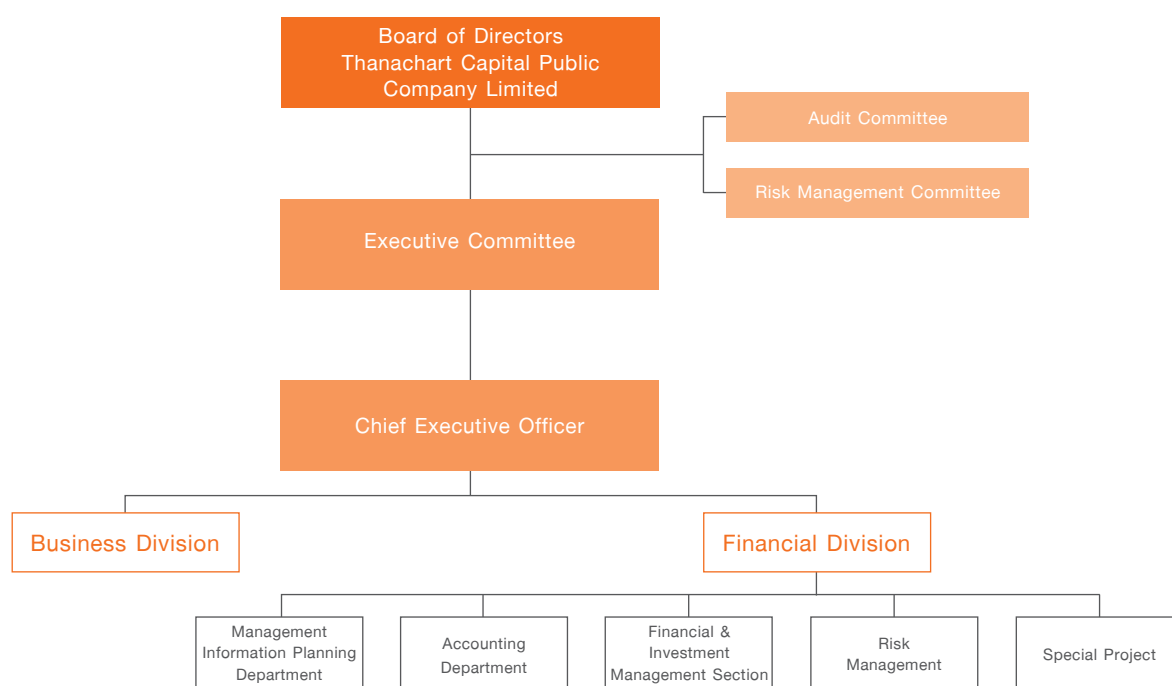
Executive Committee has a role in considering and approving all activities to be in line with the Company's risk management policies, as well as, assessing the business continuity management of Thanachart Group to present to the Company's Board of Directors for approval.

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 2017



- 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 2017 and 31 December 2016 Classified by Business Types

Business Type	2017		2016	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	7,498	1.05	14,081	2.03
Manufacturing and Commerce	81,105	11.38	78,238	11.31
Real Estate and Construction	47,484	6.66	47,881	6.92
Public Utilities and Services	58,878	8.26	60,117	8.69
Personal Consuming				
Housing Loans	97,676	13.70	97,756	14.13
Securities Business	4,116	0.58	3,536	0.51
Hire Purchase	371,031	52.06	345,343	49.90
Others	29,504	4.14	28,958	4.18
Others	15,469	2.17	16,136	2.33
Total Loans	712,761	100.00	692,046	100.00

The overall credit data revealed that as of 31 December 2017, the Company and its subsidiaries' lending concentration on hire purchase business increased from 49.90 percent in 2016 to 52.06 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 Ratios of the Company and Its Subsidiaries that are Financial Institutions (excluding accrued interest receivables) as of 31 December 2017 and 31 December 2016 are as follows:

Loan Classification	2017		2016	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Substandard	5,957	34.61	4,281	27.20
Doubtful	2,674	15.53	3,364	21.38
Doubtful of Loss	8,582	49.86	8,093	51.42
Total	17,213	100.00	15,738	100.00

As of 31 December 2017, non-performing loans of the Company and its subsidiaries that are financial institutions amounted to 17,213 million baht, an increase from 15,738 million baht at the end of the previous year. From credit overview, non-performing loans accounted for 2.41 percent of total loans, an increase from 2.27 percent as of 31 December 2016. This level of NPL ratio was relatively low compared to the industry level.

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 2017 and 31 December 2016 are as follows:

Business Type	2017		2016	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	68	0.40	363	2.31
Manufacturing and Commerce	4,985	28.96	3,348	21.27
Real Estate and Construction	2,065	12.00	2,364	15.02
Public Utilities and Services	1,444	8.39	1,390	8.83
Personal Consuming				
Housing Loans	3,577	20.78	2,263	14.38
Hire Purchase	3,577	20.78	4,637	29.46
Others	1,253	7.28	1,211	7.70
Others	244	1.41	162	1.03
Total Non-performing Loans	17,213	100.00	15,738	100.00

Trouble Debt Restructuring

(Unit: Million Baht)

	2017	2016
Number of Debtors (Persons)	8,820	14,002
Outstanding Principal and Accrued Interest Receivables	11,169	14,829
Loan not Fully Covered by Collateral	3,678	5,917
Revaluation Allowance for Debt Restructuring	1	2
Total Loans and Accrued Interest Receivables	713,362	692,677
Restructured Debt to Total Loans (Percent)	1.57	2.14

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 2017, the outstanding principal and the accrued interest receivables of the restructured debt amounted to 11,169 million baht or 1.57 percent of total loans and accrued interest receivables. The net restructured debt (less collateral) or loan not fully covered by collateral amounted to 3,678 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 a concerned 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 2017, the Company and its subsidiaries had 4,747 million baht in property foreclosed according to the book value net allowance for impairment, equivalent to 0.46 percent of total assets. Impairment totaled 1,800 million baht, equivalent to 27.49 percent of the 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 2017, the Company and its subsidiaries' obligations in the form of avals, guarantees for loans, and other obligations amounted to 25,710 million baht or 2.51 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 2017 and 31 December 2016, the Company and Its Subsidiaries' Trading and Available-for-sale Investments Classified by Types of Investments are as follows:

(Unit: Million Baht)

	Fair Value	
	2017	2016
Investments		
Trading Investments		
Government and State-owned Enterprise Securities	11,500	9,321
Private Debt Securities	5,364	4,782
Domestic Marketable Equity Securities	1,713	1,597
Available-for-sale Investments		
Government and State-owned Enterprise Securities	114,495	124,804
Private Debt Securities	25,373	23,611
Foreign Debt Securities	10,430	11,434
Domestic Marketable Equity Securities	4,531	5,729
Unit Trusts	625	158
Total Trading and Available-for-sale Investments	174,031	181,436

The value of trading and available-for-sale investments of the Company and its subsidiaries decreased from lowering investments in government and state-owned enterprise securities and foreign debt securities. Therefore, the overall price risk of the Company and its subsidiaries decreased 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 2017 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	-	-	-	-	-	-	11,453	11,453
Interbank and Money Market Items	1,063	750	79,073	6,963	500	1,200	6,556	96,105
Derivative Assets	-	-	-	-	-	-	2,889	2,889
Investments	956	-	25,295	15,053	119,277	7,039	9,421	177,041
Loans	221,106	4,651	44,916	25,871	240,130	175,940	147	712,761
Receivables from Purchase and Sale of Securities	-	-	-	-	-	-	3,127	3,127
Receivable from Clearing House	-	-	-	-	-	-	343	343
Total Financial Assets	223,125	5,401	149,284	47,887	359,907	184,179	33,936	1,003,719
Financial Liabilities								
Deposits	304,946	51	129,188	233,576	41,264	-	7,066	716,091
Interbank and Money Market Items	16,875	1,699	39,070	20,759	1,118	1,115	1,707	82,343
Liabilities Payable on Demand	-	-	-	-	-	-	1,989	1,989
Derivative Liabilities	-	-	-	-	-	-	2,868	2,868
Debts Issued and Borrowings	62	388	893	6,200	21,823	22,230	-	51,596
Payables from Purchase and Sale of Securities	-	-	-	-	-	-	2,259	2,259
Payable to Clearing House	-	-	-	-	-	-	1,269	1,269
Total Financial Liabilities	321,883	2,138	169,151	260,535	64,205	23,345	17,158	858,415

In view of the above assets and liabilities structure, if the market interest rate is higher than the current level, net interest income will be adversely impacted during the forthcoming year. This is mainly due to the hire purchase loan portfolio of the Company and its subsidiaries, whose interest rates are fixed ones. However, the Company and its subsidiaries have implemented risk management measures including interest rate swaps and mobilization of more long-term deposits.

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 2017, 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 are as follows:

Capital Funds Classified by Source of Fund	2017		2016	
	Million Baht	Percent	Million Baht	Percent
Deposits	716,091	84.24	676,456	84.15
Interbank and Money Market Items	82,343	9.69	65,701	8.17
Debts Issued and Borrowings	51,596	6.07	61,704	7.68
Total	850,030	100.00	803,861	100.00

Capital Funds Classified by Maturity Date	2017		2016	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	761,007	89.53	716,573	89.14
More than 1 Year	89,023	10.47	87,288	10.86
Total	850,030	100.00	803,861	100.00

As of 31 December 2017, deposits and debts issued and borrowings of the Company and its subsidiaries were 850,030 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 2017 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	11,453	-	-	-	11,453
Interbank and Money Market Items	8,369	86,036	1,700	-	96,105
Derivatives Assets	-	1,069	1,820	-	2,889
Investments	961	45,416	121,273	9,391	177,041
Loans to Customers	40,579	195,236	476,946	-	712,761
Receivables from Purchase and Sale of Securities	-	3,127	-	-	3,127
Receivable from Clearing House	-	343	-	-	343
Total Financial Assets	61,362	331,227	601,739	9,391	1,003,719
Financial Liabilities					
Deposits	307,410	365,945	42,736	-	716,091
Interbank and Money Market Items	20,281	59,828	2,234	-	82,343
Liabilities Payable on Demand	1,989	-	-	-	1,989
Derivative Liabilities	-	1,319	1,549	-	2,868
Debts Issued and Borrowings	399	7,144	44,053	-	51,596
Payables from Purchase and Sale of Securities	-	2,259	-	-	2,259
Payable to Clearing House	-	1,269	-	-	1,269
Total Financial Liabilities	330,079	437,764	90,572	-	858,415
Commitments					
Aval to Bills	2	100	13	-	115
Guarantees of Loans	87	2,204	-	-	2,291
Liability under Unmatured Import Bills	48	222	-	-	270
Letter of Credits	250	795	-	-	1,045
Other Commitments	38,222	39,177	2,077	-	79,476
Total Commitments	38,609	42,498	2,090	-	83,197

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 an 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

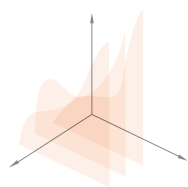
This type of risk arises from the inappropriate formulation of strategies, business planning, and implementation which are not compatible with internal setups and external environment, resulting in an adverse impact on earnings, capital or the existence of the Company and its subsidiaries. In managing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



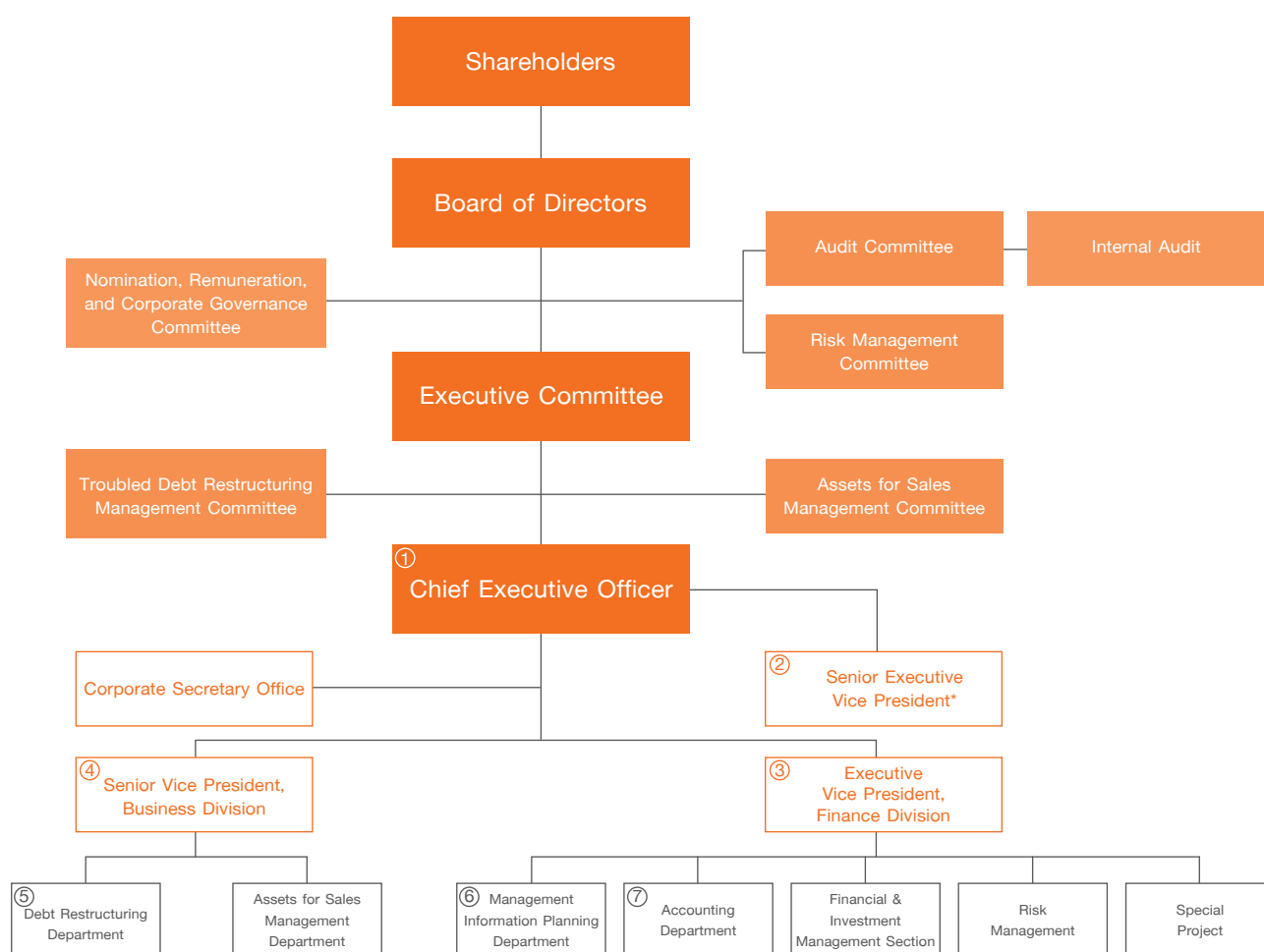
MANAGEMENT STRUCTURE

Thanachart Capital Public Company Limited

The management structure of the Company comprises of the Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance 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 2017



Notes: * Mr. Somjate Moosirilert, Senior Executive Vice President, was assigned as the Chief Executive Officer and President of TBANK.
①-⑦ 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 for 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 2017.

In the meeting, all Directors are encouraged to express their opinion freely and make decision on a 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's Notification No. SorNorSor. 13/2009 Re: Corporate Governance of Financial Institutions dated 9 July 2009, the BOT's Notification No. SorNorSor. 8/2017 Re: Regulations on Risk Supervision of Financial Business Groups dated 27 April 2017, and the Capital Market Supervisory Board's Notification No. TorChor. 39/2016 Re: Application Approval of Offer for Sale of Newly Issued Shares dated 30 September 2016. As of 31 December 2017, 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 2017

List of Company's Directors	Position	Board of Directors	Audit Committee	Nomination, Remuneration, and Corporate Governance Committee	Executive Committee	Risk Management Committee
		(Total of 12 Meetings)	(Total of 16 Meetings)	(Total of 7 Meetings)	(Total of 12 Meetings)	(Total of 12 Meetings)
1. Mr. Banterng Tantavit	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, Remuneration, and Corporate Governance Committee (Independent Director)	12	16	7	-	-
4. Mr. Somkiat Sukdheva	Member of the Audit Committee and Member of the Risk Management Committee (Independent Director)	12	16	-	-	12
5. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Audit Committee (Independent Director)	11	14	7	-	-
6. Mr. Vichit Yanamorn	Member of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Risk Management Committee (Non-executive Director)	12	-	7	-	12
7. Ms. Suvarnapha Suvarnaprathip	Vice Chairperson of the Executive Committee, Vice Chairperson of the Risk Management Committee (Executive Director)	11	-	-	12	9
8. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Management Committee, and Senior Executive Vice President (Executive Director)	11	-	-	12	10
9. Mr. Taweesak Saksirilarp	Director (Non-executive Director)	12	-	-	-	-

Notes: 1) Authorized signatories of the Company include 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvarnaprathip 3) Mr. Somjate Moosirilert. Any two out of three authorized signatories can jointly sign with the Company's seal affixed.
2) Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As of 31 December 2017, 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	Permphithak	Senior Vice President, Business Division
5. Ms. Darawan	Bunnumstien	First Vice President, Debt Restructuring Department
6. Ms. Rommanee	Jenpinit	First Vice President, Management Information Planning Department
7. 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, as well as 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.
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 2017, the Company paid remuneration for four committees, including the Company's Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, and the Risk Management Committee. Total remuneration was 36,844,594.06 baht. The remuneration is in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance of 2016 which can be summarized as follows:

1. The remuneration payments made in 2017 to the Company's Board of Directors were as follows:

List of Company's 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	4,728,998.88	6,528,998.88
2. Mr. Suphadej	Poonpipat	600,000.00	300,000.00	2,364,499.42	3,264,499.42
3. Mrs. Siripen	Sitasuwan	600,000.00	300,000.00	2,364,499.42	3,264,499.42
4. Mr. Somkiat	Sukdheva	600,000.00	300,000.00	2,364,499.42	3,264,499.42
5. Mr. Tiraphot	Vajrabhaya	600,000.00	275,000.00	2,364,499.42	3,239,499.42
6. Mr. Vichit	Yanamorn	600,000.00	300,000.00	2,364,499.42	3,264,499.42
7. Ms. Suvarnapha	Suvarnaprathip	600,000.00	275,000.00	2,364,499.42	3,239,499.42
8. Mr. Somjate	Moosirilert	600,000.00	275,000.00	2,364,499.42	3,239,499.42
9. Mr. Taweesak	Saksirilarp	600,000.00	300,000.00	2,022,099.24	2,922,099.24
Total		6,000,000.00	2,925,000.00	23,302,594.06	32,227,594.06

2. The remuneration payments made in 2017 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	680,000.00	455,000.00	1,135,000.00
2. Mr. Somkiat	Sukdheva	440,000.00	320,000.00	760,000.00
3. Mr. Tiraphot	Vajrabhaya	440,000.00	280,000.00	720,000.00
Total		1,560,000.00	1,055,000.00	2,615,000.00

Note: The Annual General Meeting for the year 2017 held on 5 April 2017 had a resolution to approve the adjustment of the remuneration payments made to the Audit Committee effective on 1 May 2017. The adjustments of the remuneration payments were as follows:

- Monthly Compensation made to the Chairman and members of the Audit Committee was 60,000 baht per month and 40,000 baht per month, respectively.
- Meeting Stipends made to the Chairman and members of the Audit Committee were 30,000 baht per time and 20,000 baht per time, respectively.

3. The remuneration payments made in 2017 to the Nomination, Remuneration, and Corporate Governance Committee were as follows:

List of the Nomination, Remuneration, and Corporate Governance Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Mr. Tiraphot	Vajrabhaya	240,000.00	200,000.00	440,000.00
2. Mrs. Siripen	Sitasuwan	160,000.00	141,000.00	301,000.00
3. Mr. Vichit	Yanamorn	160,000.00	141,000.00	301,000.00
Total		560,000.00	482,000.00	1,042,000.00

Notes:

- 1) The Annual General Meeting for the year 2017 held on 5 April 2017 had a resolution to approve the adjustment of the remuneration payments made to the Nomination and Remuneration Committee effective on 1 May 2017. The adjustments of the remuneration payments were as follows:
 - Monthly Compensation made to the Chairman and members of the Nomination and Remuneration Committee was 30,000 baht per month and 20,000 baht per month, respectively.
 - Meeting Stipends made to the Chairman and members of the Nomination and Remuneration Committee were 20,000 baht per time and 15,000 per time, respectively.
- 2) The Company's Board of Directors Meeting No. 8/2017 held on 21 August 2017 adopted a resolution giving the Nomination and Remuneration Committee additional responsibilities in relation to corporate governance and changing the name to the Nomination, Remuneration, and Corporate Governance Committee effective on 21 August 2017.

4. The remuneration payments made in 2017 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	240,000.00	480,000.00
5. Mr. Vichit Yanamorn	240,000.00	240,000.00	480,000.00
6. Mr. Kamtorn Tantisirivat*	-	-	-
Total	480,000.00	480,000.00	960,000.00

Note: * 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 seven executives who are at the managerial level and the first four executives after the managerial level including the head of accounting or finance department. As a result, the Company paid a total of 55,772,818.00 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 2017, the Company contributed 4,195,362.00 baht to the provident fund for seven executives.

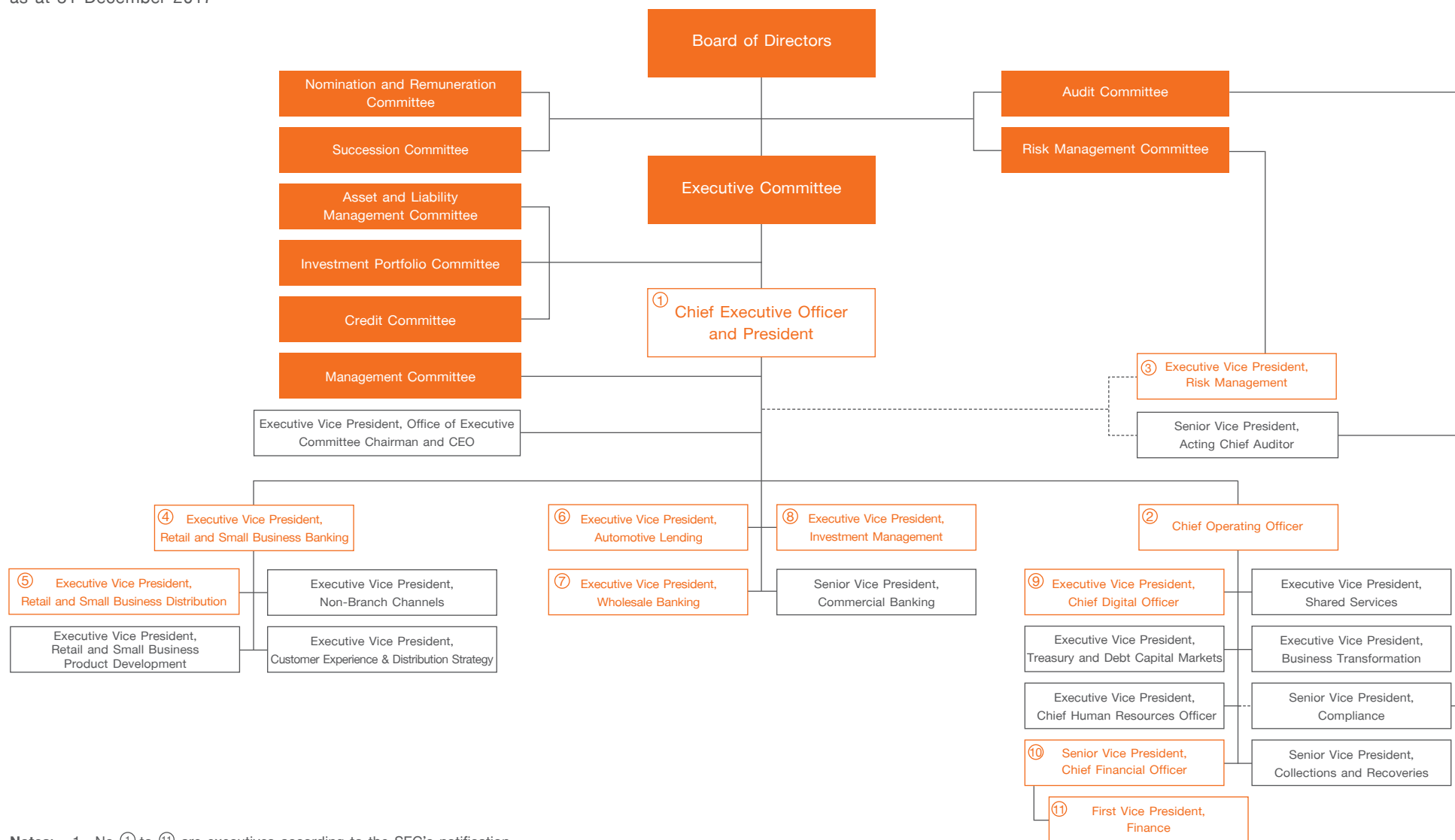
Total Sum and Type of Remuneration for Employees

In 2017, the Company paid a total of 115,000,000.00 baht in the remuneration payments made to employees in forms of salaries, bonus, social security contribution, provident fund contribution, etc.

Thanachart Bank Public Company Limited

Management Structure of TBANK

as at 31 December 2017



Notes: 1. No. ① to ⑪ are executives according to the SEC's notification.

2. From 17 February 2017 until present, Acting Executive Vice President, Treasury & Debt Capital Markets.

3. On 1 January 2018, the position of Executive Vice President, Investment Management was cancelled and the unit was transferred to be under Treasury & Debt Capital Markets.

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 2017 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. Dr. Thanachart	Numnonda	Director	-	-	✓
4. Mr. Narong	Chivangkur	Director	-	-	✓
5. Assoc.Prof.Dr. Somjai	Phagaphasvivat	Director	-	-	✓
6. Ms. Mookda	Pairatchavet	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. Somjate	Moosirilert	Director	✓	-	-
12. Mr. William	George Said	Director	✓	-	-
<u>Directors retired from position in 2017</u>					
1. Mr. Kiettisak	Meecharoen	Director	-	-	✓
2. Mr. Sataporn	Jinachitra	Director	-	-	✓
3. Mr. Peter	Clifford Bessey	Director	✓	-	-

- Notes:**
- 1) TBANK's Directors who are authorized signatories representing the Bank include 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvarnaprathip 3) Mr. Somjate Moosirilert 4) Mr. William George Said. Any two out of four can jointly sign and affix TBANK's seal.
 - 2) Changes during the course of 2017:
 - At the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017,
 - Mr. Kiettisak Meecharoen and Mr. Sataporn Jinachitra retired by rotation.
 - Dr. Thanachart Numnonda and Ms. Mookda Pairatchavet were elected as TBANK's Directors to replace those retired by rotation.
 - Mr. Peter Clifford Bessey resigned from directorship and Mr. William George Said was appointed as a Director since 5 August 2017.
 - Mr. Adil Aziz Chaudhry resigned from his directorship on 31 December 2017 and Mr. Alexander Kwai Lap Choi assumed his directorship since 1 January 2018.

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 meetings. TBANK's Good Corporate Governance Policy stipulates that TBANK meet the minimum requirements of the Board of Directors and sub-committee meetings as follows:

1. The Board of Directors meeting is held approximately 6 times a year.
2. The Executive Committee meeting is held at least 6 times a year.
3. The Audit Committee meeting is held at least 6 times a year .
4. The Nomination and Remuneration Committee meeting is held at least twice a year.
5. The Risk Management Committee is held at least 6 times a year.
6. 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 Executive Committee Chairman and 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 2017, 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 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 2017

List of TBANK's Board of Directors		Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
		(12 Meetings)	(37 Meetings)	(12 Meetings)	(10 Meetings)	(12 Meetings)
1.	Mr. Banterng Tantivit	12	-	-	-	-
2.	Mr. Suphadej Poonpipat	12	36	-	-	-
3.	Dr. Thanachart Numnonda	9	-	9	-	-
4.	Mr. Narong Chivangkur	12	-	-	10	-
5.	Assoc.Prof.Dr. Somjai Phagaphasvivat	12	-	12	-	-
6.	Ms. Mookda Pairatchavet	9	-	9	7	-
7.	Mr. Rod Michael Reynolds	11	-	-	9	-
8.	Mr. Walter Tas	9	-	-	-	-
9.	Mr. Adil Aziz Chaudhry	11	-	-	-	-
10.	Ms. Suvarnapa Suvarnaprathip	11	33	-	-	-
11.	Mr. Somjate Moosirilert	12	35	-	-	12
12.	Mr. William George Said	4	15	-	-	5
<u>Directors retired from position in 2017</u>						
1.	Mr. Kiettisak Meecharoen	3	-	3	-	-
2.	Mr. Sataporn Jinachitra	3	-	3	3	-
3.	Mr. Peter Clifford Bessey	7	20	-	-	7

Note: Changes during the course of 2017:

- 1) At the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017,
 - Mr. Kietisak Meecharoen and Mr. Sataporn Jinachitra retired by rotation.
 - Dr. Thanachart Numnonda and Ms. Mookda Pairatchavet were elected as TBANK's Directors to replace those retired by rotation.
- 2) Mr. Peter Clifford Bessey resigned from his directorship and Mr. William George Said was appointed as a Director since 5 August 2017.
- 3) Mr. Adil Aziz Chaudhry resigned from his directorship on 31 December 2017 and Mr. Alexander Kwai Lap Choi assumed his directorship since 1 January 2018.

Executives of TBANK

As of 31 December 2017, TBANK's executives in the level of manager and executive as defined by the SEC's criteria, including the persons of management authority as defined by Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551 were as follows:

- | | |
|--|---|
| <ol style="list-style-type: none"> 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. William George Said
Chief Operating Officer 5. Mr. Piyaphong Artmangkorn
Executive Vice President, Investment Management 6. Mr. Anuwat Luengtaweekul
Executive Vice President, Retail and Small Business Distribution 7. Mr. Sanong Kumnuch
Executive Vice President, Retail and Small Business Banking 8. Mr. Ziad El-Hoss
Executive Vice President, Chief Risk Officer 9. Ms. Wisarnsri Nilodom
Executive Vice President, Wholesale Banking 10. Mr. Praphan Anupongongarch
Executive Vice President, Automotive Lending 11. Dr. Sutut Chitmonkongsuk
Executive Vice President, Chief Digital Officer 12. Mrs. Sasima Taweekulchai
Executive Vice President, Special Asset Management 13. Mr. Ricky Jon Yakabowich
Executive Vice President, Shared Services 14. Mr. Wuttichai Suraratchai
Executive Vice President, Credit Risk Management | <ol style="list-style-type: none"> 15. Ms. Kanoksri Rojmeta
Executive Vice President, Retail and Small Business Distribution 3 (North) 16. Mrs. Vijitra Thumpothong
Executive Vice President, Chief Human Resources Officer 17. Mr. Kriangkrai Phurivitvattana
Executive Vice President, Office of Executive Committee Chairman and CEO 18. Mr. Wichak Praditavanij
Executive Vice President, Non - Branch Channels 19. Mr. Songwut Chaowalit
Executive Vice President, Retail and Small Business Distribution 1 (BKK1) 20. Mr. Pompert Rasanon
Executive Vice President, Sales Network - Automotive Lending 21. Mr. Lalit Dodampe Gamage Dharmasari
Executive Vice President, Treasury and Debt Capital Markets 22. Mr. Wisoot Tangadunrat
Executive Vice President, Client Relationship Management (Real Estate) 23. Mr. Yuadrith Dhiantravan
Executive Vice President, Retail Risk Management 24. Mrs. Teranuj Koomsap
Executive Vice President, Retail and Small Business Product Development 25. Mr. Tirachart Chiracharasorn
Executive Vice President, Product and Marketing Management - Automotive Lending 26. Mr. Taweesak Songsithichoke
Executive Vice President, Business Transformation 27. Mr. Smart Saensuk
Executive Vice President, Investment Banking 28. Mr. Paul Alan DeWolfe
Executive Vice President, Customer Experience and Distribution Strategy |
|--|---|

29. Mr. Yuthyong Sudharatna
Senior Vice President, Commercial Banking
30. Ms. Patcharee Leekitwattana
Senior Vice President, Acting Chief Auditor

31. Mrs. Pittimart Sanguansook
Senior Vice President, Chief Financial Officer
32. Mr. Premsak Chirapaporn
First Vice President, Finance

- Notes:**
1. Numbers 3-11 and 31-32 are executives at the managerial level and the first four executives after the managerial level according to the SEC's regulations.
 2. Numbers 1-31 are executives with management authority under Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551.
 3. The changes during 2017 were as follows:
 - 3.1 Mr. Enghug Nontikarn retired from Executive Vice President, Treasury and Debt Capital Markets on 1 January 2017.
 - 3.2 Mrs. Anisa Choocharn resigned from Executive Vice President, Non-Branch Channels and CEM on 15 January 2017.
 - 3.3 Mr. Boonlerd Sinsombat resigned from Executive Vice President, Information Technology on 8 February 2017.
 - 3.4 Mr. Lalit Dodampe Gamage Dharmasari, Executive Vice President, Treasury & Debt Capital Markets, was appointed as Acting Executive Vice President, Treasury & Debt Capital Markets, effective on 17 February 2017.
 - 3.5 Mrs. Noossara Roonsamrarn, Executive Vice President, Corporate Banking Team 1, retired early, effective on 1 March 2017.
 - 3.6 Dr. Sutut Chitmonkongsuk was appointed as Executive Vice President, Chief Digital Officer, effective from 16 April 2017.
 - 3.7 Mr. Yuthyong Sudharatna was appointed as Head of Commercial Banking (Senior Vice President), effective from 16 April 2017.
 - 3.8 Mr. Sanong Kumnuh had new work scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Distribution, to Executive Vice President, Retail and Small Business Banking, effective from 16 June 2017.
 - 3.9 Mr. Anuwat Luengtaweekul had new work scope due to the revised organizational structure, from Executive Vice President, Chief Financial Officer, to Executive Vice President, Retail and Small Business, effective from 16 June 2017.
 - 3.10 Mrs. Pittimart Sanguansook has been appointed as Chief Financial Officer (Senior Vice President), effective from 27 June 2017.
 - 3.11 Mr. Peter Clifford Bessey, Deputy Chief Executive Officer, completed his seconded duty at TBANK as assigned by Scotiabank, effective on 5 August 2017.
 - 3.12 Mr. William George Said changed the name of the position and scope due to the revised organizational structure, from Chief Administrative Officer, to Chief Operating Officer, effective from 5 August 2017.
 - 3.13 Mr. Premsak Chitrapaporn had new work scope due to the revised organizational structure, from First Vice President, Accounting, to First Vice President, Finance, effective from 16 August 2017.

- 3.14 Mrs. Chanaporn Chantaprateep resigned from Executive Vice President, Human Resources on 4 September 2017.
- 3.15 Mrs. Vijitra Thumponthong had new work scope due to the revised organizational structure, from Executive Vice President, Chief Auditor, to Executive Vice President, Chief Human Resources Officer, effective from 9 October 2017.
- 3.16 Mr. Paul Alan DeWolfe has been appointed as Executive Vice President, Customer Experience and Distribution Strategy, effective from 30 October 2017.
- 3.17 Mr. Noel Singh, Executive Vice President, Wholesale Banking Product, completed his seconded duty at TBANK as assigned by Scotiabank, effective on 8 November 2017.
- 3.18 Ms. Patcharee Leekitwattana has been appointed as Senior Vice President, Acting Chief Auditor, effective from 23 November 2017.

On 1 January 2018, TBANK had a change of manager and executive position according to the criteria of the SEC, including the authority to deal under Sections 4 and Section 25 of the Financial Institution Business Act B.E. 2551 as follows:

1. Mr. Piyaphong Artmangkorn retired from Executive Vice President, Investment Management on 1 January 2018.
2. Ms. Kanoksri Rojmeta had new work scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Distribution 3 (North), to Executive Vice President, Director of Investment Academy, effective from 1 February 2018.

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

Company Secretary (TBANK)

TBANK has assigned the Office of Executive Committee Chairman and CEO to administer corporate secretariat tasks to be compliant with the principles of good corporate governance as well as to ensure continuity and effectiveness of TBANK's operation.

Remuneration of Directors and Executives of TBANK

Financial Remuneration

As of 31 December 2017, TBANK has remunerated 3 panels of the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee totaling 39,798,836.56 baht. The remuneration was paid in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance in 2016, which can be summarized as follows:

1. The remuneration payments made in 2017 to TBANK's Board of Directors were as follows:

List of TBANK’s Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1.	Mr. Banterng Tantivit	1,466,000.00	690,000.00	3,462,559.78	5,618,559.78
2.	Mr. Suphadej Poonpipat	733,000.00	345,000.00	1,731,279.88	2,809,279.88
3.	Dr. Thanachart Numnonda	576,333.33	270,000.00	-	846,333.33
4.	Mr. Narong Chivangkur	733,000.00	345,000.00	1,731,279.88	2,809,279.88
5.	Assoc.Prof.Dr. Somjai Phagaphasvivat	733,000.00	345,000.00	1,731,279.88	2,809,279.88
6.	Ms. Mookda Pairatchavet	576,333.33	270,000.00	-	846,333.33
7.	Mr. Rod Michael Reynolds	733,000.00	315,000.00	1,731,279.88	2,779,279.88
8.	Mr. Walter Tas	733,000.00	260,000.00	1,731,279.88	2,724,279.88
9.	Mr. Adil Aziz Chaudhry	730,903.23	315,000.00	1,300,825.05	2,346,728.28
10.	Ms. Suvarnapha Suvarnaprathip	733,000.00	315,000.00	1,731,279.88	2,779,279.88
11.	Mr. Somjate Moosirilert	733,000.00	345,000.00	1,731,279.88	2,809,279.88
12.	Mr. William George Said	316,612.90	120,000.00	-	436,612.90
<u>Directors retired from position in 2017</u>					
1.	Mr. Kiettisak Meecharoen	156,666.67	75,000.00	1,731,279.88	1,962,946.55
2.	Mr. Sataporn Jinachitra	156,666.67	75,000.00	1,731,279.88	1,962,946.55
3.	Mr. Peter Clifford Bessey	416,387.10	195,000.00	1,731,279.88	2,342,666.98
<u>Director retired from position in 2016</u>					
	Mr. Alberto Jaramillo	-	-	283,816.37	283,816.37
Total		9,526,903.22	4,280,000.00	22,360,000.00	36,166,903.22

Notes: 1) Mr. Alberto Jaramillo resigned from his directorship at TBANK on 1 March 2016.

2) Changes during the course of 2017:

- At the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017,
 - Mr. Kietisak Meecharoen and Mr. Sataporn Jinachitra retired by rotation.
 - Dr. Thanachart Numnonda and Ms. Mookda Pairatchavet were elected as TBANK's Directors to replace those retired by rotation.
- Mr. Peter Clifford Bessey resigned from his directorship and Mr. William George Said was appointed as a Director since 5 August 2017.
- Mr. Adil Aziz Chaudhry resigned from his directorship on 31 December 2017 and Mr. Alexander Kwai Lap Choi assumed his directorship since 1 January 2018.

2. The remuneration payments made in 2017 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. Dr. Thanachart Numnonda	532,000.00	270,000.00	802,000.00
2. Assoc.Prof.Dr. Somjai Phagaphasvivat	448,666.67	225,000.00	673,666.67
3. Ms. Mookda Pairatchavet	354,666.67	180,000.00	534,666.67
<u>Directors retired from position in 2017</u>			
1. Mr. Kiattisak Meecharoen	141,000.00	90,000.00	231,000.00
2. Mr. Sataporn Jinachitra	94,000.00	45,000.00	139,000.00
Total	1,570,333.34	810,000.00	2,380,333.34

Notes: 1) Mr. Kiattisak Meecharoen and Mr. Sataporn Jinachitra resigned by rotation at the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017.
 2) Changes to the Audit Committee were approved under conditions of the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017 in 1).

3. The remuneration payments made in 2017 to the Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Narong Chivangkur	239,400.00	309,000.00	548,400.00
2. Mr. Rod Michael Reynolds	159,600.00	183,000.00	342,600.00
3. Ms. Mookda Pairatchavet	159,600.00	126,000.00	285,600.00
<u>Director retired from position in 2017</u>			
Mr. Sataporn Jinachitra	-	75,000.00	75,000.00
Total	558,600.00	693,000.00	1,251,600.00

Notes: 1) Mr. Sataporn Jinachitra resigned by rotation at the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017.
 2) Changes to the Nomination and Remuneration Committee were approved under conditions of the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017 in 1).

4. The remuneration of independent director of the subsidiaries

None of TBANK's Independent Directors sits as an independent director of the subsidiaries.

5. In 2017, 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, there were 15 Executives Directors and executives (including 4 executives changed during the past year), a total remuneration paid amounted to 149,079,981.00 baht.
- With reference to the BOT's guideline, which as in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there are 38 of those with management authority (including 7 executives changes during the past year), a total remuneration paid amounted to 292,406,685.00 baht.

Other Remuneration

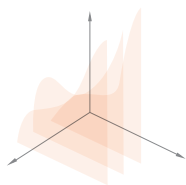
1. Other remuneration of Directors

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 2017, provident fund was paid in compliance with the regulations as follows:

- By the SEC's definition, there were 15 Executives Directors and executives (including 4 executives changed during the past year), a total provident fund paid amounted to 5,150,629.00 baht.
- With reference to the BOT's guideline, which as in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there are 38 of those with management authority (including 7 executives changed during the past year), a total provident fund paid amounted to 11,112,623.00 baht.



CORPORATE GOVERNANCE

Report on Corporate Governance Compliance

Corporate Governance Policy, Business Ethics, and Code of Conduct for the Directors, Executives, Staff, and Investor Relations Officers.

The Board of Directors already puts in writing the Corporate Governance Policy (“the Policy”) which has been followed since 2003. In this connection, the Policy as well as the Code of Business Ethics and the Code of Conduct for directors, executives, staff members, and investor relations officers are reviewed annually so that they could serve as practice framework for all parties concerned. In 2017, the Policy and the Code of Business Ethics were revised to ensure that they were in line with the Corporate Governance Report (CGR) of Thai Listed Companies Project implemented by the Thai Institute of Directors Association (IOD), the Corporate Governance Code (CG Code) for Listed Companies 2017 established by the Office of the Securities and Exchange Commission (SEC), and the Banking Industry Code of Conduct 2016 established by the Thai Bankers’ Association. Moreover, a report on the implementation of the principles of good corporate governance is presented to the Board of Directors.

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 2017, 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 and the SEC’s corporate governance code for listed companies 2017.
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.
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 Group.
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 and the anti-corruption.
6. Developing Corporate Governance (CG) & Anti-Corruption 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. 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.
8. Organizing an activity titled “Format Minds, Delete Emotions” under the CG and Anti-Corruption Project. The objectives were to develop personnel and to inculcate in the employees at all levels a sense of responsibility, under the framework of the Code of Ethics and the Code of Conduct, towards Thanachart Group’s stakeholders.

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 on a continuous basis, 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 the National Anti-Corruption Commission (“NACC”) and the Anti-Corruption Organization of Thailand in creating the learning materials about corruption. The other form is the television program named “Dharma Sawaddee”. 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 trading partners and external organizations.

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 2017 are as follows:

1. Shareholders’ Right

1.1 Shareholders’ Basic Right Protection

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, buying and selling shares or share 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 with accuracy, adequacy and in a timely manner 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 considers and treats 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.

The 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 eight consecutive years (2010-2017).

In 2017, the Company held the Annual General Meeting of Shareholders on 5 April 2017. 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, venue of the meeting, and meeting agendas together with explanation of objective and rationale for each agenda item which were complete and 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 2017 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 20 February 2017.
- Disclosure of the Notice of the Annual General Meeting of Shareholders on the Company's website. The information was posted on 28 February 2017.

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 3 March 2017. 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 agendas 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 17 March 2017.

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 1 September 2016 to 30 November 2016.

2. Nominating candidates for being considered as Directors were provided two months prior to the meeting day, from 1 September 2016 to 31 October 2016.

The Company informed shareholders of the opportunity through the SET's system on 26 August 2016. 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 an Independent Director, a Non-executive Director, and an Executive Director 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 2017)

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 2,074 shareholders.

All Directors attended the meeting, including the Chairman of the Company's Board of Directors, the Chairperson 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 for each type of share, 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 were clearly verified in the minutes, including all other important information. The drafted minutes of the 2017 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 2017.

2. Equal Treatment to Shareholders

The Board of Directors arranges the Shareholders' Meeting in such manners that all shareholders have equal rights. The Board of Directors also provides opportunities to minority shareholders so they can nominate a candidate for a director position and/or propose an additional item for meeting agenda prior to the meeting. A proxy is made possible as an alternative for shareholders who are 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 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 financial positions of the Company and member companies of the Group.

- Consultants who have access to information related to financial statements and 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 transactions has to be disclosed in line with the established rules. The transactions have to be reported to the Board of Directors of the Company for acknowledgement twice a year. As well, the information about the transactions 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 Call 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 section. 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's 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's 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 2017, 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 Conferences.

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 2017, the Board of Directors comprised of nine Directors. Six of them were Non-executive Directors while three were Executive Directors. In this connection, three of those Non-executive Directors were qualified for being Independent Directors. All Directors brought in a wide array of knowledge and capability which was 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. TorChor. 39/2016, Re: Application for and Approval of Offer for Sale of Newly Issued Shares dated 30 September 2016, the BOT's Notification No. SorNorSor. 13/2009 Re: Corporate Governance of Financial Institutions dated 9 July 2009, and the BOT's Notification No. SorNorSor. 8/2017, Re: Regulations on Risk Supervision of Financial Business Groups dated 27 April 2017.

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 Directors who hold 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, major shareholders 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 or 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 2017, 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. ThorChor 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 NorSor 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 vision, mission, key policies, strategic plans, financial goals, and budgets, which can be reviewed when deemed appropriate for sustainable business operation.

3. The Board of Directors supervises and oversees subsidiaries, aiming at protecting the Company's investments. In this connection, the Board of Directors appoints persons it deems suitable to serve as directors or president and chief executive officer of TBANK. As for other subsidiaries whose shares are held directly by the Company, the Board of Directors assigns the Executive Committee to appoint persons to serve as directors, executives, or ones with power and authority in such companies. However, in the case of small companies which are the Company's operating arms, the Company's Chief Executive Officer is responsible for making such appointments.

4. The Board of Directors supervises, oversees and monitors the Company's business operations, ensuring that they are in line with established strategies, objectives, goals, regulations, shareholder resolutions as well as the principles of good corporate governance in an honest and careful manner, not only safeguarding the Company's interests but also taking into consideration the events that happen to the

Company as well as the conduct of the Company's various business affairs.

5. The Board of Directors oversees the corporate governance of the Company and members of Thanachart Group's finance business, ensuring that it is appropriate to the structure, nature of business operations, and risks.

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 puts in place control systems for operations in the areas related to financial reporting and compliance with established rules, regulations, and policies. In this connection, persons or work units that are independent is responsible for auditing the afore-mentioned control systems and disclosing the related information in the annual report.

8. The Board of Directors or the Audit Committee gives opinions as to the adequacy of the internal control and risk management in the annual report. As well, they attach great importance to the review of the systems essential to the internal control and risk management on a regular basis or at least once a year.

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, Remuneration, and Corporate Governance 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.

16. The Board of Directors supports creation of innovations that add value to business, taking into consideration creation of benefits or impacts on customers or related parties and ensuring that they are socially responsible and eco-friendly innovations.

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. SorNorSor 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 details are follows:

- In case of member companies of the Group

The Board of Directors takes into consideration and appoints persons to serve as directors or president and

chief executive officer of TBANK. As for other subsidiaries whose shares are held directly by the Company, the Board of Directors assigns the Executive Committee to appoint persons to serve as directors, executives, or ones with power and authority in such companies. However, in the case of small companies which are the Company's operating arms, the Company's Chief Executive Officer is responsible for making such appointments.

- In case of other companies

The Company's Chief Executive Officer or high ranking executives who are taking up directorships in other companies (except family-owned businesses) must receive approval from the Board of Directors before assuming the positions. In this connection, the Board of Directors takes into consideration the type of companies and directorships which could be taken up.

Importantly, holding positions in all other companies must not go against requirements or regulations of any other regulating agencies concerned. As well, the Company must be notified within seven days after the date of appointment or the date of commencement as a director.

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 2017 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 investments 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. Sirinthorn Phayaphrom
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 significantly 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 have a meeting with 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 presenting 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 presenting 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, Remuneration, and Corporate Governance Committee

The Board of Directors approved the establishment of the Nomination Committee and the Remuneration Committee in 2002. Later the two committees were merged into the

Nomination and Remuneration Committee on 28 April 2014. And at the Meeting of the Board of Directors No. 8/2017 held on 21 August 2017, the Board adopted a resolution assigning the Committee to take on additional responsibilities related to corporate governance and revising the scope of duties of the Nomination and Remuneration Committee. In this connection, the name of the Committee was changed to “the Nomination, Remuneration, and Corporate Governance Committee”, in order to make it flexible, conforming and appropriate to the roles, duties, and responsibilities as well as the requirements imposed by the BOT and other authorities concerned. Currently, the Committee is comprised of three members including two Independent Directors and one Non-executive Director, with details as follows:

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

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

1. Consider policies and guidelines related to nomination of Directors and persons with power and authority to manage the Company and member companies of Thanachart Group and propose them to the Board of Directors for consideration.

2. 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.

3. Seek and select candidates from the following:

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

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

3.1.2 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.

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

4. Consider the following qualifications in selecting suitable candidates:

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

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

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

4.4 Persons with integrity, good morality, and honesty.

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

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

6. 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.

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

In 2017, the Nomination, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance Committee may have shareholders nominate a list of persons for assessment to be appointed as Directors, in compliance with the Nomination, Remuneration, and Corporate Governance Committee’s criteria.

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

1. Consider policies and guidelines related to remuneration as well as other benefits of Directors and persons with power and authority to manage the Company and member companies of Thanachart Group and propose them to the Board of Directors for consideration.

2. 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.

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

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

4.1 Comparing with companies in peer or similar industry.

4.2 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.

4.3 Being at a level that is fair to shareholders.

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

5. 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.

Roles, Duties, and Responsibilities Related to Corporate Governance

1. Review and propose amendments to the Corporate Governance Policy, the Code of Ethics, regulations and practice guidelines of Thanachart Group.

2. Monitor the implementation of the Corporate Governance Policy, the Code of Ethics, corporate governance practice guidelines of Thanachart Group.

3. Propose desirable practices or regulations for the Board of Directors and standing committees.

4. Consider results of the evaluation of the Company's corporate governance practices, which is carried out by an outside organization and propose recommendations to the Board of Directors.

5. Foster the spread of a corporate governance culture and participate in the Company's sustainability development.

6. Monitor the adequacy of the Company's disclosure of information related to corporate governance and sustainability development.

Risk Management Committee

As of 23 September 2013, the Company's Board of Directors approved the establishment of the Risk Management Committee. In 2017, there were six members of the Risk Management Committee including Executives Directors, an Independent Director, a Non-executive Director, and 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

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 systems and compliance with the established 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.

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, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance Committee

The Nomination, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance Committee. The Committee shall have authorities and responsibilities as stipulated in the Charter of the Nomination, Remuneration, and Corporate Governance 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 2017, the Directors attended the following training courses and seminars:

Mr. Somkiat Sukdheva

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

Thai Institute of Directors Association (IOD)

- Independent Director Forum 2017 "Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance"

Mr. Vichit Yanamorn

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

The Stock Exchange of Thailand

- Seminar "IT Future for Listed Company" Class 3/2017

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 makes arrangements for appraising the performance of the Board of Directors as well as the sub-committees on an annual basis. The objectives are 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 is appropriate in line with the scope of their responsibilities. Importantly, the performance appraisal will be used for improving and enhancing the efficiency of the Board of Directors. In this connection, the company secretary is 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 is prepared in line with the sample form for self-assessment which is distributed by the SET or other regulators. The form is adjusted to suit the Company, ensuring that it appropriately reflects 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 2017, the average score was 3.81 or accounted for 95.35 percent.

Appraisal of each Director's performance

In appraising the performance of each Director, the appraisal covers three key areas including: 1) the structure and 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 2017, the average score was 3.80 or accounted for 94.91 percent.

Appraisal of sub-committees' performance

In 2017, an arrangement was made for assessing the performance of sub-committees including the Audit Committee, the Nomination, Remuneration, and Corporate Governance 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 methods are specified to cover and conform to the business direction of Thanachart Group as follows:

1. The evaluation of the Chief Executive Officer is set in guidelines by the Nomination, Remuneration, and Corporate Governance 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, Remuneration, and Corporate Governance Committee.

Succession Plan

Assigned by the Board of Directors, the Nomination, Remuneration, and Corporate Governance 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 agendas and special meeting agendas.

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 2017, 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 2017, 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 16 subsidiaries equaled 18,930,000 baht.

2. Non-audit Fees

In 2017, the Company's subsidiaries paid 1,430,000 baht for other services. These included the following:

2.1 The special audit and audit of the electronic funds transfer systems in line with the BOT' requirements of TBANK equaled 380,000 baht.

2.2 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of TNI equaled 450,000 baht.

2.3 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of MBK Life equaled 600,000 baht.

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:

- **C**ustomer Focus
: meeting the customer needs,
- **C**ollaboration
: working as a team,
- **C**ommitment
: fulfilling one's duties until goals are achieved,
- **S**pirit
: devotion to one's work,
- **I**ntegrity
: adhering to integrity and Anti-corruption, and
- **P**rofessional
: 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. Also, the whistleblower will receive a compliment.

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



- 1 Thanachart Group were the CAC's certified members which were altogether 14 member companies of Thanachart Group.
- 2 Organizing a training course titled "Development of Thailand's Anti-Corruption Standards" for Thanachart Group's 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 the National Anti-Corruption Commission (NACC) and the Anti-Corruption Organization in relation to topics such as communication and understanding enhancement about Anti-corruption.

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 company of the Group. On the part of the Company, it makes the policy available through its website.

In 2014, the Company and member companies of Thanachart Group became certified members of the CAC and started implementing activities aiming at preventing fraud and corruption in line with the established policy. In this connection, Thanachart Group reviewed its Anti-corruption Policy and measures, the related regulations as well as procedures with regard to assessment of corruption risks involving the public and private sectors. The objective was to ensure that the Group had put in place practice guidelines that were in line with the Anti-corruption Policy. All parties concerned were requested to sign an agreement to adhere



3 - 6 Organizing a seminar titled "Thanachart extends invitations to join the campaign to fight against corruption" for trading partners and business representatives.

to both the Anti-corruption Policy and measures. Thanachart Group also communicated the information to employees, providing them with knowledge and understanding of practice guidelines in line with the policy as well as key measures and procedures in relation to anti-corruption. The communication modes included training activities, self evaluation, and continuous distribution of the information through Thanachart Group's various media channels. In addition, emails were sent to trading partners and business representatives annually, not only informing them of the Anti-corruption Policy and measures, but also requesting them to support anti-corruption campaigns and other related activities. For external organizations, Thanachart Group provided advice and its representatives served as lecturers on how to become certified members of the CAC. The main objective was to promote ethical behavior and organization-wide implementation of the anti-corruption measures. All employees were required to strictly adhere to the Anti-corruption Policy, measures as well as related regulations. As a result, the organization is transparent and without corruption on a sustainable basis. Not less importantly, customers feel confident and safe to make use of Thanachart Group's services.

Later in 2017, Thanachart Group submitted membership renewal applications for the Group's twelve member companies to the CAC. As well, it submitted membership applications for certification to the CAC for the Group's newly formed companies including TM Broker and MT Services 2016. As a result, there were altogether 14 member companies of Thanachart Group which were the CAC's certified members.

Thanachart Group has been implementing anti-corruption activities both within and without the organization since 2014. In 2017, there were main activities as follows:

1. Organizing a training course titled "Development of Thailand's Anti-Corruption Standards" for Thanachart Group's executives. The objectives were to provide trainees with knowledge and understanding of the related overview and to make them recognize the importance of supporting work systems that enhanced effectiveness in fighting against corruption in the organization. In this connection, Thanachart Group had the honor of having Dr. Bandid Nijathaworn, President and CEO of the Thai Institute of Directors Association (IOD) as a lecturer of the course.



7 - 8 Participating on the "Anti-Corruption Day 2017".

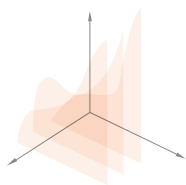
9 - 10 Joining in expressing intent to fight against corruption on the International Anti-Corruption Day under the theme of "Zero tolerance: Thai people will not tolerate corruption".

2. Organizing a seminar titled “Thanachart extends invitations to join the campaign to fight against corruption” for trading partners and business representatives. The objectives were to inform participants of Thanachart Group’s Anti-corruption Policy and to provide them with awareness and understanding of the benefits to be gained from being certified members of the CAC. Participants were invited to become a member of the CAC and were given advice on the process of submitting the CAC membership applications. In this connection, two separate seminars were organized with details as follows:

First seminar: Thanachart Insurance organized a training seminar titled “Agents of insurance products” for its trading partners on 20 October 2017.

Second seminar: TBANK organized a seminar for its trading partners on 22 November 2017. The objective was to reiterate that Thanachart Group was “a moral organization which was transparent and without corruption”.

3. Thanachart Group participated in a seminar titled “New Government! Old Corruption?” on the Anti-Corruption Day 2017, which was organized by the Anti-Corruption Organization (Thailand) which made 6th September of every year as the Anti-Corruption Day. In addition, Thanachart Group joined state agencies, private sector, and civil society organizations in expressing intent to fight against corruption and observing the International Anti-Corruption Day on 9 December 2017 under the theme of “Zero tolerance: Thai people will not tolerate corruption”.



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

The Corporate Governance Code for Listed Companies 2017 which was prepared and publicized by the SEC was adopted by Thanachart Group. The Code serves as principles for the Group not only in developing practice guidelines but also in preparing corporate social responsibility reports. This represents a good starting point for improving the quality of reports and getting ready for the preparation of sustainability reports in the future. The objective is to cover every area that needs to be reported, both at the national 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 2017, Thanachart group has continued implementing the following programs that take into account all the stakeholders.

1. Looking after Employees

Thanachart Group's Fair Treatment of Employees and Observance of Human Rights

- Thanachart Group treats its employees in line with the established standards and the related laws. Importantly, it has adopted not only a human resource policy and clear regulations but also refrain from human rights violations such as employment of children in any work. Not less importantly, the Group has put in place a process of checking candidates' various qualifications before employment.

- Thanachart Group treats employees equitably without giving undue advantages or depriving employees of their rights unfairly, due to differences in their race, religion, social status, gender, age, physical impairment or disability. As well, the Group has adopted a clear policy aiming at adopting measures for preventing and addressing sexual harassment.

- To support the disabled so that they not only could earn income but also recognize their inherent dignity and worth, Thanachart Group has employed the disabled to work in positions appropriate to their qualifications and skills. They are provided with the same opportunities and compensation as those of normal employees. Moreover, in 2017 TBANK

joined the Thai Bankers Association, the Thai Red Cross Society, the Social Innovation Foundation, and the Don't Drive Drunk Foundation in employing the disabled in the form of service contracting. In particular, the disabled were employed to work at the Red Cross Society and also to help the Don't Drive Drunk Foundation conduct campaigns.

- As regards the disabled who work for Thanachart Group or the disabled who visit Thanachart Group for services, appropriate facilities and amenities are put in place in the buildings and premises concerned. In particular, parking spaces and wheelchair ramps are made available for the disabled.

- Emphasis is placed on ensuring procedural fairness in relation to disciplinary actions. As well, the Group has put in place procedures for investigating all people involved to establish facts and for hearing both sides of the story in a careful manner. It has also established a screening committee consisting of qualified outsiders who participate in the procedures. The objective is to ensure that the disciplinary procedures are followed in the fairest manner possible. Importantly, a procedure has been put in place to allow employees who are subject to disciplinary action to lodge an appeal so that the case could be reconsidered and that the organization could arrive at a final decision.

- Thanachart Group has issued regulations, code of conduct as well as good corporate governance policy which serve as guidelines for handling various parties concerned, including, among others, shareholders, executives, employees and trading partners. The objectives are not only to ensure that Thanachart Group's business operations and the conduct of business affairs are in compliance with the laws or the regulations imposed by the authorities concerned, but also to promote transparency and implementation of the principles of good corporate governance. Emphasis is placed on protection against frauds and also on compliance with the regulations, guidelines and work procedures, based on the principles of transparency.

- Thanachart Group also encourages collective bargaining negotiations, aiming at bringing about group discussions, suggestions and negotiations among the parties concerned, including the organization, employees' representatives, the employee welfare committee, the employee

committee, and the labor union, etc. The objectives are to act on useful suggestions and to build good employer-employee relationships. In addition, arrangements have been made to the effect that the centralized human resource department establishes an HR business partner unit responsible for looking after employees, keeping them happy and productive so that they continue working for the organization.

Health Care

Thanachart Group cares about the health of all its employees, mainly because employees' quality of life is the main driver of workplace productivity. To ensure that employees have most convenient access to this area of services, the Group has come up with a number of programs to promote employee wellness. As a protective measure, it inculcates the awareness of the importance of health and supports activities that promote employee health. In this connection, the following guidelines have been developed:

- Health protection guidelines: Employees are provided with health knowledge in different areas so that they recognize the importance of keeping themselves fit and healthy. In particular, for the convenience of all employees, the Group makes arrangements for their annual medical examination. The annual checkups help early detection of harmful diseases such as cancer as well as prevention and minimization of illness. Employees also receive vaccines against infectious diseases. The objective is for them to rest assured that they will have good health and will not get sick.

- Health promotion guidelines: Employees are given welfare benefits that cover their medical expenses when they are ill. The Group has put in place a sick room for treating or giving sick employees medical services. Physicians from hospitals are invited to share their health knowledge with employees. Importantly, the Group has made available first aid kits including supplies and equipment for preliminary treatment of sick employees to prevent their illness from worsening.

Safety, Occupational Health and Work Environment

Thanachart Group recognizes its important responsibility for employees' occupational health and safety

in the workplace. Emphasis is placed on creating a healthy workplace environment for employees. In this connection, the Group has established policies and practice guidelines on safety, occupational health and work environment in compliance with the related laws. Moreover, to ensure that employees have knowledge and recognize the importance of such matters, it has established a committee on safety, occupational health and work environment. In particular, it organizes a training course and activities aiming at sharing safety knowledge with employees. As well, it ensures that the related policies are properly implemented and that employees who are ill or injured get appropriate medical treatment.

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. In this connection, the 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 (such as coaching) accounts for 20 percent, while training and development courses in diverse forms which are tailored specifically for trainees and are designed to meet 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 building up a solid foundation for training and development. To begin with, for newly recruited personnel, their training and development focus on key skills that are essential for fulfilling tasks which employees in each job role must perform. Development is aimed at raising the bar to advance their respective professions. These include product knowledge, customer service skills, work processes, and work systems which are based on compliance with the regulations imposed by the authorities concerned and the code of professional ethics. The objective is to prepare workforce with strong potential for further growth in the organization and for supporting implementation of the organization's business strategies. To develop the

Group's human resources, the following activities were implemented in 2017.

1. In relation to corporate training, the Group organized training activities which were aimed at providing all employees with skills in all areas in order to improve their all-around competence. These included thinking skills, people management skills, performance management skills, and communication skills.

2. To develop employee potential, training activities were organized, taking into account the employees' roles and responsibilities. In this connection, the activities focused on raising customer service standards so that customers received services which met their needs and were also in line with the customers' acceptable level of risk (Customer Focus). Importantly, the activities were not only aligned with the Group's strategic vision but were also appropriate and transparent in line with the requirements and regulations imposed by the authorities concerned. The activities included the following:

2.1 Product knowledge training activities were organized, aiming at providing employees with knowledge and understanding of various products and services which were constantly improved and updated. As a result, employees were capable of appropriately introducing products and services that met the real needs of each group of customers.

2.2 The Group developed a branch academy training course which was aimed at building a body of knowledge and preparing branch employees at all levels so that they were capable of identifying customer needs, giving advice and offering financial services that met customer needs (Customer Solutions) in an accurate, timely and efficiently manner.

2.3 As well, training activities were conducted on basic infrastructure of various work systems. The objective was to ensure that customer services could be delivered in a timely and efficient manner. Among others, these included training on customer management systems for introducing financial services, loan approval system, and systems related to buy and sell orders of life and non-life insurance products. The Group also provided employees with knowledge and understanding of information technology which constantly

changed. As well, it organized training activities and seminars on innovative concepts and innovation skills for employees. The objective was to encourage employees to have concepts of product development and to adopt work processes that met customer needs in the digital age in a timely manner.

2.4 Professional certificate courses were also organized. Among others, these included courses for securities investment consultants, general insurance agents, and life insurance agents as well as courses on unit-linked insurance plans.

2.5 As well, training courses on regulations of the authorities concerned were conducted. The objectives were to provide all executives and staff with knowledge and understanding of the regulations and to ensure that the executives and staff were able to manage and do their work in full compliance with the regulations. In this connection, tests were given to assess participants' knowledge of course content after training. Among others, the trainings included courses on the Anti-Money Laundering Act, Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act, Ministerial Regulations on Customer Due Diligence (CDD) as well as the course on CG & Anti-corruption Measures which covered the Group's corporate governance and anti-corruption policies. The Group also cooperated with the public sector in promoting ethical behavior and fostering fairness in business. As a result, the cooperation had positive impacts on the country's social and economic development.

3. With regard to leadership and management development, as high-level executives played a key role in implementing the organization's policies and strategies, Thanachart Group organized training activities aiming at enhancing, accelerating and maintaining potential, abilities and capacity of its executives in the areas of business and human resource management for improving productivity. Emphasis was placed on thinking and decision-making skills, communication skills, and leadership skills, among others. As well, its executives were encouraged to participate in training activities and seminars organized by various professional organizations. The objective was for them to broaden their perspectives and to build networking relationships with various organizations.

4. In an effort to build a learning organization, Thanachart Group developed an integrated learning format which made use of a wide range of channels. The objective was to make its human resource development the most efficient possible. The related elements were as follows:

4.1 Coaching: Supervisors are required not only to provide trainees with advice and suggestions but also to share various experiences with them so that they would be able to work efficiently.

4.2 On-the-job Training: Employees were encouraged to exchange their experiences with one another and to help solve problems together while they received suggestions from advisory experts. The objective was to promote group learning and foster teamwork skills which were beneficial to the organization.

4.3 Educational Television: The Group used educational television to promote employees' learning. In this connection, broadcast programs were properly scheduled so that they would not negatively affect customer services.

4.4 E-learning: The Group also promoted E-learning through its corporate intranet. In 2017, several training courses were developed for the E-learning system which allowed employees to access and learn from available training materials themselves at any time. To measure the E-learning effectiveness in a systematic manner, tests were administered before and after training.

4.5 Knowledge Management: Thanachart Group has made arrangements for collection of the body of knowledge that is useful to employees. It covers knowledge and skills necessary for employees to fulfill their tasks at various levels. As well, it includes the knowledge for raising the quality levels of products and services, knowledge about regulations of the authorities concerned, work manuals for related work systems, staff regulations and employee welfare 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 the system so that it could be accessed conveniently and efficiently.

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 the Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act as well as information on employee entitlements and welfare benefits. The objective is for new employees to have an overview of the Group's 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 the 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 2017

TBANK 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	170	107	786	245	35,895	3,911
Public Learning	160	185	209	207	599	1,019
E-learning	17	6	16	6	94,951	9,634
Total	347	298	1,011	458	131,445	14,564

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 2017, the number of the employees taking part in the survey accounted for 98.88 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 individuals, team 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 levels the Group provides are competitive with those offered by companies in the same business.

Employee Information

Number of Thanachart Group's Employees by Level

Permanent Employees by Level	Gender	Number of Employees		
		2017	2016	2015
High-level Executives (from SVP to CEO) ¹	Male	82	70	64
	Female	22	25	26
Total		104	95	90
Executives (from AVP to FVP) ²	Male	454	455	466
	Female	451	453	454
Total		905	908	920
Employees (from O to SM) ³	Male	4,577	4,595	4,750
	Female	8,299	8,390	8,375
Total		12,876	12,985	13,125
Grand Total		13,885	13,988	14,135

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	
	2017	
Male	69	
Female	78	
Total	147	

Number of Thanachart Group's Employees by Location

Employees by Location	Gender	Number of Employees		
		2017	2016	2015
Headquarters	Male	3,730	3,662	3,323
	Female	5,003	4,962	4,210
Total		8,733	8,624	7,533
Domestic Branches	Male	1,383	1,458	1,957
	Female	3,769	3,906	4,645
Total		5,152	5,364	6,602
Grand Total		13,885	13,988	14,135

Remark: Thanachart Group has no overseas branch

Number of New Employees and Former Employees

Types of Employees	Gender	Number of Employees		
		2017	2016	2015
New Employees	Male	423	510	725
	Female	979	1,293	1,769
Total		1,402	1,803	2,494
Former Employees	Male	803	664	940
	Female	1,471	1,305	1,666
Total		2,274	1,969	2,606

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	2017	2016	2015
Number of employees who are entitled to take maternity leave to take care of a newborn child	8,772	8,868	8,855
Number of employees who exercise maternity leave right to take care of a newborn child	337	313	318
Number of employees who return to work after the end of maternity leave right to take care of a newborn child	320	313	293
Rate of employees (percent) who return to work after the end of maternity leave right to take care of a newborn child	95	100	92
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	296	297	286

In this connection, the number of employees disclosed in this part of the report only in 2017 included those of (1) THANI, (2) SSV, (3) MBK LIFE, (4) TM Broker, and (5) MTS.

2. Environmental Protection

Environmental Management

Thanachart Group recognizes the importance of environmental protection. In this connection, it has been implementing environmental protection activities earnestly in a continuous manner. As well, it establishes a committee responsible for applying various technologies in the workplace and developing innovations for the purpose of managing energy in Thanachart Group's buildings. The objective is to ensure that energy is being used properly and efficiently as well as in the best interest of the organization. The Group pays great attention to energy conservation. In particular, it uses standards, rules and energy management technologies as tools for conserving energy. The related activities receive strong support from the Group's executives who are dedicated to energy conservation. Emphasis is placed on ensuring that all units in the organization participate in the energy conservation in the best interest of both the organization and the staff themselves. The Group also encourages employees to acquire knowledge of energy conservation. For example, arrangements have made for employees to pay field visits to organizations which are successful in energy conservation. The objective is for them to properly apply what they learn to the energy management of Thanachart Group's buildings.

Inculcating Conservation of Energy Consciousness

Thanachart Group has established an ant power group consisting of representatives of each unit. Members of the group participate in energy conservation activities in Thanachart Group's various buildings on a regular basis. The objectives are to provide participants with related knowledge and to inculcate the conservation of energy consciousness in them in a sustainable manner.

Dissemination of the Body of Knowledge and Technologies to Achieve Sustainability

Thanachart Group organized an "Energy Day" fair under the "Use What You Have and Add Value" project. The objectives were to preserve environment and to fight global warming. At the fair, the body of knowledge of energy conservation was disseminated to various work units, both inside and outside the organization. There were activities inculcating the conservation of energy consciousness, answering questions



- 1 - 7 Training the energy conservation at Thanachart Group's building
- 8 - 10 An "Energy Day" fair under the "Use What You Have and Add Value" project

about energy conservation and introducing energy-saving devices to fair participants. The fair also featured Soi Dao (or seizing stars) which was a game of lucky draw. All the income from the activity was donated not only to a pool of funds belonging to the Paper Ranger Project, through which handmade notebooks were given to poor children, but also to the Yuvabadhana Foundation's society of sharing (PanKan). Used items were also donated to PanKan Shop, whose donation boxes were placed at Thanachart Group's buildings. In this connection, there were 4,036 items which were donated. The total value of the donations amounted to 167,310 baht, from which scholarships were awarded to 23 scholars of the Yuvabadhana Foundation in 2017.

Energy Management

Thanachart Group pays close attention to energy management in a continuous manner. It has adopted a clear energy conservation policy and environment protection measures aiming at encouraging all employees to participate in reducing energy consumption. In fact, energy consumption reduction is regarded as part of employees' responsibilities. As a result, Thanachart Group is about to manage energy in an efficient manner.

Thanachart Group has three buildings considered as designated buildings for energy conservation purposes under the Royal Decree on Designated Buildings. These include (1) Suanmali Building, (2) Petchburi Building, and (3) Wongsawang Building. As well, energy conservation measures are imposed for other buildings of Thanachart Group, which are not yet considered as designated buildings.

Table Showing Electric Energy Consumption (kWh) in 2016 and 2015 in the Three Designated Buildings

Building	Electric Energy Consumption	2016	2015
Suanmali	Energy consumption (kWh)	3,860,000.00	3,852,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	2,246.91	2,242.25
Petchburi	Energy consumption (kWh)	3,027,000.00	3,323,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	1,762.02	1,934.32
Wongsawang	Energy consumption (kWh)	1,466,000.00	1,508,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	853.36	877.81

Thanks to continued dedication to energy management, **Thanachart Group's Suanmali Building won an outstanding award at Thailand Energy Awards (TEA) 2017.** The Group implemented various energy conservation measures, both non-monetary and partly monetary. These included, among others, switching off air coolers fifteen minutes earlier than usual, seasonally adjusting chilled water temperature set points on chillers, turning off office lights during lunch breaks, installation of ozone generators for water treatment systems in cooling towers, as well as replacement of 36W fluorescent tubes with 18W LED tubes. As a result, TBANK was able to reduce its annual electricity consumption by 1,000,000 kWh or **about 3 million baht per year.** In consequence, Suanmali Building was given an outstanding energy conservation award in the category of building/factory control among over 262 entries nationwide, proposed by the Department of Alternative Energy Development and Efficiency, the Ministry of Energy.

Implementation of Energy Consumption Reduction Measures

Thanachart Group pays close attention to energy consumption reduction measures in line with the energy conservation policy. In this connection, both executives and staff constantly ensure that energy is being used in an effective and efficient manner. Emphasis is placed on continuous implementation of energy conservation measures and on improvements of existing systems. The measures implemented in each building of Thanachart Group must take into account the energy consumption reduction as a key element. Importantly, the implementation must not affect the well-being of the personnel in the buildings. As well, it must not directly or indirectly affect the environment, both inside and outside the building. Among others, these measures include the following:

- **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.
- TBANK made arrangements for **the replacement of incandescent lamps with LED lamps** both inside and outside buildings.
- TBANK made arrangements for **seasonal adjustments of the chilled water temperature set point on chillers** in order to save energy usage and reduce expenses.
- **Installing new Air Handling Units (AHUs)**, replacing the existing ones which have been used for a long time.
- **Improving air cooler piping systems** in order to enable the ventilation systems for cooling to work more efficiently.

Environmental Protection in Terms of Occupational Health and Safety in Buildings

Thanachart Group has been closely monitoring, assessing and controlling risk factors that have potential to cause harm. Emphasis is placed on improving the work environment, both inside the building and outside areas



11 - 12 Winning an outstanding award at Thailand Energy Awards (TEA) 2017

surrounding the building in the immediate vicinity. The objective is to ensure workplace health and safety of employees and all parties concerned in a regular and continuous manner.

- **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. The lighting levels are scheduled to be measured at least once a year.

- **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. The air quality is scheduled to be tested at least once a year.

- **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 water quality is scheduled to be tested at least twice a year.

- **Organizing a training course for employees on basic life safety and fire extinguishing.** The objective is for employees at all levels to acquire emergency fire safety skills. Covering theory and practice, the training enables participants to get acquainted with the use of various firefighting tools and equipment.

Water and Waste Management

- **Water Management Plans:** Thanachart Group has formulated plans in relation to formats and processes for managing water used by the organization, which includes tap water and treated water. The objective is to maximize water use efficiency. Wastewater discharged from buildings to outside must meet quality standards imposed by the related laws or other requirements.

- **Wastewater that could not be re-used:**

Wastewater is regularly measured and assessed to determine suitability for disposal. Wastewater to be discharged must meet the quality standards stipulated in the ministerial regulations. The objective is to ensure that the environment and ecosystem will not be adversely affected.

Improving work processes to reduce the use of natural resources

Apart from encouraging employees to make the best use of available paper, Thanachart Group improves work processes in order to reduce paper use. The efforts also indirectly help preserve the environment. In this connection, the following are activities have been implemented in various forms.

- Applying electronic systems to operations, workflows as well as meetings and meeting arrangements in the organization. The application helps reduce paper use significantly. Previously, a lot of paper was used for preparing supporting documentation for meetings.

- Sending information or lists to customer electronically (in place of paper) in business processes also helps reduce paper use significantly. As well, customers receive information more quickly via electronic channels of communication as agreed.

- Launching campaigns aiming at inculcating the benefits of paper reduction in employees. As a result, they will minimize paper use. Among others, they are encouraged to reuse waste paper within the office.

3. Fair Business Practice

Priority Areas	Practice Guidelines
Code of Conduct	<ul style="list-style-type: none"> - In 2017, 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 enabled staff members to study and learn on their own. 3) The Group posted on the Company's website (www.thanachart.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 Call 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 2017, Thanachart Group had over 400 trading partners in the following areas:

1) Procurement of stationery and general supplies including general products and services, stationery, office supplies, important printing 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. The services are provided by quality companies whose business operation is in compliance with the labor law.

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 3R'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, 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 2017

- 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 (Supplier Relationship Management) 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 of 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.

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 that received product certification from Thai Green Label Scheme, 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.

Projects on Renovation and Redecoration of Branches and Office Buildings

Thanachart Group has established guidelines for procuring construction raw materials for renovating and decorating branches and office buildings, which are environmentally friendly. In this connection, the Group recognizes the importance of procuring construction materials which meet quality standards in terms of occupational health, safety and the environment. In particular, in selecting interior paint for areas within branches and office buildings, emphasis is placed on paint which is safe for consumers and environmentally friendly. The objective is to minimize Volatile Organic Compound (VOC) exposure. As well, paint to be used must be free not only from Alkylphenol Ethoxylate (APEO) but also from other harmful chemicals such as formaldehyde, mercury, lead, cadmium, chromium and evaporators.

Office Furniture Procurement Projects

Thanachart Group has established guidelines for office furniture procurement, whose emphasis is placed on ensuring that raw materials used for production must be environmentally friendly and also that the furniture must be purchased from manufacturers whose product designs, production processes and green buildings must be environmentally friendly. Importantly, the raw materials used in the production processes must be recyclable. For example, one could recycle office furniture by changing their forms or rearranging them, instead of throwing them away as useless items. In this connection, recycling helps reduce the use of natural resources for reproduction. Another aspect is the steps involved in the design of products. For example, the area of a table top, arm rest and table legs could be designed in such a way that their left and right sides could be used without having to place orders for new parts in case offices have to be renovated or furniture has to be removed or relocated.

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 150,000 baht per annum in terms of reduced paper usage expenses.

CSR in Process towards Other Stakeholders

1. “Rethink” Campaign Program

TBANK has been implementing the “ReThink” campaign program for three years since 2015. It recognizes the importance of sharing financial knowledge and inculcating financial discipline in members of the general public in the Thai society. In so doing, it helps lay the foundation for their future financial security and sustainable happiness. The campaign is introduced 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 2017, TBANK publicized the program in numerous formats via various channels throughout the year. Among others, these included development of nuggets of financial wisdom, which could be applied to everyday life. In this connection, video clips about role models in the society, who prepared effective financial plans and budgets were developed and broadcasted on TV and social media sites including YouTube and Facebook of TBANK.

Moreover, in order to make financial discipline and personal finance easy to understand in very stage of life, TBANK developed both print books and ebooks, aiming at inculcating in members of the general public a wake-up call on the importance of changing spending habits, living within one’s means, and disciplining oneself into saving money. Taking into account the change in the target groups’ information acquisition behavior in the digital world, TBANK also introduced and presented intermittently contents, advice and knowledge about personal financial management throughout the year via its other communication channels for public relations, which included Facebook, Line and website (www.thanachartcsr.com).

In this connection, TBANK's program produced a 3-minute video clip titled 'A rich man's sons', which went viral. It was about a story of an ordinary family consisting of a father and his children who lived a very simple life but full of happiness, mainly because the father inculcated positive attitudes and perspective of self-sufficient lifestyle in his children. The video which was distributed through TBANK's various channels in 2015 was selected as "a PR clip for promoting moral conduct" and also won an honorable plaque of Prime Minister Gen. Prayut Chan-o-cha.

2. "Thanachart Insurance - Yes, We Safe" Project

As an operator in insurance business, TNI recognizes the importance of losses caused by numerous car accidents that occur each year. As a result, it is determined not only to operate its business with responsibility towards the society but also to participate in promoting socially beneficial activities. In particular, it inculcates in members of the public the good consciousness of jointly implementing preventive measures for road safety in a continuous manner through its **"Thanachart Insurance - Yes, We Safe"** Project. The project consists of two key areas. The first one focuses on ensuring safety while the other focuses on giving different types of aid to victims of road traffic crashes. The program has been implemented since 2013.

In 2017, TNI implemented the **"Drive DD United Season 3"** program. The objectives are to participate in preventing accidents on the road and ensuring road traffic safety. In particular, it provides university students at all levels nationwide, whose age does not exceed 25, with an opportunity to participate in submitting their entries in a video clip contest under three different themes namely, **(a) thinking consciously, (b) innovation for saving all lives, and (c) driving slower on the road**. Realizing that these students belong to the age group with the highest road traffic accident rate, the contest allows them to use the power of young generation not only in thinking but also in turning thought into action. Importantly, the contest helps inculcate the consciousness of safe driving in the youth who are on the receiving end of media messages. It is also hoped that many of them will probably become some of the people producing media messages for the public when they grow up, and that they will play a key role in inculcating in members of the general public the consciousness of building a society free from road



13 - 15 **"Rethink"** Campaign Program

16 - 17 **"Thanachart Insurance - Yes, We Safe"** Project

traffic accidents in a sustainable manner. In this connection, the program receives support and advice from both the public and private sectors including the Office of Insurance Commission (OIC), the Office of Accident Reduction Network, and the Thai Health Promotion Foundation (ThaiHealth).

On the assistance side, believing that accidents could not be completely avoided, TNI has been giving scholarships to students of Sirindhorn School of Prosthetics and Orthotics, the Faculty of Medicine, Siriraj Hospital, Mahidol University. The school produces professional prosthetists/orthotists with a Bachelor in Prosthetics and Orthotics. 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. With these devices and appliances, people with disabilities can live normal lives.

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 2017, 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.

Campaigns and Promotion of Thai Cultural Identity and Buddhism

Presentation of Royal Kathin Robes in 2017

Thanachart Group has been hosting the presentation of Royal Kathin Robes for eleven years. The Group started hosting the presentation of Royal Kathin Robes back in 2006 at Wat Kaew Korawaram in Krabi Province. Since then, the activity has been implemented on a yearly basis. It is a corporate social responsibility activity which is aimed at promoting Thai cultural identity and Buddhism.

In 2017, Thanachart Group was graciously bestowed by His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun to offer the Royal Robes at Wat Sao Tong Thong which was a royal temple in Lopburi 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 10,326,176.65 baht in good faith to the temple as part of the funds to be used for the construction of a multi-purpose hall, in which monks could perform religious rites. In addition, the Group gave scholarships not only to needy students with good academic records and good behavior but also to schools in the vicinity.

“Thanachart Initiates and Fulfills Thai Identity” Project

In appreciation of the royal kindness of Princess Bajrakitiyabha, the Royal Granddaughter, TBANK humbly invited Her Royal Highness Princess Bajrakitiyabha to preside over the opening ceremony of the final round of the 46th Annual Contest of “Thanachart Initiates and Fulfills Thai Identity” Project in 2017. The ceremony was held in Suanmali Hall of TBANK’s Suanmali Building. In this connection, Her Royal Highness graciously attended two previous reading aloud contests among students of lower and upper levels of the secondary education (Mathayom Suksa). Her Royal Highness Princess Bajrakitiyabha has been attaching great importance to preservation of Thai identity and culture. As part of her many contributions, Her Royal Highness currently gives assistance to several underprivileged groups in society. As a result, she makes a good role model for young people in the country.



18 - 19 Presentation of Royal Kathin Robes in 2017

20 - 23 “Thanachart Initiates and Fulfills Thai Identity” Project

“Thanachart Initiates and Fulfills Thai Identity” Project was inherited from Siam City Bank whose project previously called “Siam City Preservation of Thai Identity”. The implementation of the project in 2017 marked the 46th consecutive year. One of its main objectives 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 for Thai people 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 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 2017, there were more than 4,000 students from every region participating in the contests and in this year there was still the Thai manners contests for hearing-impaired children to compete for Her Royal Highness Princess Maha Chakri Sirindhorn’s honorable shields and scholarships. 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. This marked the 3rd consecutive year of the implementation.

Furthermore, in 2017 an additional activity was implemented, aiming at encouraging children, young people, teachers and parents not only to recognize the importance of the preservation of Thai cultural identity but also to participate more actively in the project. In particular, TBANK held Beloved School Video Clip Contest whose particular topic was “Before Going on Stage”. The contest covered two areas including using Thai manners and reading aloud Thai. Thanachart Group’s online media channels were mainly used

for promoting the public relations activity. There were more than 50 schools participating in the contest.

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. In addition, the museum serves as a resourceful place for children, youth, and interested members of the general public to learn about the history.

In this connection, in 2017, the museum started creating an additional room for the exhibition on “Our Greatest King” in honor and appreciation of the fathomless kindness of Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej. The exhibition placed emphasis on presenting the relationship between the Garuda and the multifarious duties of Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej. The exhibition room would be completed in 2018.

Activities Related to Sustenance and Preservation of Local Traditions

The activity related to sustenance and preservation of local traditions was originally introduced because Thanachart Group recognized 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 2017, 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. Sustenance of 101st Thai tradition festival, representing a new century of faith, Nakhon Sawan Province,
3. Commemoration marking the 42nd anniversary of the death of Luang Pu Tim Issariko, Wat Lahanrai, Rayong Province,
4. Candle festival for the Buddhist Lent in 2017 in Ubon Ratchathani Province,
5. Lotus throwing festival (held on the 14th day of 11th lunar month) in Samut Prakan Province,
6. Sustenance of vegetarian tradition and culture, Phuket Province,
7. 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



24 - 25 Garuda Museum by TBANK

26 - 27 Annual Red Cross Fair

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 2002 when Bangkok Metropolitan Bank merged with SCIB, the name of SCIB was used at the fair under the name “Siam City Bank’s Red Cross Booth”. Then in 2011 when the business of SCIB was transferred to TBANK, the name of “Thanachart Bank” was used at the fair. The booth name was “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 2017, the Red Cross Fair organizer announced cancellation of the Annual Red Cross Fair for 2017 to pay a final tribute and farewell to Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej who was the Patron of the Thai Red Cross Society. However, TBANK continued issuing and selling Red Cross lottery tickets. The proceeds of the sale worth 6,300,000 baht were humbly presented to Her Royal Highness Princess Maha Chakri Siridhorn, Executive Vice President of the Council of the Thai Red Cross Society, for supporting the Society.

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,
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, TNI, TNS, and TBROKE jointly donated cash in the amount of 3,200,000 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.

Supporting activities of the Foundation for Slum Child Care

In 2017, TBANK delivered the money which TBANK, customers, members of the general public, and employees donated to support the activities of the Foundation for Slum Child Care under the royal patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra. In this connection, the Foundation for Slum Child Care is a foundation participating in Bridge-of-Merit Project which has been giving assistance to children, families and communities that are facing with problems. Strong emphasis was placed on participation of parents, children and members of the communities. In addition, TBANK gave its support by making available a location to host the Foundation's family camping activity titled "Parent School" at TBANK's training center in the municipal area of Tambon Bangpu, Samut Prakan Province. More than 30 families participated in the activity.

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 thirteen years. The implementation areas covered by the activity include Khon Kaen Province, Roi Et Province, Kalasin Province and Maha Sarakham Province. The objective of the activity is to encourage members of the public and staff members to perform good deeds in tribute to Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej. In this connection, they jointly donate blood to be used not only for saving lives of accident victims in emergency rooms, but also for alleviating blood shortage during treatment. In 2017, more than 800 people donated 280,000 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 is based on reuse of office equipment such as tables, cabinets, chairs, and computers, which are no longer used and are still in a good condition. They have been to various educational institutes, government agencies,



28 - 29 Blood Donation in Honor of the Royal Father and Mother

30 "Things Given by Elders Used by Juniors" Project

31 - 32 Project on "Jointly growing yellow marigolds in appreciation of His Majesty the King's fathomless kindness"

associations, foundations, and temples. The purpose is to make best use of the available office equipment. In 2017, there were more than 1,400 items given to 70 organizations.

In the Area of Environment Protection Management

Other Corporate Social Responsibility Activities

1. Project on “Jointly Showing Compassion for Mentally Ill Patients of Srithanya Hospital” Members of the Group jointly hosted a luncheon for about 100 mentally ill patients. The objective was to give moral support and encouragement to them so that they would recover from mental illness.

2. Activities aiming at alleviating the sufferings of flood victims:

2.1 Collaborating with the Friends in Need (of “Pa”) Volunteers via Thanachart Group’s Project titled “Pon Ploy Pueng Pa Products of Communities Hit by Floods”, the Group promoted sale of products produced by business operators in the communities in the provinces hit by floods. The products were sold not only to executives and employees of the Group but also to people living close to Suanmali Building. All the proceeds arising from the sale were given to the Friends in Need (of “Pa”) Volunteers Foundation for forwarding to the flood victims.

2.2 Thanachart Group gave aid packages and drinking water to help alleviate sufferings of flood victims in Nakhon Si Thammarat Province, Songkhla Province, Surat Thani Province, Chumphon Province, Sakon Nakhon Province, Mukdahan Province and Ubon Ratchathani Province.

3. Thanachart Group hosted a luncheon for 350 abandoned children who were taken care of by Pakkred Babies Home Orphanage.

4. Under its “Belonging to the Same Nation” Project, Thanachart Group donated 100 shirts to the Department of Children and Youth, the Ministry of Social Development and Human Security, for forwarding to children 15 to 18 years of age in five southernmost provinces including Pattani Province, Yala Province, Narathiwat Province, Songkla Province and Satun Province.

5. Under its “Thanachart Takes Kids to See a Movie” Project, Thanachart Group took more than 250 underprivileged children of Duang Prateep Foundation, Red Building Community (Sor So Group), the Rangsit Babies’ Home (Ban Dek On Rangsit) and Buddhapanya Volunteer Group respectively to see “Car 3 Driven to win”, a film about a four-wheel car in pursuit of championship glory.

6. Under the “Each sharing spirit of Thanachart means a life saved at Yensira” Project, Thanachart Group donated essential items to patients including both Buddhist Thais and Muslim Thais, from 14 southern provinces, who were hospitalized at Yensira Building, Songkhla Province.

7. Under the “Join hands to give things to underprivileged children” Project, Thanachart Group gave cash and computers to children at Ban Narai School, Nakhon Ratchasima Province.

Thanachart Group’s corporate social responsibility activities are not limited to only four areas including preservation of Thai identity and culture as well as religion, encouragement and support for charitable activities, promotion and development of education, and environmental management, as mentioned earlier. **Not only as a final tribute and farewell to Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej but also in appreciation of His Majesty the King’s fathomless kindness,** Thanachart Group already implemented various activities as follows:

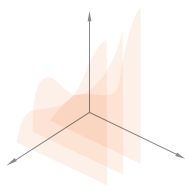
1. As part of the activity to “jointly growing yellow marigolds in appreciation of His Majesty the King’s fathomless kindness”, executives, employees and customers of TBANK participated in growing marigolds together. In particular, 150,000 marigold seeds were first distributed in August 2017. Those receiving the seeds were expected to grow the seeds into plants so that their flowers began to bloom at the same time during the royal cremation ceremony for Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej. In addition, efforts were made to line 9,999 marigold plants up in shape of the number 9 in Thai in honor of His Majesty the late King. In this connection, executives and employees of Thanachart Group participated in the activity in unison.

2. Thanachart Group gave support in the form of more than 250,000 bottles of water for people attending the Royal Cremation Ceremony of His Majesty King Bhumibol Adulyadej. The bottles of water were given to agencies responsible for giving services, managing activities and ensuring orderliness during the ceremony. Among others, these agencies included the Office of the Permanent Secretary, the Prime Minister's Office, the media center for the royal cremation ceremony, Siriraj Hospital, and Wat Pathum Wanaram.

3. Under the "Follow the Father's Footsteps and Fulfill His Royal Aspirations" Project, Thanachart Group gave desks and chairs, learning kits, as well as scholarships to needy students with good academic records. As well, it

renovated children's playground, library, as well as educational media of Ban Na Yang School (Videspariyatrajangsun), Phetchaburi Province.

4. Under the activity titled "Thanachart Performs Good Deeds in Recognition of His Majesty the King's Great Kindness", employees of Thanachart Group jointly donated blood to the Thai Red Cross Society every three months in tribute to Phrabat Somdet Phra Poraminthara Maha Bhumibol Adulyadej.



INTERNAL CONTROL AND RISK MANAGEMENT

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-evaluations in good corporate governance and anti-corruption are 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.

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 respectively.

3. Supervision of Operational Management

The Company has put in place appropriate internal control measures for all levels. Apart from covering various processes, the measures clearly define power and authority as well as the related limits in relation to approval of transactions. As regards the execution of related party transactions, the Company has established guidelines in the corporate governance policy, which are aimed at preventing conflicts of interest. In particular, approval will not be given by related parties. In relation to loan extension or investment, the Company has established a specific policy on loan extension to major shareholders and

related lending as well as investment in related businesses. The policy is in compliance with the regulations imposed by the BOT. In addition, it has established standards for controlling the use of information systems. Importantly, it has introduced not only regulations governing information and technology, but also policy/standards in relation to information systems security. Moreover, it has established standards for the control, development and maintenance of technology systems. These will serve as standards for controlling operations and ensuring security in relation to the use of the Company's information systems.

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, who reports directly to the Audit Committee, 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. They report to the Audit Committee, the Executive Committee, and the Company's Board of Directors every sixth month.

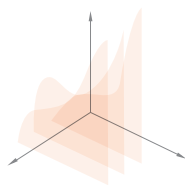
In the Company's Board of Directors Meeting No. 2/2018 dated 19 February 2018, the Board of Directors concluded that the internal control system of the Company was appropriate and adequate to conduct business operation.

Head of Internal Audit

The Company as the holding company has assigned Ms. Sirinthorn Phayaphrom, Vice President, Audit Department to be the Head of Internal Audit of the Company. She is responsible for monitoring internal audit work of the Company. 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 Boonpochanasoonorn, 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

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	73 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 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti-Corruption for Executives 2017 	
Position in Other Listed Company		
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman • Chairman of the Executive Committee 	2006 - Present 1994 - Present
Position in Other Non-listed Company		
Laem Sai Village Company Limited	<ul style="list-style-type: none"> • Director 	2016 - Present
Siam Piwat Holding Company Limited	<ul style="list-style-type: none"> • Director 	2006 - Present
MBK Resort Public Company Limited	<ul style="list-style-type: none"> • Chairman 	2003 - Present
Siam Piwat Company Limited	<ul style="list-style-type: none"> • Director 	2003 - Present
B.V. Holding Company Limited	<ul style="list-style-type: none"> • Director 	2003 - Present
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Chairman 	2002 - Present
Deebuk Company Limited	<ul style="list-style-type: none"> • Director 	1987 - Present
Thai Farming Company Limited	<ul style="list-style-type: none"> • Director 	1987 - Present
Experience in the Past 5 Years		
Dusit Thani Public Company Limited	<ul style="list-style-type: none"> • Director • Advisor 	2015 - 2017 2001 - 2015
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Chairman • Vice Chairman 	2012 - 2014 2006 - 2012
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 	2005 - 2013
Plan Estate Company Limited	<ul style="list-style-type: none"> • Chairman 	2003 - 2015
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Advisor 	2001 - 2015
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	67 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	<p><u>Thai Institute of Directors Association</u></p> <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 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 <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 8/2009
Position in Other Listed Company	
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Nomination and the Compensation Committee 2015 - Present • Vice Chairman 2006 - Present • Vice Chairman of the Executive Committee 2003 - Present • Chairman 2012 - Present
Patum Ricemill and Granary Public Company Limited	
Royal Orchid Hotel (Thailand) Public Company Limited	<ul style="list-style-type: none"> • Director 2007 - Present
Position in Other Non-listed Company	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Member of the Succession Committee 2016 - Present • Vice Chairman and Chairman of the Executive Committee 2005 - Present
DMS Property Investment Private Company Limited	<ul style="list-style-type: none"> • Chairman 2015 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2014 - Present
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2014 - Present • Chairman of the Executive Committee 2005 - Present • Director 2007 - Present
Thai Royal Orchid Real Estate Company Limited	
Siam Piwat Holding Company Limited	<ul style="list-style-type: none"> • Director 2006 - Present
MBK Resort Public Company Limited	<ul style="list-style-type: none"> • Director 2005 - Present
Siam Piwat Company Limited	<ul style="list-style-type: none"> • Director 2003 - Present
Experience in the Past 5 Years	
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman 2012 - 2014 • Director 2005 - 2012
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 2011 - 2017 • Vice Chairman 2011 - 2012
DMS Property Investment Private Company Limited	<ul style="list-style-type: none"> • Director 2011 - 2015
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 2005 - 2013 • Director 2003 - 2013
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Risk Management Committee 2005 - 2012
Plan Estate Company Limited	<ul style="list-style-type: none"> • Director 2003 - 2015
MBK Public Company Limited	<ul style="list-style-type: none"> • Member of the Nomination and the Compensation Committee 2002 - 2015
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, Remuneration, and Corporate Governance Committee (Independent Director)

Date of Appointment	23 May 2000	
Age	69 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 • Anti-Corruption for Executives 2017 <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		
Sermasuk Public Company Limited	<ul style="list-style-type: none"> • Member of the Risk Management Committee • Director and Member of the Audit Committee 	2015 - Present 2013 - Present
Thai Solar Energy Public Company Limited	<ul style="list-style-type: none"> • Director and Chairperson of the Audit Committee 	2013 - Present
Position in Other Non-listed Company		
Fraser and Neave, Limited (Singapore)	<ul style="list-style-type: none"> • Chairperson of the Audit Committee and Member of the Nomination Committee • Director and Member of the Remuneration Committee 	2014 - Present 2013 - Present
Experience in the Past 5 Years		
Fraser's Centrepont Limited (Singapore)	<ul style="list-style-type: none"> • Director, Member of the Audit Committee, and Member of the Remuneration Committee 	2013 - 2014
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> • Member of the Nomination Committee and Member of the Remuneration Committee 	2009 - 2014
Solaris Asset Management Company Limited	<ul style="list-style-type: none"> • Chairperson 	2008 - 2017
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	73 Years	
Education	<ul style="list-style-type: none">● Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University● Bachelor of Economics, Thammasat University	
Directorship and Executive Training Program	<u>Sloan School M.I.T., USA</u> <ul style="list-style-type: none">● Senior Executive Program (SEP) <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">● Independent Director Forum 2017 “Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance”● 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 (AACP), 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 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">● Anti Corruption for Executives, Class 1/2014● Anti-Corruption for Executives 2017 <u>Capital Market Academy, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">● Certificate, Capital Market Academy Leadership Program, Class 6/2008 <u>Thammasat Association</u> <ul style="list-style-type: none">● Thammasat Leadership Program (TLP) Class 6	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Thaimart Corporation Company Limited	<ul style="list-style-type: none">● Director and Advisor	2015 - Present
Experience in the Past 5 Years		
Green Energy Plantations Company Limited	<ul style="list-style-type: none">● Director	2016 - 2017
Eco Energy Group Corporation Company Limited	<ul style="list-style-type: none">● Director	2015 - 2017
Thaimart Corporation Company Limited	<ul style="list-style-type: none">● Chairman of the Executive Committee● Chairman	2014 - 2015 2009 - 2014
Energy Earth Public Company Limited	<ul style="list-style-type: none">● Chairman of the Audit Committee	2011 - 2017
Thanachart Capital Public Company Limited	<ul style="list-style-type: none">● Chairman of the Nomination Committee and Chairman of the Remuneration Committee	2009 - 2014
Korvac (Thailand) Company Limited	<ul style="list-style-type: none">● Director	2005 - 2016
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Tiraphot Vajrabhaya

Chairman of the Nomination, Remuneration, and Corporate Governance Committee
and Member of the Audit Committee (Independent Director)

Date of Appointment	3 April 2014	
Age	64 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 • Anti-Corruption for Executives 2017 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
U.S.P.N. Company Limited	• Director	1997 - Present
U.V.S.P. Company Limited	• Director	1997 - Present
T.V.V. Enterprise Company Limited	• Director and Managing Director	1984 - Present
Experience in the Past 5 Years		
Thanu Chana Company Limited	• Director	1997 - 2014
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Vichit Yanamorn

Member of the Nomination, Remuneration, and Corporate Governance Committee
and Member of the Risk Management Committee (Non-executive Director)

Date of Appointment	25 February 2015	
Age	71 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	<p><u>Thai Institute of Directors Association</u></p> <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 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti-Corruption for Executives 2017 <p><u>The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • IT Future for Listed Company, Class 3/2017 	
Position in Other Listed Company		
Netbay Public Company Limited	• Director and Member of the Audit Committee	2014 - Present
MBK Public Company Limited	• Information Technology Advisor	2012 - Present
IT City Public Company Limited	• Director and Member of the Audit Committee	2004 - Present
Position in Other Non-listed Company		
Amornchewin Company Limited	• Director	2016 - Present
Thanachart Insurance Public Company Limited	• Information Technology Advisor	2014 - Present
The Grand UB Company Limited	• Director	2010 - Present
New Continent Company Limited	• Director	2002 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Information Technology Advisor	2007 - 2013
Thai Feed Mills Public Company Limited	• Director	2004 - 2015
Public Sector Audit Evaluation Sub-Committee of Social Development and Human Security	• Sub-Committee	2001 - 2017
Acerts Company Limited	• Director	1991 - 2016
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	72 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 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti-Corruption for Executives 2017
Position in Other Listed Company	None
Position in Other Non-listed Company	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Vice Chairperson of the Executive Committee 2006 - Present • Director 2002 - Present
Seacon Development Public Company Limited	<ul style="list-style-type: none"> • Director 1991 - Present
Experience in the Past 5 Years	
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Director and Member of the Executive Committee 2005 - 2013
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	61 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	<p><u>Thai Institute of Directors Association</u></p> <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 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 <p><u>Thai Listed Company Association, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, TLCA Leadership Development Program (LDP)/2012 <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 5/2007 <p><u>Judicial Training Institute, Courts of Justice</u></p> <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	
Thai Listed Company Association	<ul style="list-style-type: none"> • Vice Chairman 2017 - Present
The Thai Bankers' Association	<ul style="list-style-type: none"> • Advisor 2016 - Present
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman 2014 - Present • Vice Chairman of the Executive Committee 2013 - Present
Thanachart Fund Management Company Limited	<ul style="list-style-type: none"> • Chairman 2013 - Present • Chairman of the Executive Committee 2011 - Present
Thanachart Securities Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 2013 - Present • Chairman 2009 - Present
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Risk Management Committee 2012 - Present • Chief Executive Officer and President 2011 - Present • Director and Member of the Executive Committee 2009 - Present
TS Asset Management Company Limited	<ul style="list-style-type: none"> • Chairman 2011 - Present • Chairman of the Executive Committee 2011 - Present
Association of Thai Securities Companies	<ul style="list-style-type: none"> • Board Advisor 2010 - Present
Experience in the Past 5 Years	
Thai Listed Company Association	<ul style="list-style-type: none"> • Vice Chairman Advisor 2015 - 2017 • Director and Vice Chairman 2011 - 2015 • Director 2014 - 2016
Sasin Graduate Institute of Business Administration of Chulalongkorn University	
The Thai Bankers' Association	<ul style="list-style-type: none"> • Director 2011 - 2016
Siam City Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman and Chairman of the Executive Committee 2010 - 2014
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Director 2010 - 2014 • Member of the Executive Committee 2010 - 2013
Thanachart Fund Management Company Limited	<ul style="list-style-type: none"> • Director 2010 - 2013
The Stock Exchange of Thailand	<ul style="list-style-type: none"> • Governor 2009 - 2012
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	63 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 • Anti-Corruption for Executives 2017 <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		
MBK Guarantee Company Limited	<ul style="list-style-type: none"> • Advisor 	2016 - Present
Experience in the Past 5 Years		
MAX Asset Management Company Limited	<ul style="list-style-type: none"> • Advisor • Chairman 	2016 2007 - 2015
NFS Asset Management Company Limited	<ul style="list-style-type: none"> • Advisor • Chairman of the Executive Committee • Chairman 	2016 2001 - 2015 2000 - 2015
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> • Member of the Risk Management Committee • Director, Member of the Executive Committee, and Executive Vice President 	2013 - 2015 2007 - 2015
TS Asset Management Company Limited	<ul style="list-style-type: none"> • Director 	2011 - 2015
NASSET Property Fund 6	<ul style="list-style-type: none"> • Investment Committee 	2003 - 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	55 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, Chulalongkorn 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		
MT Service 2016 Company Limited	• Director	2016 - Present
MAX Asset Management Company Limited	• Chairman	2016 - Present
NFS Asset Management Company Limited	• Chairman and Chairman of the Executive Committee	2016 - Present
MBK Life Assurance Public Company Limited	• Director, Member of the Executive Committee and Member of the Risk Management Committee	2014 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Senior Vice President, Risk Policy and Capital Markets Unit	2007 - 2013
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Watchara Permpithak

Senior Vice President, Business Division

Age	56 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		
MAX Asset Management Company Limited	• Vice Chairman	2016 - Present
NFS Asset Management Company Limited	• Vice Chairman	2016 - Present
	• Vice Chairman of the Executive Committee	2006 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Senior Vice President, Asset Development	2012 - 2015
Owendelle Company Limited	• Director	2012 - 2013
TS Asset Management Company Limited	• Director	2011 - 2015
MAX Asset Management Company Limited	• Director	2007 - 2016
NASSET Property Fund 6	• Investment Committee	2007 - 2015
NFS Asset Management Company Limited	• Director	2006 - 2016
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	56 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	
MAX Asset Management Company Limited	<ul style="list-style-type: none"> • Director 2007 - Present
NFS Asset Management Company Limited	<ul style="list-style-type: none"> • Director 2005 - Present
Experience in the Past 5 Years	
NASSET Property Fund 6	<ul style="list-style-type: none"> • Investment Committee 2003 - 2015
Family Relationship with Director and Management	None
No. of TCAP Share Held	0.00007 Percent (800 Shares)

Ms. Rommanee Jenpinit

First Vice President, Management Information Planning Department

Age	57 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	52 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	
MT Service 2016 Company Limited	<ul style="list-style-type: none">● Director 2016 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none">● Director 2010 - Present
Experience in the Past 5 Years	
Thanachart Capital Public Company Limited	<ul style="list-style-type: none">● Assistant Vice President, Accounting Department 2002 - 2012
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, Remuneration, and Corporate Governance Committee, and Vice President to the Corporate Secretary Office

Age	54 Years
Education	<ul style="list-style-type: none"> • Bachelor of Law, Thammasat University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Corporate Governance for Executives (CGE), Class 8/2017 • 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 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017
Position in Other Listed Company	None
Position in Other Non-listed Company	
Thai Listed Company Association	<ul style="list-style-type: none"> • Director, Thai Company Secretary Club <p>2014 - Present</p>
Experience in the Past 5 Years	
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> • Secretary to the Nomination Committee <p>2007 - 2014</p>
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. Sirinthorn Phayaphrom
Vice President, Internal Audit and Secretary to the Audit Committee

Age	50 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration (Innovation Management), Ramkhamhaeng University • Bachelor of Business Administration (Accounting), Ramkhamhaeng University
Training Program related to Roles and Responsibilities and Competencies of Head of Internal Audit	<ul style="list-style-type: none"> • Knowledge of Anti-Money Laundering and Combating Financing of Terrorism Act. (AML/CFT) • Knowledge of Business and Standards of Financial Report for Audit Work • Risk Based Audit <p><u>Bank and Financial Institution Internal Audit Club</u></p> <ul style="list-style-type: none"> • Audit Guidelines for Internal Auditors of Financial Institution in Digital Era <p><u>The Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> • Anti-Corruption: Synergy to Success
Holding Directorship in Other Company	None
Experience in the Past 5 Years	
2013 - 2014	<ul style="list-style-type: none"> • Assistant Vice President, Branch Network Internal Audit, Thanachart Bank Public Company Limited
2011 - 2012	<ul style="list-style-type: none"> • Assistant Vice President, Head Office Internal Audit, Thanachart Bank Public Company Limited
Family Relationship with Management	None
No. of TCAP Shares Held	None

The Company's Head of Compliance

Ms. Kavita Boonpochanasoontorn

Senior Vice President, Compliance Department, TBANK

Age	50 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"> • Asian Compliance and Anti-Corruption Summit "Compliance Across Asia", The Viadrina Compliance Center, European University Viadrina Frankfurt (Oder), and German-Southeast Asian Center of Excellence for Public Policy and Good Governance, Faculty of Law, Thammasat University 2017 • Law Supervision and Enforcement in Money Market and Capital Market, Chula Unisearch, Chulalongkorn University 2016 • Certification of Compliance Officer in Banking Business, Chulalongkorn University, Class 8/2015 • 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>Clariden Global Compliance Institute, Singapore</u></p> <ul style="list-style-type: none"> • Certified Compliance Professional (CCP) 2017 <p><u>The Thai Bankers Association</u></p> <ul style="list-style-type: none"> • Securities & Fund Compliance of the Management in charge of the Compliance Department, 2017 <p><u>Thai Bond Market Association (ThaiBMA)</u></p> <ul style="list-style-type: none"> • Bond Regulatory Updates & Compliance 2016 <p><u>The Thai Institute of Banking and Finance Association</u></p> <ul style="list-style-type: none"> • Organization Risk Management 2016 • Basel III Standard of Risk and Capital Management 2016 • Financial Action Task Force (FATF) framework • Securities & Fund Compliance of the Management in charge of the Compliance Department, 2015 <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 2016 to 2017

(Information as at 31 December 2017)

No.	Name	Position	Number of Share(s) held as at 31 December 2017	Number of Share(s) held as at 31 December 2016	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	- -	- -	- -	- -
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 Permiphithak Spouse and minor children	Senior Vice President, Business Division	- -	- -	- -	- -
12	Ms. Darawan Bunnumstien Spouse and minor children	First Vice President, Debt Restructuring Department, Business Division	800 -	800 -	- -	0.00007 -
13	Ms. Rommanee Jenpinit Spouse and minor children	First Vice President, Management Information Planning Department	- -	- -	- -	- -
14	Mrs. Thanawan Chaisithikarnkha Spouse and minor children	First Vice President, Accounting Department	- -	- -	- -	- -

The Information of the Executive and Authorized Persons' Position in Subsidiary, Associated, and Related Companies

(Information as at 31 December 2017)

Name		TCAP	Subsidiary Companies									Associated Companies	Related Companies																											
			1	2	3	4	5	6	7	8	9		10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34			
Mr. Banterng	Tantivit	xxx	xxx								xxx ///	xxx	x	x	x	x	x	x																						
Mr. Suphadej	Poonpipat	xx /// B	xx ///		xxx ///			xxx			xx //	x	x	x					xxx	x	x	xxx																		
Mrs. Siripen	Sitasuwan	x																					x	x	x															
Mr. Somkiat	Sukdheva	x																								x														
Mr. Tiraphot	Vajrabhaya	x																									x D	x	x											
Mr. Vichit	Yanamorn	x																													x	x	x	x	x					
Ms. Suvamapha	Suvamapraphip	x //	x //																																	x				
Mr. Somjate	Moosirilert	x / C	x / A	xxx ///	xxx ///	xx //				xxx																														
Mr. Taweesak	Saksirilarp	x																																						
Mr. Kamtorn	Tantisirivat	E				xxx ///	xxx	x /		x																														
Mr. Watchara	Permphithak	F				x //	xx																																	
Ms. Darawan	Bunnumstien	G				x	x																																	
Ms. Rommanee	Jenpinit	G																																						
Mrs. Thanawan	Chaisithikamkha	G						x		x																														

Notes:

XXX Chairman

/// Chairman of the Executive Committee

A CEO & President

D Managing Director

G First Vice President

XX Vice Chairman

// Vice Chairman of the Executive Committee

B CEO

E Executive Vice President

X Director

/ Executive Committee

C Senior Executive Vice President

F Senior Vice President

List of Subsidiary, Associated, and Related Company

(Information as at 31 December 2017)

Subsidiary Company

- | | |
|---|--|
| 1. Thanachart Bank Public Company Limited | 6. MAX Asset Management Company Limited |
| 2. Thanachart Securities Public Company Limited | 7. MBK Life Assurance Public Company Limited |
| 3. Thanachart Fund Management Company Limited | 8. TS Asset Management Company Limited |
| 4. Thanachart Insurance Public Company Limited | 9. MT Service 2016 Company Limited |
| 5. NFS Asset Management Company Limited | |

Associated Company

10. MBK Public Company Limited

Related Company

- | | |
|--|---|
| 11. MBK Resort Public Company Limited | 23. Thai Solar Energy Public Company Limited |
| 12. Siam Piwat Holding Company Limited | 24. Fraser and Neave, Limited (Singapore) |
| 13. Siam Piwat Company Limited | 25. Thaimart Corporation Company Limited |
| 14. Deebuk Company Limited | 26. T.V.V. Enterprise Company Limited |
| 15. Thai Farming Company Limited | 27. U.S.P.N. Company Limited |
| 16. B.V. Holding Company Limited | 28. U.V.S.P. Company Limited |
| 17. Laem Sai Village Company Limited | 29. Netbay Public Company Limited |
| 18. Patum Ricemill and Granary Public Company Limited | 30. IT City Public Company Limited |
| 19. Royal Orchid Hotel (Thailand) Public Company Limited | 31. Amornchewin Company Limited |
| 20. Thai Royal Orchid Real Estate Company Limited | 32. The Grand UB Company Limited |
| 21. DMS Property Investment Private Company Limited | 33. New Continent Company Limited |
| 22. Sermasuk Public Company Limited | 34. Seacon Development Public Company Limited |

Details Related to Directors of Subsidiary Companies as of 31 December 2017

Subsidiary Companies 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. Banterng	Tantivit	XXX	
2. Mr. Suphadej	Poonpipat	XX ///	XXX ///
3. Dr. Thanachart	Numnonda	X	
4. Mr. Narong	Chivangkur	X	
5. Assoc. Prof. Dr. Somjai Phagaphasvivat		X	
6. Ms. Mookda	Pairatchavet	X	
7. Mr. Rod	Michael Reynolds	X	
8. Mr. Walter	Tas	X	
9. Mr. Alexander	Kwai Lap Choi	X	
10. Ms. Suvarnapha	Suvarnaprathip	X //	
11. Mr. Somjate	Moosirilert	X / A	XX //
12. Mr. William	George Said	X / B	
13. Mr. Praphan	Anupongongarch		X
14. Mr. Perapart	Meksingvee		X /
15. Mr. Chulasingh	Vasantasingh		X
16. Mr. Wichian	Mektrakarn		X
17. Mr. Pirus	Pradithavanij		X
18. Mr. Sunan	Amhiran		X
19. Mr. Teeranun	Srihong		X /
<u>Retiring Directors in 2017</u>			
1. Mr. Kiettisak	Meecharoen	X	
2. Mr. Sataporn	Jinachitra	X	
3. Mr. Adil	Aziz Chaudhry	X	
4. Mr. Peter	Clifford Bessey	X // C	X
5. Mrs. Noossara	Roonsamrarn		X

Notes:

XXX Chairman

/// Chairman of the Executive Committee

A CEO & President

XX Vice Chairman

// Vice Chairman of the Executive Committee

B Chief Operating Officer

X Director

/ Executive Committee

C 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 -

Dr. Thanachart Numnonda
Chairman of the Audit Committee
(Independent Director)

Date of Appointment	5 April 2017
Age	52 Years
Education	<ul style="list-style-type: none"> • Doctor of Philosophy in Engineering, University of Auckland, New Zealand • Master of Engineering (Electrical and Electronic), University of Auckland, New Zealand • Bachelor of Engineering (Electrical Engineering), Khon Kaen 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 4/2017 • Certificate, Directors Certification Program (DCP), Class 242/2017 • Certificate, Role of the Chairman Program (RCP), Class 41/2017 • Certificate, Advanced Audit Committee Program (AACP), Class 25/2017 • Certificate, Directors Accreditation Program (DAP), Class 121/2015
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2015 - 2017	<ul style="list-style-type: none"> • President, The Association of Thai ICT Industry
Position in Other Listed Company	
2016 - Present	<ul style="list-style-type: none"> • Chairman and Chairman of the Audit Committee, SiamEast Solutions Public Company Limited
2015 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Humanica Public Company Limited • Independent Director and Member of the Audit Committee, Vintcom Technology Public Company Limited
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none"> • Director, IMC Outsourcing (Thailand) Company Limited • Committee of UBU Council, Ubon Ratchathani University

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	73 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, Driving Company Success with IT Governance (ITG), Class 4/2017 Certificate, Boards that Make a Difference (BMD), Class 5/2017 Certificate, Board Matters and Trends (BMT), Class 1/2016 Certificate, Advanced Audit Committee Program (AACP), Class 24/2016 Certificate, Ethical Leadership Program (ELP), Class 3/2016 Certificate, Anti-Corruption Executive Program (ACEP), Class 3/2012 Certificate, Role of the Nominations 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 Directors (FSD), Class 4/2009 Certificate, Successful Formulation & 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 Governance and Social Responsibility (CSR), Class 1/2007 Certificate, Directors 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
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	71 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
1996 - 2013	<ul style="list-style-type: none"> • Member of the Audit Committee, Amarin Printing and Publishing Public Company Limited
2004 - 2012	<ul style="list-style-type: none"> • Chairman of the Audit Committee, SEAFCO Public Company Limited
Position in Other Listed Company	
2016 - Present	<ul style="list-style-type: none"> • Chairman of Corporate Governance Committee, Supalai Public Company Limited
2015 - Present	<ul style="list-style-type: none"> • Independent 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
2008 - Present	<ul style="list-style-type: none"> • Chairman of the Audit Committee, Lee Feed Mill Public Company Limited
2004 - 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
1991 - Present	<ul style="list-style-type: none"> • Independent Director, Lee Feed Mill Public Company Limited
Position in Other Non-listed Company	None

Ms. Mookda Pairatchavet

Member of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Succession Committee (Independent Director)

Date of Appointment	5 April 2017
Age	58 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Management, Wagner College, Staten Island, New York, USA • Bachelor of Business Administration (Accounting), Assumption University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Directors Certification Program (DCP), Class 242/2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2002 - 2015	<ul style="list-style-type: none"> • General Manager, Thailand Foods MU, Pepsi-Cola (Thai) Trading Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2016 - Present	<ul style="list-style-type: none"> • Managing Director, AMA Managemet and Consulting Company Limited

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	60 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, the Schulich School of Business, 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, 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	
2017 - Present	<ul style="list-style-type: none"> • Director, Boulderagate Limited
2016 - Present	<ul style="list-style-type: none"> • Director, Aileron Project Limited
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	46 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>Hong Kong Institute of Bankers</u></p> <ul style="list-style-type: none"> • Fighting Corruption: Challenges Confronting Bank Directors (2017) • 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 Als (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	
2017 - Present	<ul style="list-style-type: none"> • Director, The Bank of Nova Scotia Asia Limited, Singapore
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	60 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, USA
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 Qualification Examination) (1986)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2004 - 2017	<ul style="list-style-type: none"> • Vice President and Head Regional Credit Markets, The Bank of Nova Scotia Asia Limited, Singapore
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Note: Mr. Adil Aziz Chaudhry resigned from his directorship on 31 December 2017.

Mr. Alexander Kwai Lap Choi
Director
(Non-executive Director)

Date of Appointment	1 January 2018
Age	61 Years
Education	<ul style="list-style-type: none"> High School, Raimondi College, Hong Kong
Directorship and Executive Training Program	<p><u>The Bank of Nova Scotia</u></p> <ul style="list-style-type: none"> Certificate, the Fundamentals of Coaching Excellence (2007) <p><u>The Institut Bank-Bank Malaysia</u></p> <ul style="list-style-type: none"> Certificate, Law of Negotiable Instruments (1988)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2007 - 2017	<ul style="list-style-type: none"> Vice President & Regional Head, Global Wholesale Operations, Asia Pacific, The Bank of Nova Scotia, Pacific Regional Office, Hong Kong
1997 - 2007	<ul style="list-style-type: none"> Vice President & Head of Operations, Deputy Chief Executive, Scotiabank Singapore Branch, The Bank of Nova Scotia, Singapore
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Note: Mr. Alexander Kwai Lap Choi has assumed his directorship since 1 January 2018.

Ms. Suvarnapa Suvarnaprathip
Vice Chairperson of the Executive Committee
(Executive Director)

- Her profile is disclosed in the part of Directors and Executives of the Company -

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 -

Mr. William George Said

Member of the Executive Committee, Vice Chairman of the Risk Management Committee, and Chief Operating Officer (Executive Director)

Date of Appointment	5 August 2017
Age	45 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Queen's University, Kingston, Canada • Bachelor of Commerce, Dalhousie University, Nova Scotia, Canada
Directorship and Executive Training Program	<p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti-Bribery & Anti-Corruption (2017) • Development of Anti-Corruption standards of Thailand (2017) • Understanding Global Sanctions (2017) • Crucial Conversations (Executive Briefing) (2017) • Volcker Rule Fundamentals and Proprietary Trading (2017) • Anti-Money Laundering and Terrorism and Proliferation of Weapons of Mass Destruction Financing (2017) • Leadership Transformation (2017) • Cyber Security for the Board of Directors (2017)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2016 - 2017	<ul style="list-style-type: none"> • Executive Vice President, Chief Administrative Officer (CAO), Thanachart Bank Public Company Limited
2015 - 2016	<ul style="list-style-type: none"> • Managing Director, Structural Cost Transformation, Scotiabank
2011 - 2015	<ul style="list-style-type: none"> • Managing Director and Head of Greater China, Scotiabank
Position in Other Listed Company	None
Position in Other Non-listed Company	
2017 - Present	<ul style="list-style-type: none"> • Director, Thanachart Securities Public Company Limited

Mr. Piyaphong Artmangkorn
Executive Vice President, Investment Management

Date of Appointment	1 September 2005
Age	60 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, Directors Accreditation Program (DAP), Class 21/2004 <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	
2017 - Present	<ul style="list-style-type: none"> • Executive Committee, Thanachart Fund Management Company Limited
2016 - Present	<ul style="list-style-type: none"> • Director, Thanachart Fund Management Company Limited

Note: Mr. Piyaphong Artmangkorn retired from Executive Vice President, Investment Management on 1 January 2018.

Mr. Anuwat Luengtaweekul
Executive Vice President, Retail and Small Business Distribution

Date of Appointment	1 June 2009
Age	54 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, Directors 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	
2009 - 2017	<ul style="list-style-type: none"> • Executive Vice President, Chief Financial Officer, Thanachart Bank Public Company Limited
Position in Other Listed Company	
2016 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Information and Communication Networks Public Company Limited
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	None

Mr. Sanong Kumnuch
Executive Vice President, Retail and Small Business Banking

Date of Appointment	12 February 2015
Age	56 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	62 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, The American University of Beirut, Lebanon
Directorship and Executive Training Program	<u>Canadian Securities Course, The Bank of Nova Scotia</u> <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 and Vice Chairman of the Executive Committee, TS Asset Management Company Limited

Ms. Wisarnsri Nilodom
Executive Vice President, Wholesale Banking

Date of Appointment	12 February 2015
Age	54 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. Praphan Anupongongarch
Executive Vice President, Automotive Lending

Date of Appointment	9 September 2016
Age	54 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	<ul style="list-style-type: none"> • Executive Vice President, Automotive Lending, Thanachart Bank Public Company Limited
2010 - 2014	<ul style="list-style-type: none"> • 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

Dr. Sutut Chitmonkongsuk
Executive Vice President, Chief Digital Officer

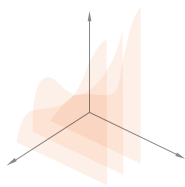
Date of Appointment	16 April 2017
Age	56 Years
Education	<ul style="list-style-type: none"> • Ph.D. Business Administration, English Program, Institute of International Studies, Ramkhamhaeng University • Master of Business Administration, Assumption University of Thailand • Bachelor of Science (Statistics), Ramkhamhaeng University
Directorship and Executive Training Program	<u>Standard Chartered Bank</u> <ul style="list-style-type: none"> • Certified Core Credit Curriculum (2009) <u>Financial Planner Association of Singapore (FPAS)</u> <ul style="list-style-type: none"> • Certified Financial Planner (CFP) (2007)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2013 - 2017	<ul style="list-style-type: none"> • Executive Vice President, Commercial Banking, Thanachart Bank Public Company Limited
2012 - 2013	<ul style="list-style-type: none"> • Senior Vice President, Transaction Banking, Thanachart Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mrs. Pittimart Sanguansook
Senior Vice President, Chief Financial Officer

Date of Appointment	27 June 2017
Age	53 Years
Education	<ul style="list-style-type: none"> • Bachelor of Accounting, Thammasat University • High Diploma in Auditing, Thammasat University
Directorship and Executive Training Program	<u>Thailand Securities Institute, The Stock Exchange of Thailand</u> <ul style="list-style-type: none"> • Certificate, Strategic CFO in Capital Markets Program (2016) <u>The Bank of Nova Scotia, Canada</u> <ul style="list-style-type: none"> • IFRS Update (2013)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2016 - 2017	<ul style="list-style-type: none"> • Senior Vice President, Finance, Thanachart Bank Public Company Limited
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, Finance

Date of Appointment	16 August 2017
Age	41 Years
Education	<ul style="list-style-type: none"> • Master of Accountancy, Chulalongkorn University • Bachelor of Accounting, Thammasat University
Directorship and Executive Training Program	<u>Federation of Accounting Professions under The Royal Patronage of His Majesty The King</u> <ul style="list-style-type: none"> • Certificate, Professional Controller (2017) <u>The Bank of Nova Scotia, Canada</u> <ul style="list-style-type: none"> • IFRS Update (2013)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2016 - 2017	<ul style="list-style-type: none"> • First Vice President, Accounting, Thanachart Bank Public Company Limited
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 TRANSACTIONS

Measures or Procedures Related to Approval of Related Party Transactions

The Company pays great attention to related party transactions and connected transactions. Under the good corporate governance framework, the Company has established a practice policy and approval processes which are in line with the requirements of the Public Limited Companies Act, the Securities and Exchange Act and other related laws as well as the regulations of the regulators concerned, including the SEC and the SET. The objective is to prevent transactions that give rise to conflicts of interest. The policy and processes which cover transactions between the Company and parties who may have conflicts of interest have been announced to the staff and executives for adherence.

In considering the execution of transactions between the Company and its subsidiaries with parties which may have conflicts of interest, 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.

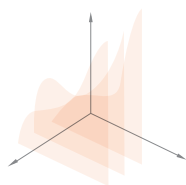
In approving transactions between the Company and its subsidiaries with parties who may have conflicts of interest, in case of normal business transactions, they could be executed in the same manner as in the case of ordinary customers. In entering into transactions with parties who may have conflicts of interest, it is essential to get opinions from the Compliance Unit. As well, the transactions are subject to screening by the Audit Committee before forwarding them to the Board of Directors for approval. In considering transactions with parties who may have conflicts of interest, directors or high-level executives of the Company or members of Thanachart Group who have conflicts of interest are prohibited from considering and voting on the related agenda items. The approval of the transactions is subject to the authority limits and the credit limits which have been established by the Company. As well, the approval has to be in line with the requirements of the authorities concerned. Importantly, the information related to the execution of such transactions must be disclosed in line with the requirements imposed by the authorities concerned, the financial reporting standards as well as the regulations established by the Company.

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

In 2017, the Company entered into a number of key transactions with related parties and businesses, the information of which was disclosed in the notes to the financial statements for the year ended 31 December 2017.



GENERAL INFORMATION

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	A holding company which is authorized to operate the following businesses: <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 Call	:	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 Thanachart Capital Public Company Limited in Other Companies

As of 31 December 2017, 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) 2611 9494	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
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	170,796,000	10.00
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	Services	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, Ratchadamri 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
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
Puen Pob Paet Company Limited 444 MBK Tower, 9 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330	Deserted	Ordinary	1,000,000	1,000,000	100,000	9,999	10.00

Reference 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

- Debentures of Thanachart Capital Public Company Limited No. 1/2012 due 2022 (TCAP22NA)
- Debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2023 (TCAP238A)
- Debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2025 (TCAP258A)
- Debentures of Thanachart Capital Public Company Limited No. 2/2013 due 2023 (TCAP23OA)
- Debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2018 (TCAP18NA)
- Debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2020 (TCAP20NA)
- Debentures of Thanachart Capital Public Company Limited No. 4/2015 due 2018 (TCAP181A)
- Debentures of Thanachart Capital Public Company Limited No. 1/2017 due 2019 (TCAP196A)

: 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
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 9494
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,
Petchburitattamai 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 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

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

Ratchthani Leasing Public Company Limited

77/35-36 Sinsathorn Tower, 11th UP Floor,
Krungthonburi Road, Khlongtongsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9000
Fax : +66 (0) 2431 9099
Registration No. : 0107545000209
Website : www.ratchthani.com

Thanachart Broker Company Limited

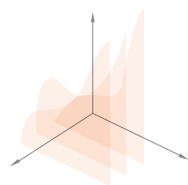
999/3, 999/4 The Nine Tower,
D Building, 4th Floor, E Building, 3rd- 4th Floor,
F Building, 4th Floor, Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2685 0200, 2308 9700
Fax : +66 (0) 2685 0333, 2308 9775
Registration No. : 0105540075314
Website : None

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

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



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	207,023,456	-	207,023,456	17.159
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	59,995,469	-	59,995,469	4.973
4. Thanachart Capital Public Company Limited	41,350,000	-	41,350,000	3.427
5. NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	23,327,600	-	23,327,600	1.934
6. CHASE NOMINEES LIMITED	20,273,100	-	20,273,100	1.680
7. STATE STREET BANK AND TRUST COMPANY	19,545,675	-	19,545,675	1.620
8. STATE STREET EUROPE LIMITED	17,255,882	-	17,255,882	1.430
9. THE BANK OF NEW YORK (NOMINEES) LIMITED	15,993,490	-	15,993,490	1.326
10. HSBC (SINGAPORE) NOMINEES PTE LTD	15,018,200	-	15,018,200	1.245
Other Shareholders	653,369,215	13,216	653,382,431	54.156
Issued and Paid-up Shares	1,206,466,487	13,216	1,206,479,703	100.000
Thai Shareholders	861,075,388	13,156	861,088,544	71.372
Foreign Shareholders	345,391,099	60	345,391,159	28.628

Source: Report of the Company's Major Shareholders as at 9 October 2017 (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 amended 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 22 September 2017 (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	40,934,208	2.397
RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	39,537,911	2.315
4. Thai NVDR Company Limited	37,942,800	2.222
5. DBS BANK LTD	37,207,000	2.178
6. Miss Atinut Tantivit	35,530,700	2.080
7. AIA TH-EQ3-P	32,878,685	1.925
8. STATE STREET BANK AND TRUST COMPANY	29,000,000	1.698
9. Mr. Prinya Tianworn	22,050,000	1.291
10. MORGAN STANLEY & CO. INTERNATIONAL PLC		
Other Shareholders	558,257,076	32.686
Issued and Paid-up Shares	1,707,960,000	100.000
Thai Shareholders	1,444,994,215	84.604
Foreign Shareholders	262,965,785	15.396

- Notes:**
- 1) The first and second largest shareholder are included the relevant person under the amended Securities and Exchange Act (No. 4), B.E. 2551, Section 258.
 - 2) During 28 September 2017 to 9 October 2017, Thanachart Capital Public Company Limited and Thanachart Bank Public Company Limited had been selling shares of MBK Public Company Limited. As a result, the Company holds MBK's shares of 170,796,000 shares or 10.000 percent and TBANK holds MBK's shares of 59,120,000 shares or 3.461 percent.
 - 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, and 5 - 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 Mularintangkur	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 Jittipralangsi	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 TBANK's Major Shareholders as at 31 August 2017 (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 the holding company, 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 levels as well as directors 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

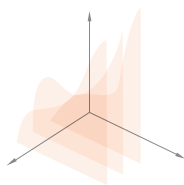
Operating Performance	2016	2015	2014	2013	2012
Earnings per Share (Baht)	1.42	1.86	1.37	1.77	2.24
Dividend per Share (Baht)	2.00	1.80	1.60	1.60	1.40
Dividend Payout Ratio (Separate Financial Statements) (Percent)	140.43	95.60	116.81	88.53	62.57
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	38.76	38.58	37.70	20.91	32.47

Note: On 20 October 2017, the Company made interim dividend payment for the year 2017 at the rate of 0.90 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 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, REMUNERATION, AND CORPORATE GOVERNANCE 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)

On 21 August 2017, the Board of Directors adopted a resolution giving the Nomination and Remuneration Committee additional responsibilities in relation to corporate governance. As a result, the name of the Committee was changed to the Nomination, Remuneration, and Corporate Governance Committee.

The Nomination, Remuneration, and Corporate Governance 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 carrying out corporate governance responsibilities, the Committee reviews, proposes and monitors the implementation of the policy on good corporate governance and code of ethics as well as the related regulations and guidelines. The Committee not only takes into consideration corporate governance assessments of the Company, which are prepared by external parties, but also proposes desirable practices or regulations to the Board of Directors and sub-committees. As well, the Committee monitors the adequacy of disclosure of the Company's information in the areas related to corporate governance and sustainable development. Importantly, the Committee encourages sharing of good corporate governance culture as well as participation in sustainable development.

In 2017, the Nomination, Remuneration, and Corporate Governance Committee held seven meetings, which included those meetings prior to the assignment of additional responsibilities in relation to corporate governance. The following was main activities implemented.

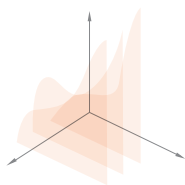
1. Considering results from appraising the Committee's performance.
2. Considering and reviewing the remuneration paid to the Board of Directors and the sub-committees for the Year 2017.
3. Considering the allocation of the performance allowance for the Board of Directors, taking into account the 2016 performance.
4. Assessing the 2016 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.
5. 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 2018.
6. Considering and examining annual qualifications of Directors and executives for the Year 2017.
7. Considering CEO and management succession planning.
8. Considering the work related to corporate governance and the sub-committee responsible for overseeing corporate governance.
9. Reviewing Thanachart Group's good corporate governance policy and code of business ethics.
10. Considering the contract renewal of executives for the Year 2018.
11. Considering and reviewing the Board Skill Matrix which includes each Director's level of experience in specific areas for the Year 2017.
12. Considering the performance appraisal of the Board of Directors and sub-committees for the Year 2017.
13. Reviewing the nomination and remuneration policies for 2017.
14. 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 2018.
15. Acknowledging results from assessing corporate governance implementation and the related suggestions.

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, Remuneration,
and Corporate Governance 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 until 8 October 2017. Later, the Committee appointed Ms. Sirinthorn Phayaphrom, Vice President, Audit Department acting as the Secretary of the Audit Committee effective on 19 October 2017.

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. The duties and responsibilities are specified in the Charter approved by the Company's Board of Directors.

In 2017, the Audit Committee held 16 meetings with management, high-ranking executives from related work functions, and the auditors. Of the total meetings, 12 were regular meetings and 4 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, the OIC, 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.

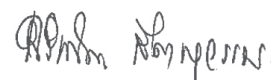
- Auditor

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

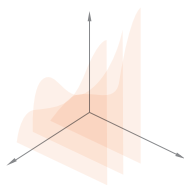
The Committee examined the related party transactions or transactions that may lead to a conflict of interest by holding the principles of rationale, transparency, and sufficiency of disclosure to related parties as reported by related departments before reporting to the Company's Board of Directors.

The Audit Committee independently acts on its duties with cautiousness and gives frankly opinion for the benefits of the Company with cooperation from executives and staff of the Company and without limitation in data. 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

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries, the separate financial statements of the Company as well as for the financial information presented in this annual report. The aforementioned financial statements for the year ended 31 December 2017 were prepared in accordance with the financial reporting standards, not only consistently applying appropriate accounting policies but also exercising discretion and making estimates as deemed necessary, in a careful and rational manner. Moreover, adequate information which is useful to shareholders and investors has been disclosed in the notes to the financial statements. Importantly, an independent certified public accountant has audited the financial statements, to which the auditor expresses an unqualified opinion.

The Board of Directors encourages both the Company and its subsidiaries to put principles of good corporate governance into practice. The objective is to ensure that the business operations of the Company and its subsidiaries are efficient, transparent and reliable. In this regard, appropriate internal control systems and risk management systems have been put in place, ensuring that available information is correct and reasonably complete. In this connection, the Board of Directors has established an audit committee consisting of only independent directors. The committee is responsible not only for maintenance of the quality of financial reports and internal control but also for disclosure of related party transactions and processes, ensuring that the disclosed information is complete, adequate and appropriate. The opinions of the Audit Committee on the aforementioned matters are expressed in the Report of the Audit Committee accompanying this annual report.

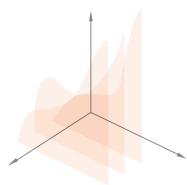
The Board of Directors is of the opinion that the overall internal control systems of the Company and its subsidiaries are both adequate and appropriate. The systems build confidence and ensure that the consolidated financial statements of the Company and its subsidiaries as well as the separate financial statements of the Company for the year ended 31 December 2017 are reliable in line with financial reporting standards and are in compliance with the related laws and regulations.

(Mr. Banterng Tantivit)

Chairman

(Mr. Suphadej Poonpipat)

Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

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 2017, 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 2017, 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 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.

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 10 to the consolidated financial statements, as at 31 December 2017 the Group had loans to customers of Baht 767,890 million (accounting for 75% of total assets) and allowance for doubtful accounts amounting

to Baht 24,517 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

For the year ended 31 December 2017, the Group recognised interest income on loans to customers amounting to Baht 41,252 million (accounting for 62% 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 2017, goodwill of Baht 17,637 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 26 to the consolidated financial statements, as at 31 December 2017, the Company and its subsidiaries have life policy reserves of Baht 8,953 million and outstanding claims from insurance contracts of Baht 1,701 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 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.

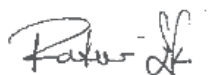
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely 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.

I am responsible for the audit resulting in this independent auditor's report

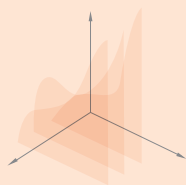


Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 19 February 2018



STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

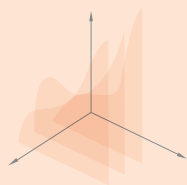
Statement of financial position

As at 31 December 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Cash		11,453,283	12,077,047	-	-
Interbank and money market items - net	6	95,918,183	48,734,079	22,346	30,299
Derivatives assets	7	2,889,208	3,564,235	-	-
Investments - net	8	178,702,646	186,928,040	2,787,420	2,279,080
Investments in subsidiary and associated companies - net	9	2,827,333	2,889,920	33,822,462	33,924,640
Loans to customers and accrued interest receivables	10				
Loans to customers		767,889,652	740,219,156	806,749	1,144,805
Accrued interest receivables		601,200	630,780	2	1
Total loans to customers and accrued interest receivables		768,490,852	740,849,936	806,751	1,144,806
Less: Deferred revenue		(55,128,589)	(48,173,470)	(1,951)	(2,270)
Allowance for doubtful accounts	11	(24,517,149)	(25,153,026)	(79,899)	(86,101)
Revaluation allowance for debt restructuring	12	(977)	(1,976)	-	-
Net loans to customers and accrued interest receivables		688,844,137	667,521,464	724,901	1,056,435
Customers' liability under acceptances		9,824	9,544	-	-
Property foreclosed - net	14	4,747,089	4,991,810	708,943	578,391
Land, premises and equipment - net	15	8,677,958	9,604,927	45,502	45,189
Intangible assets - net	16	2,263,007	2,709,280	873	1,013
Goodwill	17	17,636,604	17,439,110	-	-
Deferred tax assets	18	908,093	1,089,436	-	26,204
Receivables from purchase and sale of securities	19	3,126,780	1,125,862	-	-
Other assets - net	20	7,520,778	8,182,234	37,050	47,825
Total assets		1,025,524,923	966,866,988	38,149,497	37,989,076

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

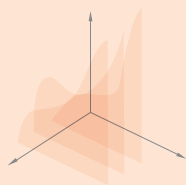
Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
Note		2017	2016	2017	2016
Liabilities and equity					
Deposits	21	716,091,089	676,455,824	-	-
Interbank and money market items	22	82,342,804	65,700,880	-	-
Liability payable on demand		1,988,656	1,986,425	-	-
Derivatives liabilities	7	2,867,633	4,912,489	-	-
Debts issued and borrowings	23	51,595,578	61,704,163	12,700,000	12,700,000
Bank's liability under acceptances		9,824	9,544	-	-
Provisions	24	3,679,324	3,676,948	25,888	84,639
Deferred tax liabilities	18	1,323,465	1,002,985	149,488	-
Accrued interest payables	25	2,453,222	2,148,799	98,371	96,204
Insurance contracts liabilities	26	14,641,100	14,593,739	-	-
Other liabilities	27	18,461,956	14,823,823	302,084	257,247
Total liabilities		895,454,651	847,015,619	13,275,831	13,138,090

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

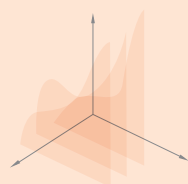
Statement of financial position (continued)

As at 31 December 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Equity					
Share capital	28				
Registered, issued and paid-up					
13,216 preferred shares of Baht 10 each		132	132	132	132
1,206,466,487 common shares of Baht 10 each		12,064,665	12,064,665	12,064,665	12,064,665
		12,064,797	12,064,797	12,064,797	12,064,797
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	29	3,067,410	2,449,904	593,864	502,525
Retained earnings					
Appropriated - statutory reserve	30	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		1,399,914	1,399,914	1,399,914	1,399,914
Unappropriated		43,544,720	39,032,705	8,871,530	8,940,189
Less: Treasury shares - common shares	28	(1,399,914)	(1,399,914)	(1,399,914)	(1,399,914)
Equity attributable to owners of the Company		62,020,402	56,890,881	24,873,666	24,850,986
Non-controlling interests		68,049,870	62,960,488	-	-
Total equity		130,070,272	119,851,369	24,873,666	24,850,986
Total liabilities and equity		1,025,524,923	966,866,988	38,149,497	37,989,076

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



STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

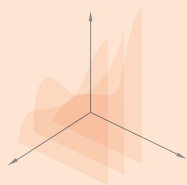
Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Profit or loss					
Interest income	33	44,681,323	45,208,313	75,458	88,122
Interest expenses	34	(15,510,956)	(16,740,316)	(582,275)	(591,758)
Net interest income		29,170,367	28,467,997	(506,817)	(503,636)
Fees and service income		9,097,431	8,803,263	525	327
Fees and service expenses		(3,207,407)	(2,914,929)	(488)	(569)
Net fees and service income	35	5,890,024	5,888,334	37	(242)
Gains on trading and foreign exchange transactions	36	664,994	459,232	-	209
Gains on investments	37	1,908,241	1,060,788	484,669	20,830
Share of profit from investments accounted for under equity method	9.5	336,899	394,464	-	-
Gains (losses) on property foreclosed and other assets		51,850	(47,758)	(93,231)	(276,409)
Insurance/Life insurance income	38	7,355,875	6,675,301	-	-
Dividend income		557,466	496,116	2,818,719	2,624,945
Other operating income		1,387,142	1,320,547	94,338	59,121
Total operating income		47,322,858	44,715,021	2,797,715	1,924,818
Insurance expenses	39	(4,750,950)	(4,016,080)	-	-
Net operating income		42,571,908	40,698,941	2,797,715	1,924,818
Other operating expenses					
Employee's expenses		12,202,011	11,875,745	115,378	114,358
Directors' remuneration	40	92,737	82,366	36,845	33,645
Premises and equipment expenses		2,835,015	3,080,910	20,146	21,048
Taxes and duties		745,870	775,236	5,395	1,227
Other expenses		4,960,283	5,211,129	51,676	112,312
Total other operating expenses		20,835,916	21,025,386	229,440	282,590
Impairment loss of loans and debt securities (reversal)	41	6,236,181	6,209,856	36,180	(32,611)
Profit before income tax		15,499,811	13,463,699	2,532,095	1,674,839
Income tax	18.2	(1,158,647)	(852,260)	(152,857)	(15,522)
Profit for the year		14,341,164	12,611,439	2,379,238	1,659,317

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



STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

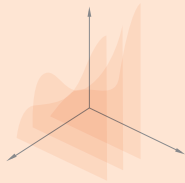
Statement of comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Other comprehensive income	42				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale securities		1,330,352	(1,368,960)	114,174	36,322
Share of other comprehensive income of an associate		32,782	101,209	-	-
Income tax relating to components of other comprehensive income (loss)		(267,443)	268,417	(22,835)	(7,264)
		1,095,691	(999,334)	91,339	29,058
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Surplus on revaluation of assets		-	1,620,855	-	15,347
Share of other comprehensive income of an associate		-	400,652	-	-
Actuarial gains (losses)		(235,784)	13,386	(2,272)	(910)
Income tax relating to components of other comprehensive income (loss)		46,560	(349,688)	-	(5,760)
		(189,224)	1,685,205	(2,272)	8,677
Total other comprehensive income		906,467	685,871	89,067	37,735
Total comprehensive income		15,247,631	13,297,310	2,468,305	1,697,052
Profit attributable to					
The Company		7,001,170	6,012,725	2,379,238	1,659,317
Non-controlling interests		7,339,994	6,598,714	-	-
		14,341,164	12,611,439	2,379,238	1,659,317
Total comprehensive income attributable to					
The Company		7,515,427	6,510,032	2,468,305	1,697,052
Non-controlling interests		7,732,204	6,787,278	-	-
		15,247,631	13,297,310	2,468,305	1,697,052
Earnings per share of the Company	43				
Basic earnings per share (Baht per share)		6.01	5.16	2.04	1.42
Diluted earnings per share (Baht per share)		6.01	5.16	2.04	1.42

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



STATEMENT OF CHANGES IN EQUITY

Thanachart Capital Public Company Limited and its subsidiaries

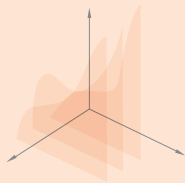
Statement of changes in equity

For the year ended 31 December 1617

(Unit: Thousand Baht)

	Consolidated financial statements																
	Equity attributable to the Company's shareholders																
	Other components of equity																
	Issued and		Premium on common share	Premium on treasury share	Share premium of a subsidiary	Amount by which the value of investment in subsidiary lower than attributable net book value		Revaluation surplus on investments - net	Revaluation surplus on an assets	Share of other comprehensive income (loss) of an associate	Share of surplus from the change in the ownership interests in subsidiaries of an associate	Retained earnings			Treasury shares	Non-controlling interests	Total
	Preferred shares	Common shares				Statutory reserve	Treasury shares reserve					Unappropriated					
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	(1)	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	(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	-	(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
Balance as at 1 January 2017	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
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,446,773)	-	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	-	-	1,148	-	-	1,148
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,660,767)	(2,660,767)
Surplus from the change in the ownership interests in subsidiaries an associated company	-	-	-	-	-	-	-	-	-	-	59,719	-	-	-	-	17,945	77,664
Transfer to retained earnings	-	-	-	-	-	-	-	(23,328)	(30,467)	-	-	-	-	53,795	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	-	7,001,170	-	7,339,994	14,341,164
Other comprehensive income for the year (loss)	-	-	-	-	-	-	588,034	-	23,548	-	-	-	-	(97,325)	-	392,210	906,467
Balance as at 31 December 2017	132	12,064,665	2,065,645	-	775,814	226,460	977,914	641,547	385,956	59,719	-	1,277,830	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272

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

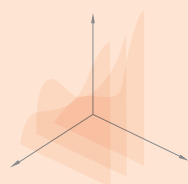
Statement of changes in equity (continued)

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Separate financial statements										
	Issued and paid-up share capital				Other components of equity		Retained earnings				
					Revaluation	Revaluation	Appropriated				
	Preferred	Common	Premium on	Premium on	surplus on	surplus on	Statutory	Treasury shares	Unappropriated	Treasury shares	Total
	shares	shares	common share	treasury share	investments - net	assets	reserve	reserve			
	shares	shares	common share	treasury share	investments - net	assets	reserve	reserve	Unappropriated	Treasury shares	Total
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	(1)	1	-	-	-	-	-	-	-	-	-
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	(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	-	(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
Balance as at 1 January 2017	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
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	(2,446,773)	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	1,148	-	1,148
Profit for the year	-	-	-	-	-	-	-	-	2,379,238	-	2,379,238
Other comprehensive income for the year	-	-	-	-	91,339	-	-	-	(2,272)	-	89,067
Balance as at 31 December 2017	132	12,064,665	2,065,645	-	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666

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 2017

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before income tax	15,499,811	13,463,699	2,532,095	1,674,839
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	(336,899)	(394,464)	-	-
Depreciation and amortisation	1,583,572	1,615,960	17,462	18,706
Impairment loss of loans and debt securities (reversal)	6,236,181	6,209,856	36,180	(32,611)
Increase in provisions	676,621	728,729	1,762	60,671
Increase in allowance for impairment of property foreclosed	232,148	182,849	221,157	369,485
Increase (decrease) in allowance for impairment of equipment/intangible assets/other assets	10,226	(14,896)	22,981	3,987
Loss from revaluation on land	-	13,640	-	-
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	(106,272)	120,880	-	-
Gain from disposal of investment in an associated company	(443,025)	-	(281,235)	-
Unrealised loss on exchange	1,455,894	299,496	-	-
Gain on the capital returned from investment in a subsidiary	-	-	(52,988)	-
Loss (gain) on disposal of land, premises and equipment	18,673	17,365	(49)	(5)
Decrease (increase) in accrued other income receivable	87,235	30,661	39	(26)
	24,914,165	22,273,775	2,497,404	2,095,046
Net interest income	(29,170,367)	(28,467,997)	506,817	503,636
Dividend income	(557,466)	(496,116)	(2,818,719)	(2,624,945)
Cash received from interest on operating activities	41,570,834	41,554,073	51,953	69,204
Cash paid for interest on operating activities	(12,349,135)	(14,403,502)	-	(7)
Cash paid for income tax	(1,170,009)	(982,380)	(4,759)	(4,499)
Income from operating activities before changes in operating assets and liabilities	23,238,022	19,477,853	232,696	38,435

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

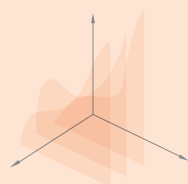
Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(47,365,471)	9,527,236	7,950	(5,782)
Derivatives assets	1,111,356	2,427,331	-	-
Investments in trading securities	(2,823,033)	(5,644,949)	-	-
Loans to customers	(33,505,821)	9,841,114	350,432	20,549
Property foreclosed	5,291,669	6,555,990	(258,526)	(195,153)
Receivables from purchase and sale of securities	(2,000,917)	(213,534)	-	-
Other assets	9,075	(653,009)	(19,586)	36,698
Increase (decrease) in operating liabilities				
Deposits	39,635,265	7,001,344	-	-
Interbank and money market items	16,508,551	(20,078,501)	-	-
Liability payable on demand	2,231	(215,156)	-	-
Derivatives liabilities	(1,744,879)	(2,495,400)	-	-
Payable from purchase and sales of securities	(107,722)	293,775	-	-
Insurance contract liabilities	47,361	(7,963)	-	-
Other liabilities	3,057,358	(905,184)	(17,947)	132,013
Net cash flows from operating activities	1,353,045	24,910,947	295,019	26,760
Cash flows from investing activities				
Decrease (increase) in investments in securities	11,294,333	1,576,368	(451,708)	497,145
Cash received from disposal of investment in an associated company	709,279	-	343,218	-
Cash paid for purchase of investments in subsidiary companies	-	-	-	(35,700)
Cash received from interest	3,830,277	3,920,524	25,608	18,016
Cash received from dividend	805,191	743,458	2,818,719	3,304,899
Cash paid for purchase of premises and equipment/ intangible assets	(654,536)	(1,265,566)	(7,173)	(1,751)
Cash received from disposal of land, premises and equipment	23,831	70,932	49	6
Net cash flows from investing activities	16,008,375	5,045,716	2,728,713	3,782,615

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



STATEMENT OF CASH FLOWS (CONTINUED)

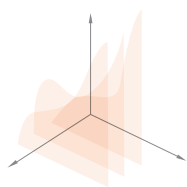
Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2017

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Cash flows from financing activities				
Cash received from debts issued and borrowings	13,223,572	13,689,312	500,000	-
Cash paid for debts issued and borrowings	(23,332,157)	(36,914,032)	(500,000)	(1,000,000)
Cash paid for interest expenses on debts issued and borrowings	(2,770,330)	(3,326,490)	(578,107)	(596,531)
Cash received from non-controlling interests for issuance shares of subsidiary companies	-	34,300	-	-
Cash paid for dividend	(2,445,625)	(2,212,844)	(2,445,625)	(2,212,844)
Cash paid for dividend to non-controlling interests	(2,660,644)	(2,487,229)	-	-
Net cash flows used in financing activities	(17,985,184)	(31,216,983)	(3,023,732)	(3,809,375)
Net decrease in cash	(623,764)	(1,260,320)	-	-
Cash at beginning of the year	12,077,047	13,337,367	-	-
Cash at end of the year	11,453,283	12,077,047	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	4,793,307	5,368,516	-	90
Property foreclosed received from capital returned from a subsidiary company	-	-	93,183	-
Bad debt written off	7,672,958	6,708,749	771	-
Payable from purchase of assets	33,265	61,217	-	-

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 2017

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	
		2017	2016	2017	2016
<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.	Life insurance	51.00	51.00	-	-
TM Broker Co., Ltd.	Life insurance / non-life insurance broker	51.00	51.00	-	-
MT Service 2016 Co., Ltd.	Service	51.00	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.	In liquidation process	-	-	100.00	100.00
Security Scib Services 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 2017 and 2016 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	
	2017	2016	2017	2016
Thanachart Bank Plc.	942,889	892,901	32,851	31,728
MBK Life Assurance Plc.	9,996	10,428	190	322
Thanachart Insurance Plc.	12,749	11,201	3,292	3,097
Thanachart Securities Plc.	11,447	9,307	1,761	1,914
TS Asset Management Co., Ltd.	2,528	3,221	178	329
Ratchthani Leasing Plc.	39,019	32,779	2,378	2,006
NFS Asset Management Co., Ltd.	1,182	1,613	62	187

- 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 year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

3.2 Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 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 in profit or loss in 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 year.

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.

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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".

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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 (if any). Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable from 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 to reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

4.20 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.

4.21 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.

4.22 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.

4.23 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.

4.24 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.

4.25 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.

4.26 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.

4.27 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.

4.28 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.

4.29 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.

4.30 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.

4.31 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.

5. 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:

5.1 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.

5.2 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.

5.3 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.

5.4 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.

5.5 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.

5.6 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.

5.7 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 15 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.

5.8 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.

5.9 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.

5.10 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.

5.11 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.

5.12 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.

5.13 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.

5.14 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.

6. Interbank and money market items (assets)

(Unit: Million Baht)

Consolidated financial statements						
	2017			2016		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	5,434	800	6,234	3,606	5,500	9,106
Commercial banks	411	24,258	24,669	297	4,075	4,372
Specialised financial institutions	-	36,891	36,891	1	3,450	3,451
Other financial institutions	798	17,997	18,795	2	22,196	22,198
Total	6,643	79,946	86,589	3,906	35,221	39,127
Add: Accrued interest receivables	-	21	21	2	28	30
Less: Deferred revenue	-	(3)	(3)	-	(1)	(1)
Less: Allowance for doubtful accounts	-	(244)	(244)	-	(222)	(222)
Total domestic items	6,643	79,720	86,363	3,908	35,026	38,934
Foreign						
US Dollar	1,397	7,794	9,191	1,368	8,068	9,436
Euro	45	-	45	32	-	32
Others	283	-	283	262	-	262
Total	1,725	7,794	9,519	1,662	8,068	9,730
Add: Accrued interest receivables	-	36	36	-	71	71
Less: Allowance for doubtful accounts	-	-	-	-	(1)	(1)
Total foreign items	1,725	7,830	9,555	1,662	8,138	9,800
Total	8,368	87,550	95,918	5,570	43,164	48,734

(Unit: Million Baht)

Separate financial statements						
	2017			2016		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	22	-	22	30	-	30
Add: Accrued interest receivables	-	-	-	-	-	-
Total domestic items	22	-	22	30	-	30

As at 31 December 2017, the Company had deposits with a subsidiary company of Baht 22 million in the separate financial statements (2016: Baht 30 million).

7. Derivatives

As at 31 December 2017 and 2016, 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					
	2017			2016		
	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	530	585	85,137	642	698	85,966
Derivatives for banking book	128	32	9,592	44	103	11,076
Interest rate						
Derivatives for trading	1,848	1,785	271,684	2,505	2,485	309,647
Derivatives for banking book	-	-	20,530	-	-	1,000
Foreign exchange rate and interest rate						
Derivatives for trading	139	138	7,931	373	335	9,693
Derivatives for banking book	243	325	10,425	-	1,291	11,430
Others						
Derivatives for trading	1	3	2,303	-	-	1,713
Total	2,889	2,868	407,602	3,564	4,912	430,525

* 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 accrued interest receivables under the caption of other assets or accrued interest payables, as the case maybe.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2017 and 2016.

Counterparty	Consolidated financial statements	
	2017	2016
	Percent	Percent
Financial institutions	93.32	93.04
Third parties	6.68	6.96
Total	100.00	100.00

8. Investments

8.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2017		2016		2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	11,487	11,500	9,317	9,321	-	-	-	-
Private debt securities	5,135	5,364	4,617	4,782	-	-	-	-
Domestic marketable equity securities	1,748	1,713	1,613	1,597	-	-	-	-
	18,370	18,577	15,547	15,700	-	-	-	-
Add: Allowance for change in value	207		153		-		-	
Net	18,577		15,700		-		-	
Available-for-sale securities								
Government and state enterprises securities	114,299	114,495	125,159	124,804	497	497	105	105
Private debt securities	25,025	25,373	23,472	23,611	686	695	597	608
Foreign debt securities	10,441	10,430	11,465	11,434	-	-	-	-
Domestic marketable equity securities	3,350	4,531	5,086	5,729	224	941	290	890
Unit trusts	610	625	155	158	199	200	145	147
	153,725	155,454	165,337	165,736	1,606	2,333	1,137	1,750
Add: Allowance for change in value	1,729		399		727		613	
Net	155,454		165,736		2,333		1,750	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2017		2016		2017		2016	
	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	43	49	564	568	-	-	-	-
Private debt securities	240	273	305	337	-	-	-	-
Investment in receivables purchased	956	1,710	1,036	2,009	529	1,132	562	1,140
	1,239	2,032	1,905	2,914	529	1,132	562	1,140
Less: Allowance for impairment	(239)		(201)		(126)		(84)	
Net	1,000		1,704		403		478	
General investment								
Domestic non-marketable equity securities	3,681		3,824		76		76	
Foreign non-marketable equity securities	1		39		-		-	
Unit trusts	25		25		-		-	
	3,707		3,888		76		76	
Less: Allowance for impairment	(35)		(100)		(25)		(25)	
Net	3,672		3,788		51		51	
Total investments - net	178,703		186,928		2,787		2,279	

8.2 Classified by remaining period of debt securities

(Unit: Million Baht)

Consolidated financial statements										
2017						2016				
Due within						Due within				
Less						Less				
than						than				
1 - 5						1 - 5				
Over						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	5	23,293	90,859	142	114,299	262	19,032	105,032	833	125,159
Private debt securities	-	1,188	18,865	4,972	25,025	-	1,750	17,052	4,670	23,472
Foreign debt securities	-	4,249	5,863	329	10,441	-	3,592	7,512	361	11,465
Total	5	28,730	115,587	5,443	149,765	262	24,374	129,596	5,864	160,096
Add: Allowance for change in value	-	39	453	41	533	-	79	(204)	(122)	(247)
Total	5	28,769	116,040	5,484	150,298	262	24,453	129,392	5,742	159,849
Held-to-maturity debt securities										
Government and state enterprises securities	-	-	-	43	43	-	522	-	42	564
Private debt securities	-	40	50	150	240	-	120	35	150	305
Investments in receivables purchased ⁽¹⁾	956	-	-	-	956	1,036	-	-	-	1,036
Total	956	40	50	193	1,239	1,036	642	35	192	1,905
Less: Allowance for impairment	(239)	-	-	-	(239)	(201)	-	-	-	(201)
Total	717	40	50	193	1,000	835	642	35	192	1,704
Total debt securities	722	28,809	116,090	5,677	151,298	1,097	25,095	129,427	5,934	161,553

(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										
2017						2016				
Due within						Due within				
Less						Less				
than						than				
1 - 5						1 - 5				
Over						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										
-	497	-	-	497		-	105	-	-	105
Private debt securities										
-	315	371	-	686		-	20	577	-	597
Total										
-	812	371	-	1,183		-	125	577	-	702
Add: Allowance for change in value										
-	6	3	-	9		-	-	11	-	11
Total										
-	818	374	-	1,192		-	125	588	-	713
Held-to-maturity debt securities										
Investments in receivables purchased ⁽¹⁾										
529	-	-	-	529		562	-	-	-	562
Total										
529	-	-	-	529		562	-	-	-	562
Less: Allowance for impairment										
(126)	-	-	-	(126)		(84)	-	-	-	(84)
Total										
403	-	-	-	403		478	-	-	-	478
Total debt securities										
403	818	374	-	1,595		478	125	588	-	1,191

(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.

8.3 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 2017 and 2016, 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		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Manufacturing and commerce	1,668	1,455	828	723
Banking and finance sector	1	2	-	-
Real estate and construction	21	21	20	20

8.4 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 2017 and 2016 can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Investments in receivables purchased	956	1,036	529	562
Less: Allowance for impairment	(239)	(201)	(126)	(84)
Investments in receivables purchased - net	717	835	403	478

	2017				2016			
	Number	Balance	Purchase	Yield	Number	Balance	Purchase	Yield
	of	per	price		of	per	price	
	debtors	agreement			debtors	agreement		
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<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	307	8,240	956		315	8,332	1,036	
<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	193	4,752	529		198	4,799	562	

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries have entered into debt restructuring agreements with its investments in receivables purchased, by means of various types of restructuring, as summarised below.

Type of restructuring	Consolidated financial statements		
	For the year ended 31 December		
	Number of debtors	Outstanding	Outstanding
		balances before restructuring	balances after restructuring
		Million Baht	Million Baht
<u>2017</u>			
Modification of repayment conditions	6	14	14
Total	6	14	14
<u>2016</u>			
Modification of repayment conditions	1	-	-
Total	1	-	-

Separate financial statements			
For the year ended 31 December			
Type of restructuring	Number of debtors	Outstanding balances before restructuring Million Baht	Outstanding balances after restructuring Million Baht
2017			
Modification of repayment conditions	5	13	13
Total	5	13	13
2016			
Modification of repayment conditions	1	-	-
Total	1	-	-

Counting from the end of the year, the remaining periods to maturity of receivables of the Company and its subsidiaries that were restructured during the year ended 31 December 2017 and 2016 are as summarised below:

Consolidated financial statements				
For the year ended 31 December				
Periods	2017		2016	
	Number of receivables	Outstanding balances after restructuring Million Baht	Number of receivables	Outstanding balances after restructuring Million Baht
Due within the year	5	8	1	-
Less than 5 years	1	6	-	-
Total	6	14	1	-

Separate financial statements				
For the year ended 31 December				
Periods	2017		2016	
	Number of receivables	Outstanding balances after restructuring Million Baht	Number of receivables	Outstanding balances after restructuring Million Baht
Due within the year	4	7	1	-
Less than 5 years	1	6	-	-
Total	5	13	1	-

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 2017 and 2016, there were no outstanding restructured receivables in the investments in receivables purchased account.

8.5 Investments in companies having problems relating to financial position and operating results

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	114	119	729	784	1,295	1,327	147	151

Separate financial statements								
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2017	2016	2017	2016	2017	2016	2017	2016
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	65	68	392	407	913	942	58	58

9. Investments in subsidiary and associated companies

9.1 Separate financial statements

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	2,472	2,318
NFS Asset Management Co., Ltd.	700	700	100.00	100.00	700	700	130	35
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	45	99
NASSET Property Fund 6	121	121	99.80	99.80	48	88	-	-
MT Service 2016 Co., Ltd.	50	50	51.00	51.00	26	26	-	-
TM Broker Co., Ltd.	20	20	51.00	51.00	10	10	-	-
<u>Associated company</u>								
MBK Plc.	1,708	1,708	10.00	11.04	596	658	124	124
Total investments in subsidiary and associated companies					33,823	33,925	2,771	2,576

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.

During the year 2017, NASSET Property Fund 6 returned capital of Baht 93 million to the Company, based on the net asset value. The Company recorded a gain on capital return of Baht 53 million in the separate financial statements and this was eliminated in the consolidated financial statements.

9.2 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	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(%)	(%)								
Thanachart Bank Plc. and its subsidiaries	49.04	49.04	67,369	62,308	2,652	2,468	7,314	6,503	381	174
MBK Life Assurance Plc.	49.00	49.00	631	588	-	-	33	92	10	15

9.3 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.	
	2017	2016	2017	2016
Total assets	1,009,557	950,512	10,610	11,035
Total liabilities	873,349	824,391	9,322	9,835

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2017	2016	2017	2016
Net operating income	41,981	40,366	202	356
Profit for the year	14,369	12,839	67	189
Other comprehensive income	806	451	21	30
Total comprehensive income	15,175	13,290	88	219

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2017	2016	2017	2016
Cash flow from (used in) operating activities	2,615	26,182	(1,075)	(707)
Cash flow from investing activities	14,195	3,657	1,075	707
Cash flow used in financing activities	(17,434)	(31,099)	-	-
Net decrease in cash	(624)	(1,260)	-	-

9.4 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 2017 and 2016 are as follows:

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2017	2016	2017	2016	2017	2016
Cash flows from operating activities						
Profit before income tax	48	118	58	116	108	148
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)	(9)	(5)	-	-
Loss on impairment of property foreclosed (reversal)	(2)	(24)	(1)	(14)	(6)	(146)
Impairment loss of loans and debt securities (reversal)	(46)	(7)	-	(1)	(2)	16
Others	(2)	(7)	(1)	(5)	1	1
	(2)	55	47	91	101	19
Net interest income	17	37	22	26	(148)	(297)
Dividend income	(3)	(3)	-	-	-	-
Cash received from interest	8	-	-	-	148	300
Cash paid for income tax	(16)	(4)	(27)	(5)	(15)	(6)
Income from operating activities before changes in operating assets and liabilities	4	85	42	112	86	16
Decrease (increase) in operating assets						
Current investments	317	(257)	187	(24)	-	-
Investments in receivables purchased	-	27	11	1	-	-
Loans to customers	57	9	(67)	17	333	663
Property foreclosed	92	214	(33)	40	347	862
Other assets	1	8	(4)	7	(20)	10
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	-	(691)
Other liabilities	(26)	6	38	(5)	(20)	(21)
Net cash flows from operating activities	445	92	174	148	726	839
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.	
	2017	2016	2017	2016	2017	2016
Cash flows from financing activities						
Debts issued and borrowings	(230)	-	(57)	-	-	-
Cash paid for interest on borrowings	(25)	(44)	(22)	(28)	-	(4)
Cash paid for dividend	(130)	(35)	(54)	(118)	(330)	(700)
Net cash flows used in financing activities	(385)	(79)	(133)	(146)	(330)	(704)
Net increase in cash and cash equivalents	63	16	41	2	396	135
Cash and cash equivalents at the beginning of the year	30	14	14	12	190	55
Cash and cash equivalents at the end of the year	93	30	55	14	586	190

9.5 Investment in an associated company in the consolidated financial statements

As at 31 December 2017 and 2016, 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 surplus from the change in the ownership subsidaries of the		Share of other comprehensive income	
					Cost method ⁽¹⁾		Equity method						associated		during the years	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
MBK Plc. (operating in property rental, hotel and services businesses)	1,708	1,708	19.90	21.98	861	948	2,827	2,890	248	248	337	395	82	-	33	502
Total investment in an associated company					861	948	2,827	2,890	248	248	337	395	82	-	33	502

(1) After deducting intergroup transactions.

The Company and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Company and its subsidiaries had significant influence in that company.

9.6 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2017 and 2016, and for the years then ended are as follows:

Summarised information about financial position

	(Unit: Million Baht)	
	30 September 2017 ⁽¹⁾	30 September 2016 ⁽¹⁾
Total assets	46,668	44,626
Total liabilities	(23,830)	(22,672)
Other equity items of an associated company	193	(936)
Net assets	23,031	21,018
Shareholding percentage (%)	19.90	21.98
Share of net assets	4,583	4,619
Elimination entries	(1,808)	(1,786)
Goodwill	52	57
Carrying amounts of associate based on equity method	2,827	2,890

(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⁾	
	2017	2016
Revenue	10,351	12,654
Profit for the year	1,864	2,046
Other comprehensive income	1,060	3,495
Total comprehensive income for the year	2,924	5,541

(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 2017 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2017 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 2017 is not materially different from the income for the year ended 31 December 2017.

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.

During the year 2017, the Company and Thanachart Bank Plc. (subsidiary) sold 17,765,290 ordinary shares and 17,722,000 ordinary shares of MBK Plc., respectively. As a result, the shareholding percentage of the Company and its subsidiaries decrease from 21.98 percent to 19.90 percent.

b) Fair value of investment in an associated company

As at 31 December 2017 and 2016, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)				
MBK Plc.	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	6,560	5,405	3,296	2,715

10. Loans to customers and accrued interest receivables

10.1 Classified by loan type

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Loans to customers</u>				
Overdrafts	16,668	17,261	-	-
Loans	263,062	261,679	48	107
Notes receivables	56,185	62,534	711	986
Hire purchase receivables	425,996	393,325	48	51
Financial lease receivables	1,710	1,743	-	-
Others	153	141	-	-
Less: Deferred revenues	(55,129)	(48,173)	(2)	(2)
Total loans to customers net of deferred revenues	708,645	688,510	805	1,142
Add: Accrued interest receivables	601	631	-	-
Total loans to customers and accrued interest				
receivables net of deferred revenues	709,246	689,141	805	1,142
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(8,446)	(7,531)	(80)	(86)
- Collective approach	(5,820)	(5,645)	-	-
2) Excess provision	(10,237)	(11,963)	-	-
Less: Revaluation allowance for debt restructuring	(1)	(2)	-	-
Loans to customers and accrued interest				
receivables - net	684,742	664,000	725	1,056
<u>Securities business receivables</u>				
Credit balances receivables	4,101	3,508	-	-
Other receivables	15	28	-	-
Total securities business receivables	4,116	3,536	-	-
Less: Allowance for doubtful accounts	(14)	(14)	-	-
Securities business receivables - net	4,102	3,522	-	-
Total loans to customers and accrued interest				
receivables - net	688,844	667,522	725	1,056

10.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	696,946	-	696,946	672,777	-	672,777
US Dollar	8,555	5,570	14,125	11,916	6,455	18,371
Other currencies	161	1,529	1,690	120	778	898
Total*	705,662	7,099	712,761	684,813	7,233	692,046

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	805	-	805	1,142	-	1,142
Total*	805	-	805	1,142	-	1,142

* Total loans net of deferred revenues

10.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2017							
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total	companies	Consolidated
Agricultural and mining	7,141	289	30	11	27	7,498	-	7,498
Manufacturing and commerce	75,475	313	2,534	274	2,177	80,773	332	81,105
Real estate and construction	45,286	94	262	150	1,653	47,445	39	47,484
Public utilities and services	57,038	285	279	85	1,080	58,767	111	58,878
Personal consuming								
Housing loans	92,789	1,255	897	829	1,851	97,621	55	97,676
Securities business	-	-	-	-	-	-	4,116	4,116
Hire purchase	304,052	23,433	1,312	1,144	1,121	331,062	39,969	371,031
Others	27,263	627	497	181	575	29,143	361	29,504
Others	15,223	2	146	-	98	15,469	-	15,469
Total*	624,267	26,298	5,957	2,674	8,582	667,778	44,983	712,761

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements

2016

	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	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)

Separate financial statements

2017

	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Personal consuming						
Housing loans	10	4	-	1	6	21
Hire purchase	-	-	-	-	46	46
Others	3	-	-	-	30	33
Others	703	-	-	-	-	703
Total*	716	4	-	1	84	805

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements				
	2016				
	Normal	Special mention	Substandard	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2
Personal consuming					
Housing loans	4	-	4	1	16
Hire purchase	-	-	-	-	49
Others	-	-	-	-	96
Others	979	-	-	-	979
Total*	983	-	4	1	1,142

* Total loans net of deferred revenues

10.4 Non-performing loans

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Non-performing loans (excluding accrued interest receivables)				
The Company	85	159	85	159
Banking business	14,384	12,863	-	-
Asset management business	2,744	2,716	-	-
Securities business	14	14	-	-

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:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
The Company	85	159	85	159
Banking business	21,362	21,068	-	-
Securities business	14	14	-	-

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.

10.5 Debt restructuring

During the years 2017 and 2016, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				
	Number of debtors	Outstanding	Outstanding	Type of assets to be transferred	Fair value of assets to be transferred under
		balances before restructuring ⁽¹⁾	balances after restructuring ⁽¹⁾		agreement
		Million Baht	Million Baht		Million Baht
2017					
Modification of repayment conditions	1,092	2,317	2,317		
Transfer of assets and/or common shares and/or modification of repayment conditions	2	60	59	Land and premise thereon and car	49
Total	1,094	2,377	2,376		
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		

(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 2017 and 2016, are summarised below.

Periods	Consolidated financial statements			
	2017		2016	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	398	1,016	900	947
Due within the year	264	851	221	790
Less than 5 years	264	204	565	2,746
5 - 10 years	121	193	172	645
10 - 15 years	20	52	42	322
Over 15 years	27	60	58	120
Total	1,094	2,376	1,958	5,570

Supplemental information for the years 2017 and 2016 relating to restructured loans is as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Interest income recognised in the statements of comprehensive income	866	979	1	1
Gain on debt settlement /assets transferred for debt settlement	49	66	37	7
Cash repayment from receivables	3,613	5,273	48	16
Property foreclosed received for debt settlement	73	215	-	-

(Unit: Million Baht)

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	17	16	30	93	17	14
Thanachart Bank Plc.	8,465	13,532	8,240	10,093	1,772	2,850
TS Asset Management Co., Ltd.	238	325	2,580	4,261	1,771	2,923
Other subsidiaries	100	129	319	382	118	130

10.6 Hire purchase/financial lease receivables

As at 31 December 2017 and 2016, 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 2017				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	113,943	287,236	26,527	427,706
Less: Unearned finance income	(18,817)	(34,899)	(1,409)	(55,125)
Present value of minimum lease payments receivables	95,126	252,337	25,118	372,581
Allowance for doubtful accounts				(9,571)
Hire purchase/financial lease receivables - net				363,010

* Included non-performing receivables

(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)

Separate financial statement as at 31 December 2017				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	48	-	-	48
Less: Unearned finance income	(2)	-	-	(2)
Present value of minimum lease payments				
receivables	46	-	-	46
Allowance for doubtful accounts				(46)
Hire purchase/financial lease				
receivables - net				-

* 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

10.7 Classified by classification

As at 31 December 2017 and 2016, 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⁾						
	2017			2016		
	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	624,843	416,560	3,311	613,284	404,054	2,985
Special mention	26,308	23,844	2,336	25,507	23,188	2,151
Substandard	5,960	2,998	2,241	4,287	2,465	1,666
Doubtful	2,674	1,491	823	3,364	1,656	906
Doubtful of loss	8,582	4,111	3,473	8,093	4,745	3,577
Total	668,367	449,004	12,184	654,535	436,108	11,285
Additional allowance for possible uncollectible accounts			10,017			11,743
Total			22,201			23,028

(1) Only the Company and subsidiary companies subject to BOT's regulations; and after deducting intergroup transactions.

(Unit: Million Baht)

Separate financial statements						
	2017			2016		
	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	716	707	7	983	979	10
Special mention	4	-	-	-	-	-
Substandard	-	-	-	4	-	-
Doubtful	1	-	-	1	-	-
Doubtful of loss	84	73	73	154	76	76
Total	805	780	80	1,142	1,055	86

Percentage of allowance for doubtful account set up				
	Hire purchase receivables -			
	personal consumer of Thanachart Bank ⁽²⁾		Other loans	
	2017	2016	2017	2016
Normal	0.71	0.62	1	1
Special mention	10.03	9.50	2	2
Substandard	40.67	39.96	100	100
Doubtful	39.66	39.12	100	100
Doubtful of loss	40.60	40.39	100	100

(2) These percentages are average rates used in setting up allowance for doubtful accounts.

10.8 Loans to companies which have settlement problems

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016	2017	2016	2017	2016
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	4	6	205	217	1	7	2	2
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	32	24	554	478	310	365	245	113
3. Companies which have loan settlement problems or have defaulted on the repayment	1,035	1,002	8,262	8,874	4,634	4,359	3,874	4,780

Separate financial statements

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2017	2016	2017	2016	2017	2016	2017	2016
			Million	Million	Million	Million	Million	Million
			Baht	Baht	Baht	Baht	Baht	Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	20	21	16	84	11	88	10	10

10.9 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 December 2017 and 2016, 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)

	2017			2016		
	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	4,102	-	4,102	3,522	-	3,522
Substandard	1	1	-	1	1	-
Doubtful	13	13	-	13	13	-
Total	4,116	14	4,102	3,536	14	3,522

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.

10.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2017 and 2016, 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)	
	2017	2016
Current or overdue not over 90 days	38,793	32,663
Overdue 91 - 365 days	811	813
Overdue more than 1 year	168	170
Debtors under legal actions	679	545
Total	40,451	34,191
Allowance for doubtful accounts provided in the accounts	2,301	2,110

11. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2017									
The Company and subsidiary companies which are financial institutions								Other subsidiary companies	Consolidated
Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess provision	Total			
Balance - beginning of the year	2,985	2,151	1,666	906	3,577	11,743	23,028	2,125	25,153
Increase (decrease) during the year	326	185	575	(83)	6,411	(1,726)	5,688	290	5,978
Bad debts recovery	-	-	-	-	1,051	-	1,051	8	1,059
Bad debts written-off	-	-	-	-	(7,566)	-	(7,566)	(107)	(7,673)
Balance - end of the year	3,311	2,336	2,241	823	3,473	10,017	22,201	2,316	24,517

(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	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	2,873	2,297	1,670	1,291	6,582	9,681	24,394	1,846	26,240
Increase (decrease) during the year	112	(146)	(4)	(385)	2,272	2,062	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	2,985	2,151	1,666	906	3,577	11,743	23,028	2,125	25,153

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2017						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	10	-	-	-	76	86
Increase (decrease) during the year	(3)	-	-	-	(3)	(6)
Bad debts recovery	-	-	-	-	1	1
Bad debts written-off	-	-	-	-	(1)	(1)
Balance - end of the year	7	-	-	-	73	80

(Unit: Million Baht)

	Separate financial statements				
	For the year ended 31 December 2016				
	Normal	Special mention	Substandard	Doubtful of loss	Total
Balance - beginning of the year	10	-	-	-	81
Increase (decrease) during the year	-	-	-	-	(5)
Balance - end of the year	10	-	-	-	76

12. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance - beginning of the year	2	4	-	-
Amortised during the year	(1)	(2)	-	-
Balance - end of the year	1	2	-	-

13. Classification of assets

As at 31 December 2017 and 2016, 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					
	2017					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	76,154	624,843	-	-	187	701,184
Special mention	-	26,308	-	-	116	26,424
Substandard	-	5,960	-	-	11	5,971
Doubtful	-	2,674	-	-	8	2,682
Doubtful of loss	-	8,582	503	1,761	402	11,248
Total	76,154	668,367	503	1,761	724	747,509

(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)

Separate financial statements

	2017					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	716	-	-	-	716
Special mention	-	4	-	-	-	4
Substandard	-	-	-	-	-	-
Doubtful	-	1	-	-	-	1
Doubtful of loss	-	84	151	1,308	104	1,647
Total	-	805	151	1,308	104	2,368

(Unit: Million Baht)

Separate financial statements

	2016					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
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

14. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements			
	For the year ended 31 December 2017			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	4,064	12	(467)	3,609
Movable assets	418	4,787	(4,759)	446
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	1,981	452	(309)	2,124
Non-used branches				
External appraiser	97	506	(235)	368
Total property foreclosed	6,560	5,757	(5,770)	6,547
Less: Allowance for impairment	(1,568)	(730)	498	(1,800)
Property foreclosed - net	4,992	5,027	(5,272)	4,747

(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)

Separate financial statements				
For the year ended 31 December 2017				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,124	2	(34)	1,092
Movable assets	1	-	-	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	463	334	(27)	770
Others				
Immovable assets				
External appraiser	77	95	(18)	154
Total property foreclosed	1,665	431	(79)	2,017
Less: Allowance for impairment	(1,087)	(262)	41	(1,308)
Property foreclosed - net	578	169	(38)	709

(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

15. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2017						
	Land*	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2017	5,993	2,642	7,399	78	12	16,124
Additions	-	1	339	15	71	426
Transfers/disposals	(384)	(166)	(459)	(13)	(81)	(1,103)
31 December 2017	5,609	2,477	7,279	80	2	15,447
<u>Accumulated depreciation</u>						
1 January 2017	-	972	5,387	62	-	6,421
Transfers/disposals	-	(75)	(491)	(11)	-	(577)
Depreciation for the year	-	127	713	6	-	846
31 December 2017	-	1,024	5,609	57	-	6,690
<u>Allowance for impairment</u>						
1 January 2017	68	25	5	-	-	98
Transfers/disposals	(11)	(3)	(5)	-	-	(19)
31 December 2017	57	22	-	-	-	79
<u>Net book value</u>						
31 December 2017	5,552	1,431	1,670	23	2	8,678
Depreciation for the year						846

* 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 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)

Separate financial statements

	For the year ended 31 December 2017					
	Land*	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2017	18	45	72	27	-	162
Additions	-	-	1	6	-	7
Transfers/disposals	-	-	(11)	-	-	(11)
31 December 2017	18	45	62	33	-	158
<u>Accumulated depreciation</u>						
1 January 2017	-	30	63	24	-	117
Transfers/disposals	-	-	(11)	-	-	(11)
Depreciation for the year	-	2	4	1	-	7
31 December 2017	-	32	56	25	-	113
<u>Net book value</u>						
31 December 2017	18	13	6	8	-	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 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.

As at 31 December 2017 and 2016, 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 3,721 million and Baht 3,510 million, respectively (separate financial statements: Baht 67 million and Baht 76 million, respectively).

As at 31 December 2017, the Company and its subsidiaries have no vehicles acquired under financial lease agreements (2016: Consolidated financial statements and separate financial statements have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 4 million and Baht 1 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 2017 and 2016 would have been as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Land	4,091	4,329	3	3

Key assumptions used in the valuation are summarised below.

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
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 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance - beginning of the year	1,616	-	15	-
Increased during the year	-	1,621	-	15
Transferred out during the year	(57)	(5)	-	-
Balance - end of the year	1,559	1,616	15	15

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

16. Intangible assets

(Unit: Million Baht)

	For the year ended 31 December 2017					
	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 2017	4,100	2,856	7	177	7,140	9
Additions	-	117	-	145	262	-
Transfers/disposals	-	145	-	(148)	(3)	-
31 December 2017	4,100	3,118	7	174	7,399	9
<u>Accumulated amortisation</u>						
1 January 2017	3,040	1,353	7	-	4,400	8
Transfers/disposals	-	(3)	-	-	(3)	-
Amortisation for the year	383	325	-	-	708	-
31 December 2017	3,423	1,675	7	-	5,105	8
<u>Allowance for impairment</u>						
1 January 2017	-	31	-	-	31	-
31 December 2017	-	31	-	-	31	-
<u>Net book value</u>						
31 December 2017	677	1,412	-	174	2,263	1
Remaining amortisation period	2.25 years	0 - 10 years	-	-		0 - 9 years
Amortisation for the year					708	-

(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
Transfers/disposals	-	(99)	-	-	(99)	-
Amortisation for the year	451	288	-	-	739	-
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
Amortisation for the year					739	-

As at 31 December 2017 and 2016, 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 346 million and Baht 182 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

17. 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	4
Discount rate	11

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.

18. Deferred tax assets/ liabilities and income tax

18.1 Deferred tax assets/ liabilities

As at 31 December 2017 and 2016, deferred tax assets/liabilities are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	908	1,089	-	26
Deferred tax liabilities	(1,323)	(1,003)	(149)	-
Net	(415)	86	(149)	26

(Unit: Million Baht)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)		
Consolidated financial statements		
	2017	2016
Deferred tax assets		
Intercompany gain from disposal of assets	182	245
Non-accrual of interest income	67	64
Allowance for doubtful debts - general provision/other assets	1,225	962
Allowance for impairment of properties foreclosed	94	227
Employee benefits	536	482
Provisions	188	231
Accrued expenses	82	100
Insurance contract liabilities	300	307
Fees income received in advance	363	369
Late payment fee	175	178
Others	159	278
Deferred tax assets	3,371	3,443
Deferred tax liabilities		
Assets transferred as a result of business combination	(1,108)	(1,104)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(1,685)	(1,379)
Intangible assets	(135)	(212)
Unrealised gains on changes in value of available-for-sale securities	(346)	(162)
Others	(512)	(500)
Deferred tax liabilities	(3,786)	(3,357)
Net	(415)	86

		(Unit: Million Baht)	
		Separate financial statements	
		2017	2016
Deferred tax assets			
Allowance for impairment of properties foreclosed	-		134
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	-		19
Deferred tax assets	-		153
Deferred tax liabilities			
Unrealised gains on changes in value of available-for-sale securities	(145)		(122)
Others	(4)		(5)
Deferred tax liabilities	(149)		(127)
Net	(149)		26

As at 31 December 2017 and 2016, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,080 million and Baht 2,083 million, respectively (separate financial statements: Baht 2,724 million and Baht 1,789 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 1,027 million will expire by 2019 - 2022.

In addition, as at 31 December 2017, Thanachart Bank (“a subsidiary”) has tax losses totaling Baht 4,742 million 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.

18.2 Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Current income tax:				
Corporate income tax charge for the year	879	859	-	-
Adjustment in respect of income tax from previous year	3	2	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	277	(8)	153	16
Income tax expense reported in statements of comprehensive income	1,159	853	153	16

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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	266	(274)	23	7
Deferred tax relating to actuarial gain (loss) on defined benefit plan	(46)	6	-	3
Deferred tax relating to share of other comprehensive income of an associated company	1	25	-	-
	221	81	23	13

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Accounting profit before tax	15,500	13,464	2,532	1,675
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	3,100	2,693	506	335
Adjustment in respect of income tax from previous year	3	2	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(1,944)	(1,842)	(353)	(319)
Income tax expenses reported in statements of comprehensive income	1,159	853	153	16

19. Receivables from purchase and sale of securities

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
Receivables from purchase and sale of securities	3,127	1,126	-	-

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Accrued premium insurance income	308	269	-	-
Suspense debtors	700	486	-	2
Other receivables	1,495	1,279	107	86
VAT refundable	690	297	-	-
Other receivables - VAT paid in advance for customers	248	255	-	-
Deposits	246	275	3	3
Estimated insurance claims recoveries	248	230	-	-
Receivable from clearing house	343	1,332	-	-
Leasehold right	123	177	9	10
Prepaid corporate income tax	661	428	9	11
Deposits from derivative contracts	535	1,034	-	-
Prepaid expenses	446	382	8	9
Reinsurance assets	418	216	-	-
Accrued interest and dividend receivables	742	983	3	3
Others	813	969	2	5
Total	8,016	8,612	141	129
Less: Allowance for impairment	(495)	(430)	(104)	(81)
Other assets - net	7,521	8,182	37	48

21. Deposits

21.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current	11,953	11,421	-	-
Saving	295,390	296,885	-	-
Certificates of deposit	142,505	125,493	-	-
Fixed deposits				
- Less than 6 months	36,529	39,442	-	-
- 6 months and up to 1 year	63,772	93,129	-	-
- Over 1 year	165,942	110,086	-	-
Total deposits	716,091	676,456	-	-

21.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2017			2016		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	714,351	1	714,352	675,262	1	675,263
US Dollar	1,523	31	1,554	837	30	867
Other currencies	182	3	185	317	9	326
Total	716,056	35	716,091	676,416	40	676,456

22. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2017			2016		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	418	372	790	416	2,779	3,195
Commercial banks	1,929	21,597	23,526	649	17,478	18,127
Specialised financial institutions	47	12,525	12,572	47	3,724	3,771
Other financial institutions	15,390	12,077	27,467	10,780	9,822	20,602
Total domestic items	17,784	46,571	64,355	11,892	33,803	45,695
Foreign						
US Dollar	274	15,263	15,537	118	15,766	15,884
Euro	1	-	1	1	-	1
Baht	2,221	229	2,450	3,610	511	4,121
Total foreign items	2,496	15,492	17,988	3,729	16,277	20,006
Total	20,280	62,063	82,343	15,621	50,080	65,701

As at 31 December 2017, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,550 million, consisting of (i) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and since April 2015, the term of repayment has been extended to repayable in full within 75 months from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly, (ii) 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 (iii) a loan of Baht 1,550 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 (2016: included loans of a subsidiary company amounting to Baht 1,750 million).

23. Debt issued and borrowings

As at 31 December 2017 and 2016, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)											
Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2017	2016	2017	2016	2017	2016
				(Percent per annum)	(Baht)	(Thousand unit)	(Thousand unit)				
1	Subordinated debentures issued under Tier II	Year 2012	Year 2022	4.70	1,000	-	12,516	-	12,516	-	-
2	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	13,000	13,000	12,530	12,530	-	-
3	Subordinated instruments issued under Tier II	Year 2015	Year 2025	4.65	1,000	7,000	7,000	7,000	7,000	-	-
4	Unsubordinated debentures	Year 2012	Year 2022	4.60	1,000	3,000	3,000	3,000	3,000	3,000	3,000
5	Unsubordinated debentures	Year 2013	Year 2017	4.70 - 4.80	1,000	-	5,000	-	5,000	-	-
6	Unsubordinated debentures	Year 2013	Year 2017	4.76	1,000	-	760	-	760	-	-
7	Unsubordinated debentures	Year 2013	Year 2018	4.70	1,000	3,100	3,100	3,100	3,100	3,100	3,100
8	Unsubordinated debentures	Year 2013	Year 2020	5.03	1,000	2,900	2,900	2,900	2,900	2,900	2,900
9	Unsubordinated debentures	Year 2013	Year 2023	4.85 - 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
10	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
11	Unsubordinated debentures	Year 2014	Year 2017	4.10 - 4.25	1,000	-	940	-	940	-	-
12	Unsubordinated debentures	Year 2014	Year 2018	4.75	1,000	2,000	2,000	2,000	2,000	-	-
13	Unsubordinated debentures	Year 2015	Year 2017	1.97	1,000	-	500	-	500	-	500
14	Unsubordinated debentures	Year 2015	Year 2017	3.35	1,000	-	200	-	200	-	-
15	Unsubordinated debentures	Year 2015	Year 2018	1.96	1,000	500	500	500	500	500	500
16	Unsubordinated debentures	Year 2015	Year 2018	3.00 - 3.10	1,000	1,100	1,100	1,100	1,100	-	-

(Unit: Million Baht)											
Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2017	2016	2017	2016	2017	2016
						(Thousand unit)	(Thousand unit)				
17	Unsubordinated debentures	Year 2016	Year 2017	2.60	1,000	-	770	-	770	-	-
18	Unsubordinated debentures	Year 2016	Year 2019	2.70 - 3.00	1,000	1,700	1,700	1,400	1,400	-	-
19	Unsubordinated debentures	Year 2016	Year 2019	2.95 - 3.00	1,000	1,735	1,735	1,735	1,735	-	-
20	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	2,000	-	2,000	-	-	-
21	Unsubordinated debentures	Year 2017	Year 2019	1.75	1,000	500	-	500	-	500	-
22	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	-	9,979	-	-	-
23	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	-	70	-	-	-
24	Short-term debentures		Year 2017	1.65				-	2,000	-	-
25	Structured notes		Year 2018	1.00				393	50	-	-
26	Promissory notes		At call	0.20 - 2.50, 5.65, 6.65				399	748	-	-
27	Promissory notes		Year 2018 - 2020	2.90, 3.30, 7.15				290	254	-	-
28	Borrowings - Departments of Alternative Energy Development and Efficiency		Year 2017	0.50				-	1	-	-
Total debt issued and borrowings								51,596	61,704	12,700	12,700

Instruments 1) are name-registered, subordinated, unsecured debentures with a debentures holders' representative, paying interest quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. These debentures had been early redeemed in the fourth quarter of 2017.

Instruments 2) and 3) are name-registered, Tier II capital, subordinated, unsecured instruments with no instrument holder's representative, paying interest quarterly. 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. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met.

Instruments 5) and 12) are name-registered, unsubordinated, unsecured debentures with a debentures holders' representative, paying interest quarterly. 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.

Instruments 6), 11), 14), 16) to 18), 20) and 22) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest semi-annually. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 4), 7) to 10), 13), 15) and 21) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 19) and 23) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

24. Provisions

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2017				
	Obligations				
	Loss from litigation	Employee benefits	from off- balance items	Others	Total
As at 1 January 2017	411	2,475	434	357	3,677
Increase during the year	41	839	30	1,432	2,342
Decrease from actual utilised	(82)	(574)	(7)	(247)	(910)
Reversal of provisions	(9)	-	(290)	(1,131)	(1,430)
As at 31 December 2017	361	2,740	167	411	3,679

(Unit: Million Baht)

	Consolidated financial statements				
	For the year ended 31 December 2016				
	Obligations				
	Loss from litigation	Employee benefits	from off- balance items	Others	Total
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)

	Separate financial statements		
	For the year ended 31 December 2017		
	Loss from litigation	Employee benefits	Total
As at 1 January 2017	47	38	85
Increase during the year	-	4	4
Decrease from actual utilised	(46)	(16)	(62)
Reversal of provisions	(1)	-	(1)
As at 31 December 2017	-	26	26

(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

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	
	2017	2016	2017	2016
Defined benefit obligation at the beginning of the year	2,204	2,129	38	35
Recognised in profit and loss:				
Current service cost	150	155	1	2
Interest cost	74	70	1	1
Past service costs and gains or losses arising from the payment of benefits	(199)	(90)	-	(1)
Recognised in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	97	26	1	1
- Financial assumptions changes	96	(67)	1	(1)
- Experience adjustments	43	28	-	1
Employee benefits paid during the year	(87)	(47)	(16)	-
Defined benefit obligation at the end of the year	2,378	2,204	26	38

As at 31 December 2017 and 2016, the Company and its subsidiaries expect to pay Baht 59 million and Baht 86 million, respectively, in long-term employee benefits during the next one year (separate financial statements: nil and Baht 16 million, respectively).

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

	(Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.71 - 3.13	2.71 - 3.51	3.11	3.51
Future salary increase rate	5.00 - 5.98	5.00 - 6.39	5.00	5.00
Average staff turnover rate (depending on age)	0 - 42.86	0 - 100	0 - 26.10	0.20 - 28.22

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 2017 and 2016 are summarised below:

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
	Change	2017	2016	2017	2016
Discount rate	Decrease 0.25%	63	56	1	1
Future salary increase rate	Increase 0.25%	61	55	1	1
Average staff turnover rate	Decrease 0.25%	56	56	1	1

As at 31 December 2017 and 2016, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 11, 14, 16, 20 years and 10, 15, 16, 20 years, respectively (separate financial statements: 16 years and 16 years, respectively).

25. Accrued interest payables

		(Unit: Million Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		2017	2016	2017	2016
Accrued interest payables		2,453	2,149	98	96

26. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated financial statements					
	2017			2016		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Life policy reserve	8,953	-	8,953	9,558	-	9,558
Loss reserves and outstanding claims	1,701	(137)	1,564	1,559	(159)	1,400
Unearned premium reserve	3,851	(281)	3,570	3,408	(57)	3,351
Unexpired risks reserve	3	-	3	-	-	-
Unpaid policy benefits	5	-	5	7	-	7
Other liabilities under insurance policies	128	-	128	62	-	62
Total	14,641	(418)	14,223	14,594	(216)	14,378

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					
2017					
	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%	161	157	(157)	(126)
Loss adjustment expense	Increase 2%	13	13	(13)	(10)
Ultimate loss ratio	Decrease 2%	(158)	(154)	154	123
Loss adjustment expense	Decrease 2%	(13)	(13)	13	10

(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

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 2017 and 2016 are summarised below:

(Unit: Million Baht)

Consolidated financial statements					
2017					
	Change	Insurance contract liabilities		Effect to	
		Gross reinsurance increase/ (decrease)	Net reinsurance increase/ (decrease)	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
Mortality rate	Increase 10%	17	-	(17)	(13)
Expenses rate	Increase 10%	10	-	(10)	(8)
Lapse and surrender rates	Increase 10%	(22)	-	22	17
Discount rate	Increase 0.5%	(229)	-	229	183
Mortality rate	Decrease 10%	(17)	-	17	13
Expenses rate	Decrease 10%	(10)	-	10	8
Lapse and surrender rates	Decrease 10%	22	-	(22)	(18)
Discount rate	Decrease 0.1%	19	-	(19)	(16)

(Unit: Million Baht)

Consolidated financial statements					
2016					
	Change	Insurance contract liabilities		Effect to	
		Gross reinsurance increase/ (decrease)	Net reinsurance increase/ (decrease)	Increase/ (decrease) on profit before tax	Increase/ (decrease) on equity
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)

26.1 Life policy reserve

	(Unit: Million Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	9,558	9,723
Insurance policy reserves increased from new policies and enforced policies	137	527
Insurance policy reserves decreased from benefit paid, lapse, surrender and others	(1,063)	(493)
Assumptions changes	150	(22)
Experience adjustments	200	(7)
Other adjustments	(29)	(170)
Balance - end of the year	8,953	9,558

26.2 Loss reserves and outstanding claims

	(Unit: Million Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	1,559	1,709
Claim expenses for the year	3,949	3,185
Change in loss reserves and outstanding in claims and assumption	152	186
Claim expenses paid during the year	(3,959)	(3,521)
Balance - end of the year	1,701	1,559

26.3 Unearned premium reserve

	(Unit: Million Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	3,408	3,097
Premium written for the year	7,655	6,489
Premium earned during the current year	(7,212)	(6,178)
Balance - end of the year	3,851	3,408

26.4 Unexpired risks reserve

	(Unit: Million Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2017	2016
Balance - beginning of the year	19	6
Increase during the year	45	37
Expire during the year	(1)	(24)
Balance - end of the year	63	19

26.5 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.

26.6 Unpaid policy benefits

(Unit: Million Baht)

	Consolidated financial statements	
	2017	2016
Death benefits	4	5
Surrender	-	1
Others	1	1
Total unpaid policy benefits	5	7

27. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Other payables	2,741	2,305	219	171
Suspense cash received from accounts receivable	1,962	353	-	3
Income received in advance	1,830	1,875	-	-
Corporate income tax payable	408	439	-	-
Accrued personnel expenses	2,353	2,184	69	69
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,714	1,627	-	-
Accrued other expenses	1,431	1,471	3	4
Insurance premium received in advance	1,422	1,355	-	-
Payables from purchase and sale of securities	2,259	2,366	-	-
Payable to clearing house	1,269	2	-	-
Others	1,073	847	11	10
Total other liabilities	18,462	14,824	302	257

28. Share capital/Treasury stocks

During the year ended 31 December 2017, there is no conversion of preferred shares to the Company's common shares. Therefore, as at 31 December 2017, 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 2017, the Company has 41,350,000 treasury shares valued at Baht 1,400 million that were repurchased during 10 February 2015 to 9 August 2015. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

29. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
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	336	297	9	12
Equity instruments	1,110	936	718	609
Total	1,446	1,233	727	621
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(55)	(414)	-	(1)
Equity instruments	(164)	(327)	-	(7)
Total	(219)	(741)	-	(8)
Total revaluation surplus on investments	1,227	492	727	613
Less: The effect of deferred tax liabilities	(249)	(102)	(145)	(122)
Net revaluation surplus on investments	978	390	582	491
Revaluation surplus on assets	802	831	15	15
Less: The effect of deferred tax liabilities	(160)	(166)	(3)	(3)
Net revaluation surplus on assets	642	665	12	12
Share of other comprehensive income of associate	399	407	-	-
Less: The effect of deferred tax liabilities	(14)	(14)	-	-
Net share of other comprehensive income of associate	385	393	-	-
Share of surplus from the change in the ownership interests in subsidiaries of the associate	62	-	-	-
Less: The effect of deferred tax liabilities	(2)	-	-	-
Net share of surplus from the change in the ownership interests in subsidiaries of the associate	60	-	-	-
Total	3,067	2,450	594	503

30. 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 2017, the statutory reserve has fully been set aside.

31. 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 2017 and 2016 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)	
	2017	2016
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	10,665	10,665
Share premium	2,066	2,066
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	41,263	37,348
Other components of equity		
Accumulated other comprehensive income	1,619	1,142
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating commercial banking business qualifying as Tier I capital	57,527	53,746
Less: Deductions from Common Equity Tier I capital	(19,613)	(19,925)
Total Common Equity Tier I capital	95,581	87,096
Total Tier I capital	95,581	87,096
<u>Tier II capital</u>		
Subordinated debentures	12,061	24,519
Reserve for assets classified as normal	8,412	8,613
Total Tier II capital	20,473	33,132
Total capital funds	116,054	120,228

As at 31 December 2017 and 2016, the capital adequacy ratios of the financial group calculated in accordance with the Notification of the BOT are as follows:

	2017		2016	
	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)	15.33	9.75	15.59	9.125
Total Tier I to risk-weighted assets (percent)	12.62	7.25	11.30	6.625
Total Common Equity Tier I to risk-weighted assets (percent)	12.62	5.75	11.30	5.125

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 2017 on its website at www.thanachart.co.th within April 2018 and have disclosed capital requirement information as at 30 June 2017 on the website since October 2017.

32. Dividends

During the years ended 31 December 2017 and 2016, 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 2017	The Company's Board of Directors on 25 September 2017	1,049	0.90	20 October 2017
Dividend for the second half-year of 2016	The Annual General Meeting of shareholders on 5 April 2017	1,398	1.20	3 May 2017
		<u>2,447</u>	<u>2.10</u>	
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>	

33. Interest income

Interest income for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Interbank and money market items	1,391	1,347	-	-
Investments and trading transactions	238	220	-	-
Investments in debt securities	3,191	3,571	24	19
Loans to customers	17,786	18,362	51	69
Hire purchase and financial lease	22,075	21,708	-	-
Total interest income	44,681	45,208	75	88

34. Interest expenses

Interest expenses for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Deposits	8,698	9,525	-	-
Interbank and money market items	791	741	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	3,348	3,326	-	-
Debts issued and borrowings				
- Subordinated debentures	370	590	-	-
- Unsubordinated debentures/short-term debentures	1,197	1,432	580	590
- Subordinated instruments	1,077	1,080	-	-
- Others	22	39	-	-
Borrowings cost	8	7	2	2
Total interest expenses	15,511	16,740	582	592

35. Fees and service income

Fees and service income for the years ended 31 December 2017 and 2016 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2017	2016	2017	2016
Fees and service income				
Acceptance, aval and guarantees	202	238	-	-
Brokerage fee from securities/derivatives	1,323	1,599	-	-
Hire purchase fee income	1,547	1,576	-	-
Credit card fee	1,065	907	-	-
ATM and electronic banking services	886	922	-	-
Insurance brokerage fee income	1,851	1,441	-	-
Others	2,223	2,120	-	-
Total fees and service income	9,097	8,803	-	-
Fees and service expenses	(3,207)	(2,915)	-	-
Net fees and service income	5,890	5,888	-	-

36. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the years ended 31 December 2017 and 2016 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2017	2016	2017	2016
Foreign exchange and derivatives relating to foreign exchange	277	400	-	-
Derivatives relating to interest rate	64	5	-	-
Debt securities	211	(18)	-	-
Equity securities	(51)	(11)	-	-
Others	164	83	-	-
Total	665	459	-	-

37. Gains on investments

Gains on investments for the years ended 31 December 2017 and 2016 consisted of the following:

	Consolidated financial statements		(Unit: Million Baht) Separate financial statements	
	2017	2016	2017	2016
Gains on disposal of available-for-sale securities	917	773	17	7
Gain on the capital returned from a subsidiary	-	-	53	-
Gains on disposal of investment in an associate company	443	-	281	-
Gains on debt settlement/assets transferred from investments in receivables purchased	263	51	134	14
Reversal loss on impairment of investments	65	2	-	-
Others	220	235	-	-
Total	1,908	1,061	485	21

38. Insurance/Life insurance income

Insurance/life insurance income for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Million Baht) Consolidated financial statements	
	2017	2016
Gross premium written	8,093	7,107
Less : Premium ceded to reinsurers	(519)	(153)
Net insurance premium income	7,574	6,954
Less: Unearned premium reserve increased from previous year	(218)	(279)
Total	7,356	6,675

39. Insurance expenses

Insurance expenses for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2017	2016
Gross claim and loss adjustment expense	3,658	3,026
Less: Claims recovery from reinsurers	(56)	(32)
Benefit payments under life policies and claims	1,448	830
Less: Benefit payment under life policies and claims refundable from reinsurers	(34)	(16)
Commissions and brokerages expenses	231	189
Less: Refundable commissions and brokerages expenses from reinsurers	(141)	(43)
Other underwriting expense	(355)	62
Total	4,751	4,016

40. 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 23 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.

41. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Impairment loss of loans (reversal)				
Interbank and money market items	21	11	-	-
Loans to customers	6,178	6,231	(6)	(5)
Reversal of revaluation allowance for debts restructured during the year	(1)	(2)	-	-
Loss from impairment of investments in receivables purchased (reversal)	38	(30)	42	(28)
Total	6,236	6,210	36	(33)

42. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2017 and 2016 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
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	2,247	(596)	131	43
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(917)	(773)	(17)	(7)
	1,330	(1,369)	114	36
Share of other comprehensive income of an associate	33	101	-	-
Other comprehensive income (loss) for the year	1,363	(1,268)	114	36
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale investments	(266)	274	(23)	(7)
Income tax - other comprehensive income (loss) of an associate	(1)	(5)	-	-
Impact from related income taxes	(267)	269	(23)	(7)
	1,096	(999)	91	29
<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 associate	-	401	-	-
Actuarial gains (losses) on defined benefit plan	(236)	13	(2)	(1)
Other comprehensive income (loss) for the year	(236)	2,035	(2)	14
Impact from related income taxes:				
Income tax - revaluation surplus on assets	-	(324)	-	(3)
Income tax - other comprehensive income of an associate	-	(20)	-	-
Income tax - actuarial gains (losses) on defined benefit plan	46	(6)	-	(2)
Impact from related income taxes	46	(350)	-	(5)
	(190)	1,685	(2)	9
Other comprehensive income for the year - net	906	686	89	38

43. 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	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	7,001,170	6,012,725	1,165,117	1,165,117	6.01	5.16
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	7,001,170	6,012,725	1,165,130	1,165,130	6.01	5.16

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	2,379,238	1,659,317	1,165,117	1,165,117	2.04	1.42
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	2,379,238	1,659,317	1,165,130	1,165,130	2.04	1.42

44. 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 2 - 15 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 2017, amounting to Baht 427 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 7 million) (2016: Baht 436 million in the consolidated financial statements and Baht 7 million in the separate financial statements).

45. 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				Transfer pricing policy (For the year 2017)
	Consolidated		Separate		
	financial statements		financial statements		
	2017	2016	2017	2016	
<u>Transactions occurred during the years</u>					
Subsidiary companies					
Purchase of debt securities	-	-	697	2,019	At market price
Sales of debt securities	-	-	266	-	At market price
Investments in common shares of a subsidiary	-	-	-	36	
Capital returned from a subsidiary company (2017: gain Baht 53 million)	-	-	93	-	At the net assets value
Interest income	-	-	51	68	At interest rate of 0.40 - 7.15 percent per annum
Dividend income	-	-	2,647	2,452	As declared
Rental and other service income	-	-	47	46	At the rate agreed under the contract
Other expenses	-	-	2	3	
Associated company					
Cash received for common shares of subsidiary companies	-	34	-	-	
Dividend income	-	-	124	124	As declared
Other income	1	6	-	-	
Interest expenses	4	5	-	-	At interest rate of 0.40 and 7.15 percent per annum
Dividend paid	-	-	273	247	As declared
Other expenses	129	129	11	12	
Related companies					
Purchase of debt securities	5,979	2,083	-	-	At market price
Sales of debt securities	4,587	2,092	-	-	At market price
Purchase/sales of forward exchange contracts	58,439	106,563	-	-	At market price
Interest income	215	272	-	-	At interest rate of 0.66 - 7.68 percent per annum
Dividend income	82	140	39	40	As declared
Insurance premium/life insurance premium income	12	-	-	-	At the vat agreed under the contract
Other income	4	3	-	-	
Interest expenses	198	136	-	-	At interest rate of 0.05 - 1.75 percent per annum

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2017	2016	2017	2016	(For the year 2017)
Transactions occurred during the years					
Related companies (continued)					
Dividend paid	2,377	2,229	-	-	As declared
Project management expenses	29	52	13	13	At the contract price calculated by reference to estimated usage time
Insurance premium/life insurance premium expenses	-	22	-	-	
Other expenses	196	139	6	3	

The outstanding balances of the above transactions during the years ended 31 December 2017 and 2016 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	127	117
Loans to customers	-	-	748	980
<u>Associated company</u>				
Deposits	75	135	-	-
Debt issued and borrowings	54	64	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	213	286	-	-
Loans to customers	6,361	8,395	-	-
Investment in debt securities	1,020	874	-	-
Deposits	1,606	1,528	-	-
Interbank and money market items (liabilities)	13,661	14,339	-	-
Debt issued and borrowings	-	11	-	-

As at 31 December 2017 and 2016, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements								
	2017								
	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.	-	-	-	29	56	-	58	2	-
Related companies									
Other related companies	301	591	5,839	36	1,478	13,138	-	32	698
	301	591	5,839	65	1,534	13,138	58	34	698

(Unit: Million Baht)

	Consolidated financial statements								
	2016								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
			receivables						
Associated company									
MBK Plc.	-	-	-	35	136	-	65	1	-
Related companies									
Other related companies	250	1,463	9,396	41	1,505	14,404	-	43	1,166
	250	1,463	9,396	76	1,641	14,404	65	44	1,166

(Unit: Million Baht)

Separate financial statements

2017									
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.	22	-	-	-	-	-	1	-	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	420	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	-	281	-	-	-	-	-	-
TM Broker Co., Ltd.	-	-	2	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	22	-	703	4	-	-	1	-	-

(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 company									
Related company	-	-	-	-	-	-	2	-	-
	30	-	979	5	-	-	4	-	-

As at 31 December 2017 and 2016, the Company has loans to subsidiary companies as follows:

		(Unit: Million Baht)	
Company's name	Interest rate	Outstanding balances	
		2017	2016
	(For the year 2017)		
Max Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	281	329
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	420	650
TM Broker Co., Ltd.	MLR of Thanachart Bank - 1%	2	-
Total		703	979

As at 31 December 2017, the Company and its subsidiaries have investments amounting to Baht 1,835 million (Baht 878 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 (2016: Baht 1,615 million in the consolidated financial statements and Baht 773 million in the separate financial statements).

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Loans to customers	88	125	-	-
Deposits	1,527	815	-	-

Directors and management's remuneration

During the years 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	773	743	97	92
Post-employment benefits	17	18	1	2
	790	761	98	94

46. Financial information classified by operating segment

46.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2017 and 2016, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2017			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,025,209	23,728	(23,412)	1,025,525
Interbank and money market items (assets)	104,446	14,884	(23,412)	95,918
Investments	169,912	8,791	-	178,703
Investment in an associated company	2,827	-	-	2,827
Loans to customers and accrued interest receivables	688,844	-	-	688,844
Deposits	716,091	-	-	716,091
Interbank and money market items (liabilities)	82,343	23,412	(23,412)	82,343
Debt issued and borrowings	51,596	-	-	51,596

(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				
2017				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	44,610	368	(297)	44,681
Interest expenses	(15,511)	(297)	297	(15,511)
Net interest income	29,099	71	-	29,170
Net fees and service income	5,890	-	-	5,890
Net insurance/life insurance income	2,605	-	-	2,605
Other operating income	4,933	(26)	-	4,907
Other operating expenses	(20,836)	-	-	(20,836)
Impairment loss of loans and debt securities	(6,236)	-	-	(6,236)
Profit before income tax	15,455	45	-	15,500
Income tax	(1,159)	-	-	(1,159)
Profit before non-controlling interests	14,296	45	-	14,341

(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	3,683	1	-	3,684
Other operating expenses	(21,025)	-	-	(21,025)
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

46.2 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)

	2017								
				Life	Non-life	Asset			
	The	Banking	Securities	insurance	insurance	management	Other		
	Company	business	business	business	business	business	businesses	Eliminations	Consolidated
Net interest income	(507)	27,138	169	310	186	104	1,887	(117)	29,170
Other operating income	3,304	9,645	2,408	(108)	2,074	171	1,160	(5,252)	13,402
Other operating expenses	(229)	(17,702)	(1,292)	(136)	(958)	(109)	(980)	570	(20,836)
Impairment loss of loans and debt securities	(36)	(5,935)	-	-	-	48	(515)	202	(6,236)
Profit before income tax	2,532	13,146	1,285	66	1,302	214	1,552	(4,597)	15,500
Income tax	(153)	(11)	(250)	1	(251)	(95)	(298)	(102)	(1,159)
Profit before non-controlling interests	2,379	13,135	1,035	67	1,051	119	1,254	(4,699)	14,341

(Unit: Million Baht)

	2016								
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Net interest income	(504)	26,548	191	323	191	233	1,547	(61)	28,468
Other operating income	2,429	8,909	2,445	33	2,016	365	1,050	(5,016)	12,231
Other operating expenses	(283)	(17,792)	(1,376)	(155)	(963)	(208)	(884)	636	(21,025)
Impairment loss of loans and debt securities	33	(5,808)	2	-	-	(8)	(490)	61	(6,210)
Profit before income tax	1,675	11,857	1,262	201	1,244	382	1,223	(4,380)	13,464
Income tax	(16)	105	(244)	(12)	(239)	(136)	(253)	(58)	(853)
Profit before non-controlling interests	1,659	11,962	1,018	189	1,005	246	970	(4,438)	12,611

The segment assets of the Company and its subsidiaries as at 31 December 2017 and 2016 are as follow:

(Unit: Million Baht)

Segment assets	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
As at 31 December 2017	38,150	954,460	12,306	10,610	13,452	4,782	40,617	(48,852)	1,025,525
As at 31 December 2016	37,989	906,868	9,936	11,035	12,045	5,502	34,518	(51,026)	966,867

46.3 Major of principal customers

During the years 2017 and 2016, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

47. Encumbrance of assets

As at 31 December 2017 and 2016, 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		
	2017	2016	2017	2016
Interbank and money market items (assets)				
Placed at insurance registrar	782	650	-	-
Placed at court	3	3	-	-
Investments in securities				
Placed at insurance registrar	2,462	2,475	-	-
Placed at court	30	399	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	2	169	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	30	119	-	31
	3,310	3,816	-	31

48. Commitments and contingent liabilities

As at 31 December 2017 and 2016, significant commitments and contingent liabilities consisted of:

48.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Aval to bills	115	629	-	-
Guarantees of loans	2,291	1,188	-	-
Liability under unmatured import bills	270	637	-	-
Letter of credits	1,045	1,479	-	-
Other obligations				
Committed (but not drawn) overdraft	23,832	24,244	-	-
Others	55,644	55,272	1	1
Total	83,197	83,449	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 7 to the financial statements.

48.2 As at 31 December 2017, 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:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2018	1,794	11
2019	1,225	2
2020 onward	2,133	3

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.

48.3 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 2017, 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 other assets 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 2017, 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 452 million, as disclosed under contingent liabilities in Note 49 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 2017, 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.

49. Contingent liabilities/litigation

- a) As at 31 December 2017, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 2,909 million (separate financial statements: Baht 215 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 452 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.

50. Letter of guarantees

As at 31 December 2017, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 30 million, placed for electricity usage (separate financial statements: Baht 1 million).

51. 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.

51.1 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.

51.2 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 2017 and 2016, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	2017			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	11,453	11,453
Interbank and money market items	1,063	88,486	6,556	96,105
Derivatives assets	-	-	2,889	2,889
Investments	956	166,664	9,421	177,041
Loans to customers ⁽¹⁾	221,106	491,508	147	712,761
Receivables from purchase and sale of securities	-	-	3,127	3,127
Other assets - receivable from clearing house	-	-	343	343
<u>Financial liabilities</u>				
Deposits	304,946	404,079	7,066	716,091
Interbank and money market items	16,875	63,761	1,707	82,343
Liability payable on demand	-	-	1,989	1,989
Derivatives liabilities	-	-	2,868	2,868
Debt issued and borrowings	62	51,534	-	51,596
Other liabilities - payables from purchase and sale of securities	-	-	2,259	2,259
Other liabilities - payable to clearing house	-	-	1,269	1,269

(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	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⁾	226,099	465,779	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)

Transactions	Separate financial statements			
	2017			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	15	-	7	22
Investments	529	1,183	499	2,211
Loans to customers ⁽¹⁾	724	78	3	805
<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			
	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.

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						
	2017						
	Repricing or maturity date						Weighted
							average
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	interest rates
							Percent
<u>Financial assets</u>							
Interbank and money market items	750	79,073	6,963	500	1,200	88,486	0.35 - 2.11
Investments	-	25,295	15,053	119,277	7,039	166,664	1.90 - 3.88
Loans to customers	4,651	44,916	25,871	240,130	175,940	491,508	1.28 - 8.00
<u>Financial liabilities</u>							
Deposits	51	129,188	233,576	41,264	-	404,079	1.60
Interbank and money market items	1,699	39,070	20,759	1,118	1,115	63,761	1.44 - 1.90
Debt issued and borrowings	388	893	6,200	21,823	22,230	51,534	1.00 - 5.52

(Unit: Million Baht)

	Consolidated financial statements						
	2016						
	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
<u>Financial assets</u>							
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	3,010	49,589	27,407	242,788	142,985	465,779	1.32 - 7.77
<u>Financial liabilities</u>							
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	744	50	10,171	12,924	37,746	61,635	1.00 - 4.99

(Unit: Million Baht)

Transactions	Separate financial statements						
	2017						
	Repricing or maturity date					Total	Weighted average interest rates
	0 - 3	3 - 12	1 - 5	Over 5			
	months	months	years	years			
At call						Percent	
<u>Financial assets</u>							
Investments	-	-	813	370	-	1,183	2.67
Loans to customers	78	-	-	-	-	78	6.84
<u>Financial liabilities</u>							
Debt issued and borrowings	-	500	3,100	6,400	2,700	12,700	4.58

(Unit: Million Baht)

	Separate financial statements						
	2016						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<u>Financial assets</u>							
Investments	-	105	20	577	-	702	3.39
Loans to customers	77	-	-	-	-	77	7.38
<u>Financial liabilities</u>							
Debt issued and borrowings	-	-	500	6,500	5,700	12,700	4.59

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 2017 and 2016 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	2017			2016		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	60,378	1,391	2.30	50,090	1,347	2.69
Investments and trading operations	13,483	238	1.77	8,402	220	2.62
Investments in debt securities	159,485	3,191	2.00	163,046	3,571	2.19
Loans to customers/hire purchase and financial lease	681,458	39,861	5.85	682,110	40,070	5.87
<u>Interest bearings financial liabilities</u>						
Deposits	683,002	12,046	1.76	667,088	12,851	1.93
Interbank and money market items	67,105	791	1.18	68,030	741	1.09
Debt issued and borrowings	59,000	2,674	4.53	72,093	3,148	4.37

(Unit: Million Baht)

Separate financial statements						
	2017			2016		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	120	-	0.32	50	-	0.60
Investments in debt securities	1,172	24	2.05	1,175	19	1.62
Loans to customers/hire purchase and financial lease	742	51	6.77	1,001	69	6.96
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	12,585	582	4.63	12,931	592	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 2017 and 2016 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
2017					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	81	56	8	7	24
Interbank and money market items	9,227	45	99	26	158
Investments	10,442	-	-	-	-
Loans to customers and accrued interest receivable	14,167	67	87	1,535	8
Other assets	507	-	-	-	-
Total assets	34,424	168	194	1,568	190
Deposits	1,554	14	60	41	70
Interbank and money market items	15,537	1	-	-	-
Total liabilities	17,091	15	60	41	70
Net	17,333	153	134	1,527	120
<u>Foreign currency commitments</u>					
Guarantees of loans	930	1	-	-	-
Liability under unmatured import bills	202	7	12	-	-
Letter of credits	813	109	19	4	4
Others commitments	567	5	-	-	1

(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>					
Guarantees of loans	788	-	-	-	-
Liability under unmatured import bills	571	6	19	-	2
Letter of credits	1,279	97	63	-	10
Others commitments	686	24	-	-	1

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				
	2017				
	US Dollar	Euro	Yen	Australian	
				Dollar	Others
Foreign exchange contracts					
- Bought	43,563	845	170	54	553
- Sold	49,685	985	303	1,575	661
Cross currency and interest rate swap contracts					
- Bought	3,827	-	-	-	-
- Sold	14,431	-	-	-	-
Interest rate swap contracts					
- Bought	64,098	-	-	-	-
- Sold	64,098	-	-	-	-

(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	-	-	-	-

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.

51.3 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 2017 and 2016 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2017				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	11,453	-	-	-	11,453
Interbank and money market items	8,369	86,036	1,700	-	96,105
Derivatives assets	-	1,069	1,820	-	2,889
Investments	961	45,416	121,273	9,391	177,041
Loans to customers ⁽¹⁾	40,579	195,236	476,946	-	712,761
Receivables from purchase and sale of securities	-	3,127	-	-	3,127
Other assets - receivable from clearing house	-	343	-	-	343
<u>Financial liabilities</u>					
Deposits	307,410	365,945	42,736	-	716,091
Interbank and money market items	20,281	59,828	2,234	-	82,343
Liability payable on demand	1,989	-	-	-	1,989
Derivatives liabilities	-	1,319	1,549	-	2,868
Debt issued and borrowings	399	7,144	44,053	-	51,596
Other liabilities - payables from purchase and sale of securities	-	2,259	-	-	2,259
Other liabilities - payable to clearing house	-	1,269	-	-	1,269
<u>Commitments</u>					
Aval to bill	2	100	13	-	115
Guarantees of loans	87	2,204	-	-	2,291
Liability under unmatured import bills	48	222	-	-	270
Letter of credits	250	795	-	-	1,045
Other commitments	38,222	39,177	2,077	-	79,476

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(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	748	10,286	50,670	-	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
Guarantees of loans	-	1,188	-	-	1,188
Liability under unmatured import bills	40	597	-	-	637
Letter of credits	457	1,022	-	-	1,479
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)

Transactions	Separate financial statements				
	2017				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	22	-	-	-	22
Investments	529	813	370	499	2,211
Loans to customers ⁽¹⁾	788	2	15	-	805
<u>Financial liabilities</u>					
Debt issued and borrowings	-	3,600	9,100	-	12,700
<u>Commitments</u>					
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				
	2016				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	30	-	-	-	30
Investments	562	125	577	511	1,775
Loans to customers ⁽¹⁾	1,138	-	4	-	1,142
<u>Financial liabilities</u>					
Debt issued and borrowings	-	500	12,200	-	12,700
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

51.4 Fair value

As at 31 December 2017 and 2016, 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					
	2017				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Derivatives assets	2,518	2,518	-	2,518	-
Investments	174,031	174,031	6,244	167,787	-
Derivatives liabilities	2,511	2,511	-	2,511	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	5,552	5,552	-	-	5,552
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Cash	11,453	11,453	11,453	-	-
Interbank and money market items (assets)	95,918	95,918	7,571	55,998	32,349
Derivatives assets	371	529	-	529	-
Investments	4,672	10,467	-	356	10,111
Loans to customers	688,844	697,259	-	324,656	372,603
Receivables from purchase and sale of securities	3,127	3,127	-	3,127	-
Other assets - receivable from clearing house	343	343	-	343	-
Deposits	716,091	716,308	312,012	404,296	-
Interbank and money market items (liabilities)	82,343	82,345	18,581	46,920	16,844
Liability payable on demand	1,989	1,989	1,989	-	-
Derivatives liabilities	357	360	-	360	-
Debt issued and borrowings	51,596	53,388	-	53,388	-
Other liabilities - payables from purchase and sale of securities	2,259	2,259	-	2,259	-
Other liabilities - payable to clearing house	1,269	1,269	-	1,269	-

(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	11,297	-	937	10,360
Loans to customers	667,521	674,703	-	328,743	345,960
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)

Separate financial statements

Financial assets and liabilities measured at fair value

Investments

2017					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
Investments	2,333	2,333	941	1,392	-

Non-financial assets measured at fair value

Land, premises and equipment - land

Land, premises and equipment - land	18	18	-	-	18
-------------------------------------	----	----	---	---	----

Financial assets and liabilities for which fair value are disclosed

Interbank and money market items (assets)

Interbank and money market items (assets)	22	22	22	-	-
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Investments

Investments	454	1,663	-	-	1,663
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Loans to customers

Loans to customers	725	725	-	713	12
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Debt issued and borrowings

Debt issued and borrowings	12,700	13,626	-	13,626	-
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(Unit: Million Baht)

Separate financial statements

Financial assets and liabilities measured at fair value

Investments

2016					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
Investments	1,750	1,750	890	860	-

Non-financial assets measured at fair value

Land, premises and equipment - land

Land, premises and equipment - land	18	18	-	-	18
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Financial assets and liabilities for which fair value are disclosed

Interbank and money market items (assets)

Interbank and money market items (assets)	30	30	30	-	-
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Investments

Investments	529	1,635	-	-	1,635
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Loans to customers

Loans to customers	1,056	1,056	-	973	83
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Debt issued and borrowings

Debt issued and borrowings	12,700	13,501	-	13,501	-
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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 4.23 to the financial statements.
Investments	<ul style="list-style-type: none"> - 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 4.3 to the financial statements. - 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	- 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.

Loans to customers (continued)	<ul style="list-style-type: none"> - 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 payables from purchase and sale of 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.
Receivable from and payable 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, 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.

Interbank and money market items (liabilities) (continued)	- 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	- 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. - 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.

During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

51.5 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 2017 and 2016, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

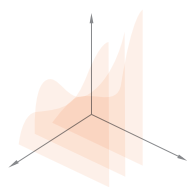
	Consolidated financial statements					
	2017			2016		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	45,185	-	45,185	44,663	-	44,663
- Sold	53,209	-	53,209	56,983	-	56,983
Cross currency and interest rate swap contracts						
- Bought	1,412	2,415	3,827	699	4,218	4,917
- Sold	5,680	8,751	14,431	4,282	12,261	16,543
Interest rate swap contracts						
- Paid fixed interest rate	38,084	116,132	154,216	41,265	114,131	155,396
- Paid floating interest rate	39,358	98,641	137,999	40,070	115,181	155,251
- Received fixed interest rate	39,358	98,041	137,399	39,070	115,181	154,251
- Received floating interest rate	38,084	116,732	154,816	42,265	114,131	156,396
Future contracts						
- Bought	239	-	239	76	-	76
- Sold	1,668	-	1,668	1,587	-	1,587
Derivative warrant contracts						
- Sold	1	-	1	-	-	-
Other						
- Sold	396	-	396	50	-	50

52. Events after the reporting period

On 19 February 2018, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders 2018 for approval the payment of a dividend of Baht 1.30 per share, or a total of Baht 1,515 million, to the ordinary and preference shareholders.

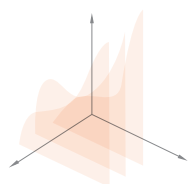
53. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 19 February 2018.



SUMMARY OF SPECIFIED ITEMS PER FORM 56-2 IN 2017 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
MBK Public Company Limited	MBK
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 the National Anti-Corruption Commission	Office of NACC
EY Office Limited	EY
The United State of America	USA
The Lao People's Democratic Republic	Lao PDR

Thanachart Group embraces its environmental responsibilities
in the reduction of global warming and consumption of natural resources.
The 2017 Annual Report used paper produced from farmed trees
and was printed with soy-based ink.

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