

# Blueprint for Change



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## Vision

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

# Mission

1

Understand our customers and offer high quality financial services designed to meet their needs and aspirations

2

Create shareholder value with appropriate and sustainable shareholder returns

3

Trust in employees and provide opportunities to develop and perform to their full capabilities as well as reward them based on their performance

4

Create value to society while operating our business with internationally accepted standards of good corporate governance

# Historical Financial Performance

## Consolidated financial statements

(Unit: THB million)

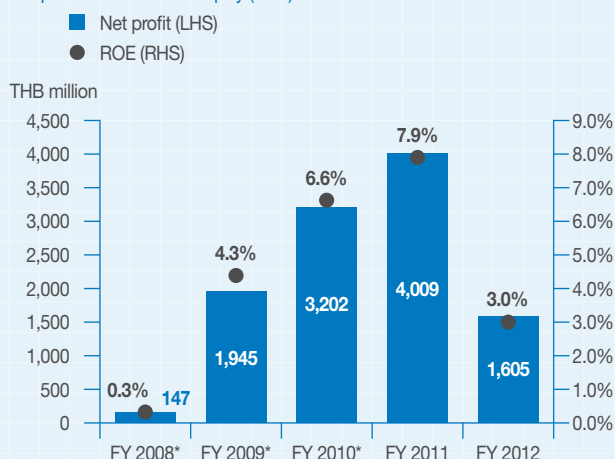
Selected Statement of Comprehensive Income Items	2012	2011	2010*	2009*	2008*
Interest income	30,678	26,148	18,249	19,942	28,305
Interest expenses	13,613	11,912	7,833	9,756	15,091
<b>Net interest income</b>	<b>17,065</b>	<b>14,236</b>	<b>10,416</b>	<b>10,186</b>	<b>13,214</b>
Net fees and operating income	7,627	6,581	5,751	9,336	6,370
<b>Total operating income</b>	<b>24,692</b>	<b>20,817</b>	<b>16,167</b>	<b>19,522</b>	<b>19,584</b>
Other operating expenses	14,274	13,641	11,288	14,897	14,168
Bad debts, doubtful accounts and impairment loss	8,751	3,104	1,654	2,627	5,076
Income tax expenses	36	40	14	33	87
<b>Profit for the year</b>	<b>1,631</b>	<b>4,032</b>	<b>3,211</b>	<b>1,965</b>	<b>253</b>
<b>Equity holders of the Bank</b>	<b>1,605</b>	<b>4,009</b>	<b>3,202</b>	<b>1,945</b>	<b>147</b>
<b>Non-controlling interest of the subsidiaries</b>	<b>26</b>	<b>23</b>	<b>9</b>	<b>20</b>	<b>106</b>
Other comprehensive income (loss)	1,053	142	(147)	(541)	644
<b>Total comprehensive income</b>	<b>2,658</b>	<b>4,151</b>	<b>3,055</b>	<b>1,404</b>	<b>791</b>

## Selected Statement of Financial Position Items

Loans to customers and accrued interest receivables	453,674	398,373	363,741	369,063	427,582
<b>Total assets</b>	<b>712,147</b>	<b>718,643</b>	<b>589,200</b>	<b>543,142</b>	<b>601,573</b>
Deposits	496,158	452,316	412,723	407,776	450,297
<b>Total liabilities</b>	<b>658,478</b>	<b>666,362</b>	<b>539,345</b>	<b>496,385</b>	<b>556,939</b>
<b>Total shareholders' equity</b>	<b>53,669</b>	<b>52,281</b>	<b>49,855</b>	<b>46,757</b>	<b>44,634</b>
Equity attributable to equity holders of the Bank	53,604	52,177	49,772	46,682	44,543
Non-controlling interests of the subsidiaries	65	104	83	75	91

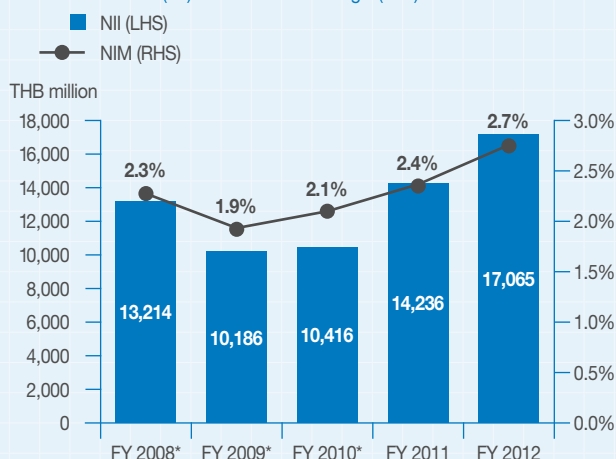
Basis earnings per share	0.0369	0.0921	0.0749	0.0458	0.0035
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### Net profit and Return on equity (ROE)



Note: Consolidated financial statement

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



Note: Consolidated financial statement

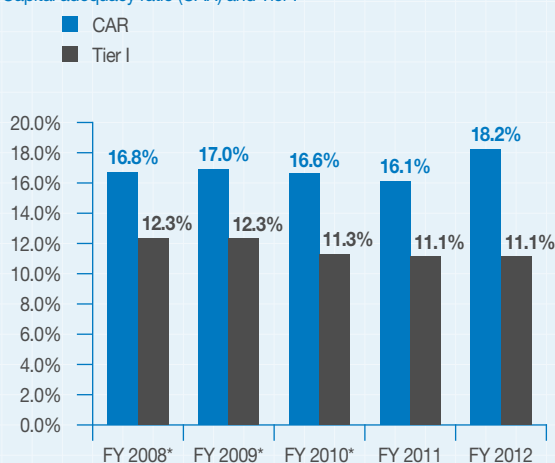
Key financial ratio	2012	2011	2010*	2009*	2008*
<b>Profitability and Efficiency</b>					
Return on equity (ROE)	3.0%	7.9%	6.6%	4.3%	0.3%
Return on assets (ROA)	0.2%	0.6%	0.6%	0.3%	0.0%
Cost to Income <sup>1</sup>	56.5%	63.2%	73.5%	76.8%	61.9%
Net interest margin (NIM)	2.7%	2.4%	2.1%	1.9%	2.3%
<b>Liquidity</b>					
Loan to deposit (LDR)	91.9%	85.4%	87.9%	90.3%	94.2%
% current and savings accounts to total deposits (CASA)	65.1%	60.2%	46.3%	49.5%	38.6%
<b>Capital adequacy</b>					
Tier I <sup>2</sup>	11.1%	11.1%	11.3%	12.3%	12.3%
Capital adequacy ratio (CAR) <sup>2</sup>	18.2%	16.1%	16.6%	17.0%	16.8%
<b>Asset quality</b>					
Consolidated NPL ratio	4.1%	5.7%	8.3%	12.7%	14.3%
NPL coverage	112.8%	73.4%	57.2%	58.4%	65.8%
% excess reserve to performing loan	2.6%	1.8%	2.3%	2.5%	2.2%
Book value per share (Baht)	1.23	1.20	1.15	1.07	1.03
Number of employee	9,106	8,968	8,750	8,236	9,039
Number of branch	464	458	455	483	470
Number of ATM	2,357	2,398	2,300	2,257	1,949

Note: \* Reclassified to conform to 2011 figures

<sup>1</sup> Excluded extra ordinary items

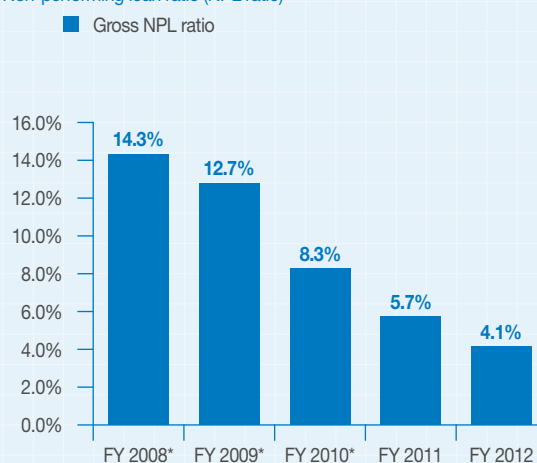
<sup>2</sup> For 2008 base on Basel I

Capital adequacy ratio (CAR) and Tier I



Note: Bank only

Non-performing loan ratio (NPL ratio)



Note: Consolidated financial statement





# Message from Chairperson of the Board of Directors

2012 was the year that the Thai economy recovered from the severe flooding of 2011. However, the global economy was still weak and met high fluctuation due to the widespread and prolonged European sovereign debt crisis. In addition, the economic recovery of the United States and Asia was still at risk thus impacting the Thai economy. Despite the challenging environment, TMB made dividend payments at THB0.030 per share to its shareholders on May 9, 2012, which was higher than 2011, reflecting the Bank's improving operating performance. In 2012, the Bank's Pre-Provisioning Operating Profits (PPOP) achieved a record high of THB 10,445 million, an increase of 36.8% from the previous year. The Bank also maintained a solid capital base with 18.2% Capital Adequacy Ratio (CAR), the highest level in the Thai commercial banking system. More importantly, TMB contained the downside risk from remaining legacy non-performing loans (NPL) by bringing NPL down to 3.75% and increasing coverage of provisions to 118% on a bank only basis, which is equivalent to 4.1% and 113% on consolidated basis respectively.

Throughout 2012, TMB created value for customers by strengthening the brand through the 'Make THE Difference' philosophy. The organization focused its effort towards finding solutions for customers' unmet financial needs by challenging the status quo of the banking industry in order to develop products and services that truly match customer requirements and to make customers' lives better. Apart from these initiatives, the Bank is also moving forward to create branded customer experience with the cooperation of all TMB employees to create service excellence in line with our brand via all service channels.

Apart from catering financial products and services that match with customers' needs, the Bank continues to foster our CSR principles for a sustainable Thai society. TMB provides opportunities for Thai youth under the 'FAI-FAH' project, which was created to be a place for youth from lower socio-economic backgrounds to demonstrate their creativity through the arts. In 2012, TMB expanded FAI-FAH through two new centers in Prachautis and Chan communities, as well as using 'FAI-FAH in a Box' to leverage employees at our 462 branches to conduct art activities with children from their respective micro-communities.

The Bank put the emphasis on good corporate governance as a key priority with the commitment to continually enhance the standard of corporate governance and supervision. We are pleased to report that in 2012, for the fourth consecutive year, TMB's corporate governance received the highest score of 'Excellent' from the Thai Institute of Directors Association (Thai IOD) supported by Securities and Exchange Commission and the Stock Exchange of Thailand.

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



**Saowanee Kamolbutr**  
Chairperson



# Message from the Chief Executive Officer

What a difference one year makes. 2012 was a pivotal year in which TMB made great strides in pushing further forward the second phase of our five year plan: to transform TMB through 'Differentiation and Quality Growth'. All of us have worked tirelessly on aligning the entire organization towards a common vision and shared strategy underpinned by TMB's Make THE Difference philosophy. The business has made tremendous headway in developing strategies to ensure that TMB continues to deliver on our brand promise to Make THE Difference whenever and wherever possible, by improving our customer experience at all touchpoints throughout the entire Bank. In parallel to these actions, TMB continues to develop products and services that are not only customer-centric, but also benefit all stakeholders through a win-win concept. We have been able to bring great product and service innovations to our customers whilst being able to reconcile the interests of employees, shareholders and the community; successfully showcasing the fact that for one stakeholder to benefit, another stakeholder need not suffer. In doing so, TMB has turned a corner in providing genuine value for all of our stakeholders. We are proud of our progress and accomplishments as we continue to create a BLUEPRINT for CHANGE in the Thai banking industry.

## THE Difference in Financial Progress Financials – Quality Growth

The highlight achievement in 2012 was the pre-provision operating profit (PPOP) of THB10.4 billion, the highest ever in TMB's 56-year history and an increase of over 36.8% compared to 2011. This strong performance is indicative of the improvements made in all areas of the Bank. As a result of our focus on delivering transactional banking excellence, deposit volume was up 10% year-on-year and our focus on transactional banking has enabled TMB to grow quality deposits, improving our cost of deposits to be in line with industry leaders. Performing loans outperformed the market, expanding by 17%, the growth coming mainly from SME and retail consumer segments that provide the best 'risk-adjusted return'. These balance sheet improvements widened the Net Interest Margin (NIM) by more than 0.3% to be at 2.7% in a year while most of the banking industry experienced a contraction. By taking steps to increase 'Share of Wallet' TMB grew fees by 25% in 2012 as we increase our total revenue by 17%. Our initiatives to improve operating efficiencies resulted in operating expenses increasing by only 5%. As a result, the Bank's PPOP rose by 36.8%.

Given the strong PPOP, the Bank took the opportunity to clean up remaining legacy non-performing loans (NPL) and further reinforce TMB's foundation. THB5.7 billion of NPL were sold in Q4 and a one-time provision of THB5.3 billion was set aside for 2012 on top of business-as-usual provisioning of THB3.5 billion set throughout the year. At year-end, the NPL ratio had fallen from 5.7% in 2011 to 4.1% and the NPL coverage ratio had increased from 73% in 2011 to 113% on a consolidated basis. Our consolidated net profit for 2012 was THB1.6 billion, with Tier 1 capital and Capital Adequacy Ratio (CAR) amongst the highest in the industry at 11.1% and 18.2% respectively.

## Game-changing Product Innovations

Throughout TMB's transformation, we have leveraged our Make THE Difference concept to create innovations that the Thai banking industry has never seen before. Innovations such as 'One Bank One Account' and 'One Bank One Day' improve efficiencies for our customers by reducing transactional fees, improving liquidity when making payments, and collecting receivables from supply chain partners. For retail customers, the new 'Free Flow' savings account allows customers to make up to 10 free transactions per month, including transfers across banks and even upcountry. These are examples of products and services that have improved the existing paradigm and challenged the status quo. Many of the historic innovations launched by TMB have now become the industry norm. We remain vigilant in our customer-centric approach by persistently staying ahead of the curve: understanding customer needs and inventing new products and services that customers did not even initially realize they needed, but now are unable to live without.

But innovations alone do not solely Make THE Difference. TMB is embarking on creating value chains for each of our customer segments in order to provide them with a branded customer experience moving forward.

## A Holistic Brand Evolution

TMB's corporate brand 'Make THE Difference' was taken to a more engaging level in 2012 with the next phase of the campaign designed to challenge the public to immediately Make THE Difference in their lives. Through an interactive online campaign, the public voted for the version of the TV commercial they thought would most effectively prompt the rest of the nation to Make THE Difference, now. This was the first time



in Thai television history that consumers were empowered to decide the outcome of a major TV campaign. To complement the TV campaign, the Bank currently hosts [www.makeTHEdifference.org](http://www.makeTHEdifference.org), an online community where the public can increase the probability of reaching their goals to Make THE Difference by writing them online and allowing friends, family, and other people in this community to cheer them on.

Following initiatives such as these, TMB's Brand Consideration – a measurement of the brand's strength, has increased from 54% in 2009 to 77% as of 2012. The next stage will be to differentiate the TMB brand, which will be the focus of 2013 onwards – delivering a differentiated TMB branded customer experience. This experience will help develop service levels and processes whereby customers can tell they are banking with TMB just by the quality of the experience they receive during their banking interactions.

#### **Empowerment from the Inside Out**

In order to empower our staff to fulfill their optimal potential, TMB attempted to instill the Make THE Difference philosophy via two flagship programs conducted in 2012. The program 'Career by Me' is aimed at empowering staff to have more control over their career paths by setting long-term goals and taking the time to discuss their skills with their managers and what they need to develop further to reach their goals. For the 'Empowering Leaders' program, the Bank identified over 700 high-potential individuals currently located in middle management and took them out of their daily roles for one-day workshops focusing on leadership skills and methods on empowering their own team members.

#### **A World of Difference**

'FAI-FAH' is TMB's innovative corporate responsibility program designed for teenagers aged 12-17 years from lower income communities. The program aims to inspire underprivileged children to Make THE Difference in their communities by empowering them with arts and life skills. In addition to the original FAI-FAH center in Pradipat, TMB launched another two FAI-FAH centers in Bangkok in 2012: Prachautis and Chan.

TMB also continued to roll out 'FAI-FAH in a Box', a nationwide program that enables our various bank branches to empower children living within their geographical areas, to change their communities through the arts. With this expansion, FAI-FAH has now served 24,000 teenagers in Bangkok and its suburbs through both regular programs and community development activities in 2012. FAI-FAH has become a major service platform, not only as an avenue for TMB employees to do good through volunteering, but also as a collaboration hub for leading institutions to enhance the development of these children upon completion of our three-year FAI-FAH program.

#### **A Blueprint for the Future**

I am proud of the progress being made at TMB. The Bank continues to stay ahead of current industry standards by being genuinely customer-centric: taking the time to understand our customers and delivering financial services that meet their needs. TMB is well on its way towards achieving our target of 14% ROE within 2014. We have built a solid foundation upon which we will grow all areas of TMB – our employees, products and services, a branded customer experience, shareholder value and investing in the communities in which we work – with quality and an attitude to Make THE Difference.

By cleaning up TMB's remaining history of non-performing loans (NPL), and increasing our loan-loss provisioning, TMB is now able to provide reassurance to our stakeholders that problems that occurred in the past will be pre-empted from re-surfacing again in the future. These actions ensure that moving forward, TMB can transition from playing defense into implementing a BLUEPRINT for CHANGE that allows the Bank to be much more on the offensive. We will find even more ways to Make THE Difference for all of our stakeholders as we continue on our path of transformation. Congratulations to the entire TMB team for our fantastic achievements.



**Boontuck Wungcharoen**  
Chief Executive Officer

**Make THE Difference**

**You have  
the power to  
improve the  
status quo**

# Make THE Difference

The courage to think in a bold new way. To challenge what currently is, to create a better idea. This is how our philosophy of **'Make THE Difference'** was born. It is what we at TMB walk, talk, live, and breathe – in work, and in life.

**'Make THE Difference'** is the belief that everyone has the power to change the world around them for the better – your world, and the world you shape and share with others. TMB's belief in this power has successfully helped us to create ripples, touching the lives of our stakeholders: customers, employees, shareholders, customers, and to society itself.

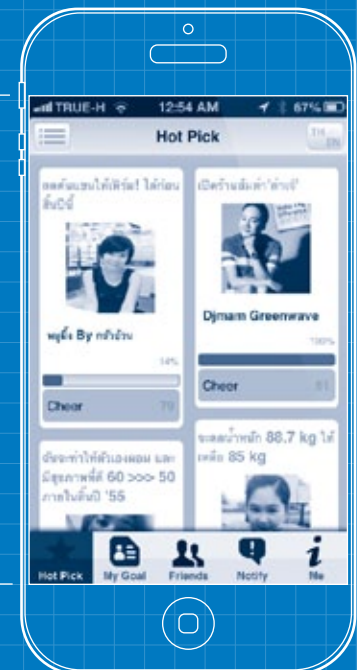
Our philosophy to **'Make THE Difference'** was initially rolled out internally to inspire our employees, then communicated to the public through an advertising campaign about a group of children living on an island who found a way to play football – despite living in the middle of the ocean, with no plots of land for playing on. This actual story was created and publicized to inspire people to reach for their goals and Make THE Difference while doing so. The following year, TMB reinforced this philosophy one step further, by challenging the Thai public not to procrastinate to Make THE Difference, with a call to action advertising campaign entitled **'Why wait?'**

## 'WHY WAIT?' TVC



To support this aim to inspire, TMB also created [www.makeTHEdifference.org](http://www.makeTHEdifference.org), an online social platform housing the 'Make THE Difference Society'. This society brings members of the public together, empowering them to set goals and achieve them. 'Make THE Difference Society' members can outline their goals (whether it be personal or for the greater good), and interact and encourage each other in a social setting, with the aim of helping one another to achieve goals more easily.

MOBILE APP



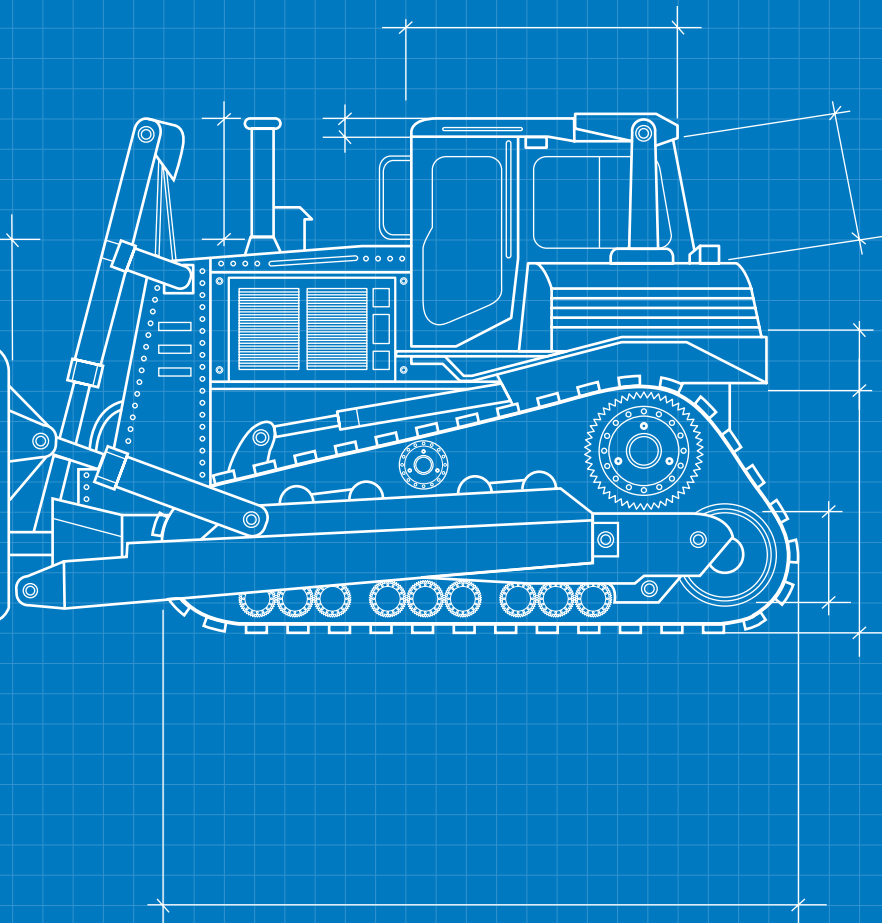
WWW.MAKETHEDIFFERENCE.ORG



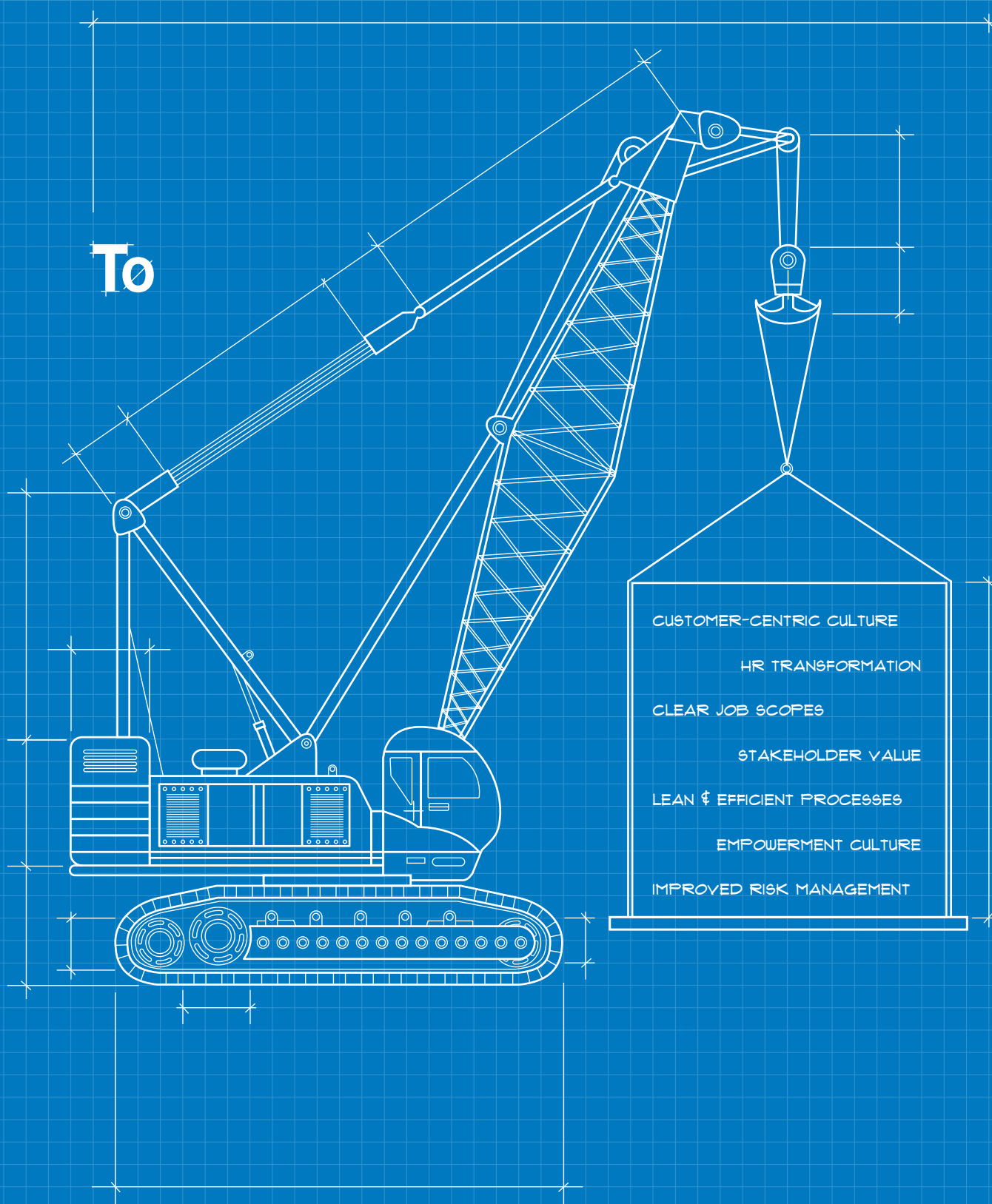
# Building value through change

## From

UNCLEAR CAREER DEVELOPMENT  
ENTITLEMENT  
BUREAUCRATIC PROCESSES  
RED TAPE  
HIGH NPL / NPA  
OPERATING INEFFICIENCIES







# A Tangible Difference to Customers

TMB has worked tirelessly to ensure that our 'Make THE Difference' belief comes through in all aspects of the TMB customer journey and its associated touchpoints. Our strategies have resulted in innovative products and services that warrant long-term benefits not just for customers, but also for all stakeholders. Such ingenuity can be seen in the processes we have put into place that make it easier for customers to transact financially, including the reduction and elimination of unnecessary fees. It is innovations and thinking beyond the norm displayed in such services that has made TMB the Blueprint for Change in the Thai banking industry.

## A Tangible Difference for Customers – The Products

### TMB One Bank One Day

Significant liquidity is lost daily due to inefficiencies in the cheque-clearing system. Businesses have to wait between one to seven days to use money that they deposit in the form of cheques. With TMB One Bank One Day, we provide customers with the flexibility to use the funds received from cheques on the very same day they make the deposit - thus improving liquidity.

ONE BANK  
ONE DAY  
CAMPAIGN



### TMB One Bank One Account

Banks create invisible boundaries by charging customers excessive fees for transferring funds or depositing cheques across banking regions – essentially making businesses and customers the responsibility of a single branch, and not of the bank. With TMB One Bank One Account, customers can enjoy the ability to deposit, withdraw and transfer their own money via any TMB branch, without being subject to the usual fees found at other banks.

ONE BANK  
ONE ACCOUNT  
CAMPAIGN



### TMB Free Flow Daily Account

The TMB Free Flow Daily Account allows customers to easily enjoy the benefit of up to 10 free transactions per month simply by having a minimum monthly amount of 15,000 baht passing through this account. This means that customers have the freedom to do their transactions, such as cash withdrawals/balance enquiries at all ATMs, their own/inter-bank and cross-region money transfers, and bill payments, all for free via TMB Electronic Banking channels – plus they can potentially save up to 1,800 baht from bank fees annually.

FREE FLOW  
DAILY ACCOUNT  
CAMPAIGN



### ME by TMB

ME by TMB, shows how TMB dares to Make THE Difference in answering convenience-driven and tech-savvy consumers' banking needs with the creation of a brand tailored for this segment of consumer. ME gives consumers higher returns by encouraging them to transact and manage their finances online, saving on operational costs typically incurred as a result of having to deal with bank branches and personnel.

ME BY TMB  
CAMPAIGN



# A Tangible Difference for Shareholders

37%

TMB continues to build shareholder value in 2012, with a pre-provision operating profit (PPOP) of 10,445 million baht, the highest ever in TMB's 56-year history and up by 37% from 2011.

10%

Deposit volumes were up 10% year-on-year, a result of TMB's aim to deliver superior transactional banking products and services.

17%

Performing loans outperformed the market, expanding by 17%. Improvements such as those outlined above widened the Net Interest Margin (NIM) by more than 0.3% in a year, contrasting with most other industry players, who experienced a contraction.

25%

By taking steps to increase 'Share of Wallet', the Bank also grew fee income by 25% in 2012.

4.1%

The non-performing loans (NPLs) ratio has fallen from 5.7% in 2011 to 4.1% and the NPL coverage ratio has increased from 73% in 2011 to 113%.

11.1%

Tier 1 and Capital Adequacy Ratio (CAR) were among the highest in the industry at 11.1% and 18.2% respectively.



# A Tangible Difference for Employees

To improve the lives of our employees, we enlisted two flagship training programs aiming to empower them to Make THE Difference to themselves. The program '**Career by Me**' is aimed at empowering staff to have more control over their career paths and reach their full potential by helping them to set long-term goals. Managers also took the time to discuss participating employees' skills and development.

The '**Empowering Leadership**' program took over 700 middle management members out of their daily roles for workshops focusing on leadership skills and teaching them to become empowering managers.

Additionally, TMB used Lean Management tools to improve our organisational processes and do away with procedures that reduced efficiency within the workplace. TMB further facilitated these changes by encouraging employees to think, decide and come up with their own initiatives for improving the processes surrounding them. These initiatives were put in place to allow our employees to Make THE Difference in their own lives for a better work-life balance.

# A Tangible Difference for the Community

**FAI-FAH** is TMB's inspirational corporate responsibility program that aims to empower youths to change their communities through the arts and life-skills. Youths Make THE Difference towards leading a better life by espousing the principles of not waiting for change to happen, but rather empowering individuals to be the catalyst for positive change.

**FAI-FAH** encourages participants to lead community development projects by leveraging and using the skills they learn from **FAI-FAH** to collaborate with community residents, TMB volunteers and volunteering artists, in improving and inspiring their communities on both a practical and aesthetic level.

In 2012, through the expansion of **FAI-FAH** center from Pradiphat to two new locations in Bangkok, namely on Prachautis and Chan roads, **FAI-FAH** has positively changed the lives of more than 20,000 students in Bangkok and its vicinities through regular programs and community development projects. Additionally, volunteers from TMB branches nationwide participated in expanding **FAI-FAH** concepts to their neighborhood communities through the '**FAI-FAH in a box**' program that allows volunteers from branches to join hands with customers in giving back to their communities on a micro-level. **FAI-FAH** has also become a hub of collaboration with leading institutions that contribute to further development of the students through academic programs and professional platforms.



EMPOWERING



COLLABORATING



LEARNING

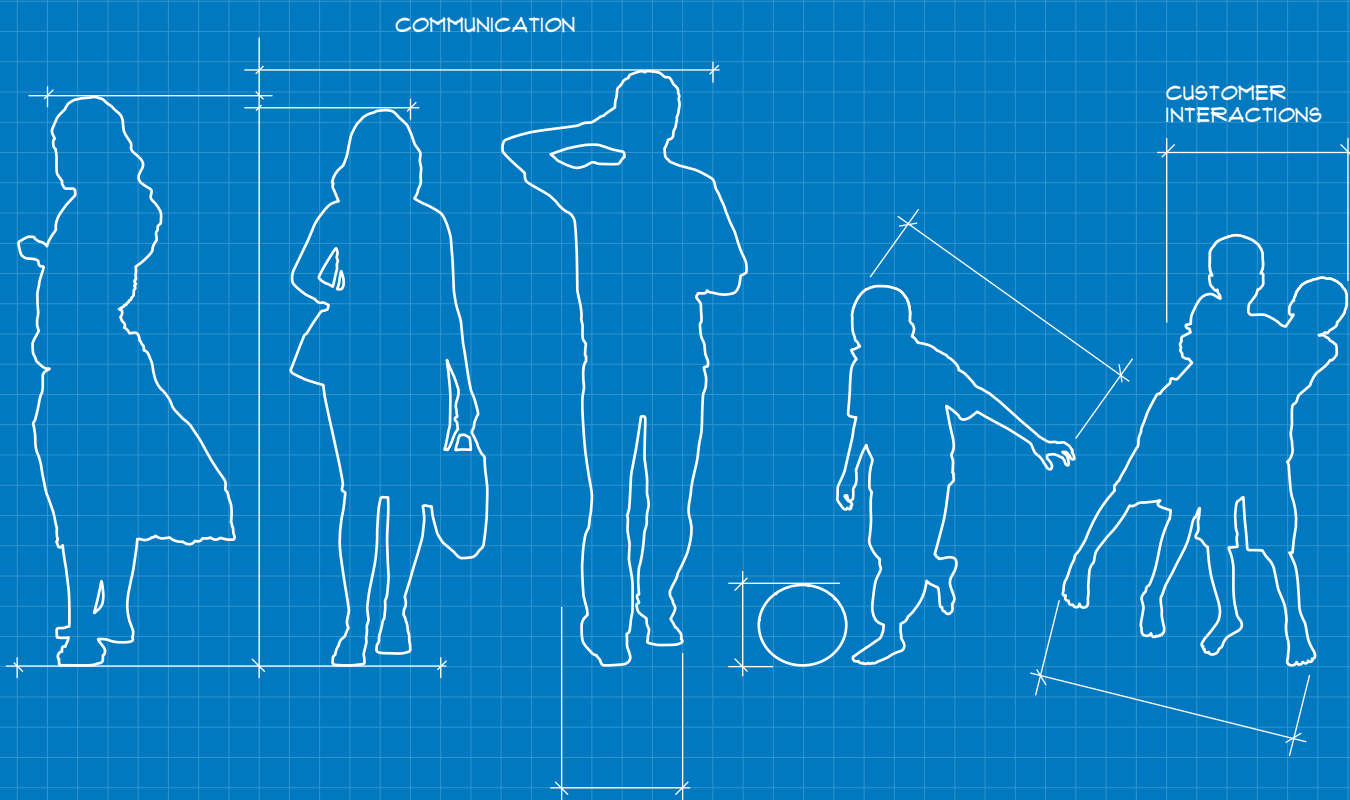


# Corporate Responsibility that Empowers



## TMB in 2013 and Beyond

# A branded experience for our customers

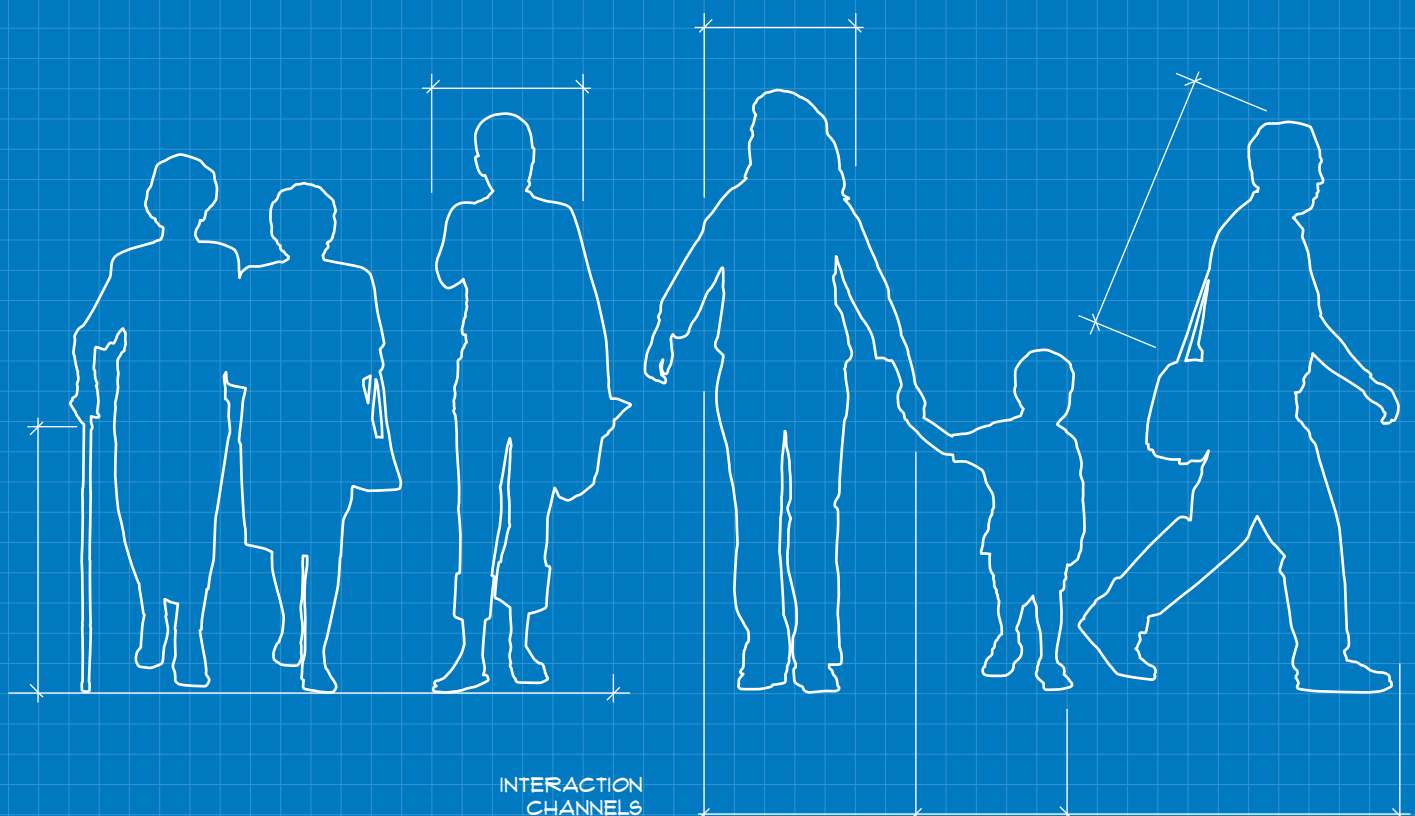




Beginning in 2013, TMB takes our Make THE Difference philosophy one more level closer to our customers – to create a ‘great and branded experience’ for them. We embark upon this challenging journey because we know that it takes more than just product features to truly relieve ‘bank pains’ from customers’ lives. To achieve this, we have selected five aspects of the customer experience that we believe will Make THE Difference to our customers.

These include our customers’ interactions with our people, products and services, customers’ fulfillment process, interaction channels, and communications. By placing our attention solely on how our customers will experience TMB, we drive ourselves to deepen our understanding of customers’ needs then finding solutions to those needs. This will help foster a sustainable relationship between TMB and our customers in the long run.

#### CUSTOMER FULFILLMENT PROCESS



# Board of Directors



**1. Mrs Saowanee Kamolbutr**  
Chairperson of the Board

**2. General Prayut Chan-o-cha**  
Director of the Board

**3. Mr Philippe G.J.E.O. Damas**  
Director of the Board  
Chairman of the Board of Executive Directors  
Member of the Nomination, Remuneration and  
Corporate Governance Committee

**4. Dr Vijit Supinit**  
Director of the Board (Independent Director)  
Chairman of the Audit Committee

**5. Mr Rachane Potjanasuntorn**  
Director of the Board (Independent Director)  
Chairman of the Nomination, Remuneration and  
Corporate Governance Committee  
Member of the Risk Management Committee

**6. Ms Swee-Im Ung**  
Director of the Board  
Chairperson of the Risk Management Committee  
Member of the Credit Committee





**7. Mr Pongpanu Svetarundra**

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

**8. Mr Vaughn Nigel Richtor**

Director of the Board  
Member of the Board of Executive Directors

**9. Mr Amorn Asvanunt**

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

**10. Mr Christopher John King**

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

**11. General Kamon Saenissara**

Director of the Board (Independent Director)  
Member of the Audit Committee

**12. Mr Boontuck Wungcharoen**

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





## Mrs Saowanee Kamolbutr

60 years old

### Chairperson of the Board

#### Education

Master of Public Administration, Thammasat University  
Bachelor of Public Administration, Thammasat University  
National Defence College  
Senior Executive Program Certificate, Capital Market Academy (CMA)  
Senior Executive Program (Kellogg – Sasin)  
Senior Executive Program (SES 39)  
The Management Development Program, Wharton School  
Director Certification Program, Role of the Compensation Committee,  
Role of the Chairman Program, and Financial Institution Governance  
Program, Thai Institute of Directors Association

#### Other Positions

Nov 2012 – Present  
Chairperson of the Audit Committee, T.K.S. Technology PLC  
Oct 2012 – Present  
Advisor, Singha Corporation Co., Ltd.  
Apr 2009 – Present  
Director, Don Muang Tollway PLC

#### Work Experience

Oct 2009 – Sep 2012  
Deputy Permanent Secretary, Ministry of Finance  
May 2010 – Sep 2012  
Director, Provincial Waterworks Authority  
2008 – Sep 2012  
Executive Director, Neighbouring Countries Economic Development  
Cooperation Agency (Public Organization) (NEDA)  
Oct 2008 – Sep 2009  
Inspector – General, Ministry of Finance  
2004 – Oct 2008  
Member of the Board, Member of the Audit Committee and Chairman  
of Labor Relation Committee, Thailand Institute of Scientific and  
Technological Research (Tistr)  
2007 – Sep 2008  
Principal Advisor on Performance Improvement, Ministry of Finance  
2007 – Apr 2008  
Member of the Audit Committee, KTB Leasing Co., Ltd.  
2005 – Apr 2008  
Director, KTB Leasing Co., Ltd.  
2004 – Mar 2007  
Deputy Director-General, Revenue Department, Ministry of Finance





2

## General Prayut Chan-o-cha

59 years old

### Director of the Board

#### Education

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

#### Other Positions

Oct 2010 – Present  
Commander-in-Chief, Royal Thai Army

#### Work Experience

2009 – Sep 2010  
Deputy Commander-in-Chief, Royal Thai Army  
2007 – Apr 2010  
Independent Director and Chairman of the Corporate Governance Committee, Thai Oil PLC  
2008 – 2009  
Chief of Staff, Royal Thai Army  
2006 – 2008  
Independent Director, Metropolitan Electricity Authority  
2006 – 2008  
1st Army Area Commanding General, Royal Thai Army  
2006 – 2007  
Member of the National Legislative Assembly, Parliament





## Mr Philippe G.J.E.O. Damas

62 years old

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

### Education

MBA (Accounting & International Finance), Columbia University, USA  
Military Service, Belgian Army  
Advanced Automatics, Ecole Nationale de l'Aéronautique et de l'Espace, Toulouse, France  
Ingénieur Civil Electricien Mécanicien, Université Libre de Bruxelles, Brussels, Belgium  
Directors Refresher Program, ING Vysya Bank (India)

### Other Positions

Dec 2011 – Present  
Board member, Eurofin Asia (Singapore)  
May 2011 – Present  
International Advisory Board member, Pacific Star (Singapore)  
2009 – Present  
Board Chairman, Prochem (Singapore)

### Work Experience

Jul 2011 – Nov 2012  
Board member, Quant Capital (Mumbai, India)  
Mar 2011 – Nov 2012  
Independent Director, METROCOM Bank in Kazakhstan  
2006 – May 2012  
Director, ING Mauritius  
2006 – Sep 2011  
Vice Chairman of the Board, ING Vysya Bank Ltd. (India)  
2001 – Jan 2010  
Director, ING Asia Private Bank (Singapore)  
Nov 2008 – Nov 2009  
CEO, Retail and Banking Asia, ING Group (Singapore)  
2005 – 2008  
CEO, Retail Banking Asia, Global Private Banking & ING Trust, ING Group (Singapore)  
1995 - 1999  
Managing Director, JP Morgan Securities Asia Ltd. (Hong Kong)  
1993 - 1995  
Managing Director, JP Morgan Securities Ltd. (London)





## Dr Vijit Supinit

71 years old

### Director of the Board (Independent Director) Chairman of the Audit Committee

#### Education

Honorary Doctorate Degree of Philosophy (Economics),  
Ramkhamhaeng University  
MA (Economics), Yale University, USA  
BA (Economics) (Honors), The University of Manchester, UK  
Southend College of Technology, UK  
National Defence College  
Senior Executive Program Certificate, Capital Market Academy (CMA)  
Director Accreditation Program, Audit Committee Program, and Role of the  
Chairman Program, Thai Institute of Directors Association

#### Other Positions

2007 – Present  
Dean, Graduate school of Management (MBA), Siam University  
2006 – Present  
Advisor, Thai – Laos Association for Friendship  
2005 – Present  
Board member, Capital Market Development Fund Foundation  
1998 – Present  
Director, Institute of Social and Economic Policy  
1993 – Present  
Director, Wat Kaew Pichitre Foundation  
1990 – Present  
Director, Puey Ungphakorn Foundation

#### Work Experience

2006 – Jan 2013  
Chairman, G Steel Public Co., Ltd.  
2008 – Jun 2011  
Chairman, Securities and Exchange Commission (SEC)  
2006 – 2007  
Consultant, Bangkok Commercial Asset Management Co., Ltd.  
2005 – 2007  
Chairman, Stock Exchange of Thailand Foundation  
2004 – 2007  
Chairman, Thailand Future Exchange Co., Ltd.  
2003 – 2007  
Chairman, Asset Management Corporation of the Ministry of Finance  
2003 – 2007  
Chairman, Stock Exchange of Thailand  
2003 – 2007  
Chairman, Thailand Securities Depositories Co., Ltd.  
2003 – 2007  
Chairman, Settrade.com Co., Ltd.  
2003 – 2007  
Chairman, Family Knowhow Co., Ltd.  
2003 – 2007  
Member, The National Corporate Governance Committee  
2003 – 2006  
Director, Public Enterprises Supervisory Board  
2003 – 2006  
Director, Small and Medium Size Enterprises Promotion Board  
1993 – 1996  
Chairman, Export and Import Bank of Thailand  
1990 – 1996  
Governor & Chairman of the Court of Directors, Bank of Thailand





### Mr Rachane Potjanasuntorn

60 years old

**Director of the Board (Independent Director)**  
**Chairman of the Nomination, Remuneration and  
Corporate Governance Committee**  
**Member of the Risk Management Committee**

#### Education

MBA (Honors), National Institute of Development Administration  
BS (Forestry), Kasetsart University  
National Defence College  
Senior Executive Program Certificate, Capital Market Academy (CMA)  
Top Executive Program in Commerce and Trade (TEPCOT)  
Commerce Academy  
Senior Executive Program (SES 20)

#### Other Positions

2012 – Present  
Chairman of Budget sub-committee, The Gem and Jewelry Institute  
of Thailand (Public Organization)  
2011 – Present  
Advisor, The National Shippers' Council  
2009 – Present  
Vice Chairman, Gems and Jewelry Promotion Foundation  
2009 – Present  
Director, Department of Civil Aviation, Ministry of Transport

#### Work Experience

2009 – Sep 2012  
Deputy Permanent Secretary, Ministry of Commerce  
2010 – 2012  
Advisor for Strategy and Gem and Jewelry Industry Development Plan,  
The Gem and Jewelry Institute of Thailand (Public Organization)  
2007 – Sep 2012  
Executive Director, Office of the Cane and Sugar Board,  
Ministry of Industry  
2006 – 2009  
Director-General, Department of Export Promotion,  
Ministry of Commerce





**Ms Swee-Im Ung**

61 years old

**Director of the Board**  
**Chairperson of the Risk Management Committee**  
**Member of the Credit Committee**

**Education**

M.Sc. Administrative Sciences, City University Business School,  
London, UK  
Bachelor of Accountancy (Merit Honors), University of Singapore  
Director Accreditation Program, Thai Institute of Directors Association

**Other Positions**

2006 – Present  
Sole Director, Chianti Investors Ltd.

**Work Experience**

2005 – 2007  
Global Head of Credit Risk Management, ING Direct  
2003 – 2007  
Head of Issuer Risk Management, ING Group N.V.  
2000 – 2003  
Asian Head of Credit Risk Management, ING Bank N.V. (Hong Kong)  
1997 – 2000  
Asian Head of Counterparty Risk, ING Bank N.V. (Hong Kong)  
1996 – 1997  
Asian Head of Credit Risk Management, ING Barings (Hong Kong)  
1992 – 1996  
Asian Global Markets Credit Executive, Chase Manhattan Bank N.V.  
(Hong Kong)



## Mr Pongpanu Svetarundra

54 years old

**Director of the Board**  
**Chairman of the Credit Committee**  
**Member of the Board of Executive Directors**  
**Member of the Nomination, Remuneration and Corporate Governance Committee**

### Education

MA (Economics), Northwestern University, USA  
B.Com (Econ), University of Auckland, New Zealand  
Advanced Management Program, Harvard Business School  
National Defence College  
Senior Executive Program Certificate, Capital Market Academy (CMA)  
Senior Executive Program, Office of the Civil Service Commission  
The Program for Senior Executive on Criminal Justice Administration, Judicial Training Institute  
Certificate Course in Good Governance for Directors and Top Executives, Public Director Institute (PDI)  
Director Certification Program, Financial Statement for Directors, and Role of Chairman Program, Thai Institute of Directors Association

### Other Positions

2011 – Present  
Deputy Permanent Secretary, Ministry of Finance  
2011 – Present  
Director, Crown Seal PLC  
2011 – Present  
Director, PEA ENCOM International Co., Ltd.  
2009 – Present  
Director, Thaisri Insurance PLC  
2008 – Present  
Director, Mass Rapid Transit Authority of Thailand  
2004 – Present  
Director, Cathay Leaseplan PLC

### Work Experience

2009 – Apr 2012  
Director, Bangkok Metro PLC  
2010 – 2011  
Director General, Excise Department, Ministry of Finance  
2008 – 2011  
Chairman, Small and Medium Enterprise Development Bank of Thailand  
2009 – 2010  
Director General, Comptroller General's Department, Ministry of Finance  
2009 – 2010  
Director and Secretary, Student Loans Fund  
2009 – 2010  
Director, Government Pension Fund  
2006 – 2009  
Director General, Public Debt Management Office, Ministry of Finance  
2006 – 2009  
Director, Investment Committee of Vayupak Fund and Vayupak Fund Steering Committee  
2008 – 2008  
Director, TOT PLC  
2007 – 2008  
Director, Bank Thai PLC







### Mr Vaughn Nigel Richtor

57 years old

#### Director of the Board Member of the Board of Executive Directors

##### Education

BA (Honors) First Class (Business Studies), Southbank, London, UK  
Corporate Finance Diploma, London Business School, UK  
General Management Program Cedep and Management in International Banking Cedep, Insead, Fontainebleu, France  
Directors Colloquium on Corporate Governance, International Financial Reporting Standards (IFRS) and its implications on Indian Banking Sector and Director's Liabilities and Competition Law, ING Vysya Bank India  
Legal Developments in Corporate Governance, Accounting and Finance Developments, Developments in Directors and Officers, Insurance and Regulator Update – APRA, ING Direct Australia

##### Other Positions

Aug 2012 – Present  
CEO & Executive Director, ING Bank (Australia) Limited  
Aug 2012 – Present  
CEO Retail Banking Asia, ING Group N.V.  
Mar 2012 – Present  
Member of Retail Banking International Management Team and Member of Senior Leadership Team, ING Group N.V.  
Mar 2011 – Present  
Non Executive Director and Member of Strategy Committee, KF Financial Group  
Feb 2010 – Present  
Member of Risk Committee, ING Bank (Australia) Limited  
Jun 2009 – Present  
Non Executive Director, Member of Corporate Governance Committee, Member of Audit Committee, Member of Board Credit Committee, Chairman of Risk Management and Review Committee, ING Vysya Bank Ltd. (India)  
2000 – Present  
Member of Management Council, ING Group N.V.

##### Work Experience

Jan 2010 – July 2012  
CEO, ING Banking Asia  
Feb 2006 – Apr 2009  
Managing Director & CEO, ING Vysya Bank Ltd. (India)





### Mr Amorn Asvanunt

64 years old

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

#### Education

MBA, Bowling Green State University, Ohio, USA  
BA (Accountancy), Chulalongkorn University  
Stanford - NUS Executive Program, Stanford University and National University of Singapore  
Changing Organizational Behavior Program, Wharton School, University of Pennsylvania, USA  
Director Accreditation Program and CEO Performance Evaluation, Thai Institute of Directors Association

#### Other Positions

Jun 2009 – Present  
Director, Drafting Committee for Specialized Financial Institution Development Plan (2009-2013), Ministry of Finance  
Mar 2006 – Present  
Member of the Audit Committee, Sahacogen (Chonburi) PLC  
2005 – Present  
Independent Director, Krungdhep Sophon PLC  
2003 – Present  
Member of the Audit Committee, I.C.C International PLC  
2003 – Present  
Chairman of the Audit Committee, People's Garment PLC  
2003 – Present  
Member of the Audit Committee, Far East DDB PLC  
1988 – Present  
Independent Director, BNH Medical Center Co., Ltd.

#### Work Experience

2003 – Mar 2006  
Chairman of the Audit Committee, Sahacogen (Chonburi) PLC  
1997 – 2005  
Director, Christiani & Nielsen (Thai) PLC





### **Mr Christopher John King**

68 years old

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

#### **Education**

Bachelor of Laws (LL.B) (Honors), University of Bristol, UK  
Postgraduate Practical Certificate in Law, University of Singapore  
Director Certification Program, Thai Institute of Directors Association

#### **Other Positions**

Nov 2012 – Present

Director, Singer Leasing (Thailand) Ltd.

Jun 2009 - Present

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

2005 - Present

Independent Director, Chairman of Nomination and Remuneration  
Committee, and Member of Audit Committee, Singer Thailand PLC

1992 – Present

Director, Thivatham Ltd.

#### **Work Experience**

1997 - 2004

Partner, Linklaters LLP, London

1997 – 2003

Managing Partner, Linklaters (Thailand) Ltd.





## General Kamon Saenissara

64 years old

### Director of the Board (Independent Director) Member of the Audit Committee

#### Education

Master of Public Administration (Executive MPA), Sripatum University  
Bachelor of Science, Chulachomklao Royal Military Academy  
Diploma, RTA Command and General Staff College  
National Defence College  
Senior Executive Program Certificate, Capital Market Academy (CMA)  
Top Executive Program in Commerce and Trade (TEPCOT),  
Commerce Academy  
Certificate Course in Good Governance for Directors and Top Executives,  
King Prajadhipok's Institute  
Infantry Officer Advance Course and Instructor Course, FT. Benning,  
GA, USA  
Director Certification Program, Role of Compensation Committee,  
and Financial Institutions Governance Program, Thai Institute of  
Directors Association

#### Other Positions

Nov 2012 – Present  
Chairman of Internal Audit, The National Broadcasting and  
Telecommunication Commission (NBTC)  
2011 – Present  
Advisory Chairman, Basketball Association of Thailand  
2010 – Present  
Member of Advisory Board, Royal Thai Armed Forces' Strategy  
Learning Center Commemorating His Majesty the King's 80th Birthday  
2009 – Present  
Special Officer, 21st Infantry Regiment, Queen's Guard  
2008 – Present  
Advisor, National Defence College Association of Thailand  
2008 – Present  
Advisor, National Defence College Alumni Think Tank  
2007 – Present  
Special Officer, 1st Infantry Regiment, King's Own Bodyguard  
2007 – Present  
Special Aide-de-Camp, Royal Aide-de-Camp Department  
2003 – Present  
Special Officer, Cadet Regiment, King's Guard  
1997 – Present  
Special Officer, 11th Infantry Regiment, King's Guard

#### Work Experience

May 2012 – Nov 2012  
Director of Internal Audit, The National Broadcasting and  
Telecommunication Commission (NBTC)  
2010 – 2011  
Honorary Advisor, Senate Energy Committee  
2009 – 2011  
Vice Chairman, Chairman of Risk Management Committee, Chairman  
of Remuneration Committee, Aeronautical Radio of Thailand Ltd.  
2008 – 2009  
Judge, Military Supreme Court, Bangkok Military Court  
2008 – 2009  
Chairman of Advisory Board, Royal Thai Armed Forces  
2007 – 2008  
Commanding General, National Defence Studies Institute (NDSI)  
2005 – 2007  
Superintendent, Chulachomklao Royal Military Academy  
1996 – 2007  
Judge, Military Court of Appeal, Bangkok Military Court





**Mr Boontuck Wungcharoen**

56 years old

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

**Education**

MBA (Finance and International Business), New York University, USA  
B. Eng. (Chemical Engineering), Chulalongkorn University  
Director Accreditation Program, Thai Institute of Directors Association

**Other Positions**

1982 – Present  
Director, Benjaboon Enterprise Co., Ltd.

**Work Experience**

1999 – 2007  
Executive Vice President, KASIKORNBANK PCL



# Chief Officers



## 1. Mr Piti Tantakasem

42 years old

**Chief Wholesale Banking Officer**

### Education

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

### Work Experience

2008 – Present  
Chief Wholesale Banking Officer,  
TMB Bank PLC  
2007 – 2008  
First Senior Vice President,  
KASIKORNBANK PCL

## 2. Mr Simon Patrick Andrews

47 years old

**Chief Operating Officer**

### Education

MBA in Banking and Finance,  
University of Technology,  
Sydney, Australia

### Work Experience

2009 – Present  
Chief Operating Officer,  
TMB Bank PLC  
2005 – 2009  
Risk Director, ING DIRECT (UK)  
1994 – 2005  
Head of Direct Sales and  
Operations, ING DIRECT (Australia)

## 3. Mr Thanomsak Chotikaprakai

50 years old

**Chief Financial Officer**

### Education

Master of Business Administration,  
University of Eastern Michigan,  
USA

### Work Experience

2009 – Present  
Chief Financial Officer,  
TMB Bank PLC  
2003 – 2009  
Chief Financial Officer, Standard  
Chartered Bank (Thailand)





#### 4. Mr Boontuck Wungcharoen

56 years old

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

##### Education

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

##### Work Experience

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

#### 5. Mr Jan Schuit

45 years old

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

##### Education

Diploma in Atheneum, The Farel  
College Amersfoort, The Netherlands

##### Work Experience

2011 – Present  
Chief Risk Officer, TMB Bank PLC  
2009 – 2011  
Head of Credit Risk  
Management, ING Real Estate,  
The Hague  
2007 – 2009  
UK Head of Credit Risk  
Management, ING Bank N.V.,  
London, UK  
2004 – 2007  
Head of Credit Risk Corporate  
Clients NL, Amsterdam,  
The Netherlands

#### 6. Mr Bernard Coucke

52 years old

**Chief Retail Banking Officer**

##### Education

Master of Laws, Katholieke  
Universiteit Leuven (KUL),  
Belgium

##### Work Experience

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

#### 7. Mr Paphon Mangkhalathanakun

42 years old

**Chief SME and Supply Chain  
Officer**

##### Education

MBA in Finance, Oregon State  
University, OR, USA

##### Work Experience

2011 – Present  
Chief SME and Supply Chain  
Officer, TMB Bank PLC  
2008 – 2011  
Executive Vice President, Head  
of Small SME Segment  
2004 – 2008  
First Vice President, Head  
of Small SME and Micro  
Business Department,  
KASIKORNBANK PCL

# Management Team

## Direct report to Chief Executive Officer

Mr Peera Chinwannabutr	Head of Audit
Mr Agapol Na Songkhla	Head of Strategy and Transformation and Head of Corporate Governance
Miss Chompoonoot Pathomporn	Head of Human Resources
Mr Paradai Theerathada	Head of Corporate Communications

## Finance

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

## Operations & Services

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

## Risk Management

Miss Utoomphorn Kunakorn	Head of Corporate Credit Underwriting
Mr Martin Alan Searle	Head of Consumer and Small Enterprise Credit
Mr Sornchai Pongsuwan	Head of Credit Restructuring
Miss Oranuj Tantimedh	Head of Market Risk Management
Mr Maxence Laval	Head of Credit Risk Intelligence
Mr Somsak Woravijak	Head of Legal
Mr Cornelius Henricus Maria de Rooij	Head of Corporate Operational Risk Management
M.L. Ayuth Jayant	Head of Compliance

**Note:**  
As of 31 December 2012

**Retail Banking**

Mr Pradit Leosirikul	Head of Branch Banking
Mrs Supaporn Angchaisuksiri	Head of Branch Services Delivery
Mrs Kanchana Rojvatuny	Head of Retail Marketing
Mr Luecha Sukrasebya	Head of Alternative Channels
Miss Suvimol Pornsalnuwat	Head of Retail Lending Business
Mrs Tamara Van Den Ban	Head of Deposit, Transactional Products and Mutual Funds
Miss Kamolwan Imruthaicharoenchok	Head of Bancassurance

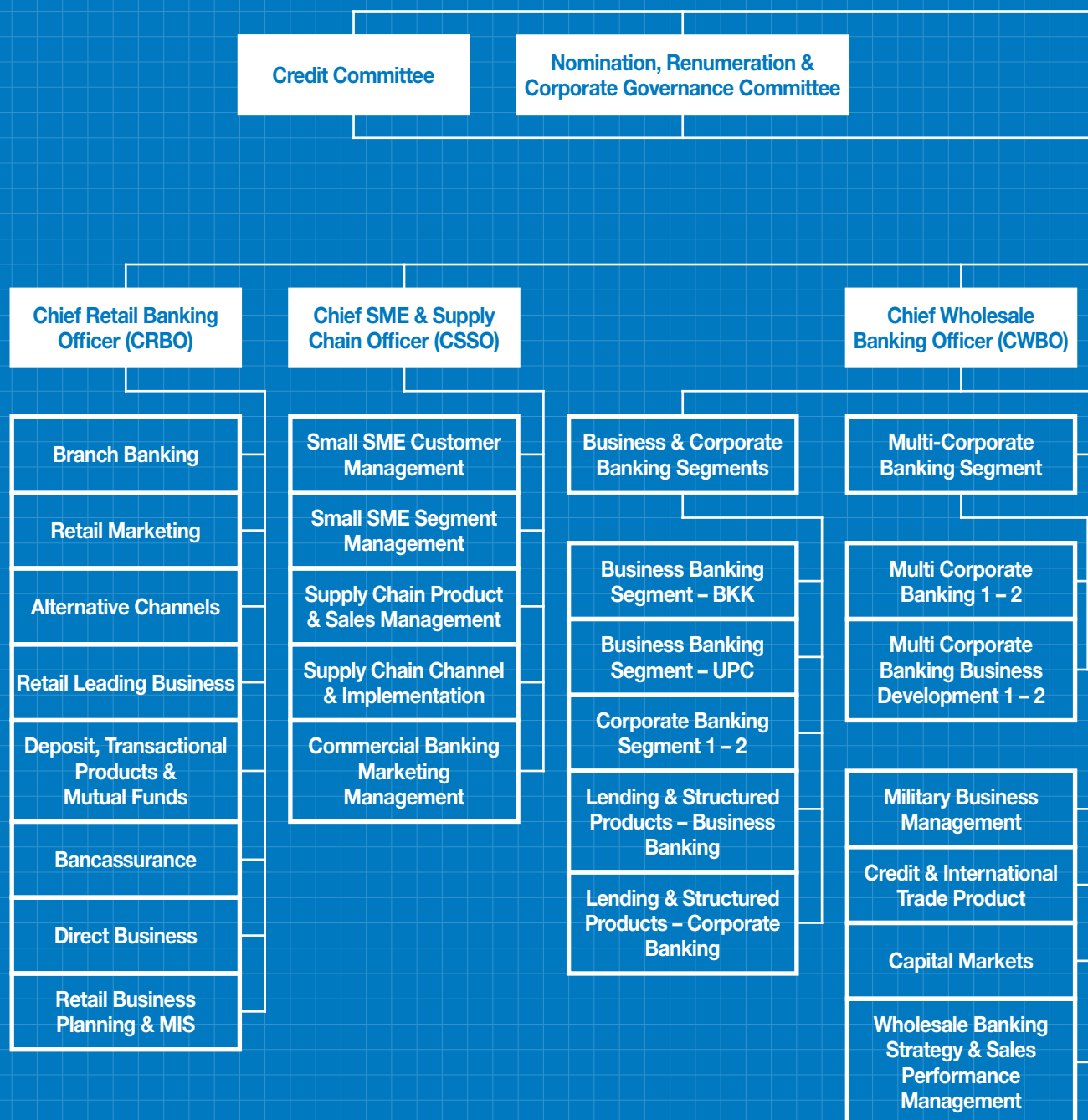
**SME and Supply Chain Banking**

Mr Ed Sirivallop	Head of Supply Chain Product and Sales Management
Mr Rungsun Tamanakijprasart	Head of Supply Chain Channel and Implementation

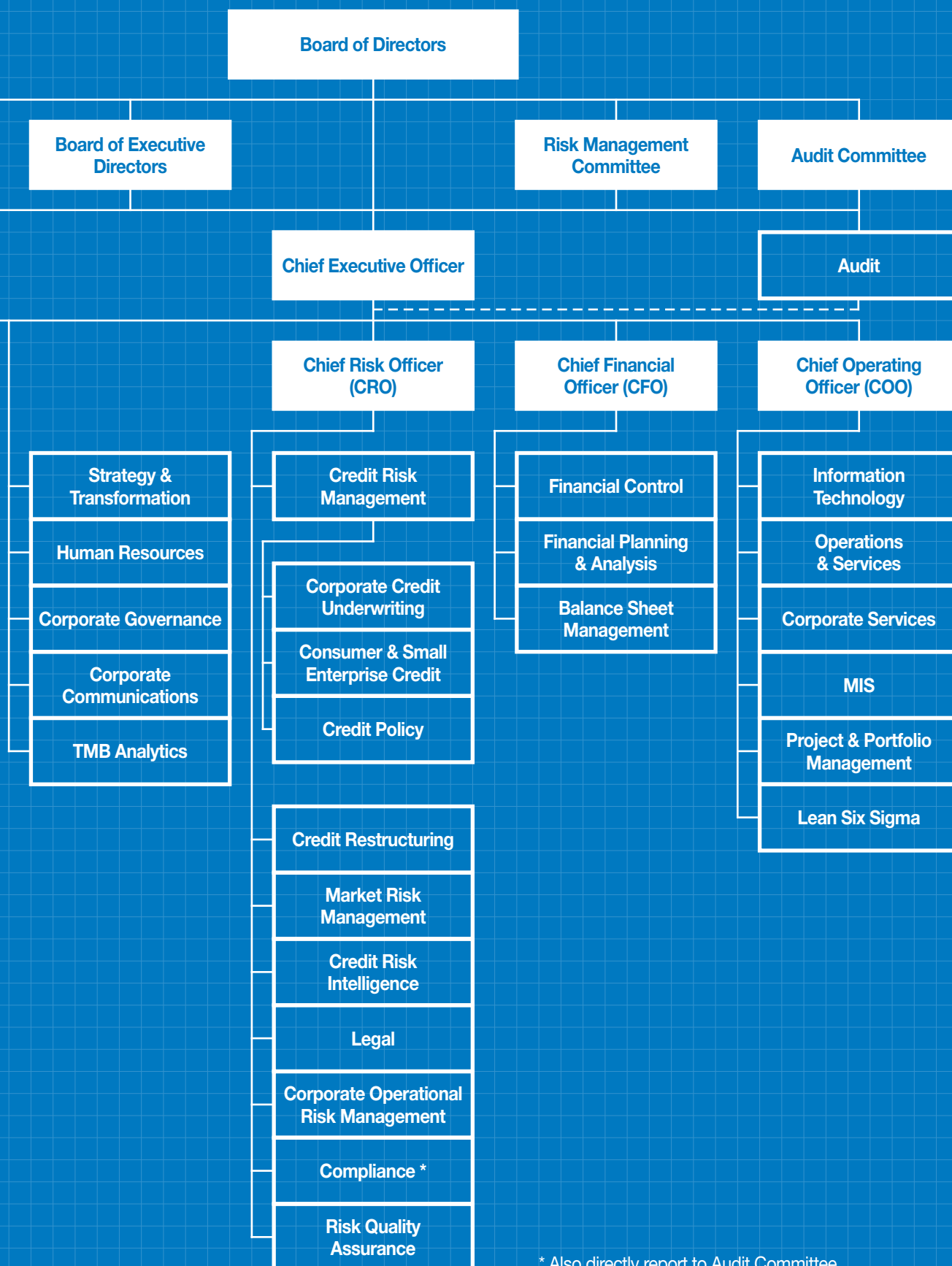
**Wholesale Banking**

Mr Vikran Paovarojkit	Head of Business and Corporate Banking
Miss Vipasiri Chantanumat	Head of Business Banking – Bangkok
Mr Thanawat Veerachayapornkul	Head of Business Banking – Upcountry
Mr Poomchai Chusakultanachai	Head of Corporate Banking 1
Mr Alexander Nondh Langfeldt	Head of Corporate Banking 2
Mr Ekanat Kieatinapasin	Head of Lending and Structured Products – Business Banking
Mr Piti Krasaesian	Head of Lending and Structured Products – Corporate Banking
Mr Pirapong Nithikraiut	Head of Multi – Corporate Banking 1
Miss Tientip Narach	Head of Multi – Corporate Banking 2
Mr Sopon Kluaymai Na Ayudhya	Head of Military Business Management
Mr Weerachai Amornrat-Tana	Head of Credit and International Trade Product
Mr Saranya Phuphatana	Head of Capital Markets
Mr Jarin Pintosopon	Head of Corporate Finance and Debt Capital Markets

# Organization Chart



**Note:**  
As of 31 December 2012



\* Also directly report to Audit Committee



# Thai Economy and Banking Industry

## 2012 Economic Review

Thai economy in 2012 rebounded rapidly from the severe flood during the end of 2011. Real GDP in 2012 grew 6.4%, driven by robust household consumption and strong investment as part of flood rehabilitation and the pent-up demand from the shortage period. The government stimulus measures such as the increase in minimum wage by almost 40% for all provinces and the increase in incomes of low-income public servants, the first car program, and the rice pledging scheme, helped to boost domestic spending. Exports, on the other hand, contributed little to GDP growth, growing only 3.1% in 2012, a decade low rate. Incomplete flood recovery of the manufacturing sector during the first half of the year, and the deepening Eurozone crisis during the second half contributed to the export slowdown. The Eurozone crisis not only impacted Thai exports directly, but also adversely affected our major trading partners such as the U.S., Japan and China, which further exacerbated Thai exports performance.

Headline inflation was low at 3.0%, compared with 3.9% in the previous year due to the decelerating growth of both crude oil and commodity prices, another consequence of the global economic slowdown and the government's control of fuel retail price. During 2012, the policy rate was cut twice from 3.25% in the beginning of the year to 2.75% in the end of 2012 in order to support the momentum of domestic recovery amidst negative impacts from the sluggish global economy and little inflationary pressure. Thai baht moved in line with capital inflows as major economies embarked on quantitative

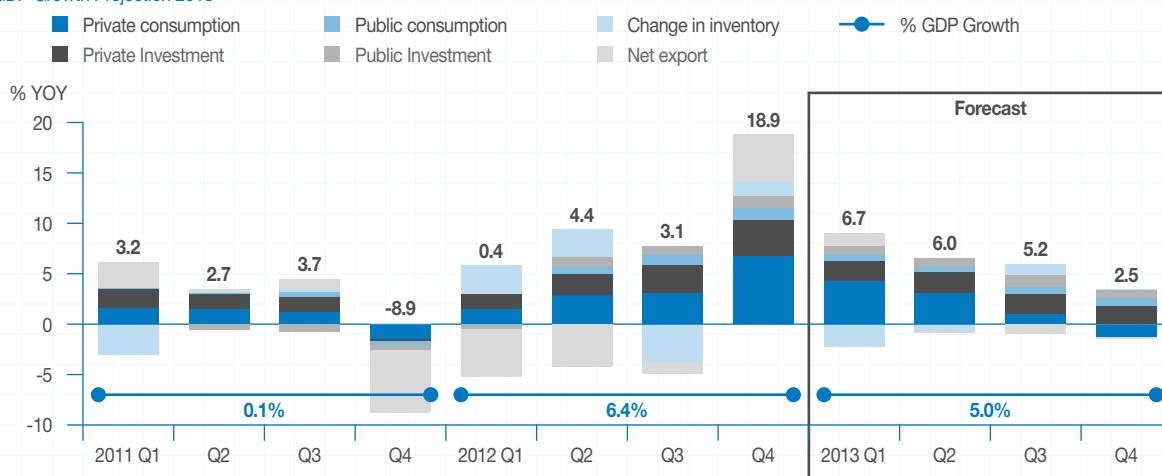
easing measures such as those announced by the US Federal Reserve known as QE3 and QE4, and investors' expected slower global economic recovery. Thus, Thai exchange rate fluctuated in the range of 30.25 – 31.91 baht per USD with average at 31.08 baht per USD, depreciating 1.9% from its 2011 average.

## 2013 Economic Outlook

Thai economy in 2013 is expected to grow at 5.0%. The key driver will be the expansion of domestic demand through both consumption and investment, as the government stimulus packages continue, such as the nation-wide minimum wage hike from Jan 2013 onward, the paddy pledging program, the unfilled order of cars from the first car policy, and the first car tax refund. Private investment will continue to grow from strong foreign direct investment inflows as seen by the increasing BOI applications and approvals over the last two years. Public investment will also play a more important role in driving the economic expansion with the THB 350 billion water management projects, which are expected to disburse around THB 60 billion this year, and the THB 2 trillion long-term infrastructure development plan, of which will selectively start in the second half of the year. Exports will grow at 7.5%, contributing to growth more than last year as the manufacturing production fully recovers from the flood, and global economic recovery sets strong foot, especially in the U.S., China and ASEAN countries.

Inflationary pressure remains subdued as headline inflation is expected to be 3.2%, slightly higher from

## GDP Growth Projection 2013



Source: NESDB and TMB Analytics calculation. Forecast as of 20 February 2013

the previous year due to the stable trend of crude oil prices in line with the global economic recovery. Consequently, the policy rate is likely to stand at 2.75% to the end of 2013. Thai baht is forecasted to appreciate in the range of 29.5-30.5 baht per USD following ongoing capital inflows and the resilient domestic economic growth.

### Thai Commercial Banks in 2012

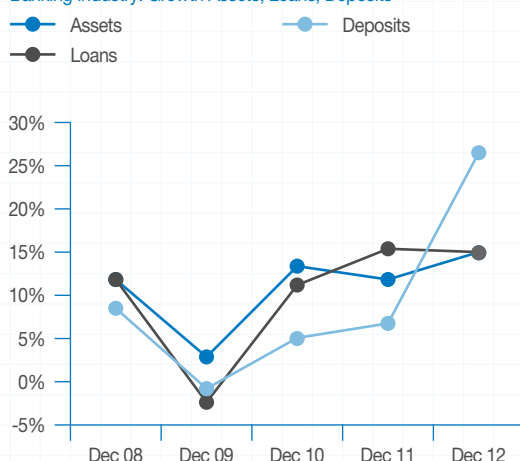
Thai banking industry has continuously expanded from the year 2011. Total assets increased by 14% to around THB 14.8 trillion. Loans rose 14% to THB 9.8 trillion whereas total deposits grew 27% to THB 10.0 trillion. Substantial growth of deposits was mainly due to switching away from bills of exchange (B/E) which contracted significantly 77% from the previous year to THB 350 billion due to unfavorable regulations that have caused B/E to be less attractive. If assuming that all of decreased B/E switched back to deposits, deposit growth would be around 12% or increased THB 900 billion. This growth remains higher than previous 3-4 years with a typical THB 400-500 billion increase. The stiff deposit competition was due to the expected reduction of maximum deposit guarantee to THB 1 million in August 11, 2012. Since the extension of the THB 50 million coverage, competition appeared less tense. Current and savings deposits portion in total deposits dropped to 53% while fixed deposit portion rose to 47%. Funding via debentures grew 84% to THB 420 billion in order to avoid stricter capital requirements according to Basel III, which will be effective from January 1, 2013.

Higher lending growth than funding growth raised loan to deposit and borrowing ratio to 89.1% from 86.8% in 2011. While loan-to-deposit ratio decreased from 108.9% to 97.6% from B/E switchbacks as discussed. The higher LDR ratio did not pressure liquidity in Thai banking system, which stood at THB 1.1 trillion. The total industry-wide capital adequacy ratio was comfortably at 16.3%.

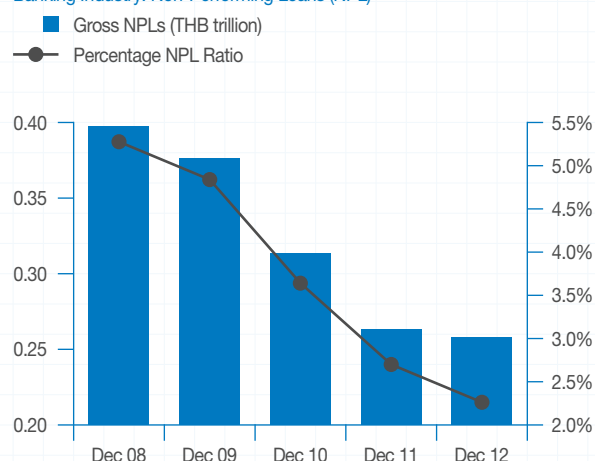
Impressive lending growth was driven by retail loans which grew 22%. Business loans increased 9%, of which corporate lending rose 5% while SMEs lending grew 12%. Consequently, share of retail loans increased, accounting for 34% of total loans in 2012 from 32% in 2011. Share of corporate loans decreased to 30% from 32%, whereas share of SMEs lending remained steady at 36%. High retail lending growth was due to 34% growth in hire purchasing, 29% growth in personal consumption, and 24% in high-rise residential lending. Lending to manufacturing sector rose 5%, retail-wholesale commerce expanded 17% and real estate increased 11%. All three account for roughly 70% of sectoral lending.

As of December 2012, total non-performing loans decreased by THB 12 billion from 2011-end to THB 250 billion. Gross NPL ratio also dropped to 2.3% from 2.7%. The sectors that featured high NPL around 5%-6% were construction, real estate, and services (hotel and transportation), while manufacturing and retail-wholesale commerce's NPL ratio was 4.5 and 2.3, respectively.

Banking Industry: Growth Assets, Loans, Deposits



Banking Industry: Non-Performing Loans (NPL)



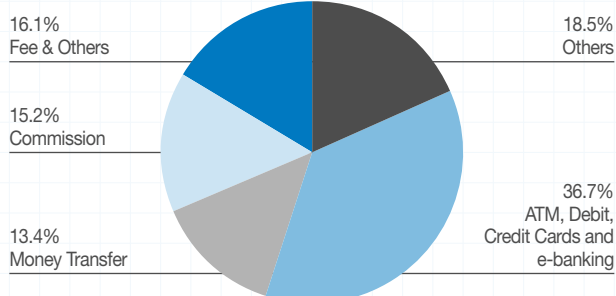
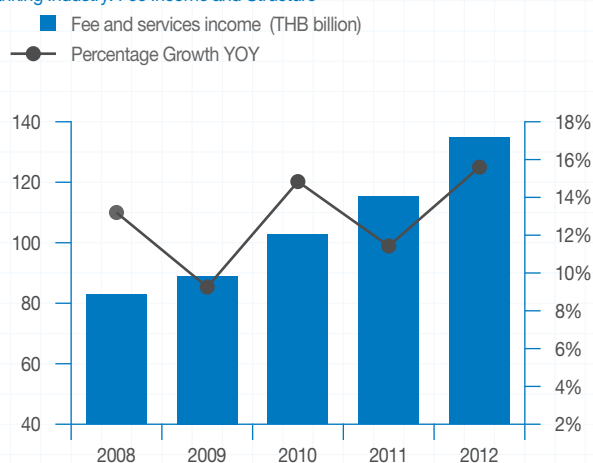
Industry-aggregate operating performance improved in 2012 with THB 174 billion in net profit, growing at 18% year-on-year. Net interest incomes increased 11%, while fee-based incomes, which accounted 16% of total incomes, grew 16%. Of all fee incomes, 82% came from plastic cards and e-bankings, money transfer, commission, and other fee income such as bancassurance and safe deposit boxes. Net interest margin (NIM) was stable at 2.7% from previous year. This was driven by fierce competition in deposit market and interest rate decrease. Monetary Policy Committee cut the policy rate twice by 25 bps each on January 25th and October 17th. Hence, the policy rate dropped to 2.75% from 3.25% at the end of 2011. Four largest banks' interest rates also changed as follows: savings deposit -12bps to 0.75%, 3-m fixed deposit -25bps to 1.60%, 12-m fixed deposit -35bps to 2.35%, and MLR -25bps to 7.0%.

### Trend of Commercial Banks in 2013

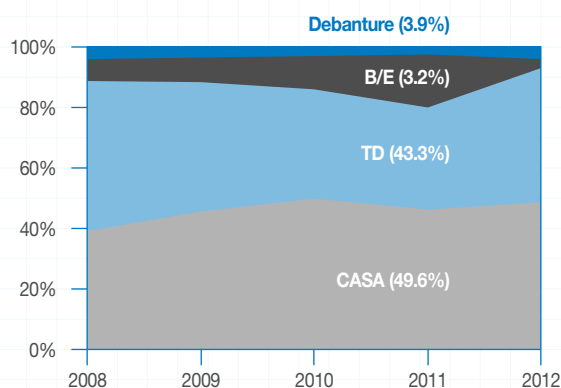
The commercial banking industry will continue its performance in line with economic growth, technology advancement, and implementation of financial regulation. These will encourage the players to innovate and issue more valuable financial products to answer customers' needs. There are five major factors that could potentially affect the landscape of the Thai banking industry in 2013:

1. As deposits become main funding sources, fierce competition continues even with the extension of THB 50 million deposit coverage to August 10, 2015. Note that the THB 25 million and THB 1 million insurance coverage of deposits will be effective on August 11, 2015 and August 11, 2016 respectively. Pricing strategies by offering higher deposit rates as well as more flexible deposit terms and conditions, e.g., short-term deposit or withdrawal convenience, will be used to attract more depositors.
2. Trade finance will play an important role in providing financial and risk management services for customers. Banks, therefore, will benefit with higher fee incomes from Bank of Thailand's easing regulations on capital movement to balance capital flows. These will support international trade and financial transactions, i.e., investment abroad, free trade agreements, and foreign exchange hedging.

Banking Industry: Fee Income and Structure



Banking Industry: Funding Structure



Source: BOT and TMB Analytics

3. More convenient, efficient, and safer financial infrastructures will induce more electronic financial transactions such as transfers and payments with lower costs. Banks should strengthen their electronic security to build consumer confidence to tap this growing market segment.
4. Risk management under stringent regulations can limit business opportunities. For example, single lending limit may adversely affect banks' interest income. Consequently, banks have to change their role from a financial intermediary to financial advisory in order for business customers to access alternative funds from the capital markets directly. Furthermore, bank lending should focus more on small, medium and retail customers, while maintain quality of their credit portfolios.
5. According to Financial Sector Master Plan Phase 2, foreign banks licensing process starts in 2013 and foreign banks will be allowed to operate in 2014. As a result, the increasing number of players in the Thai banking industry will bring out a variety of products and services to the market.

All in all, commercial banks need to adjust their strategies to keep pace with behavioral and technological changes and to create value-added financial products. In addition, SMEs and retail customers will become banks' anchor clients, both as borrowers and depositors. This can help banks diversify lending portfolio by sectors and by businesses. Banks should tap differently opportunities and locations, and build a strong deposit base to support strong loan growth, as well as against the lowering of insurance coverage of deposits to THB25 million and THB 1 million in the future.

# Management Discussion and Analysis

## Executive Summary

2012 operating performance showed strong fundamental improvement at TMB. This year the Bank and its subsidiaries recorded the highest operating profit before provision (PPOP) in the bank's history, reaching THB10.4 billion. The Bank, therefore, took the opportunity to clean up remaining legacy NPL by selling NPL to speed up reduction and setting extra provisions. Consequently, consolidated NPL ratio was reduced to 4.10% while on bank only basis the ratio improved to 3.75% with 118% coverage ratio. Capital remains strong at 18.2% with 11.1% Tier 1.

In 2012, the Bank and its subsidiaries recorded the operating profit before provision (PPOP) at all-time high of THB10,445 million. The improvement in core operating performance was backed by 16.7% YOY increase in operating revenue which was driven by both interest and non-interest income. Operating costs were also well-managed and grew only 4.6% during the period, resulting in improvement in cost to income ratio. With strong operating profit, the Bank took the opportunity to clean up remaining legacy NPL by:

1. Selling THB5,676 million NPL to speed up NPL reduction. Together with restructuring effort which reduced NPL by THB2 billion, NPL dropped significantly by THB7,725 million or 25.9% YOY to THB22,103 million. NPL ratio as of December 2012, therefore, decreased to 4.10% on consolidated basis and 3.75% on bank only basis.

2. Setting up one-time extra provision of THB5,286 million, in addition to THB3,465 million set for normal business. As a result, the ratio of allowance to total NPL on consolidated basis was 112.8%, increased from 72.9% as of 31 December 2011 while bank only basis was 118.1%.

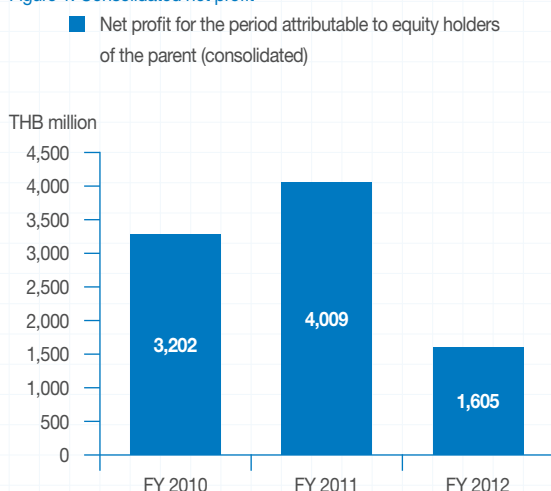
After the clean-up, the Bank and subsidiaries reported net profit of THB1,605 million for the year 2012. Importantly, as downside risk was contained, the Bank is now on track to continue the momentum of business expansion going forward.

The Bank also showed improvement in all fundamental components. One of the significant improvements is margin. In 2012, net interest margin (NIM) rose by 32 bps to 2.73% from 2.41% in 2011. Key drivers were higher yield and well-managed funding cost. As a result of improved margin and loan growth, net interest income (NII) increased by 19.9% in 2012.

For non-interest income, the figure increased by 15.9% from 2011, thanks to a 25.3% YOY growth in net fee and service income and gain on sale of assets. Main engines for net fee income growth were higher sales of bancassurance and mutual fund as well as higher credit related fees. Excluding extra item from gain on sale of asset, the non-interest income grew by 10% YOY.

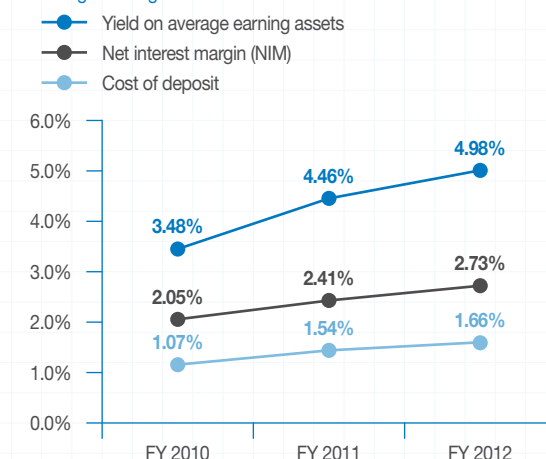
As for deposits, total deposits expanded by 9.7% YOY. Key contributor for the growth was retail segment which

Figure 1: Consolidated net profit



Note: Consolidated financial statements

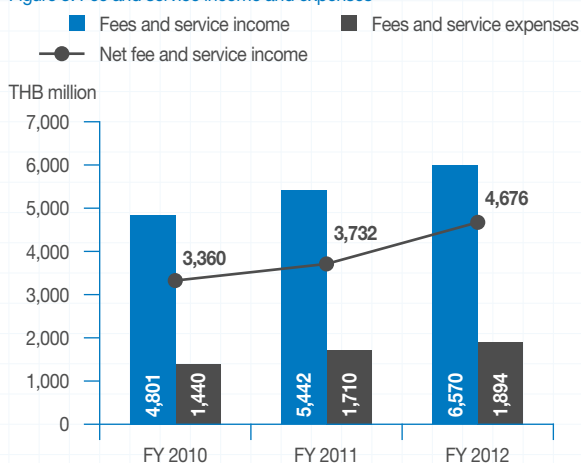
Figure 2: Net interest margin (NIM), Cost of deposit and Yield on average earning assets



Note: Consolidated financial statements



Figure 3: Fee and service income and expenses



Note: Consolidated financial statements

was driven substantially by 'TMB No Fixed Account' and 'ME by TMB'. Additionally, in May TMB launched its new product, 'TMB One Bank One Account' with superior account features and highlights TMB's strategy of transactional banking excellence. From continued

transactional product launch, the Bank could lower interest expenses on savings accounts and reduced the overall cost of the deposit portfolio.

On loan side, consolidated gross loan has increased 13.9% from 2011, thanks to the increase in performing loan. In particular, performing loan grew by 17.1% YOY on bank only basis. The growth was led by SME (42% growth YOY) and followed by retail (9% growth YOY) and corporate lending (7% growth YOY). The strong increase in higher-yielded loan segment strengthened the Bank's loan yield from 4.46% to 4.98% in 2012. And as non-performing loan dropped substantially by 25.9% this year while the growth momentum of performing loans continued, the quality of the Bank's asset quality was healthier. At the same time, liquidity remained comfortable as reflected in loan to deposit ratio of 91.2%.

The capital adequacy ratio (CAR) of the Bank under Basel II calculation was strong at 18.2% and Tier 1 was 11.1% as of December 2012. The bank has maintained the robust capital well above the Bank of Thailand's minimum requirement of 8.50% and 4.25% of CAR and Tier 1 capital ratio, respectively.

Figure 4: Consolidated comprehensive income statement

(Unit: THB million)

	FY 2012	FY 2011	Change	% Δ YOY
<b>Statement of Comprehensive Income</b>				
Interest income	30,678	26,148	4,530	17.3%
Interest expenses	13,613	11,912	1,701	14.3%
<b>Net income from interest</b>	<b>17,065</b>	<b>14,235</b>	<b>2,829</b>	<b>19.9%</b>
Fees and service income	6,570	5,442	1,128	20.7%
Fees and service expense	1,894	1,710	184	10.7%
<b>Net fees and service income</b>	<b>4,676</b>	<b>3,732</b>	<b>945</b>	<b>25.3%</b>
Total other operating income	2,951	2,850	101	3.6%
<b>Non-interest income</b>	<b>7,628</b>	<b>6,581</b>	<b>1,046</b>	<b>15.9%</b>
<b>Total operating income</b>	<b>24,692</b>	<b>20,817</b>	<b>3,875</b>	<b>18.6%</b>
<b>Non-interest expenses</b>	<b>14,275</b>	<b>13,641</b>	<b>634</b>	<b>4.6%</b>
Bad debt and doubtful accounts and impairment loss of debt securities	8,751	3,104	5,647	181.9%
<b>Profit before income tax expense</b>	<b>1,667</b>	<b>4,072</b>	<b>-2,405</b>	<b>-59.1%</b>
Income tax expense	36	40	-4	-10.6%
<b>Net profit</b>	<b>1,631</b>	<b>4,032</b>	<b>-2,401</b>	<b>-59.5%</b>
Other comprehensive income	1,053	142	911	639.3%
<b>Total comprehensive income</b>	<b>2,684</b>	<b>4,174</b>	<b>-1,490</b>	<b>-35.7%</b>
<b>Net profit for the period attributable to: Equity holders of the parent</b>	<b>1,605</b>	<b>4,009</b>	<b>-2,404</b>	<b>-60.0%</b>

Note: Consolidated financial statements

## Discussion of operating performance

### Total interest income and expenses

Total interest income was THB30,678 million, improved from 2011 by THB4,530 million or 17.3% YOY, mainly due to higher earning asset yield and higher performing loan volume. Increase in interest on loans was the key driver. In 2012, interest on loans was THB24,495 million, increased by THB4,016 million or 19.6% YOY due to performing loans expansion.

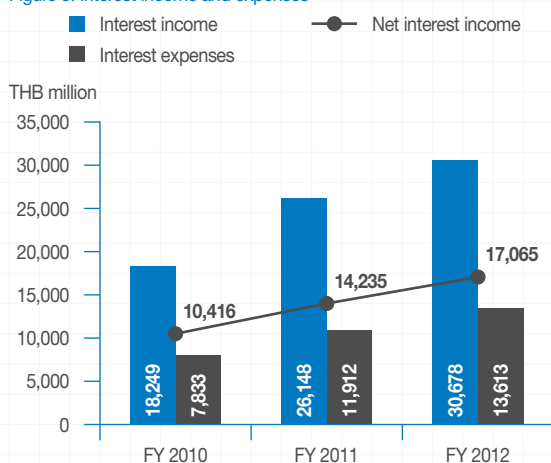
In 2012, total interest expenses were THB13,613 million, which was THB1,701 million or 14.3% YOY higher than 2011. The increase was due mainly to higher market interest rate and larger deposit balance. The increase in deposit balance was driven mainly by retail 'TMB No Fixed' while 'TMB One Bank One Account' helped strengthen current and savings

account base for commercial customers. Interest on deposits was THB7,883 million, increased by THB1,089 million or 16.0% YOY. Interest on interbank and money market items was THB1,210 million, increased by THB534 million or 78.9% YOY mainly from higher rate and volume.

### Net interest income and net interest margin

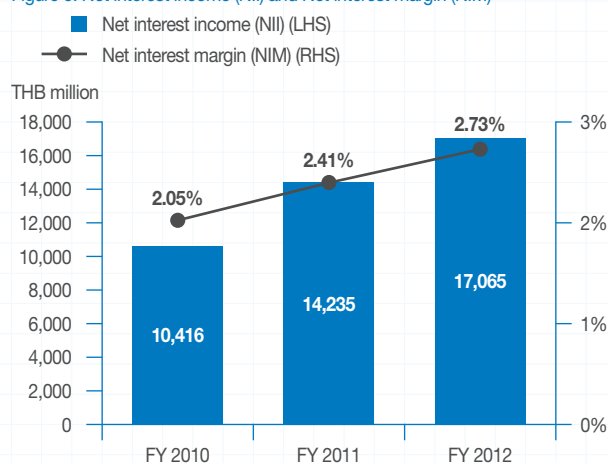
Net interest income (NII) was THB17,065 million which increased by THB2,830 million or 19.9% YOY. The NII improvement was mainly from higher performing loan volume, especially in strong loan growth in SME business (rose 42% YOY). From the improved yield together with well-managed funding cost, net interest margin (NIM) for 2012 improved to 2.73% from 2.41% in 2011.

Figure 5: Interest income and expenses



Note: Consolidated financial statements

Figure 6: Net interest income (NII) and Net interest margin (NIM)



Note: Consolidated financial statements

Figure 7: Net interest income (NII)

(Unit: THB million)	FY 2012	FY 2011	Change	% Δ YOY
<b>Interest income</b>	<b>30,678</b>	<b>26,148</b>	<b>4,530</b>	<b>17.3%</b>
Interest on interbank and money market items	2,488	2,766	-279	-10.1%
Investments and trading transactions	323	87	235	268.9%
Investments in debt securities	2,994	2,815	179	6.4%
Interest in loans	24,495	20,479	4,016	19.6%
Others	378	0	378	N/A
<b>Interest expenses</b>	<b>13,613</b>	<b>11,912</b>	<b>1,701</b>	<b>14.3%</b>
Interest on deposits	7,883	6,794	1,089	16.0%
Interest on interbank and money market items	1,210	676	534	78.9%
Contributions to the Deposit Protection Agency	2,214	1,749	465	26.6%
Interest on debt issued and borrowings	2,290	2,693	-402	-14.9%
Borrowing fee	9	0	9	N/A
Others	7	0	7	N/A
<b>Net interest income (NII)</b>	<b>17,065</b>	<b>14,235</b>	<b>2,829</b>	<b>19.9%</b>

Note: Consolidated financial statements

Figure 8: Non-interest income

(Unit: THB million)	FY 2012	FY 2011	Change	% Δ YOY
<b>Fees and service income</b>	<b>6,570</b>	<b>5,442</b>	<b>1,128</b>	<b>20.7%</b>
Acceptances, aval and guarantees	340	311	29	9.3%
Others	6,230	5,130	1,099	21.4%
<b>Fees and service expenses</b>	<b>1,894</b>	<b>1,710</b>	<b>184</b>	<b>10.7%</b>
<b>Net fees and service income</b>	<b>4,676</b>	<b>3,732</b>	<b>945</b>	<b>25.3%</b>
Gains (losses) on trading and foreign exchange transactions	1,710	1,908	-198	-10.4%
Gains (losses) on financial instrument designated at fair value	-2	0	-2	N/A
Gains (losses) on investments	86	106	-20	-18.6%
Gains on sale of assets	686	246	440	178.7%
Dividend income	131	306	-175	-57.2%
Others	341	270	71	26.2%
<b>Non-interest income</b>	<b>7,628</b>	<b>6,581</b>	<b>1,046</b>	<b>15.9%</b>

Note: Consolidated financial statements

**Non-interest income**

Non-interest income was THB7,628 million, increased by THB1,047 million or 15.9% YOY. The improvement of non-interest income was driven by 25.3% YOY net fee and service income and gain on sale of assets. Excluding extra item from gain on sale of asset, the non-interest income grew by 10% YOY.

Net fees and service income were THB4,676 million, increased by THB944 million or 25.3% YOY mainly due to higher credit-related fee, bancassurance sale commission fee and mutual fund. Gains on sale of assets were THB686 million, increased by THB440 million, partly from gain from sale of Silom branch.

**Total other operating expenses (Non-interest expenses)**

Non-interest expenses were THB14,275 million, which increased THB634 million or only 4.6% YOY from increase in personnel expenses and tax duties.

Personnel expenses were THB7,217 million, increased by THB392 million or 5.7% YOY mainly due to increase in compensation, number of employees and training expenses. However, as the growth of revenue outpaced that of costs, the Bank cost to income ratio has improved overtime. This year, the cost to income ratio lowered to 56.5% from 63.2% in 2011.

**Provisions for bad debt and doubtful accounts and impairment loss of debt securities**

From the Bank's exercise to clean up remaining legacy NPL by setting extra provision of THB5,286 million, in addition to THB3,465 million of provision for normal business, provisions for bad debt and doubtful accounts and impairment loss of debt securities for 2012 were booked at THB8,751 million in 2012. This resulted in a significant rise in coverage ratio and improvement in asset quality.

Figure 9: Non-interest expenses

(Unit: THB million)	FY 2012	FY 2011	Change	% Δ YOY
Personnel expenses	7,217	6,825	392	5.7%
Directors' remuneration	32	28	4	13.2%
Premises and equipment expenses	2,451	2,621	-170	-6.5%
Taxes and duties	960	803	157	19.6%
Loss on sales of assets	0	0	0	N/A
Loss on impairment of properties foreclosed	416	559	-143	-25.6%
Loss on diminution in value of other assets	131	23	108	465.6%
Provisions of obligation on transfers of non-performing assets (reversal)	137	-27	164	N/A
Provisions for other liabilities (reversal)	173	39	133	339.8%
Other expenses	2,757	2,769	-12	-0.4%
<b>Total other operating expenses</b>	<b>14,275</b>	<b>13,641</b>	<b>634</b>	<b>4.6%</b>

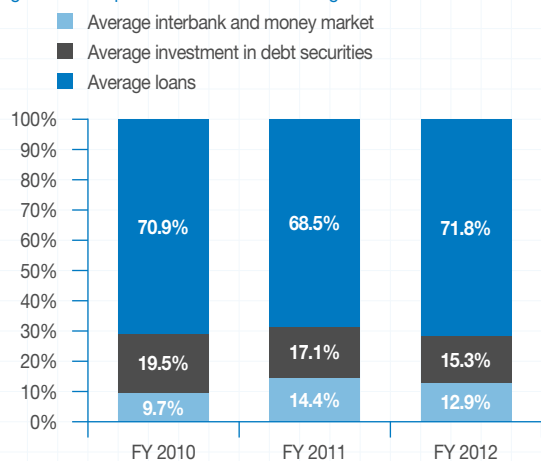
Note: Consolidated financial statements

## Discussion of financial position

### Total assets

As of 31 December 2012, total assets on consolidated basis were THB712,147 million slightly decreased by THB6,496 million or 0.9% from 31 December 2011 due to decrease of interbank and money market items, investment and property foreclosed while performing loan grew strongly. Loans which is the largest portion of the bank's earning assets expanded further to the portion of 71.8%.

Figure 10: Composition of the bank's earning assets



Note: Consolidated financial statements

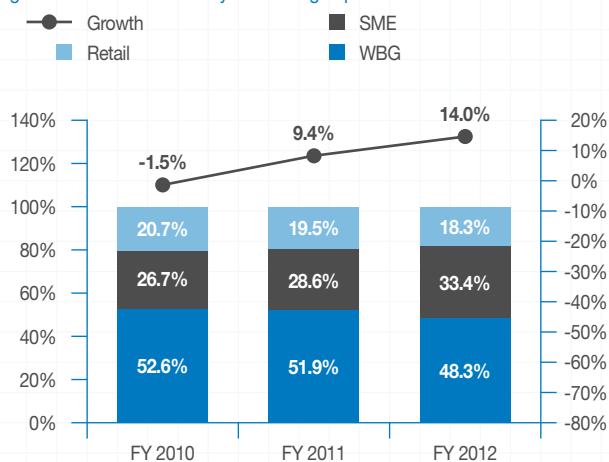
**Loans:** As of 31 December 2012, total loans of the Bank and its subsidiaries were THB452,720 million, increased THB55,123 million or 13.9% from 31 December 2011. The increase was from good momentum of performing loan growth while non-performing loan of the Bank dropped substantially.

On bank only basis, performing loans at the end of 31 December 2012 were THB430,614 million, increased THB62,846 million or 17.1% from the end of 31 December 2011, largely driven by SME and corporate lending.

During 2012, total SME lending strongly grew by THB42 billion or 42.1% from 2011, led by working capital and trade finance products. This was a result of the Bank's strategy to focus on SME business. At the same time, retail lending grew by THB5.6 billion or 7.2% from December 2011, driven by unsecured loan and credit card. Corporate loan grew by 6.2% YOY.

In terms of loan mix, corporate, SME and retail loans accounted for 48.3%, 33.4% and 18.3% of total loans respectively. In terms of loan product composition, term loans / promissory notes, OD, trade finance and others represented 55.5%, 23.6%, 15.8% and 5.0% of total loans respectively.

Figure 11: Loan breakdown by customer group

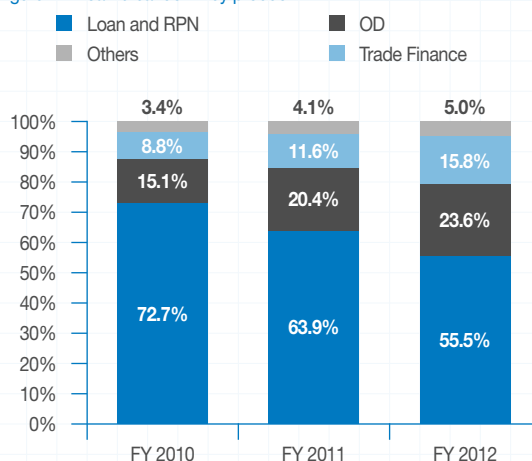


Note: Bank only financial statements

Definition of customer segments are as follows:

1. Corporate loans are loans to customers that have total annual revenue of over THB500 million.
2. SME loans are loans to customers that have total annual revenue of less than THB500 million including owner operators.
3. Retail loans are loans to individual persons.

Figure 12: Loan breakdown by product



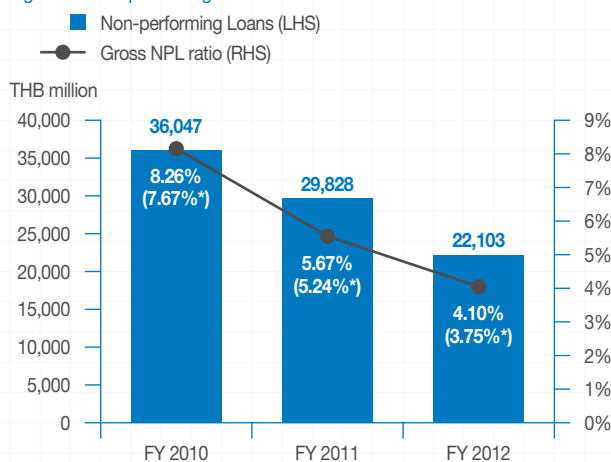
Note: Bank only financial statements

**Asset quality:** As of 31 December 2012, the Bank and its subsidiaries' non-performing loan (NPL) classified as substandard, doubtful, and doubtful loss amounted to THB22,103 million, decreased THB7,725 million or 25.9% from 31 December 2011. On bank only basis, NPL was THB20,155 million, decreased by THB7,316 million or 26.6% from 31 December 2011.

As one of the exercises to clean up the remaining legacy NPL, the Bank took the opportunity to speed up NPL resolution by selling THB5,676 million NPL to Bangkok Commercial Asset Management Co., Ltd. (BAM). Together with restructuring effort of the Bank that reduced NPL by approximately THB2 billion,



Figure 13: Non-performing Loans and NPL ratio

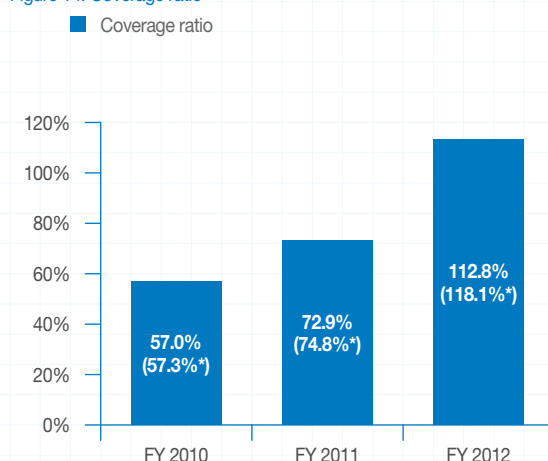


Note: Consolidated financial statements (\*Bank only ratio)

NPL dropped by THB7,725 million or 25.9% YOY to THB22,103 million. NPL ratio of the bank and its subsidiaries as of December 2012, therefore, decreased to 4.10% from 5.67% as of 31 December 2011. NPL ratio of the bank also decreased to 3.75% from 5.24% in 2011.

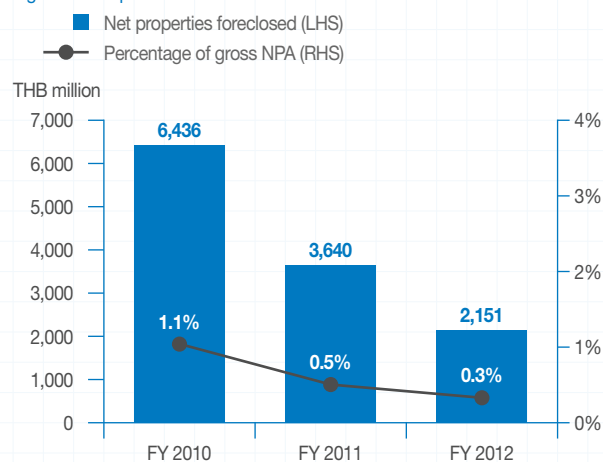
Apart from NPL sale, the clean up included the set up of THB5,286 million one-time extra provision, in addition to THB3,465 billion set for normal business. Consequently, as of 31 December 2012, the bank and its subsidiaries had allowance for doubtful accounts and revaluation allowance for debt restructuring of THB24,923 million. The ratio of allowance to total NPL on consolidated basis was 112.8%, increased from 72.9% as of 31 December 2011 while bank-only basis was 118.1%, increased from 74.8% as of 31 December 2011. Such a level of coverage is on par with top competitors in the Thai market.

Figure 14: Coverage ratio



Note: Consolidated financial statements (\*Bank only ratio)

Figure 15: Properties foreclosed



Note: Consolidated financial statements

As of 31 December 2012, net properties foreclosed were THB2,151 million, decreased by THB1,489 million or 40.9% from 31 December 2011 mainly due to the on-going properties foreclosed sales in line with the bank's target to minimize foreclosed properties.

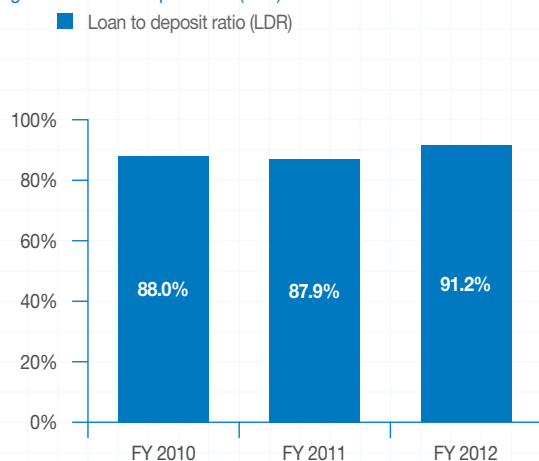
### Funding and liquidity

**Funding:** consolidated liabilities were THB658,478 million, slightly decreased by THB7,884 million or 1.2% from 31 December 2011 due to a decrease in borrowings, while deposits rose consistently.

Deposits were THB496,158 million increased by THB43,842 million or 9.7% YOY. The increase was mainly from 'TMB No Fixed Account' and 'ME by TMB' especially from bonus rate offered to the incremental of deposit base in the 4Q12. In 2012, current and savings account (CASA) increased from the new product, 'TMB One Bank One Account', while more than 12 months time deposit decreased YOY.

**Liquidity:** The bank has continued to maintain its strong liquidity position with high allocation to liquid and low-risk assets. As of 31 December 2012, on consolidated basis, total liquid assets (cash, interbank and money market and short term investment) represented 24.3% of the total assets. These were cash 2.0%, interbank and money market 13.5% and the short term investment 8.8%. Majority of the investments were in state enterprise bonds and government bonds. Loan to deposit ratio at the end of 2012 was 91.2%.

Figure 16: Loan to deposit ratio (LDR)



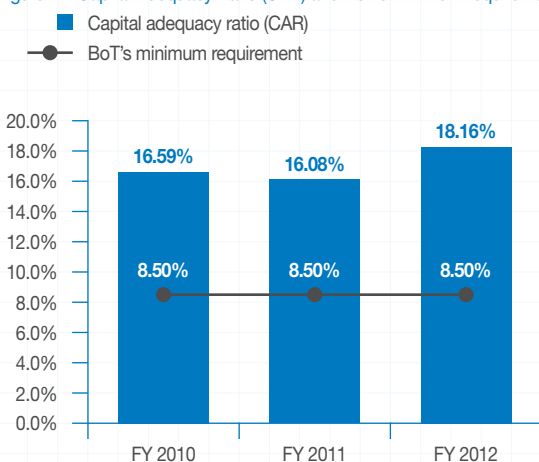
Note: Consolidated financial statements

### Shareholder equity and capital adequacy

As of 31 December 2012, the consolidated shareholders' equity was THB53,669 million, increased by THB1,387 million or 2.7% YOY. The rise of shareholders' equity was attributed to incremental profit during the period.

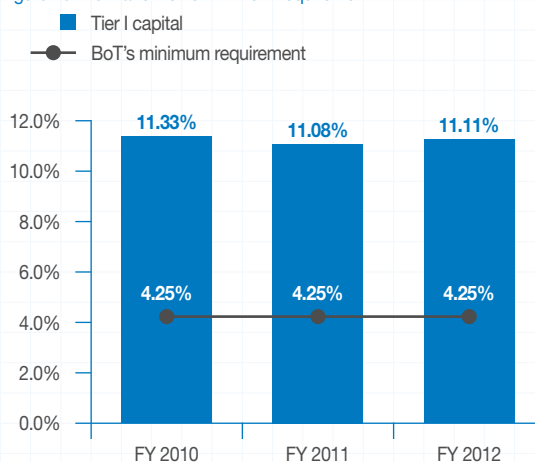
The capital adequacy ratio (CAR) of the bank under Basel II calculation increased to 18.2% among the highest level for Thai banks, Tier 1 was 11.1% at the end of December 2012. The bank has continually maintained the robust capital well above the Bank of Thailand's minimum requirement of 8.50% and 4.25% of CAR and Tier 1 capital ratio respectively.

Figure 17: Capital Adequacy Ratio (CAR) and BoT's minimum requirement



Note: Bank only

Figure 18: Tier I and BoT's minimum requirement



Note: Bank only

# Credit Ratings

Standard & Poor's	FY 2012	FY 2011
Long term: Debt	<b>BB+</b>	BB+
Short term: Deposits / Debt	<b>B</b>	B
Stand-Alone Credit Profile (SACP)*	<b>bb</b>	bb
<b>Outlook</b>	<b>Positive</b>	Positive
Moody's Investor Services		
Long term: Deposits	<b>Baa3</b>	Baa3
Short term: Deposits / Debt	<b>Prime-3</b>	Prime-3
<b>Outlook</b>	<b>Stable</b>	Stable
Bank Financial Strength Rating (BFSR)	<b>D-</b>	D-
<b>Outlook for BSFR</b>	<b>Stable</b>	Stable
TRIS Rating		
<b>National</b>		
Long term:		
Debt	<b>A+</b>	A+
Subordinate Unsecured Debt	<b>A</b>	A
Perpetual non-cumulative subordinate debt	<b>BBB+</b>	BBB+
<b>Outlook</b>	<b>Stable</b>	Stable
Fitch Rating		
<b>Foreign Currency</b>		
Long term	<b>BBB-</b>	BBB-
Short term	<b>F3</b>	F3
Subordinated debt	<b>BB+</b>	BB+
Viability Rating**	<b>bbb-</b>	bbb-
Supporting Rating Floor	<b>BB+</b>	BB+
Support	<b>3</b>	3
<b>Outlook</b>	<b>Stable</b>	Stable
<b>National</b>		
Long term	<b>A+ (tha)</b>	A+ (tha)
Short term	<b>F1 (tha)</b>	F1 (tha)
Subordinated debt	<b>A (tha)</b>	A (tha)
<b>Outlook</b>	<b>Stable</b>	Stable

Source: Credit rating agencies

Note: \* Bank Fundamental Rating was replaced by SACP in 2011.

\*\* Individual Rating was replaced by Viability Rating in 2011.

# Strategy and Business

## Our Vision

Be 'the leading Thai bank with world-class financial solutions'

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

## How We Plan to Deliver – TMB 5 Strategic Intents

Have Strong Customer Understanding

TMB places emphasis on the importance to understand customers at both individual and community levels (including cross-segment) so that the bank can develop innovative products and services that match with customers' needs.

Grow Quality Deposits

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

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

Build Transactional Banking Excellence

TMB prioritizes transactional banking since it serves the basic banking needs of all customers and therefore allows the bank to become 'closer' to and understand customers better.

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

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

Optimise Capital Utilisation

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

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

Ensure Cost Efficiency

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

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

## Supported by Our Brand

TMB Brand  
'Make THE Difference'

Rooted in core DNAs:

**Genuine** – Offer financial services that put customers' best interests first.

**Simple and Easy** – Make banking easy for our customers.

**Intelligent** – Understand our customers well enough to provide products that cater to their real financial needs.

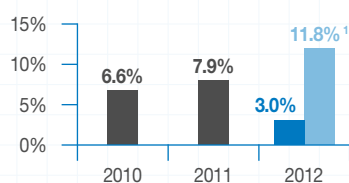
**Why Not Attitude** – Challenge markets norms with creative and innovative financial solutions that are beneficial to customers.



## Key Performance Indicators

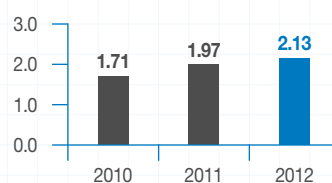
### Leading Thai Bank With World-Class Financial Solutions

ROE (%)



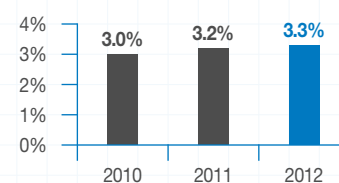
### Have Strong Customer Understanding

Quality Active Retail  
Customers<sup>2</sup> (Mn)



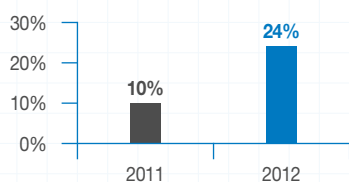
### Grow Quality Deposits

TMB CASA Market Share<sup>3</sup> (%)



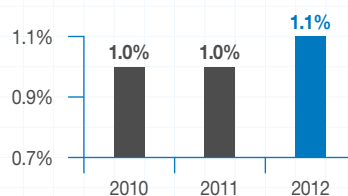
### Transactional Banking Excellence

Growth of Retail Transactions (%)



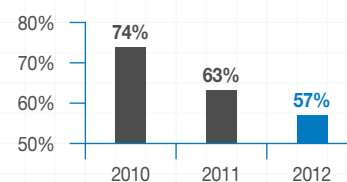
### Optimise Capital Utilisation

Net Fee Income / Loan (%)



### Ensure Cost Efficiency

Cost / Income Ratio (%)



<sup>1</sup> Excluding 1-time items in 2012, net profit was THB6.3Bn or 11.8% ROE. Reported net profit was THB1.6Bn or 3.0% ROE.





<sup>2</sup> Quality Active Customers based on monthly transactional activity, average deposit balance and active usage of other products.

<sup>3</sup> In order for fair comparison to market data, TMB CASA includes Current, Savings, No-Fixed and ME deposits.

## TMB Transformation Program

To deliver our strategic business model, the Bank has refined the roadmap into a four-stage plan to transform TMB into a customer-centric, high-performance organisation.

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

Stage	Key Highlights	Status
 <p>Strengthen Foundation 2008-2009</p>	<ul style="list-style-type: none"> <li>• Reorganisation</li> <li>• End-to-end process improvement</li> <li>• HR transformation</li> <li>• Raised service standards</li> <li>• Enhanced risk management</li> </ul>	<p><b>Complete</b></p> <ul style="list-style-type: none"> <li>• Improved overall asset quality</li> <li>• Achieved top quartile employee engagement</li> </ul>
 <p>Acquire Good Customers 2010-2011</p>	<ul style="list-style-type: none"> <li>• Customer base expansion in SME and Retail Banking</li> <li>• Service and Operational Excellence</li> <li>• Innovative products</li> <li>• Physical channel optimization</li> <li>• Brand enhancement</li> </ul>	<p><b>Complete</b></p> <ul style="list-style-type: none"> <li>• Successfully grown the customer base through improvement to service quality and products matched with customers' real needs</li> <li>• Branch renovation / relocation</li> <li>• Launch of Make THE Difference</li> </ul>
 <p>Deepen Share of Wallet 2012-2013</p>	<ul style="list-style-type: none"> <li>• Cross-selling into existing customers and across different segments</li> <li>• Transactional banking excellence</li> <li>• Best-in-class e-channels</li> <li>• Better quality of assets: (larger proportion of SME and unsecured)</li> <li>• Customer Value Proposition and Branded Experience</li> </ul>	<p><b>On Track</b></p> <ul style="list-style-type: none"> <li>• Flagship transactional products successfully launched</li> <li>• Cross-selling initiatives underway</li> <li>• Optimization of loan portfolio in process</li> </ul>
 <p>Differentiate and Enter into New Business 2014 Onwards</p>	<ul style="list-style-type: none"> <li>• Become the best transactional bank in Thailand</li> <li>• Potentially enter into new business</li> </ul>	<p><b>2014 Onwards</b></p>

## Wholesale Banking

### Our intent

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

### How we plan to deliver

- Build strong customer understanding at all levels from supply chain level, to segment level down to individual level.
- Provide products to ease the pains from daily transactional operations, allowing customers to unleash their potential by reducing costs and minimising funding requirements.
- Further develop supply chain solutions in order to support the improved efficiency of our large size customers, their dealerships and supplier networks.

## 2012 Summary

In line with TMB bank-wide strategy, wholesale banking priority is to acquire transactional accounts by better understanding customers' pain points and providing innovative products and/or services that are matched with their needs.

Trade finance has been a priority for TMB wholesale banking for several years since trade transactions are a critical part of the day to day operations for many Thai companies. In 2012, TMB reached a substantial milestone which was total Trade Finance volume of over THB1 trillion. This represents an eight-fold growth in volume since 2009 and is evidence that TMB is becoming the transactional bank of choice for many wholesale customers. The success is mainly due to the robust Trade Finance systems put in place and the strength of products such as [Trade on Demand](#).

[Supply chain solutions](#) are transactional products / services which add value by leveraging the relationship between buyer and suppliers to increase efficiency. TMB was one of first banks to focus on bringing Supply Chain Solutions to the Thai market and in 2012, the number of sponsor-linked chains has increased to 24 with the addition of high-profile companies i.e. Big C and Isuzu. Together with other sponsors such as PTT, SCG and Boonrawd Brewery, 800 dealers / suppliers are now benefiting from improved efficiency.

2012 marked the release of the [TMB One Bank](#) product series of transactional products, products aimed at reducing banking pain and encouraging wholesale customers to transact more via TMB. The 'One Bank' products helped drive up the number of wholesale banking operating account customers in 2012 while the quality of deposits also improved, with 70% of deposit volume being contributed by operating accounts alone (current and savings).

Quality growth was also the objective for loans, where risk-adjusted return is becoming a key indicator for the Bank to track performance. Focusing on quality, concentration risk (large loans to single borrowers) was reduced and the Bank also took steps to increase sector diversification. Overall, loans to private companies grew by approximately 12% in 2012.

With the enhancement of the [TMB Business Portal](#), customers have a new, secured channel to perform their transactions anytime, anywhere. In addition to the integrated functionality for working capital products, and cash management, the portal brings a new innovative way for customers to conveniently manage their credit facility for both domestic and international transactions, with the ability to request loan disbursements and instruct repayments online.

In anticipation of AEC, TMB understands the need to empower customers to transact internationally. With current ING global network and banking agents as a base, TMB is currently enhancing our ability to provide support covering key AEC countries. In 2012, TMB signed an agreement to form a strategic partnership with BCEL bank, the leading bank in Laos and going forward into 2013, the Bank plans to extend our partnerships with banks in other key AEC countries.

## Plans for 2013

- Continue to deepen share of wallet by continued growth of trade and FX volumes through seamless banking solutions and proficient services.
- Acquire quality and transactional deposits through [One Bank](#) product series and alternative investment products.
- Grow loans in selected target segments by providing working capital flexibility via [One Working Capital](#).
- Further increase number of supply chain sponsors, thereby enabling TMB to offer supply chain solutions to their trading partners, particularly in SME segment.

## SME Banking

### Our intent

- Become the leading SME bank in Thailand, excelling in transaction banking and supply chain solutions.
- Become a trusted partner for SME customers by being the Bank that understands their needs and relieves their bank pains.

### How we plan to deliver

- Improve understanding of customers' transactional and funding needs in all stages of the business life-cycle, from early stages through to their growth and expansion.
- Provide better Transactional banking solutions with continuous improvement that would Make the Difference to customers' businesses in terms of convenience and sufficiency.
- Incorporate solutions and services that facilitate efficient flow along customers' supply chains both upstream and downstream.

### 2012 Summary

TMB is devoted to be the bank of choice for SMEs. We place importance in SME businesses as they contribute a great portion to our economy and constitute the majority of Thai business owners.

TMB understands the importance for businesses to increase efficiency as a way to improve competitiveness. In particular the Bank is focused on helping businesses raise their transactional efficiency with emphasis on two key factors, **Convenience** and **Sufficiency**. With the **One Bank** product concept introduced into the market early 2012, TMB now offers a one-stop service for customers to complete all their transactions in one place.

**One Bank One Account** is an operating account that allows customers to handle inflows and outflows to/from any source (including inter-bank and inter-region) without incurring bank fees. Customers benefit from higher transactional efficiency while also improving the liquidity of both their cash flows and savings. By the end of 2012, TMB successfully acquired 8,300 new a/c, bringing in many new customers to the Bank and encouraging existing customers to pass more of their transactions through TMB.

In addition, TMB launched **One Bank One Day** to reduce the bank pain for customers who normally waste time waiting for their incoming cheques to clear. The product links to any TMB OD account, including **One Account with OD** and customers can deposit cheques at any TMB branch and receive good funds within the same day.

The service removes waiting time, increases liquidity and provides more flexibility for customers.

TMB continued to support SMEs with **Always Sufficient Funds** and in 2012 the Bank proactively took actions to reduce waiting times for access to additional funding. For customers requiring emergency funds, **Quick Loan** is an on-call credit facility top up from existing OD line where customers receive cash within 3 working days. Meanwhile, with **Growth Credit**, TMB provides pre-approved additional credit to respond to customers' growth and incremental funding needs. Both these lines can be approved without additional paperwork for TMB existing customers. In addition, the Bank remains committed to Supply Chain Solutions as a key focus and launched new products **OD Clean for Buyer**, **Supplier Financing** and **Supply Chain Card**.

To bring TMB closer to our customers, in 2012 the Bank pioneered another first for the SME segment – a dedicated personal relationship manager. The **Relationship Management Center (RMC)** Model has been set up specifically to build / manage relationships with customers in an efficient manner and to provide the kind of support normally reserved for customers in wholesale banking segment. The initiative's results were immediate with customer attrition-rate falling from 6% in 2011 to approximately 2% in 2012.

In terms of numbers, SME loans outgrew the market, expanding 40% compared to 8% market growth rate and this resulted in TMB market share increasing from 7.5% to 8.5%. Fee income also improved and together with interest income, total income growth was 50%.

### Plans for 2013

- Continue to release and enhance transactional banking products and services based on in-depth customer understanding to improve customer financial efficiency.
- Improve accessibility to transactions both through physical and mobile / internet channels.
- Provide financial support that allows customers to always have sufficient working capital.
- Offer Supply Chain solutions to help improve customers' and their partners' business efficiency throughout business life cycle.



## Retail Banking

### Our intent

- Become the best bank for customers.
- Build customer value by offering products that help relieve bank pain.

### How we plan to deliver

- Fully understand the needs of customers in terms of life stage, occupation and wealth level.
- Provide transactional convenience at fair prices to acquire active customers.
- Offer the right value-added products and services to the right people at the right time through excellent campaign management.
- Have a superior multi-channel offering with best in class accessibility, functionality and efficiency.

### 2012 Summary

Building on the successes of previous years, retail banking continued to focus on expanding the quality active customer base. This positive momentum is largely due to TMB's strong customer understanding together with our continued efforts to innovate financial solutions that match customers' unmet needs.

Retail deposit remains a key component for the Bank, contributing the majority of total deposits and providing a stable funding base. Retail depositors however, have traditionally been given less flexibility in managing their cash, being forced to choose between either placing deposits in savings accounts at low interest rates or tying up their money in higher-yielding fixed deposits. TMB launched **No-Fixed Savings** in mid 2011 to challenge the status quo and provide customers a high return without having to sacrifice access to their money and by the end of 2012 'No-Fixed' now has approximately one million accounts and contributes more than one third of the total retail deposit portfolio.

Building on that platform, TMB now brings added convenience with **Send 2 Save** liquidity management tool. This add-on feature helps customers better manage their money and maximise interest by separating their accounts into 'To Use' and 'To Save'. By empowering customers to set the trigger point in their transactional savings account, the system detects if the balance is over the set limit and then automatically transfers the surplus funds to the customer's 'No-Fixed' account for better interest return.

In line with TMB's focus on transactional banking, the Bank has in recent years become a leader in bringing innovative transactional products and services to Thai retail customers, such as **No-Fee**, **No-Slip** and

**Beep&Bill**. In 2012, the trend was continued with **Free-Flow** providing customers the ability to make daily banking transactions without paying the nagging bank fees that they have grown accustomed to. The conditions are simple; the bank allows customers to make up to 10 transactions over ATMs, Internet, Mobile and Phone Banking channels and customers simply need to have a one-time amount of THB15,000 passing in through their account per month. For a typical retail banking customer, this translates into an annual savings of approximately THB1,800 in fees.

Having convenient banking channels is another key factor for customer transactions. For physical channels that means being in the right location and therefore 21 branches were opened in new locations in 2012. To improve customer experience TMB renovated a further 101 branches. Moreover, 150 ATMs were relocated to better locations and 80 new ADMs installed in high-traffic branches. For e-channels, the Bank worked to develop a new blueprint for integrated mobile and internet banking in anticipation of the exponential growth of smart-phone users and the resulting dramatic changes to customers' lifestyles.

Overall, as a measure of retail banking efforts, the number of quality active customers increased to 2.1 million by year end.

A key benefit of having active relationships with our customers is being better able to understand and anticipate their banking needs so TMB can offer the right product at the right time through the right channel to the right customers. TMB identifies customers' needs through studying transactional behaviour and this has resulted in a **Propensity to Buy** model that helps the Bank make relevant offers to satisfy customer needs.

In consumer lending, TMB continued to step up on unsecured lending. In 2012, the portfolio (personal loans and credit card) grew by approximately 45% over 2011, taking the total volume to over THB20 billion.

### Plans for 2013

- Continue acquisition of quality customers by offering transactional banking excellence.
- Continue to grow quality deposits with innovative products and services.
- Increase share of wallet by offering the right product at the right time to the right customer.

# Risk Management and Key Risk Factors

### Overview of TMB's risk management

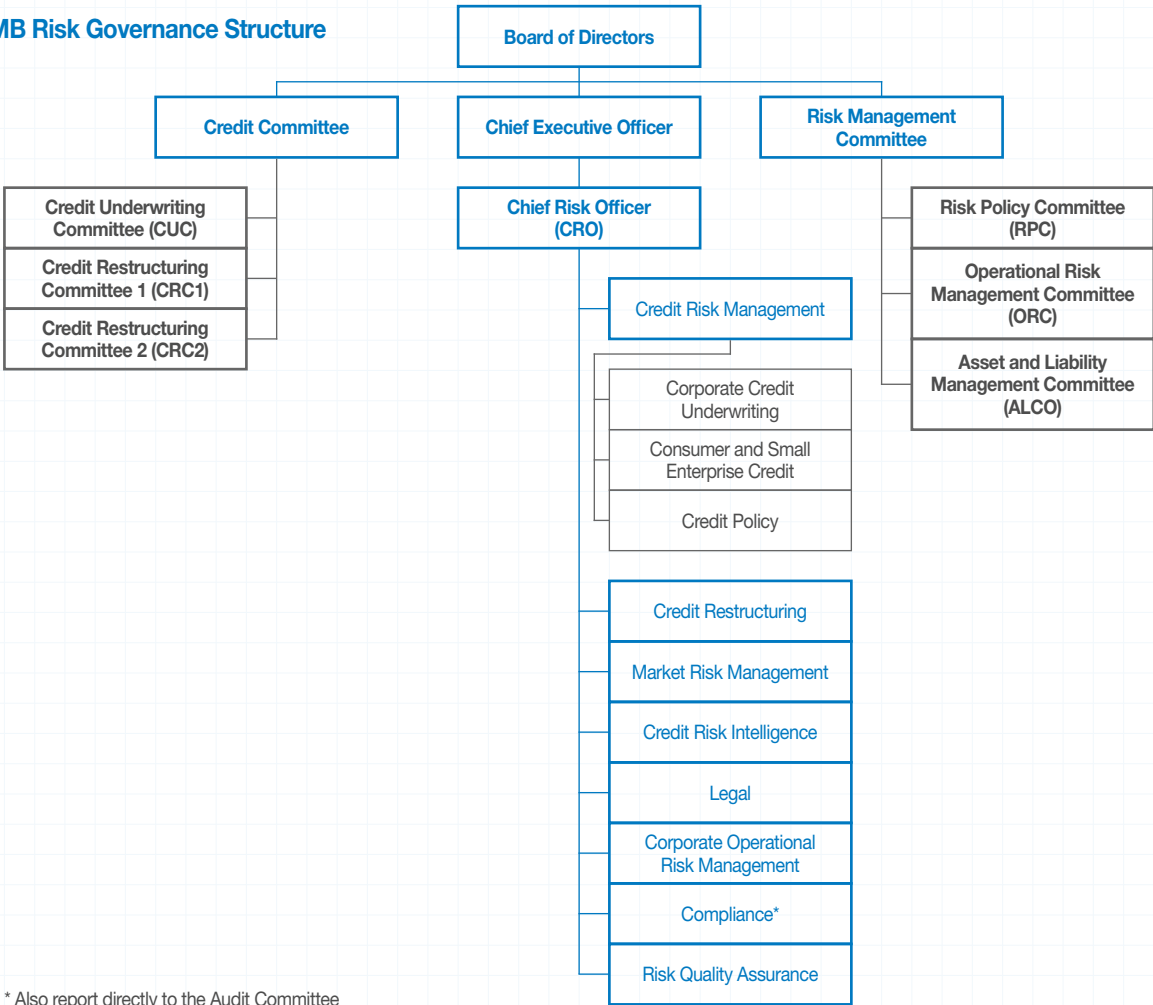
Risk management is essential to TMB's business to be able to create shareholder value with appropriate and sustainable shareholder returns. Risk management is embedded in the daily business activities and strategic planning with the objective to optimize risks and returns. Our approach to risk is founded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

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

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

Several risk committees provide forums to discuss specific risk areas:  
The Risk Policy Committee: assists the RMC in fulfilling its oversight of internal policies, framework, standards and issues related to credit risk management.

### TMB Risk Governance Structure



\* Also report directly to the Audit Committee

The Operational Risk Management Committee: assists the RMC in all matters related to the operational risk management.

The Asset and Liabilities Management Committee: assists the RMC in all matters related to the asset and liability management and balance sheet management.

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

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

### Credit risk management

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

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

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

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

### Key Credit Risk Factors

#### Credit quality

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

TMB manages the quality of its credit portfolios by monitoring and reviewing status of our borrowers and / or counterparties constantly, both at individual level and at portfolio level. Also here the 3 lines of defense approach is applicable: dedicated Relationship Managers monitor their Wholesale and SME Customers at an individual level. Credit Risk data is supporting them on a portfolio level. In our Retail portfolio the focus is on portfolio management. Special attention is paid to problem exposures, which are subject to more frequent review and reporting. Early warning triggers are in place to detect customers that may be moving toward adverse classification or further deterioration of their performance. Dedicated Credit Restructuring teams and Credit Restructuring Committees are established to restructure problem loans in an effective manner and to provide advice on debt restructuring conditions. TMB sets aside loan loss provision in accordance with guidelines from the Bank of Thailand (BOT). TMB also takes IBNR provisions (loss incurred but not yet recognized) for performing loans as a further cushion for losses expected as a result of future events. IBNR provisioning is calculated using PD (probability of default) based on risk level and EAD (exposure at default) based on loan types or debtor types and LGD (loss given default) based on collateral types.



#### Impairment in value of physical collateral

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

#### Credit concentration

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

#### Operational risk management

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

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

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

Business and Support Units are primarily responsible and accountable for their own operational risk management and control. The Bank has appointed a number of Unit Operational Risk Managers (UORM) in the Business and Support Units who, with support from Corporate Operational Risk Management, take on / carry out the operational risk management responsibilities of their respective units.

Audit operates as the 'third line of defense'. Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first and second line of defense. In carrying out this work, Audit will provide specific recommendations for improve the governance and the risk and control framework.

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

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

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

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

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

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

To ensure adequate and timely resolution of audit and non-audit items, the Bank has also implemented an action tracking system as a tool to keep track of the status of their items. Through this action tracking system, all outstanding audit and non-audit findings can be monitored and managed efficiently by all appropriate parties.

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

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

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

### Market risk management

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

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

The Bank controls the actual market risk exposure by setting limits within the maximum exposure and maximum loss approved by the Board of Directors.

The significant market risks are as follows:

#### Foreign exchange risk

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

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

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

Within these limits, Capital Markets is responsible for trading and managing the portfolio and optimising the return on the funds invested. Procedures, strategies

and performance are reviewed by the ALCO, and adherence to the limits is monitored by Market Risk Management.

#### Interest rate risk

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

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

In 2012, The Bank and its subsidiaries had net interest income THB 17,065 million increased by THB 2,829 million or 20% from 2011. Net interest income was 69% of total operating income higher than the 68% of 2011. Of the Bank and subsidiaries' loans to customer net of deferred revenue as of 31 December 2012, 65% were floating rate less than the 69% as of 31 December 2011.

#### Liquidity risk

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

The Balance Sheet Management (BSM) is the unit of the Bank responsible for overall liquidity management and Capital Markets is responsible for day-to-day

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

In order to manage liquidity, the Bank continuously monitors its funding sources and access to capital markets. The Bank recognizes the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

According to its funding structure as of 31 December 2012, the Bank's deposits, interbank and money market items, short-term and long-term borrowings were 82.0%, 10.9%, 1.2% and 6.0% respectively, most of which were mainly from the short-term funding. The Bank's ongoing deposit-led strategy seeks to further strengthen its financial position and operating results in order to boost depositors' and customers' confidence. Meanwhile, priority is also given to liquidity risk management by maintaining the level of liquid assets, keeping abreast of risk levels on a daily, weekly and monthly basis, setting risk indicators limits, and taking proactive steps to contain risks at an acceptable level. Plans for risk management in critical situations have been devised to ensure that the Bank has strategic plans for taking remedial action, should an early warning indicator be triggered.

#### Risk from material changes in regulations that govern the bank and its business activities

Key regulatory non compliance risks of the Bank lie in compliance to Financial Institutions' Businesses Act, Bank of Thailand's Regulations and Notifications, The Securities and Exchanges Act, the Securities Laws and Regulations as issued by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Anti Money Laundering Laws and their Royal Decrees.

Regarding to Anti Money Laundering, in 2012 Anti Money Laundering Office (AMLO) has proposed a significant change to the existing Anti Money Laundering (AML) Act and the new Combating the Financing of Terrorism (CFT) Act. Such proposal aims to enhance the current process of AML as well as incorporate the new CFT. In addition to this, AMLO also proposed an amendment to the Royal Decrees regarding Customer Due Diligence (CDD) which specifies the rules and minimum standard for banks to follow.

There is also an additional notification issued by Capital Market Supervisory Board of Securities Exchange Commission (SEC) regarding the qualification of advisors for an investment of securities and futures



contract. SEC requires the issuer of securities must provide the related Factsheet, revealing the detail of the securities as well as risks. Such Factsheet must be accompanied with the application for buying the securities. SEC also requires banks to perform a suitability Test for each retail investor every two years.

On the Bank of Thailand (BOT) front, BOT has further relaxed the exchange control by allowing more foreign currency instruments as well as expanding the investor base legitimated for offshore investment.

BOT also announces the regulation with respect to the supervision on Bancassurance & Securities Business. The bank must provide the customer rights regarding such products via branches and website. The bank must have the specific channel/ counter for providing any services with respect to Bancassurance & Securities Business. The counter of both businesses must be separated from the deposit taking area.

The Bank continuously takes action in ensuring compliance and performs due diligence in customer screening and monitoring. In ensuring effective compliance risk management, Compliance Group implements various tools such as compliance charts, compliance updates, monitoring and review programs and management or relevant committees reports as well as compliance training to Business Units and their staff on regular basis.

### Strategic risk management

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

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

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

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

# Corporate Governance and Management Structure

## Corporate Governance Report

TMB Bank Public Company Limited ('the Bank') is committed to high standards of good corporate governance which means that the Bank has efficient, transparent, and able-to-be-audited management systems to build trust and confidence among its shareholders, investors, and other stakeholders. Good corporate governance is means to increase value to shareholders and encourage sustainable growth of the Bank.

The Board of Directors of the Bank has approved the 'Corporate Governance Policy' as written guidelines and announced to all bank personnel from the Board of Directors, management to bank staff for their acknowledgement and on-going compliance. The Board of Directors has put best efforts in ensuring the policy is implemented, and monitor, review, and improvement are undertaken to update and align with the changing situations so that the implementation creates maximum benefits for the Bank, shareholders and all stakeholders.

The Bank continued its commitment to the transparency and for operations under good corporate governance, on-going development of which will be pursued. According to the Corporate Governance Report of Thai Listed Company 2012, the Bank received the highest score with 'Excellent' continuously, ranked by the Thai Institute of Directors. The Bank has implemented good corporate governance in compliance with the principles of good corporate governance for listed companies as per the SET's guidelines to its shareholders, investors, stakeholders and related parties in 2012 as follows:

### Rights of shareholders

The Bank has policy on rights of shareholders to comply with the recommendations of the SET for listed companies on shareholder rights, encourages shareholders to exercise their rights, and is committed to the equal treatment of all shareholders.

The Bank facilitates all shareholders to ensure they can fully exercise their basic rights, i.e. independent purchase, sales and transfer of securities they hold, and safeguarded the interests of all shareholders, comprising major shareholders, minor shareholders, individuals and institutions on an equitable basis in the access to accurate and updated information of the Bank.

### The Annual General Meeting of Shareholders

The annual general meeting of shareholders has been determined to be held annually within four months from the end of the fiscal year (31 December). In case

of any special issue that needs to be proposed as an urgent and necessary case, and where the approval of the shareholders' meeting is required pursuant to the applicable conditions, rules or laws, the Bank will call an extraordinary general meeting of shareholders on a case by case basis.

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

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

In 2012, The Annual General Meeting of Shareholders (AGM) was held on Wednesday 11 April 2012, at the Auditorium, 7th Floor, TMB Head Office with altogether 2,993 shareholders holding an aggregate number of 27,165,646,558 shares which accounted for 62.41 % and 8 directors attending the meeting.

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

#### 1. Before the meeting

The Bank has provided the rights for the shareholders to propose the agenda, and suitable qualified candidates to be nominated as the Bank's director in advance for the annual general shareholder's meeting 2012 during the period from 1 December 2011 to 31 January 2012.

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

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

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

## 2. During the meeting

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

At the 2012 AGM, the Chairman of the Board of Directors served as Chairman of the meeting, and Chairs of Board committees, namely the Executive Board of Directors, Audit Committee, and Risk Management Committee together with the Chief Executive Officer, and Chiefs were also present at the meeting to clarify and answer questions of relevant issues.

Before the beginning of the meeting, the Chairman assigned Company Secretary to clearly inform the meeting of the voting and counting methods. For more convenience to the shareholders, a simultaneous English translation was provided by Bank staff for foreign shareholders. In this regard, the shareholders' right to study of the Bank's information memorandum would not be undermined, such as no abrupt

distribution of additional document with key information during the meeting, no addition of new items on the agenda or change in the key information without prior notice to the shareholders, no prohibition of meeting attendance of late attendees, and so on.

The Chairman proceeded with the meeting in order of the items on the agenda. In consideration of certain items on the agenda in which directors who joined the meeting have interests or have relation thereto, e.g. election of directors to replace those who retire by rotation, the Chairman informed the meeting thereof and such directors would abstain from joining the consideration and voting thereon. The Chairman also encouraged the shareholders to cast votes and raise questions and comments. Importance was given to all the recommendations or comments made by the shareholders, with all questions comprehensively clarified and all useful suggestions brought into account.

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

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

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

## 3. After the meeting

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

Furthermore, the Bank recorded the meeting into DVD for the shareholders who could not attend the meeting by notifying them via the Bank's website. If shareholders are interested, they can contact the Bank. From such operation, the Thai Investors Association qualitatively assessed the 2012 Annual General Meeting of the Bank at 'Excellent'.



### Equitable treatment of shareholders

The Bank is determined to conduct business under good corporate governance principles to assure all shareholders, i.e. major shareholders, minor shareholders, individuals and institutions, Thai and foreign alike, of their rights to fair and equitable treatment as follows:

#### 1. Right to attend the shareholders' meeting

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

#### 2. Right to vote at the shareholders' meeting

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

#### 3. Right to appoint directors individually

At every annual ordinary general meeting of shareholders, one-third of the total number of the directors of the Company shall retire. The Bank has an agenda item concerning the election of the Bank's directors. The shareholders are allowed to vote for the election of directors by individual which is the practice in conformity with good corporate governance that shareholders have the right to choose the person/s that they deem having proper qualifications to perform duties as directors so as to safeguard the shareholders' interests. This will enable the Bank to have directors from diversified fields to represent the shareholders. The Bank also has an agenda on directors' remuneration to be proposed for consideration and approval on an annual basis.

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

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

### Role of stakeholders

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

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

#### 1. Guidelines for stakeholders

##### 1.1 Shareholders

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

##### 1.2 Customers

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

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

1. Acknowledge and understand the customers' needs.
2. Understand products, services and our own responsibility in order to provide the best to the customers.
3. Provide quick and convenient services beyond the customers' expectation.

4. Be ready to challenge things for the highest benefits of the customers.
5. Protect the customers' benefits as it is our own benefits.

### 1.3 Employees

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

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

The Bank instills four key working practices in the employees so as to have success and be the leading Thai Bank. Four key practices are composed of:

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

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

### 1.4 Business partners

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

1. Procurement officers and those related to procurement process shall perform duty impartially, honestly, independently and

transparently regarding contact and coordination with suppliers.

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

### 1.5 Creditors

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

### 1.6 Competitors

The Bank is determined to carry out business with free competition, fairness, honesty and shall not sabotage or restrict the business of the competitors.

### 1.7 Investors

The Bank is committed to disclosure of correct, complete and sufficient information to timely serve investors' decision making.

### 1.8 Government agencies

The Bank conducts its business to be strictly in compliance with laws, rules and regulations and relevant regulatory requirement, as well as provide cooperation with the regulators.

### 1.9 Corporate social responsibility

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

The bank has appointed Corporate Social Responsibility Committee with scopes and responsibilities as follows:

1. To suggest, advise, support, and endorse policy, framework, and guideline for undertaking of CSR project which relate to Bank's innovation.
2. To suggest, advise, support, and endorse relevant policy with operational process for undertaking of CSR project which relate to Bank's innovation.
3. To endorse development and/or establish CSR project which relate to strategic project before submit to relevant committees for endorsement and approval.
4. To promote and support CSR activities to achieve goal.

Corporate Branding and Social Responsibility was established under Corporate Communications to be responsible for social and environmental projects and activities and ensure of continual proceeding and their contribution to the entire society. The Bank's employees and stakeholders are encouraged to participate in supporting, helping and creating benefits to communities and society via the Bank's activities in order to sustainably improve the life quality of people in communities, society, and environment. (Detail in CSR project)

#### Social and environment activities

##### • FAI-FAH, TMB's CSR program for community children

'FAI-FAH' is TMB's innovative and interactive CSR program designed to provide economically-disadvantaged community youth a 'third place' that integrates work and play through fun and experiential activities such as arts, music, singing, cooking, etc. as well as other life-skills that may be beneficial to the children's lives and future professions. The program is free of charge for children age 12-17 living in lower-income communities. In 2012, TMB had expanded the CSR program, 'FAI-FAH' to Prachautis and Chan area, in addition to Pradiphat, which has been opened since 2011.

##### • Blue Planet

TMB has officially launched 'Blue Planet' in 2011 with the objective to promote environmental friendly and energy saving. For the year 2012, the Bank has expanded the concept to TMB branches nationwide and through two themes of 'FAI-FAH In A Box' program. They included DIY notebooks from used paper and Homegrown vegetable from recycled plastic bottle. TMB employees nationwide could join-hand with customers

in doing this activities, and donate the output to selected community.

##### • TMB collaborated with IFC in SME revitalization efforts with long term loan

In May 2012, TMB marked the first time collaboration with The International Finance Corporation (IFC), a member of the World Bank Group, in granting loans that aimed to lend small and medium enterprises (SME) and exporters mostly affected by last year's floods. The US\$ 100 million worth long-term financial program will help to strengthen SME segment as well as to help them grow, create jobs, and sustain the economic recovery.

##### • Scholarships for military officials' children

The Bank has granted and continues to grant scholarships to military officials' children for the past 49 consecutive years. To ensure the scholarships are broadly distributed, the Bank provides funds to all military units for allocation to their staff's children as deemed appropriate. Recipients are from Office of the Permanent Secretary for Defense, Royal Thai Military, Royal Thai Army, Royal Thai Navy, and Royal Thai Air Force.

#### 2. Compliance with International Human Rights Principle

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

#### 3. Non-violation against intellectual property rights or copyrights

The Bank shall operate its business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright owners.

#### 4. Anti-fraud and Anti-Bribery measures

The Bank places importance on prevention and suppression of fraud within the Bank. The bank provided Anti-Fraud guideline with strict measures for fraud detection in order to reduce fraud related losses. The relevant policies, standards and procedures have been determined to enhance efficiency and effectiveness in fraud prevention and suppression within the Bank. This includes preventive measures prohibiting an outsider to use the Bank to commit illegal actions. For example;

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



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

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

#### 5. Whistle blowing or complaints

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

#### 6. Management of conflict of interest

The Bank has imposed strict measures for conflict of interest or related transaction or connected transaction management. The transactions that may pose a conflict of interest are performed in conformity to the regulatory rules. These transactions are treated in the same manner as those made with the outsiders (an arm's length basis) and the stakeholders shall not participate in the approval process.

The Bank has put in place the policy on making transactions with conflict of interest in order to treat such transactions with fairness, transparency and in accordance with the relevant regulatory requirement. The Bank shall disclose any such transactions accurately and completely under the good corporate governance principles.

#### 7. Internal Control

Internal control system is an important cornerstone of the bank's policy and the strategic direction both at the management and the operational levels emphasizing on sound organizational structure, segregation of duties, and assignment of authority and the level of approval over the transactions. This is to ensure that the benefits of the customers and the Bank are appropriately taken care. The Board of Directors through the Audit Committee, Risk Management Committee, and Nomination, Remuneration and Corporate Governance Committee was tasked with oversight of internal controls, risk management process and the good governance. Audit carries out reviews

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

The Board of Directors meeting no. 1/2556 held on 24 January 2013 which was attended by all members including ones represented in the Audit Committee has reviewed the report on the Bank's internal control assessment proposed by Head of Audit. Auditors conducted the assessment based on the Internal Control Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

The Board of Directors is aware of the current status of the Bank's internal control and has taken a close supervision on management's efforts on internal control improvement. Moreover, Audit Committee has recommended management taking remedy actions to address deficiencies identified and reporting progress to the committee and the Board of Directors regularly. Besides, the Bank shall supervise the work units to comply with laws, relevant regulatory requirements, policies and the Bank's regulations to ensure that the benefits of the Bank and the stakeholders are protected with the best effort.

Besides, the Bank shall supervise the work units to comply with laws, relevant regulatory requirements, policies and the Bank's regulations to ensure that the benefits of the Bank and the stakeholders are protected with the best effort.

#### 8. Control of the use of inside information Policy and procedure on inside information

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

Additionally, to ensure the control of inside information usage complies with relevant laws and regulations and also good corporate governance principles, TMB has specified policy on Confidential and Insider Information, Chinese Wall, Insider Trading and Personal Account Dealing to ensure that the confidential information is efficiently and effectively managed.

TMB has accordingly issued Policy, Regulations and Guidelines to prevent its staff with potential access to inside information from exploiting such information for personal benefits and/or the others' benefits before the information is disclosed to the public by setting

a black-out period prohibiting staff, who has right or opportunity to access the inside information by nature of their job function / responsibility, from trading on TMB's financial instruments until inside information is disclosed to the public. Compliance Group is responsible for assisting Management with the implementation, enforcement and updating of the aforementioned policy and regulations and also provides for appropriate monitoring mechanism to ensure compliance with the policy as well as relevant laws and regulations.

In summary, the Board of Directors clearly stipulates the regulations on this practice as detailed below:

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

#### 9. Business ethics and code of conduct

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

#### Disclosure and Transparency

The Bank's financial and non-financial information relevant to the business and performance result will be disclosed correctly, completely, sufficiently, reliably and timely. Such information will demonstrate the true business operational condition and financial status of the Bank. This is to ensure the stakeholders have equal access to adequate information through channels in both Thai and English.

Significant information will be disclosed to the public completely in line with the criteria and regulations of the SET and Securities and Exchange Commission, including the good corporate governance principles.

The Bank gives importance to manage relationship with both institutional and individual investors, both domestic and overseas, with the concern of correctness, completeness, quality and adequacy of the information disclosed to the investors, securities analytics, etc. on a timely manner. The Bank's management team will arrange meetings with investors

and securities analytics on a regular basis by convening meetings to present the quarter and annual operating performance and attending seminars with the investors and securities analytics, domestic and overseas. This is to build their confidence in the Bank's performance and establish long-term relationship.

The Bank has established Investor Relations unit to correspond and communicate with investors, securities analytics, etc. to provide them with accurate and complete information of the Bank in terms of both financial and general information on a timely manner and in accordance with laws or relevant regulations. This is to support the decision-making, create confidence and good reputation to the Bank. In 2012, the Investor Relations unit met and provided information to concerned parties on the following occasions:

Types of meeting	No. of times	No. of companies	No. of persons
One-on-one meeting	33	67	96
Group analyst and Investor Meeting	2	51	60
Non-deal Roadshow	2	30	30
Total	37	148	165

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#### The Responsibilities of the Board of Directors

##### 1. Board of Directors' structure

The Bank shall determine Board of Directors' structure to contain proper composition of members in respect of the fair investment portion of each group of investors. The Board structure has been established with clear and transparent scope of responsibilities with balance of management power without allowing any person or group of persons to have unlimited power.

##### 2. Composition of the Board of Directors

The composition of Board of Directors is composed of non-executive directors, executive directors and

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

### 3. Nomination of directors

The Bank has put in place a definite and transparent director nomination process. The candidates shall have leadership, vision, knowledge of the Bank's business and related business to the Bank, as well as commit to the highest responsibility for the Bank performance, pursue the avenues for sustainable growth and are able to make their decisions on an independent basis for the Bank's best benefits.

### 4. Segregation of duties and check and balance of non-executive directors

Chairman of the Board of Directors, and Chief Executive Officer must not be the same person to prevent any person or group of persons to have unlimited power. The Chairman of the Board of Directors must not serve in any position of the committees and involve in normal daily management activities. Meanwhile, Chief Executive Officer shall take responsibilities for the Bank management in respect to the scope of authority delegated by the Board of Directors.

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

### 5. Terms of Directorship

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

### 6. Assumption of Directorship in Other Companies by Directors

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

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

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

### Policy determination

The Board of Directors responsibilities include approving policies and passing endorsement for the Bank's vision, mission, strategic business plans, annual budget, human resource as well as supervising the management to ensure that the management has run the business in line with the policies and plans set forth.

### Compliance

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

### Internal Control

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

### Risk management

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



### **Oversight of Capital Adequacy**

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

### **Management of Conflict of Interest**

The Board of Directors is responsible to ensure the business operation management is carried out on an efficient basis with transparency to prevent the conflict of interests from business management, whereby concerned directors, executives and staff in any particular issue shall not participate in consideration and voting for such issue. The responsibilities also include supervising the Bank to completely disclose the information relevant to conflict of interest.

### **Adherence of Good Corporate Governance**

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

### **Reporting of the Interest of Directors**

All directors are required to report their interest or their related persons' interest as stipulated by laws. The Bank's directors have to prepare a report of interest using a form on interest as specified by the Bank and certify the correctness of the information therein, and submit it to the Bank within specified timeframe.

## **8. Board Committees**

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

For an appointment of the Board Committees, the Nomination, Remuneration and Corporate Governance Committee has made consideration and give the endorsement, and then further submit to the Board for

appointment thereof. To appoint the board committees, the Board shall consider the requirements of profound expertise in respect of roles and responsibilities of each board committee. In addition, the Board shall take into account the qualified persons having competence, professional experience and specialized qualifications without conflict of interest to hold the position. Each board committee shall fully have compositions and qualifications in accordance with regulatory requirement.

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

## **9. Company Secretary**

The Board has appointed Company Secretary to perform duty and be responsible for ensuring the Bank's operation to be in compliance with laws. Key responsibility of the Company Secretary is to coordinate with the Board of Directors, management, shareholders and government units. The Company Secretary shall support and give advices to the Board and management regarding laws and regulations that the Bank has to comply. In addition, the Company Secretary shall support working of the Board and Board Committees to be smooth and in line with relevant laws and regulations. The Company Secretary shall be responsible for conducting the Board's and shareholders' meetings, filing and keeping the Bank's important documentation as prescribed by regulatory requirements. The Company Secretary shall perform duty in essential information dissemination to the regulatory entities. This also includes providing knowledge to new directors about business operation and the practice in compliance with good corporate governance.

## **10. Board Meeting**

The Board meeting has been held at least once a month. The meeting date shall be scheduled in advance so that the Board members are able to plan the attendance of every meeting. In case of an urgency, the Board can arrange a special meeting as deemed necessary.

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

the written minutes of the meeting and filing to be available for inspection.

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

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

#### 11. Directors' Remuneration

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

#### 12. Directors' Performance Assessment

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

##### Assessment's Criteria

The self-assessment is undertaken in two tiers below:

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

##### Assessment's Method

1. The self-assessment of the Board of Directors will be made by all the Board's members.
2. The self-assessment of the board committees will be made by all the members of the board committees and the Bank's executive who take

position in the board committees on an individual committee basis.

3. The secretary of each committee will also join in the assessment.

#### 13. Enhancement of Directors' Performance

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

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

#### 14. Executive Succession Plan

The Board of Directors determines that the executive succession plan is a key composition for the strategy planning. The Board shall prepare work plans and procedures in connection with the mission and business goal so as to ensure that the executive succession is carried out smoothly and continuously, where the succession personnel are fully engaged. Starting from Chiefs to Heads.

#### Management Structure

TMB's management structure at supervisory level comprises of the Board of Directors and other sub-committees which has been appointed by the Board of Directors, namely the Audit Committee, the Board of Executive Directors, the Credit Committee, the Nomination, Remuneration and Corporate Governance Committee and the Risk Management Committee. All the committees aforementioned are responsible for overseeing the Bank's operations and are tasked to scrutinize crucial issues in accordance with good corporate governance before submission to the Board of Directors.

The duties and responsibilities of each board committee are clearly delineated in writing. Committee members have profound knowledge, skills, and experience that are aligned with their responsibilities. Most of the committee members are not the Bank's executives with some acting as independent directors providing a balance and separation of authorities for governance and management.

### The composition, appointment of the directors

The directors are elected by the shareholders at the Annual General Meeting, each for a three year term, with one third of the Board retiring each year. A director whose term has expired may be re-elected for further term. If a director leaves the Board before the end of his term, the Board itself has powers to appoint a replacement to serve the remainder of that term. If the remaining duration of the director's term is less than two months the replacement must be elected at a general meeting of the shareholders. The Board has the responsibility of selecting and nominating suitable candidates for election as directors. Nominations may also be made by shareholders, and the Board has established a process for receiving and reviewing the qualifications of such nominations.

Setting the criteria for the composition of the Board and for the selection of new directors are Board functions. The Nomination, Remuneration and Corporate Governance Committee of the Board (the 'NRCC'), being assigned by the Board, periodically reviews the criteria for composition of the Board and evaluates potential new candidates for Board membership. The committee then makes recommendations to the Board, which will then give its opinion to the shareholders in advance of a shareholders' meeting on candidates nominated for election by that meeting.

In general, the Board wishes to balance the needs for professional knowledge, business expertise, varied industry knowledge, financial, economics and business management expertise and independence in position and decision making.

With the exception of the Chief Executive Officer, directors are not TMB employees and do not participate in the daily business management of TMB. The Bank's directors play an important role as the person who lead the Bank to supervise the Bank's operations to be in compliance with good corporate governance principles, laws, and resolution of shareholders. Director must devote the time and attention to fulfill the obligations of a director. Director exercise their 'duty of loyalty' and 'duty of care' to the Bank, avoid conflicts of interest and the appearance of such conflicts, excuse themselves from decisions when they themselves or someone related to or connected with them have a conflicts of interest that makes them incapable of properly fulfilling their duties to the Bank, and safeguard corporate reputation.

The current size of the Board at 12, of which 4 are classified as independent directors, whose qualifications must conform to the Bank and stronger than requirements of the Capital Market Supervisory Board. The composition of the Board is subject to regulatory requirements, including those of the Bank of Thailand, the Securities and Exchange Commission (SEC), and the Stock Exchange of Thailand (SET).

### Board of Directors

The Board of Directors as of December 31, 2012 consisted of 12 members, seven holding non executive directors positions, four independent directors, and one holding executive director position.

Name	Position
Mrs Saowanee Kamolbutr	Chairperson
General Prayut Chan-o-cha	Director
Mr Philippe G.J.E.O. Damas	Director / Chairman of Board of Executive Directors
Dr Vijit Supinit	Independent director / Chairman of Audit Committee
Mr Rachane Potjanasuntorn*	Independent director / Chairman of Nomination, Remuneration and Corporate Governance Committee
Ms Swee-Im Ung	Director / Chairman of Risk Management Committee
Mr Pongpanu Svetarundra**	Director / Chairman of Credit Committee
Mr Vaughn Nigel Richtor	Director
Mr Amorn Asvanunt	Director
Mr Christopher John King	Independent director / Audit Committee Member
General Kamon Saenissara***	Independent director
Mr Boontuck Wungcharoen	Director/Chief Executive Officer

#### Remarks:

\* Mr Rachane Potjanasuntorn took director position on 8 October 2012 to replace Dr Sethaput Suthiwart-Narueput who resigned on 21 August 2012.

\*\* Mr Pongpanu Svetarundra took director position on 23 February 2012 to replace Mr Kritsda Udyanin who resigned on 27 January 2012.

\*\*\* General Kamon Saenissara took director position on 11 April 2012 to replace Mr Tara Tiradnakorn who completed his term of office. Mr Agapol Na Songkhla is Secretary to the Board. The Board meeting is held at minimum on a monthly basis or as deemed necessary.



### Authorized signatories

Mrs Saowanee Kamolbutr, Chairperson or Mr Boontuck Wungcharoen, Chief Executive Officer or any two directors are authorized to co-sign with the Bank's seal affixed. The scope of responsibilities of the Board of Directors is as follows:

### Policy

1. To approve the overall business strategy of the Bank, including approval of the overall risk appetite, risk policy and risk management procedures.
2. To consider, review and, approve transaction required under applicable regulations, transactions as prescribed by the SEC and credit limits as prescribed by the BOT.
3. To approve all credit limits to single borrower groups for amounts in excess of the amount delegated to management.
4. To approve all policies as prescribed by BOT and other relevant regulators.
5. Continuously review the internal structure of the Bank to ensure that there are clear lines of accountability for management throughout the organization.

### Oversight and Internal Control

1. To oversee conflicts of interest and the appearance of such conflicts of the Bank.
2. To organize board committees in a way that promotes efficiency and recommend to the Board.
3. Periodically assess the effectiveness of their own governance practices.
4. To provide sound advice to management and recommend best practices.
5. To oversee management's actions and consistency with Board policies.
6. To prepare a calendar each year that sets forth and schedules the issues to be discussed by the Board during the year. Substantive issues such as strategy, financial performance, budget and operational plans, capital planning, risk management and CEO performance evaluation
7. To meet regularly with senior management to review policies, and monitor progress toward corporate objectives.

### Human resource

1. Nomination and election of Board members.
2. To ensure that the Bank has an appropriate plan for executive succession.
3. To select, evaluate and determine the compensation of the Chief Executive Officer as well as certain key senior executives.
4. To ensure that the Bank's compensation and benefits programs are appropriate and consistent with the strategic objectives and compliant with relevant regulations.

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

### Board Committees

The Board has found it beneficial to establish certain specialized committees to assist the Board in its oversight function and to advise the Board on issues requiring specific technical expertise. In addition, the Board set composition, accountability, the mandate, and working procedures of each committees in written. The chair of board committees will generally report to the Board at the next regularly scheduled Board meeting following the committee meeting.

Membership on the committees is reviewed each year by the Nomination, Remuneration and Corporate Governance Committee and approved by the full Board, which will also designate a chair for each committee. The membership of each board committee is based on board committee needs, director experience, interest and availability and evolving legal and regulatory considerations.

The board committees of TMB has the following committees:

#### 1. Board of Executive Directors

As of 31 December 2012, the Board of Executive Directors was composed of members as follows:

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

Remarks:

\* Mr Pongpanu Svetarundra took position on 23 February 2012 to replace Mr. Kritsda Udyanin who resigned on 27 January 2012.

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

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

The scope of responsibilities is as follows:

The primary responsibility of the Board of Executive Directors is follow up and review the detailed business performance by business segment and subsidiaries, starting from endorsement of annual budget and business plan, including capital planning, to performance tracking by business lines, and financial results, including large capital expenditure in relation to plan and strategy. In addition the Board of Executive Directors monitors progress of the branding and corporate communications programs.

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

## 2. Audit Committee

As of 31 December 2012, the Audit Committee was comprised of members whose qualifications must conform to the Securities and Exchange Commission's requirements follows:

Name	Position	Note
Dr Vijit Supinit	Chairman	Independent Director and have significant experience in reviewing financial reports
General Kamon Saenissara*	Committee Member	Independent Director
Mr Christopher John King	Committee Member	Independent Director

Remarks:

\* General Kamon Saenissara took position on 11 April 2012 to replace Dr Sethaput Suthiwart-Narueput who

transfer to member of the Risk Management Committee since 11 April 2012 and resigned on 21 August 2012. Mr Peera Chinwannabutr was Secretary to the Audit Committee.

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

The scope of responsibilities is as follows:

1. To review the Bank's financial statements to ensure accuracy and adequacy.
2. To review and ensure that the Bank has suitable and efficient internal control system and internal audit, and reviewing to ascertain that internal audit function is independence. Hiring, transferring, removal and performance appraisal of Chief Internal Audit shall be concurred by Audit Committee.
3. To review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
4. To select, nominate and recommend remuneration of the Bank's external auditor by taking into account the credibility, adequacy of resources, experience and independence. The Audit Committee shall meet with the External Auditors without the members of the Executive Management being presented as often as it determines but at least once a year.
5. To approve audit-related and other services engagements with the Bank's external auditor.
6. To review connected transaction or transaction that may lead to conflicts of interest to ensure transactions are conducted and disclosed in compliance with the law and regulation and that transactions are entered with reasonableness for the benefit to the Bank.
7. To prepare audit committee report, signed by the chairman of the audit committee, and disclose it in an annual report of the Bank. The report should at least contain the following information;
  - (a) The audit committee's opinion regarding the accuracy, completeness and integrity of the Bank's financial statements.
  - (b) The audit committee's opinion regarding adequacy of the Bank's internal controls.
  - (c) The audit committee's opinion regarding compliance to the applicable laws and regulations.
  - (d) The audit committee's opinion regarding suitability of the Bank's External Auditor.
  - (e) The audit committee's opinion regarding transaction that may lead to conflicts of interest.
  - (f) Number of the meeting held during the year and number of each member's attendance.
  - (g) Overall opinion arisen from discharging of audit committee's duties according to the charter.
  - (h) Other information, within the scope of the roles and responsibilities of audit committee, which is deemed to be necessary for shareholders and general investors.

8. To commence investigation without delay upon being informed by external auditor of suspicious circumstance and report SEC and external auditor the preliminary result within 30 days. The Committee also is to report to the Board of Directors so that the board can rectify the issues within the timeline specified by audit committee on the following findings or suspected transactions or actions:
- (a) Conflicts of interest;
  - (b) Fraud, possible fraud, or significant deficiency of internal control;
  - (c) Breaching of the applicable laws and regulations.

In case where the Board of Directors or Executive Management failed to rectify the issues within the specified timeline, audit committee shall report such deed to the Bank of Thailand, the Office of Securities and Exchange Commission, the Stock Exchange of Thailand and disclose in the Bank's annual report.

9. To review the appropriateness of corrective measures and actions taken by management in response to the reports or instructions from the Bank of Thailand, the Office of Securities and Exchange Commission, the Stock Exchange of Thailand and any other relevant regulators.
10. To review the accuracy and reliability of the financial statements of the Bank's subsidiaries, and to review compliance with the policies, processes and standards set by the bank for its subsidiaries, including those related to internal controls and audit.
11. To perform any other duties as delegated by the Board of Directors and agreed by the audit committee.
12. To perform other duties as required by law.

### 3. Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2012, the Nomination, Remuneration and Corporate Governance Committee was comprised of the directors not holding executive position, namely:

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

#### Remarks:

\* Mr Rachane Potjanasuntorn took position on 8 October 2012 to replace Dr Sethaput Suthiwart-Narueput who resigned on 21 August 2012.

\*\* Mr Pongpanu Svetarundra took position on 23 February 2012 to replace Mr Kritsda Udyanin who resigned on 27 January 2012.

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

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

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

#### Nomination and remuneration

1. To set and review policies, criteria and methodology for nomination of directors and top executives for the Board of Director's consideration and approval.
2. To screen name list of qualified persons to be appointed as members of the Board of Directors, senior executives and directors on the board of any company in which the Bank holds at least 50% for the Board of Directors' consideration.
3. To set and review a policy, criteria, and guideline on the payment of remuneration and other benefits as well as on the amount of remuneration and other benefits for directors and top executives in a clear and transparent manner for the Board of Director's consideration and approval.
4. To ensure that the Board members and top executives of the Bank receive remuneration appropriate and commensurate with their roles and responsibilities.
5. To lay down guidelines on performance assessment for the Board members and top executives in relation to annual adjustment of their remuneration based on the scope of their responsibilities and the risks involved and also to increase shareholder's value in the long term.
6. To advise a succession plan for the top-executive level to the Board of Directors.

#### Corporate governance

1. To advise the Board of Directors in monitoring and ensuring that the operations of the Bank and its practices and operations – Board of Directors, relevant committees, the Management and staff members -are in compliance with good corporate governance. Moreover, it is to formulate, follow up and communicate the guidelines on corporate governance practices to the internal and external relevant parties.
2. To formulate guidelines and all policies related to good corporate governance principles for the Bank.



3. To regularly review the relevant policies, principles and guidelines and make recommendations on the business ethics and code of conduct.
4. To follow up the new development on good corporate governance guidelines of government agencies and international organizations and adopt the suitable ones for bank practices.
5. To supervise and ensure the continuity and sustainability of good corporate governance in the Bank.
6. To report to the Board of Directors the Bank's good corporate governance with recommendations for improvement and also reports and disclosures on information of directors to the regulators, shareholders, and the public as are required by applicable regulations or deemed appropriate.

#### 4. Risk Management Committee

As of December 31, 2012, the Risk Management Committee was comprised of members as follows:

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

#### Remarks:

\* Mr Rachane Potjanasuntorn took position on 8 October 2012 to replace Dr. Sethaput Suthiwart-Narueput who resigned on 21 August 2012. Miss Oranuj Tantimedh is secretary to the Risk Management Committee.

The meeting of this Committee is usually held on a monthly basis or as deemed necessary and instructed by the Chairman of the Risk Management Committee. The scope of responsibilities is as follows:

1. To approve the comprehensive risk management strategies in a holistic manner.
2. To approve significant policies and framework that govern the management of risks including risk governance matters which are required by the authorities to be approved by the Board of Directors.

3. To recommend the risk levels and its concentration for the Board of Directors' approval.
4. To approve the supplemental risk limits as defined in the relevant policies and frameworks.
5. To review and monitor all risks and risk management including preparedness for Basel II compliance.
6. To approve the appointment, review of committee structure and composition, and roles and duties of the management-level risk management committees.
7. To report the risk management performance and all risk management matters and measures to the Board of Directors and the Audit Committee.

#### 5. Credit Committee

As of December 31, 2012, the Credit Committee was composed of members as follows:

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

#### Remarks:

\* Mr Pongpanu Svetarundra took position on 23 February 2012 to replace Mr Kritsda Udyanin who resigned on 27 January 2012. Mr Jaroonsak Hengtragul is Secretary to the Credit Committee.

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

The scope of responsibilities is as follows:

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

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

#### Other committees at management level

##### Policy issues (5 main committees)

###### 1. Chief Executive Committee

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

###### 2. Asset and Liability Management Committee

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

###### 3. Risk Policy Committee

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

###### 4. Operational Risk Management Committee

To oversee implementation of tools and techniques for risk identification, approve operational risk minimum standard and guidelines, set targets for key risk indicators, initiate action on reported incidents or events and approval new products.

###### 5. Corporate Social Responsibility Committee

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

#### Information technology

##### IT Committee

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

#### Human resources

##### Human Resource Committee

To consider and approve the framework governing the Bank's human resources management policies, compensation standards, rules and regulations,

succession plan, performance review, salary adjustment, bonus and incentive award of employees at below Group Head. To approve the governance structure of job grading and function title or any issues under HR transformation. To approve the Bank's human resource development structure and corporate culture.

#### Health and safety

##### Safety, Occupational Health and Work Environment Committee

To consider policy and plan on workplace safety and safety outside works; to organize projects encouraging and supporting safety-related activities; and to define regulations on safety, occupational health and working environment to be in compliance with the regulations of the Ministry of Labor and Social Welfare.

#### Energy Management

##### Energy Management Working Group

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

#### Independent director nomination criteria

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

#### Qualification of Independent Directors

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

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

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major shareholder, or any person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.
2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
3. Not be a person having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of an executive, major shareholder, a person having controlling power, or a person to be nominated as the executive or that who has controlling power over the Bank or its subsidiary.
4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

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

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

#### Company Secretary

The Board of Directors has appointed Mr. Agapol Na Songkhla to hold position of Company Secretary.

The Company Secretary's roles and responsibilities are to perform duty in compliance with laws and follow up activities of the Board of Directors and the Bank's to be in line with relevant laws, regulations, and articles of association of TMB. The Company Secretary is also to support the Board of Directors, management, and the Bank to implement operation in line with good corporate governance and other best practice to make sure that the Bank's operation is under relevant legal framework and good corporate governance.



The Company Secretary has roles and responsibilities as follows:

### 1. For the Bank

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

### 2. For the Board

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

### 3. For the Shareholders

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

Chairman. The Board Secretary shall deliver an invitation letter together with the meeting agenda and meeting documents to the directors at least 7 days in advance of the meeting date, except in an urgent case, so that the directors would have sufficient time to study the information. In this regard, the directors may propose other issues to the meeting as deemed appropriate. In each meeting, the directors will take good time in considering each item and expressing independent opinions for the best interest of the Bank. The Chairman will process the comments and conclude results of the meeting. The Board Secretary is responsible for preparing the meeting minutes to be adopted by the meeting as well as for keeping the meeting minutes for future reference and for inspection by concerned parties. Besides, the directors having related interests to the agenda proposed to the meeting shall not join the deliberation of such agenda. The Board of Directors is able to hold a meeting of which the Executive Director is not present with consideration of Bank and management performance.

In 2012, there were 15 meetings of the Board of Directors. Details of the meeting attendance of the Board of Directors and board committee members are as follows:

### Board of Directors' meeting

A whole-year board meeting schedule shall be set in advance so that the directors could plan to attend each meeting. Besides normal meetings, special meeting sessions may be arranged as deemed necessary with consent from the Board Chairman. The meeting agenda shall be set, with clearly-divided session, by the Chief Executive Officer and endorsed by the Board

Meeting attendance of board and committee members in 2012 is tabulated below:

Name	Board of Directors	Board of Executive Directors	Credit Committee	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee
<b>Total number of meetings in 2012</b>	<b>15</b>	<b>19</b>	<b>15</b>	<b>12</b>	<b>14</b>	<b>12</b>
Ms Saowanee Kamolbutr	15/15					
General Prayut Chan-o-cha	12/15					
Mr Philippe G.J.E.O. Damas	13/15	16/19			12/14	
Dr Vijit Supinit	15/15			12/12		
Dr Sethaput Suthiwart-Narueput <sup>1</sup> (Until 20 August 2012)	7/7			3/3	8/8	4/4
Ms Swee-Im Ung	13/15		12/15			11/12
Mr Kritsda Udyanin <sup>1</sup> (Until 26 January 2012)	1/1	1/1	2/2		1/1	
Mr Pongpanu Svetarundra <sup>2</sup> (From 23 February 2012)	12/13	15/17	13/13		8/11	
Mr Vaughn Nigel Richtor	7/15	13/19				
Mr Amorn Asvanunt	15/15	17/19	14/15			12/12
Mr Christopher John King	15/15			11/12	14/14	
Mr Tara Tiradnakorn <sup>1</sup> (Until 10 April 2012)	3/3					3/3
General Kamon Saenissara <sup>3</sup> (From 11 April 2012)	12/12			9/9		
Mr Rachane Potjanasuntorn <sup>4</sup> (From 8 October 2012)	6/6				4/4	3/3
Mr Boontuck Wungcharoen	14/15	18/19	12/15			11/12

<sup>1</sup> Not holding a board member as of 31 December 2012.

<sup>2</sup> According to the resolution passed by the Board of Directors meeting no. 2/2555 on 23 February 2012, Mr Pongpanu Svetarundra was appointed as a director, a member of the board of executive director, the chairman of credit committee and the member of Nomination, Remuneration and Corporate Governance Committee.

<sup>3</sup> According to the resolution passed by the 2012 Annual General Meeting on 11 April 2012, Gen. Kamon Saenissara was appointed as a Director and a member of Audit committee.

<sup>4</sup> According to the resolution passed by the Board of Directors meeting no. 9/2555 on 27 September 2012, Mr Rachane Potjanasuntorn was appointed as a director, the chairman of Nomination, Remuneration and Corporate Governance Committee and the member of Risk Management Committee. The appointment is effective on 8 October 2012.

Notes:

1. Mr Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.  
The Board of Executive Directors meetings no. 6/2555, 10/2555, 12/2555, and 14/2555, Mr Philippe G.J.E.O. Damas joined the meetings through teleconferencing / videoconferencing system.
2. Mr Vaughn Nigel Richtor is a director who does not have residence in Thailand.  
The Board of Executive Directors meetings no. 2/2555, 3/2555, 6/2555, 8/2555, 12/2555, 14/2555 and 19/2555, Mr Vaughn Nigel Richtor joined the meetings through teleconferencing / videoconferencing system.  
The Board of Directors special meetings no. 1/2555, and special meetings no. 3/2555, Mr Vaughn Nigel Richtor joined the meetings through videoconferencing system.
3. Ms Swee-Im Ung is a director who does not have residence in Thailand.  
The Credit Committee meetings no. 6/2555, 12/2555 and 14/2555, Ms Swee-Im Ung joined the meetings through teleconferencing.

**Recruitment of directors and executive officers**

**1. Recruitment of directors**

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

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

**2. Rights for minority shareholders to appoint directors**

The Bank realizes that shareholders are the owners of the Bank through control the Bank be appointing the Board of Directors to act as their representative and eligible to make decisions on any of significant corporate changes. The Board of Directors allows minority shareholders to nominate candidates for director positions in advance before annual general

meeting. The criteria and procedure are disclosed on the Bank's website topic 'Investor Relations' which shareholders can download Form to propose director nominations.

**Remuneration for directors and executives**

The Bank has a policy to set the remuneration for directors in an appropriate amount and in accordance with their roles and responsibilities to achieve the Bank's targets and in line with relevant regulations and expectation of all stakeholders. The remuneration shall also be set on par with those of other institutions. The Board of Directors can set the remuneration for additional sub committee (if any). The remuneration for the additional sub committee will be included in the amount of THB40 million approved by the AGM.

The remuneration is set out in a transparent manner. The Nomination, Remuneration and Corporate Governance Committee is responsible for reviewing the remuneration for directors before submission for the Board of Directors' consideration. The remuneration shall be proposed for approval from the annual shareholders' meeting.



In 2012, the remuneration is set as follows:

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

Cash remuneration	Retaining fee	Committee fee	Attendance fee
<b>Chairman</b>			
Board of Directors	THB1,800,000/year	THB1,800,000/year	THB40,000/attendance
Board of Executive Directors	THB1,440,000/year	THB1,440,000/year	THB40,000/attendance
Credit Committee	THB696,000/year	THB696,000/year	THB32,400/attendance
Audit Committee	THB696,000/year	THB696,000/year	THB32,400/attendance
Nomination, Remuneration and Corporate Governance Committee	THB696,000/year	THB696,000/year	THB32,400/attendance
Risk Management Committee	THB696,000/year	THB696,000/year	THB32,400/attendance
<b>Member</b>			
Board of Directors	THB384,000/year	THB384,000/year	THB30,000/attendance
Board of Executive Directors	THB422,400/year	THB422,400/year	THB31,200/attendance
Credit Committee	THB374,400/year	THB374,400/year	THB24,600/attendance
Audit Committee	THB374,400/year	THB374,400/year	THB24,600/attendance
Nomination, Remuneration and Corporate Governance Committee	THB374,400/year	THB374,400/year	THB24,600/attendance
Risk Management Committee	THB374,400/year	THB374,400/year	THB24,600/attendance

During January – December 2012, all of the 15 directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB31,271,200. The details are as follows:

Name of director	Details
Mrs Saowanee Kamolbutr	Receiving THB4,200,000 for serving as Chairperson of the Board of Directors
General Prayut Chan-o-cha	Receiving THB1,128,000 for serving on the Board of Directors
Mr Philippe G.J.E.O. Damas	Receiving THB4,963,600 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee
Dr Vijit Supinit	Receiving THB 2,614,800 for serving on the Board of Directors and as Chairman of the Audit Committee
Dr Sethaput Suthiwart-Narueput <sup>1</sup> (Until 21 August 2012)	Receiving THB 2,075,000 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, Member of the Audit Committee, and Member of Risk Management Committee
Mr Rachane Potjanasuntorn <sup>2</sup> (From 8 October 2012)	Receiving THB 921,000 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of Risk Management Committee
Mr Kritsda Udyanin <sup>1</sup> (Until 27 January 2012)	Receiving THB 356,000 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee
Mr Pongpanu Svetarundra <sup>3</sup> (From 23 February 2012)	Receiving THB 3,697,200 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee
Mr Tara Tiradnakorn <sup>1</sup> (Until 11 April 2012)	Receiving THB 497,000 for serving on the Board of Directors and Member of the Risk Management Committee
General Kamon Saenissara <sup>4</sup> (From April 11, 2012)	Receiving THB 1,438,200 for serving on the Board of Directors and as Member of the Audit Committee
Mr Amorn Asvanunt	Receiving THB 3,597,600 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Credit Committee and Member of the Risk Management Committee
Mr Christopher John King	Receiving THB 2,581,800 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Nomination, Remuneration and Corporate Governance Committee
Ms Swee-Im Ung	Receiving THB 3,192,000 for serving on the Board of Directors and as Chairperson of the Risk Management Committee and Member of the Credit Committee
Mr Vaughn Nigel Richtor	Not entitled to receive the monetary remuneration as per the criteria of ING Bank N.V.
Mr Boontuck Wungcharoen	Not entitled to receive the monetary remuneration as per the criteria of TMB

Notes:

<sup>1</sup> The person does not serve as a board member.

<sup>2</sup> According to the resolution passed by the Board of Directors meeting, Mr Rachane Potjanasuntorn was appointed as a director, the chairman of the Nomination, Remuneration and Corporate Governance Committee, and a member

of the Risk Management Committee to replace Dr Sethaput Suthiwart-Narueput. The appointment is effective on 8 October 2012.

- <sup>3</sup> According to the resolution passed by the Board of Directors meeting, Mr Pongpanu Svetarundra was appointed as a director, the chairman of the Credit Committee, a member of the Board of Executive Directors, and a member of the Nomination, Remuneration and Corporate Governance Committee to replace Mr Kritsda Udyanin. The appointment is effective on 23 February 2012.
- <sup>4</sup> According to the resolution passed by the 2012 Annual General Meeting of Shareholders, General Kamon Saenissara was appointed as a director, and as a member of the Audit committee to replace Dr Sethaput Suthiwart-Narueput who transfer to be a member of the Risk Management Committee. The appointment is effective on 11 April 2012.

#### Other benefits

No other benefits

#### Remuneration for executive officers

During the accounting year ended 31 December 2012, the Bank's 63 executives received remuneration in a total amount of THB508 million, consisting of salary, bonus, provident fund, TMB PSBP 2010 Shares (only employees who participated in the Program) and other benefits. (According to the definition of SEC, Executives refer to managers, the first four ranks of executives under each manager's command line, those in the positions equivalent to the first 4th ranked person at the executive level, and also refer to those in the positions at the executive level in the Accounting or Finance areas at the level of Department Head or equivalence. However, the Bank also include those in the position at Head and Executive Vice President level and up and related executives level in the Accounting or Finance areas).

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

her variable performance incentive. TMB PSBP 2010's term is five years from the first award date or the date on which all the shares available for issuance under TMB PSBP 2010 have been issued, whichever is earlier.

#### Details of the Subsidiaries Directors

##### 1. Phayathai Asset Management Co., Ltd.

There are four directors as follows:

1. Mr Jan Schuit
2. Mr Martin Alan Searle
3. Mr Anuphun Tungsnga
4. Mr Somsak Woravijak

##### 2. Designee for ETA Contracts Co., Ltd.

There are two directors as follows:

1. Ms Sawittree Chaichoavalit
2. Ms Warintorn Kanjanapalakun

##### 3. TMB Asset Management Co., Ltd.

There are ten directors as follows:

1. Mr Somjin Sornpaisarn
2. Mrs Sirichan Pipitwitayakul
3. Mr John Michael Flanders
4. Mr Bernard Coucke
5. Mr Luecha Sukrasebya
6. Mrs Tamara Van Den Ban
7. Mr Pradit Leosirikul
8. Mrs Kanchana Rojvatunyu
9. Ms Arwiwan Tangtrongchit
10. Mr Prompong Pattanateeradej

#### Other related information and effecting factors

##### 1. Related transaction

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

The Bank does not allow any person who may have a conflict of interest to hold shares on its behalf, unless such shareholding is essential for the Bank to comply with the law.

##### 2. Auditor's remuneration

###### Audit Fee

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

- The external auditor in the previous accounting year amounting to THB11,008,000
- The audit office of the auditor, individual or business that is related with the auditor and the audit office of the auditor in the previous accounting year amounting to THB310,000

###### Non-Audit Fee

The Bank and its subsidiaries paid remuneration for other services, which included the fee for special audit, summation of gross profit margin on foreign exchange transactions and foreign money, information technology



review on electronic money transfer system, assurance report on revaluation surplus of land and buildings as a part of the capital funds in 2012, and actuarial review on employee benefits by actuarial expertise and additional scope of work on overseas branch financial statement, to the following parties:

- The external auditor in the previous accounting year amounting to THB500,000 and will pay in the future due to the agreement on incomplete audit services in the previous accounting year totaling amount of THB2,750,000.
- The audit office of the auditor, individual or business that is related with the auditor and the audit office of the auditor will pay in the future due to the agreement on incomplete audit services in the previous accounting year amount of THB150,000.

### 3. Legal Disputes

#### 3.1 Legal disputes in which TMB is defendant

As of December 31, 2012, TMB Bank Plc. (TMB) or its subsidiary was involved in one case of legal dispute, which is not yet finalized, and could negatively affect the Bank's assets in an amount of higher than 5% of its shareholders' equity as per financial statements, ending December 31, 2012. Details of the case are summarized as follows:

##### **Legal dispute between Luang Bumrung Limited Partnership and TMB**

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

Pursuant to the claim by LBP, LBP had contacted and entered into agreement with Bangchak Petroleum Plc. (BCP) regarding oil purchase. DTDB, Ladprao Branch, by Mrs Panee Boonnak (Mrs Panee), is claimed to have issued a letter of guarantee (L/G) to LBP to guarantee the trading of oil with BCP in an amount of up to THB 200 million. Later, BCP informed LBP that an account for the trading of oil with LBP could not be opened as, upon examination of the L/G, DTDB was not the issuer of the L/G. DTDB then requested to have the L/G returned to be used in bringing a criminal case against its staff. LBP deems that DTDB's denial of being the issuer of the L/G is considered as a violation of the agreement with LBP and has caused damage to LBP.

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

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

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

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

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

#### 3.2 Legal disputes in which TMB is plaintiff

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

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

On April 2, 2007, TMB brought a lawsuit to the civil court against Thai Asset Management Corporation (TAMC)

and Financial Institution Development Fund (FIDF) as the 1st and 2nd defendants respectively with regards to the violation of promissory notes and aval, claiming for compensation of about THB7.196 billion.

Pursuant to the case that DTDB and the Industrial Finance Corporation of Thailand (IFCT) entered into asset transfer agreements with TAMB. Later, following the Bank's merger with DTDB and IFCT, all of the rights and obligations under these asset transfer agreements were transferred to the Bank. Later, TAMB sent a letter requesting downward adjustment of the NPA transfer price comprising machinery and/ or other assets pledged as guarantee on the basis that machinery and/ or other assets pledged as guarantee were not legally perfected. TMB did not consent to this request and sent a letter contradicting such downward adjustment. On July 20, 2006, TAMB informed TMB to return three promissory notes totaling about THB 6.525 billion to TAMB, as TAMB would like to adjust the amount and redeem the notes via a partial payment. In this respect, TAMB agreed to issue and deliver new promissory notes with aval provided by FIDF to TMB. Therefore, the Bank returned the promissory notes to TAMB. However, TAMB did not comply with the agreement, i.e. TAMB would not issue and deliver new promissory notes with aval provided by FIDF to TMB.

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

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

1. TAMB to issue a promissory note of about THB4.432 billion availed by FIDF with a maturity date on December 31, 2012 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMB and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
2. TAMB to issue a promissory note of about THB2.027 billion availed by FIDF with a maturity date on October 31, 2011 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMB and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
3. TAMB to issue a promissory note of about THB12 million availed by FIDF with a maturity date on February 28, 2013 and with interest to be payable on the last business day of every year to TMB which is entitled to the payment. If TAMB and FIDF fail to do this, they are required to jointly pay such amount plus interest from the date of the court filing.
4. TAMB and FIDF to jointly pay about THB 520 million plus interest calculated from the average deposit interest rate until the date of the court filing amounting to about THB 15 million, hence a total amount of about THB 535 million plus interest from the date of the court filing onwards.

On April 27, 2010, the Civil Court passed a judgment for the red case no. 1681/2553 that TAMB to issue 3 (three) Promissory Notes. The first note amount THB 4,431,879,337.93 with a maturity date on December 31, 2012. The second one amount THB 2,027,134,274.65 with a maturity date on October 31, 2011 and, the third one amount THB 12,002,000 with a maturity date on February 28, 2013. All ones shall be honored at the issuer bank with interest, to be payable on the last business day of every year, at rate quarterly calculation from the arithmetic mean of the average deposit interest rate weighted on all kind of deposit accounts (including currency account) only in Thai Baht provided by Bangkok Bank PLC, Krung Thai Bank PLC, Kasikorn Bank PLC, Thai Commercial Bank PLC and Bank of Ayudhya PLC. They shall be availed by FIDF and delivered to TMB entitling as payee. FIDF and TAMB shall be mutual responsibly for the judicial fees incurred and the lawyer fee amount THB 200,000. Other filing claims apart from the judgment are dismissed.

The aforesaid judgment has dismissed the filing claim no. 4 mentioned hereinabove on the basis that TMB has not right to filing this claim since, on the filing date (April 2, 2007), the Promissory Note of THB 520 million being hold by TMB is not honored yet due to its maturity date on February 14, 2013.

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

#### 4. Dividend policy

##### 4.1 The Bank's policy

The Bank has set out a policy on the dividend payment from financial statements (Bank only). The dividend payment is subject to the Bank's operating performance, the long term benefits to the Bank's shareholders, the Bank's capital adequacy and reserve requirements as well as the relevant legal conditions. In addition, the dividend payment must be in line with the BOT's Notification, SorNorSor 31/2551,

Re: Classification and Provision of the Financial Institutions, dated August 3, 2008 which stated that as long as financial institutions have not yet written off the impaired assets or have not yet made full provision for the assets and contingent liabilities whether they are impaired or not, financial institutions are not allowed to pay dividend nor any other forms of returns to its shareholders; and the BOT's Notification, SorNorSor 21/2555, Re: Regulation for Accounting Treatment of the Financial Institutions, Section 8: Dividend Policy dated December 17, 2012, requiring that financial institutions should not make dividend payments out of the unrealized profit or profit that is not based on actual cash flow, such as profit from mark to market securities value, or out of any profit derived from the reclassifying of financial assets, or financial institutions should not make dividend payments out of the profit from sale of assets, which is not actually completed and which may result in abnormal profit or loss such as profit from sale of properties foreclosed where a repurchase option is part of the agreement.

#### **4.2 Policy of subsidiary companies**

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





# Shareholder Structure

Below is the list of the 10 largest shareholders' as of the latest share register closing date on 23 April 2012, in order to determine the right to attend the 2011 operating profit and the dividend payment as follows:

Major shareholders	Number of ordinary shares	Percentage (%)
1. Ministry of Finance	11,364,272,005	26.10
2. ING Bank N.V.	10,970,893,359	25.19
3. Thai NVDR Co., Ltd.	2,576,718,501	5.92
4. DBS Bank A/C 003	1,280,000,000	2.94
5. JP Morgan Special Situations (Mauritius) Limited	985,600,000	2.26
6. Mrs Somporn Jungrueangkit	828,000,000	1.90
7. Royal Thai Army	596,539,860	1.37
8. State Street Bank Europe Limited	461,306,442	1.06
9. Thai Life Insurance Co., Ltd.	334,693,724	0.77
10. Mrs Varaporn Puangrueangsri	265,000,000	0.61

## Source:

Information on the latest share register closing date on 23 April 2012 prepared by Thailand Securities Depository Co., Ltd. Investors may look for the list of major shareholders from [www.set.or.th](http://www.set.or.th).

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

Non-Voting Depository Receipt (NVDR) is a trading instrument issued by Thai NVDR Co., Ltd., a subsidiary wholly owned by Stock Exchange of Thailand (SET). By investing in NVDRs, investors will receive all financial benefits including dividends, right issues or warrants, as if they had invested in a company's ordinary shares. Unlike ordinary shareholders, NVDR holders are not entitled to voting rights in a shareholders' meeting except for the case of voting to pass a resolution concerning the delisting of shares from the SET. If the Bank's shares are issued as NVDRs in a great number, its shares with voting rights will decrease and the voting rights of other shareholders will increase.

As of 23 April 2012, the latest share register closing date for the right to receive the dividend payment from the 2011 operating profit, Thai NVDR Co., Ltd. issued NVDRs with TMB shares as reference asset amounting to 2,576,718,501 shares or 5.92% of TMB's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).


# Statement of the Audit Committee

In 2012, the Bank's Audit Committee, served fully by independent directors who were not the bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarized as follows:

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

The Audit Committee held twelve meetings in 2012, and the attendance record of each committee member is reported in the Shareholding and Management section in the Annual Report. Overall, the Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. Relevant executive officers were invited to attend and clarify issues in the meetings. The Audit Committee made inquiries and took into account clarifications from the Management and the external auditor as to the accuracy and adequacy of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with external auditor that the Bank's financial reports fairly present accurate and reliable information in material aspects in compliance with generally accepted accounting principles. In addition, any transactions which may cause conflict of interest were reviewed to verify they were reasonable and appropriate, most of them being found to be in the normal course of business or supporting normal course of business conducted on an arm's length basis. Furthermore, the Audit Committee has assessed the performance and independence of external auditor and agreed to propose the Board of Directors to seek shareholders' meeting approval on the appointment and remuneration of the independent auditors of Ernst & Young Office Limited to be the Bank's independent auditors for the year 2013.

The Bank's internal control systems and related regulations are good, and there have been continual improvements. However, there is still further progress to be made in implementation, enforcement and necessary training in several areas. Follow up issues including investigation, identification of causes, corrective measures, and discipline of those responsible has not always been effectively and efficiently implemented.



**Vijit Supinit**  
Chairman of Audit Committee

# Report of the Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee ("NRCC") was appointed by the Board of Directors comprising four committee members - two independent directors and two non-executive directors. In 2012, the Committee carried out its responsibilities within the scope of authority given from the Board of Directors holding 14 meetings in total in order to consider key matters in response to duties and responsibilities assigned by the Board of Directors. The key areas of responsibilities can be summarized as follows:

## Nomination and Remuneration

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

## Corporate Governance

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

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



**Rachane Potjanasuntorn**

Chairman of the Nomination, Remuneration and  
Corporate Governance Committee

# Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for the Bank's financial statements. The financial statements for the year ended December 31, 2012 have been prepared in accordance with generally accepted accounting standards with appropriate accounting policies applied on a conservative and consistent basis. Judgement and estimates where required have been applied with careful and reasonable considerations, with adequate material information disclosures made available in the notes to the financial statements. These financial statements have been audited by independent auditors who have given their unqualified opinions.

The Board has also adopted and maintained an appropriate and effective risk management, internal control, and compliance, so that the Bank can be assured that the financial records are accurate,

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

The Board is of the view that the Bank has maintained an effective internal control system which provides an adequate and appropriate level of protection, and therefore can assure the credibility of the Bank's financial statements as of December 31, 2012.



**Mr Boontuck Wungcharoen**  
Chief Executive Officer



**Mrs Saowanee Kamolbutr**  
Chairperson



# **TMB Bank Public Company Limited and its Subsidiaries**

## **Report and Financial Statements 31 December 2012 and 2011**



# Independent Auditor's Report

## To the Shareholders of TMB Bank Public Company Limited

I have audited the accompanying consolidated financial statements of TMB Bank Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements of TMB Bank Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's

preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TMB Bank Public Company Limited and its subsidiaries and of TMB Bank Public Company Limited as at 31 December 2012, and their financial performance and cash flows for year then ended in accordance with Thai Financial Reporting Standards.

### Other Matter

The consolidated financial statements of TMB Bank Public Company Limited and its subsidiaries and the separate financial statements of TMB Bank Public Company Limited as at 31 December 2011 and for the year then ended were audited by another auditor in the same firm as mine who expressed an unqualified opinion on those financial statements, under her report dated 23 February 2012 but drew attention to the matters that (a) the Bank and its subsidiaries adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in their preparation and presentation of those financial statements, and (b) the Bank had a plan to set aside allowance for doubtful debts in the future (the Bank already set aside additional allowance for doubtful debts in 2012 as described in Note 13.4 to the financial statements.).

**Rachada Yongsawadvanich**  
Certified Public Accountant (Thailand) No. 4951  
Ernst & Young Office Limited  
Bangkok: 21 February 2013

**TMB Bank Public Company Limited and its subsidiaries**

**Statements of financial position**

As at 31 December 2012 and 2011

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Assets</b>					
Cash		<b>14,598,973</b>	13,217,293	<b>14,598,880</b>	13,217,229
Interbank and money market items – net	9	<b>96,267,479</b>	138,142,341	<b>95,801,623</b>	137,808,100
Claims on securities		<b>9,975,800</b>	23,502,500	<b>9,975,800</b>	23,502,500
Derivatives assets	10	<b>6,216,696</b>	9,272,794	<b>6,216,696</b>	9,272,794
Investments – net	11, 47.7	<b>109,146,848</b>	113,660,479	<b>107,990,099</b>	113,035,443
Investments in subsidiaries and associate – net	12	<b>8</b>	8	<b>2,683,442</b>	2,298,192
Loans to customers and accrued interest receivables	13, 47.7				
Loans to customers		<b>452,768,331</b>	397,609,971	<b>450,817,407</b>	395,252,875
Accrued interest receivables		<b>954,626</b>	776,623	<b>954,626</b>	776,623
Total loans to customers and accrued interest receivables		<b>453,722,957</b>	398,386,594	<b>451,772,033</b>	396,029,498
Less: Deferred revenue		<b>(48,581)</b>	(13,640)	<b>(48,581)</b>	(13,640)
Allowance for doubtful debts	15, 47.7	<b>(24,804,645)</b>	(21,597,658)	<b>(23,663,827)</b>	(20,272,049)
Revaluation allowance for debt restructuring	16	<b>(118,521)</b>	(157,040)	<b>(118,521)</b>	(157,040)
Loans to customers and accrued interest receivables – net		<b>428,751,210</b>	376,618,256	<b>427,941,104</b>	375,586,769
Customers’ liability under acceptance		<b>35,431</b>	19,052	<b>35,431</b>	19,052
Properties foreclosed – net	17	<b>2,150,510</b>	3,639,849	<b>2,100,259</b>	3,552,030
Premises and equipment – net	18	<b>11,533,273</b>	12,051,660	<b>11,499,776</b>	12,018,376
Goodwill and other intangible assets – net	19	<b>780,945</b>	750,206	<b>717,986</b>	686,957
Other receivables – net	20, 47.7	<b>27,102,798</b>	22,299,298	<b>26,907,176</b>	21,945,882
Other assets – net	21, 47.7	<b>5,587,049</b>	5,469,590	<b>5,500,009</b>	5,386,844
<b>Total assets</b>		<b>712,147,020</b>	718,643,326	<b>711,968,281</b>	718,330,168

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



**TMB Bank Public Company Limited and its subsidiaries**

**Statements of financial position (continued)**

As at 31 December 2012 and 2011

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Liabilities and shareholders' equity</b>					
<b>Liabilities</b>					
Deposits	22, 47.7	<b>496,157,514</b>	452,316,140	<b>496,414,416</b>	452,444,613
Interbank and money market items	23, 47.7	<b>66,053,168</b>	42,220,824	<b>66,053,168</b>	42,220,824
Liability payable on demand		<b>3,880,266</b>	3,439,911	<b>3,880,266</b>	3,439,911
Liabilities to deliver securities		<b>9,975,800</b>	23,502,500	<b>9,975,800</b>	23,502,500
Financial liabilities designated at fair value through profit or loss	24	<b>213,297</b>	–	<b>213,297</b>	–
Derivatives liabilities	10	<b>6,041,401</b>	9,407,097	<b>6,041,401</b>	9,407,097
Debts issued and borrowings	25, 47.7	<b>43,248,124</b>	102,266,052	<b>43,248,124</b>	102,266,052
Bank's liability under acceptance		<b>35,431</b>	19,052	<b>35,431</b>	19,052
Provisions for obligation on transfers of non-performing assets	8, 47.7	<b>6,379,711</b>	6,242,361	<b>6,379,711</b>	6,242,361
Provisions for employee benefits	26.2	<b>1,297,695</b>	1,245,556	<b>1,278,957</b>	1,231,031
Provisions for other liabilities	27	<b>589,865</b>	495,456	<b>564,012</b>	442,226
Other payables	28	<b>14,857,078</b>	15,638,175	<b>14,841,656</b>	15,632,493
Other liabilities	29, 47.7	<b>9,748,395</b>	9,568,491	<b>9,651,294</b>	9,489,942
<b>Total liabilities</b>		<b>658,477,745</b>	666,361,615	<b>658,577,533</b>	666,338,102
<b>Shareholders' equity</b>					
<b>Share capital</b>					
Registered share capital					
44,108,738,479 ordinary shares of Baht 0.95 each		<b>41,903,302</b>	41,903,302	<b>41,903,302</b>	41,903,302
Issued and paid-up share capital					
43,549,920,569 ordinary shares of Baht 0.95 each (31 December 2011: 43,528,738,479 ordinary shares of Baht 0.95 each)	31.4	<b>41,372,425</b>	41,352,302	<b>41,372,425</b>	41,352,302
Share premium	31.4	<b>27,008</b>	–	<b>27,008</b>	–
Other components of shareholders' equity		<b>5,357,391</b>	4,866,533	<b>5,337,295</b>	4,862,757
Retained earnings					
Appropriated – Statutory reserve	33, 34	<b>480,000</b>	400,000	<b>480,000</b>	400,000
Unappropriated		<b>6,367,396</b>	5,558,522	<b>6,174,020</b>	5,377,007
Equity attributable to equity holders of the Bank		<b>53,604,220</b>	52,177,357	<b>53,390,748</b>	51,992,066
Non-controlling interests of the subsidiaries		<b>65,055</b>	104,354	<b>–</b>	–
<b>Total shareholders' equity</b>		<b>53,669,275</b>	52,281,711	<b>53,390,748</b>	51,992,066
<b>Total liabilities and shareholders' equity</b>		<b>712,147,020</b>	718,643,326	<b>711,968,281</b>	718,330,168

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



**Mr Boontuck Wungcharoen**  
Chief Executive Officer



**Mrs Saowanee Kamolbutr**  
Chairperson of the Board

**TMB Bank Public Company Limited and its subsidiaries**

**Statements of comprehensive income**

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Interest income	35, 47.6	30,677,665	26,147,856	30,457,873	25,965,512
Interest expenses	36, 47.6	13,612,894	11,912,375	13,613,882	11,914,028
<b>Net interest income</b>		<b>17,064,771</b>	14,235,481	<b>16,843,991</b>	14,051,484
Fees and service income	37, 47.6	6,569,958	5,441,551	6,096,626	4,989,192
Fees and service expenses	37, 47.6	1,893,657	1,710,035	1,835,982	1,660,112
<b>Net fees and service income</b>		<b>4,676,301</b>	3,731,516	<b>4,260,644</b>	3,329,080
Net gains on trading and foreign exchange transactions	38	1,709,957	1,907,819	1,709,957	1,907,819
Net loss on financial liabilities designated at fair value through profit or loss	39	(2,382)	–	(2,382)	–
Net gains on investments	40	85,989	105,689	354,817	373,197
Net gains on disposals of assets	18	686,223	246,250	656,546	231,401
Dividend income		130,800	305,865	130,800	305,865
Other operating income	47.6	340,674	284,272	340,182	283,108
<b>Total operating income</b>		<b>24,692,333</b>	20,816,892	<b>24,294,555</b>	20,481,954
<b>Other operating expenses</b>					
Employee's expenses		7,216,551	6,824,874	7,013,630	6,634,238
Directors' remuneration		31,841	28,135	31,271	27,715
Premises and equipment expenses		2,451,311	2,631,545	2,397,680	2,577,202
Taxes and duties		960,448	803,234	958,901	801,145
Losses on impairment of properties foreclosed and other assets		547,627	572,119	548,505	570,239
Others	47.6	3,066,917	2,780,944	2,978,862	2,711,876
<b>Total other operating expenses</b>		<b>14,274,695</b>	13,640,851	<b>13,928,849</b>	13,322,415
<b>Bad debt, doubtful accounts and impairment losses</b>	41, 47.6	<b>8,750,680</b>	3,103,953	<b>8,824,016</b>	3,220,844
<b>Profits from operation before income tax expenses</b>		<b>1,666,958</b>	4,072,088	<b>1,541,690</b>	3,938,695
Income tax expenses	42	36,119	40,388	–	–
<b>Profits for the years</b>		<b>1,630,839</b>	4,031,700	<b>1,541,690</b>	3,938,695

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

**TMB Bank Public Company Limited and its subsidiaries**  
**Statements of comprehensive income (continued)**  
For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Other comprehensive income:</b>	43				
Changes in revaluation surplus on assets		1,043,886	(6,555)	1,043,886	(6,555)
Gains (losses) on revaluation of available-for-sale investments		(34,034)	42,954	(50,354)	39,970
Gains (losses) arising from translating the financial statements of foreign operations		(14,145)	19,784	(14,145)	19,784
Actuarial gains on post-employment benefit plan		57,439	86,260	57,776	85,568
<b>Other comprehensive income for the years</b>		<b>1,053,146</b>	<b>142,443</b>	<b>1,037,163</b>	<b>138,767</b>
<b>Total comprehensive income for the years</b>		<b>2,683,985</b>	<b>4,174,143</b>	<b>2,578,853</b>	<b>4,077,462</b>
<b>Profits for the years attributable to:</b>					
Equity holders of the Bank		1,605,183	4,009,237	1,541,690	3,938,695
Non-controlling interests of the subsidiaries		25,656	22,463		
		<b>1,630,839</b>	<b>4,031,700</b>		
<b>Total comprehensive income for the years attributable to:</b>					
Equity holders of the Bank		2,658,229	4,151,580	2,578,853	4,077,462
Non-controlling interests of the subsidiaries		25,756	22,563		
		<b>2,683,985</b>	<b>4,174,143</b>		

(Unit: Baht)

**Earnings per share of equity holders of the Bank**

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Basic earnings per share	0.0369	0.0921	0.0354	0.0905
Diluted earnings per share	0.0368	0.0920	0.0353	0.0904

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



**Mr Boontuck Wungcharoen**  
Chief Executive Officer



**Mrs Saowanee Kamolbutr**  
Chairperson of the Board

**TMB Bank Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity**  
For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

Consolidated financial statements

Equity attributable to equity holders of the Bank

Other components of shareholders' equity

Retained earnings

	Issued and paid-up share capital	Share premium	Other reserve - share-based payments (Note 31)	Revaluation surplus on assets (Note 32)	Revaluation surplus on investments (Note 11.4)	Translation adjustment arising from translating the financial statements of foreign operations	Total other components of shareholders' equity	Appropriated Statutory reserve	Unappropriated	Total equity attributable to equity holders of the Bank	Non-controlling interest of the subsidiaries	Total
<b>Balance as at 1 January 2011</b>	<b>41,352,302</b>	-	<b>33,904</b>	<b>4,783,699</b>	<b>65,775</b>	<b>19,258</b>	<b>4,902,636</b>	<b>200,000</b>	<b>2,139,839</b>	<b>48,594,777</b>	<b>81,791</b>	<b>48,676,568</b>
Profit for the year	-	-	-	-	-	-	-	-	4,009,237	4,009,237	22,463	4,031,700
Other comprehensive income (loss) for the year	-	-	-	(6,555)	42,954	19,784	56,183	-	86,160	142,343	100	142,443
<b>Total comprehensive income (loss) for the year</b>	-	-	-	<b>(6,555)</b>	<b>42,954</b>	<b>19,784</b>	<b>56,183</b>	-	<b>4,095,397</b>	<b>4,151,580</b>	<b>22,563</b>	<b>4,174,143</b>
Transferred revaluation surplus on assets directly to retained earnings	-	-	-	(176,166)	-	-	(176,166)	-	176,166	-	-	-
Expenses in relation to share-based payments (Note 31.1)	-	-	83,880	-	-	-	83,880	-	-	83,880	-	83,880
Appropriated to statutory reserve	-	-	-	-	-	-	-	200,000	(200,000)	-	-	-
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	(652,880)	(652,880)	-	(652,880)
<b>Balance as at 31 December 2011</b>	<b>41,352,302</b>	-	<b>117,784</b>	<b>4,600,978</b>	<b>108,729</b>	<b>39,042</b>	<b>4,866,533</b>	<b>400,000</b>	<b>5,558,522</b>	<b>52,177,357</b>	<b>104,354</b>	<b>52,281,711</b>
Profit for the year	-	-	-	-	-	-	-	-	1,605,183	1,605,183	25,656	1,630,839
Other comprehensive income (loss) for the year	-	-	-	1,043,886	(34,034)	(14,145)	995,707	-	57,339	1,053,046	100	1,053,146
<b>Total comprehensive income (loss) for the year</b>	-	-	-	<b>1,043,886</b>	<b>(34,034)</b>	<b>(14,145)</b>	<b>995,707</b>	-	<b>1,662,522</b>	<b>2,658,229</b>	<b>25,756</b>	<b>2,683,985</b>
Transferred revaluation surplus on assets directly to retained earnings	-	-	-	(583,989)	-	-	(583,989)	-	583,989	-	-	-
Expenses in relation to share-based payments (Note 31.1)	-	-	126,800	-	-	-	126,800	-	-	126,800	-	126,800
Issued ordinary shares to employees (Note 31.4)	20,123	27,537	(47,660)	-	-	-	(47,660)	-	-	-	-	-
Expenses in relation to issued ordinary shares to employee (Note 31.4)	-	(529)	-	-	-	-	-	-	-	(529)	-	(529)
Additional investment in a subsidiary (Note 12.1)	-	-	-	-	-	-	-	-	(51,195)	(51,195)	(65,055)	(116,250)
Appropriated to statutory reserve	-	-	-	-	-	-	-	80,000	(80,000)	-	-	-
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	(1,306,442)	(1,306,442)	-	(1,306,442)
<b>Balance as at 31 December 2012</b>	<b>41,372,425</b>	<b>27,008</b>	<b>196,924</b>	<b>5,060,875</b>	<b>74,695</b>	<b>24,897</b>	<b>5,357,391</b>	<b>480,000</b>	<b>6,367,396</b>	<b>53,604,220</b>	<b>65,055</b>	<b>53,669,275</b>

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



**TMB Bank Public Company Limited and its subsidiaries**  
**Statements of changes in shareholders' equity** (continued)  
For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

Separate financial statements									
	Other components of shareholders' equity						Retained earnings		
	Issued and paid-up share capital	Share premium	Other reserve – share-based payments (Note 31)	Revaluation surplus on assets (Note 32)	Revaluation surplus on investments (Note 11.4)	Translation adjustment arising from translating the financial statements of foreign operations	Total other components of shareholders' equity	Appropriated Statutory reserve	Unappropriated reserve
<b>Balance as at 1 January 2011</b>	<b>41,352,302</b>	<b>-</b>	<b>33,904</b>	<b>4,783,699</b>	<b>64,983</b>	<b>19,258</b>	<b>4,901,844</b>	<b>200,000</b>	<b>2,029,458</b>
Profit for the year	-	-	-	-	-	-	-	-	-
Other comprehensive income (loss) for the year	-	-	-	(6,555)	39,970	19,784	53,199	-	85,568
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,555)</b>	<b>39,970</b>	<b>19,784</b>	<b>53,199</b>	<b>-</b>	<b>4,024,263</b>
Transferred revaluation surplus on assets directly to retained earnings	-	-	-	(176,166)	-	-	(176,166)	-	176,166
Expenses in relation to share-based payments (Note 31.1)	-	-	83,880	-	-	-	83,880	-	-
Appropriated to statutory reserve	-	-	-	-	-	-	-	200,000	(200,000)
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	(652,880)
<b>Balance as at 31 December 2011</b>	<b>41,352,302</b>	<b>-</b>	<b>117,784</b>	<b>4,600,978</b>	<b>104,953</b>	<b>39,042</b>	<b>4,862,757</b>	<b>400,000</b>	<b>5,377,007</b>
Profit for the year	-	-	-	-	-	-	-	-	1,541,690
Other comprehensive income (loss) for the year	-	-	-	1,043,886	(50,354)	(14,145)	979,387	-	57,776
<b>Total comprehensive income (loss) for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,043,886</b>	<b>(50,354)</b>	<b>(14,145)</b>	<b>979,387</b>	<b>-</b>	<b>2,578,853</b>
Transferred revaluation surplus on assets directly to retained earnings	-	-	-	(583,989)	-	-	(583,989)	-	583,989
Expenses in relation to share-based payments (Note 31.1)	-	-	126,800	-	-	-	126,800	-	-
Issued ordinary shares to employees (Note 31.4)	20,123	27,537	(47,660)	-	-	-	(47,660)	-	-
Expenses in relation to issued ordinary shares to employee (Note 31.4)	-	(529)	-	-	-	-	-	-	(529)
Appropriated to statutory reserve	-	-	-	-	-	-	-	80,000	(80,000)
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	(1,306,442)
<b>Balance as at 31 December 2012</b>	<b>41,372,425</b>	<b>27,008</b>	<b>196,924</b>	<b>5,060,875</b>	<b>54,599</b>	<b>24,897</b>	<b>5,337,295</b>	<b>480,000</b>	<b>6,174,020</b>
									<b>53,390,748</b>

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

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

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profits from operation before income tax expenses	1,666,958	4,072,088	1,541,690	3,938,695
Adjustments to reconcile profits from operation before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	987,379	1,124,029	972,374	1,103,068
Bad debts, doubtful accounts and impairment losses	8,750,680	3,103,953	8,824,016	3,220,844
Impairment losses on premises and equipment (reversal)	(97,812)	84,007	(97,812)	84,007
Impairment losses on properties foreclosed and other assets	547,627	572,119	548,505	570,239
Provisions for liabilities	475,190	70,413	470,231	85,944
Impairment losses on investments (reversal)	78,683	(24,500)	(190,317)	(299,500)
Unrealised (gains) losses on revaluation of investments	2,038	(718)	2,038	(718)
Gains on disposals of premises and equipment	(559,728)	(4,211)	(557,684)	(3,459)
Gains on disposals of investments	(164,671)	(81,189)	(164,500)	(73,697)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	13,297	—	13,297	—
Unrealised (gains) losses on exchange on borrowings and derivatives	(41,713)	530,469	(41,713)	530,469
Expenses in relation to share-based payments	126,800	83,880	126,800	83,880
Increase in other accrued income	(153,447)	(53,195)	(142,985)	(45,614)
Increase (decrease) in other accrued expenses	(146,240)	612,310	(150,930)	613,991
Net interest income	(17,064,771)	(14,235,481)	(16,843,991)	(14,051,484)
Dividend income	(130,800)	(305,865)	(130,800)	(305,865)
Cash received on interest income	27,564,001	22,944,633	27,348,534	22,772,009
Cash paid on interest expenses	(12,154,886)	(11,082,956)	(12,157,176)	(11,084,777)
Cash paid on income tax	(251,906)	(263,600)	(214,073)	(233,110)
<b>Profits from operating activities before changes in operating assets and liabilities</b>	<b>9,446,679</b>	<b>7,146,186</b>	<b>9,155,504</b>	<b>6,904,922</b>

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

**TMB Bank Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
(Increase) decrease in operating assets				
Interbank and money market items	41,888,548	(53,454,485)	42,019,404	(53,316,278)
Derivatives assets	7,354,342	7,645,063	7,354,342	7,645,063
Trading investments	(7,730,603)	(2,302,877)	(7,730,603)	(2,302,877)
Loans to customers	(62,403,097)	(36,253,309)	(62,697,814)	(35,932,453)
Properties foreclosed	1,414,854	2,524,289	1,359,688	2,504,543
Other receivables	1,981,453	1,942,337	1,840,590	1,968,810
Other assets	125,427	(1,011,991)	123,962	(1,010,476)
Increase (decrease) in operating liabilities				
Deposits	43,890,017	40,230,017	44,018,448	40,237,551
Interbank and money market items	23,832,344	18,729,960	23,832,344	18,729,960
Liability payable on demand	440,355	(285,404)	440,355	(285,404)
Financial liabilities designated at fair value through profit or loss	200,000	—	200,000	—
Derivatives liabilities	(7,806,312)	(8,283,229)	(7,806,312)	(8,283,229)
Short-term debts issued and borrowings	(69,478,966)	40,660,263	(69,478,966)	40,646,263
Provisions for employee benefits	(55,897)	(31,813)	(55,897)	(31,813)
Provisions for other liabilities	(78,357)	(267,120)	(49,494)	(273,843)
Accounts payable	467,396	(679,488)	470,120	(694,608)
Other liabilities	340,753	654,784	312,484	625,285
<b>Net cash provided by (used in) operating activities</b>	<b>(16,171,064)</b>	<b>16,963,183</b>	<b>(16,691,845)</b>	<b>17,131,416</b>

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

**TMB Bank Public Company Limited and its subsidiaries**

**Statements of cash flows (continued)**

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Cash flows from investing activities</b>					
Cash received on interest income		2,114,638	1,461,335	2,106,060	1,456,036
Cash received on dividend income		130,800	308,588	130,800	308,588
Purchases of available-for-sale investments		(69,572,903)	(130,810,971)	(68,672,903)	(130,110,971)
Proceeds from sales of available-for-sale investments		83,164,623	128,344,009	83,164,623	127,692,509
Investments in held-to-maturity debt securities		(16,000,445)	(15,576,587)	(16,000,445)	(15,576,587)
Proceeds from redemption of matured debt securities		8,918,712	940,135	8,534,104	710,989
Purchases of general investments		–	(12,950)	–	(12,950)
Capital return from investment units and proceeds from sales of general investments		208,398	578,540	208,226	578,540
Additional investment in a subsidiary	12.1	(116,250)	–	(116,250)	–
Purchases of premises and equipment		(1,043,065)	(1,008,509)	(1,029,048)	(988,195)
Cash paid for leasehold rights		(16,637)	(3,824)	(16,637)	(3,824)
Purchases of intangible assets		(286,892)	(175,576)	(285,029)	(174,605)
Proceeds from disposals of premises and equipment		2,224,433	66,030	2,221,437	62,833
Proceeds from disposals of leasehold rights		10,997	–	10,997	–
<b>Net cash provided by (used in) investing activities</b>		<b>9,736,409</b>	<b>(15,889,780)</b>	<b>10,255,935</b>	<b>(16,057,637)</b>

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



**TMB Bank Public Company Limited and its subsidiaries****Statements of cash flows (continued)**

For the years ended 31 December 2012 and 2011

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2012	2011	2012	2011
<b>Cash flows from financing activities</b>					
Cash repayments on long-term debts issued and borrowings		(216,758)	(4,413,010)	(216,758)	(4,413,010)
Cash paid on interest on long-term debts issued and borrowings		(1,682,441)	(1,217,476)	(1,681,215)	(1,217,417)
Cash paid on redemption of subordinated debentures		–	(159,307)	–	(159,307)
Cash received on issuance of subordinated debentures		10,350,000	–	10,350,000	–
Proceeds from issuance of long-term bills of exchange		686,650	3,852,800	686,650	3,852,800
Expenses in relation to issued ordinary shares to employee		(529)	–	(529)	–
Dividends paid		(1,306,442)	(652,880)	(1,306,442)	(652,880)
<b>Net cash provided by (used in) financing activities</b>		<b>7,830,480</b>	<b>(2,589,873)</b>	<b>7,831,706</b>	<b>(2,589,814)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>		<b>1,395,825</b>	<b>(1,516,470)</b>	<b>1,395,796</b>	<b>(1,516,035)</b>
<b>Increase (decrease) in translation adjustments</b>		<b>(14,145)</b>	<b>19,784</b>	<b>(14,145)</b>	<b>19,784</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>13,217,293</b>	<b>14,713,979</b>	<b>13,217,229</b>	<b>14,713,480</b>
<b>Cash and cash equivalents as at 31 December</b>		<b>14,598,973</b>	<b>13,217,293</b>	<b>14,598,880</b>	<b>13,217,229</b>

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

Issuance of ordinary shares to employees	31.4	47,660	–	47,660	–
Increase (decrease) in premises as a result of revaluation and/or amortisation of revaluation surplus	32, 43	459,897	(182,721)	459,897	(182,721)
Increase (decrease) in available-for-sale investments as a result of revaluation	43	(34,034)	42,954	(50,354)	39,970
Actuarial gains on post-employment benefit plan	43	57,439	86,260	57,776	85,568

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

## TMB Bank Public Company Limited and its subsidiaries

### Notes to financial statements

For the years ended 31 December 2012 and 2011

#### 1. General information

TMB Bank Public Company Limited (“the Bank”), is a public company incorporated and domiciled in Thailand. The Bank has been operated commercial banking businesses whereby its head office is located at No. 3000, Phaholyothin Road, Chomphon Sub-district, Chatuchak District, Bangkok. As at 31 December 2012, the Bank had altogether 462 branches, including the Head Office, in all regions throughout Thailand and 2 overseas branches (31 December 2011: 456 branches in Thailand and 2 overseas branches).

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

#### 2. Basis of preparation

##### 2.1 Basis of preparation

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding significant accounting policies.

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

##### 2.2 Basis of consolidation

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

	Type of business	Percentage of shares held by the Bank as at 31 December		Assets included as a percentage to the consolidated totals as at 31 December		Revenue included as a percentage to the consolidated totals for the years ended 31 December	
		2012	2011	2012	2011	2012	2011
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	0.32	0.30	0.59	0.60
Designee for ETA Contract Ltd.	Financial support business	99.40	99.40	–	–	–	–
TMB Asset Management Co., Ltd.	Fund management business	87.50	75.00	0.08	0.06	1.98	2.25

(b) The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% of outstanding units as investments in subsidiaries because they do not have control over the financial and operating policies of these funds. In case that the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which causes the Bank and its subsidiaries to hold more than 50 percent of the paid-up share capital of such company, the Bank and its subsidiaries will not treat that investee company as a subsidiary, since they intend to hold such investment temporarily.

(c) Subsidiaries’ financial statements have been fully consolidated since the date on which the Bank obtains control, and continue to be consolidated until the date when such control ceases.

(d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Bank.

(e) Material balances and transactions between the Bank and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Bank’s books of accounts have been eliminated against shareholders’ equity of the subsidiaries.

- (f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Bank and are presented separately in the consolidated statements of comprehensive income and within shareholders' equity in the consolidated statements of financial position.

## 2.3 Separate financial statements

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

## 3 New and revised accounting standards issued but not yet effective

The Federation of Accounting Professions issued the following new and revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

### Accounting standards:

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

### Financial Reporting Standard:

TFRS 8	Operating Segments
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### Accounting Standard Interpretations:

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

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 – 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	Effective date
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
<b>Accounting Standard Interpretation:</b>	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
<b>Financial Reporting Standard Interpretations:</b>	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The Bank's management has assessed that the above accounting standards, financial reporting standard and accounting treatment guidance including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2013, will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standard.

### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognise deferred tax assets and liabilities under the stipulated guidelines.

For the first time adoption in 2013, the effect to financial position as at 1 January 2013 would be as followings:

(Unit: Million Baht)

	Consolidated Financial Statements	Separate Financial Statements
Assets increased by	5,000	4,900
Liabilities increased by	1,000	1,000
Shareholders' equity		
Retained earnings increased by	5,000	4,900
Other components of shareholders' equity decreased by	(1,000)	(1,000)

In addition, in adopting this accounting standard in 2013, the Bank and its subsidiaries have to present their financial statements as if they had always applied this accounting policy; the Bank and its subsidiaries have therefore retrospectively adjusted their 2012 financial statements, which will have the effects the decreases in profits for the year 2012 in the consolidated and separate financial statements by approximately Baht 300 million (0.007 Baht per share), and the decreases in other comprehensive income for the year 2012 in the consolidated and separate financial statements by approximately Baht 100 million.

With respect to the accounting standards and financial reporting standard, including standard interpretations, which are effective for fiscal years beginning on or after 1 January 2014, the Bank's management is evaluating the impact to the financial statements when they are initially applied and has yet to reach a conclusion.

#### 4. Summary of significant accounting policies

##### 4.1 Revenue Recognition

###### Interest Income

The Bank and its subsidiaries recognise interest income on loans on an accrual basis, except for loans on which interest has been accrued longer than 3 months, or loans classified as sub-standard, doubtful and doubtful of loss in accordance with the Bank of Thailand's regulations. Interest on these loans is then recognised when received and the Bank and its subsidiaries will reverse all interest income previously accrued for these loans. Interest on these loans will be recognised on an accrual basis once they are restructured and meet all of the following conditions:

1. The loans are qualified to be classified as "pass".
2. There are no interest receivables and present value loss on debt restructuring outstanding.

Interest on investment in debt securities is recognised as revenue based on the effective yield rates over the holding periods.

###### Fee and service Income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into accounts stage of completion of services provided.

###### Dividend income

Dividends are recognised as revenue on the date that the Bank's and its subsidiaries' right to receive the dividends is established.

##### 4.2 Recognition of expense

###### Interest expenses

The Bank and its subsidiaries recognise interest expenses on an accrual basis.

###### Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses on an accrual basis.

##### 4.3 Cash and cash equivalents

Cash and cash equivalents include cash on hand and cash in the process of collection.

##### 4.4 Securities purchased under resale agreements/Securities sold under repurchase agreements

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items - assets" or "Loans to customers", depending upon the type of its counterparty, in the statement of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items - liabilities" or "Debt issued and borrowings", depending upon the type of its counterparty, in the statement of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.



#### 4.5 Investments

The Bank and its subsidiaries classify their investments in debt securities and marketable equity securities as trading investments, available-for-sale investments or held-to-maturity debt securities, and classify their investments in non-marketable equity securities as general investments or investments in subsidiaries or associate.

Purchases and sales of investments are recorded on trade dates.

##### **Investments in subsidiaries and associate**

Investments in subsidiaries and associate as stated in the Bank's separate financial statements are accounted for using the cost method (cost net of allowance for impairment on investments in subsidiaries and associate). Losses on impairment are recorded as expenses in profit or loss from operation.

Investments in associate as stated in the consolidated financial statements are accounted for using the equity method. Investments are initially recorded at the acquisition cost and are adjusted to reflect the attributable share of profits or losses from the operations of the associate proportionately according to their investment holding percentage and reduced by the amount of dividends received.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively, since they intend to hold such investment temporarily. Such investments are classified as general investments and stated at cost less allowance for impairment (if any).

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because they do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission. Such investments are classified as general investments and stated at cost less allowance for impairment (if any).

##### **Investments in debt and equity securities**

Debt securities and marketable equity securities held for trading are classified as trading investments and are stated at fair value. Changes in the fair value of these securities are recognised as income or expense in profit or loss from operation.

Debt securities, including rights to receive non-negotiable promissory notes availed by the Financial Institution Development Fund ("FIDF") on the transfer of non-performing assets to Thai Asset Management Corporation ("TAMC"), that the Bank and its subsidiaries intend and are able to hold to maturity are stated at amortised cost less allowance for impairment (if any). The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the remaining period to maturity, counting from acquisition date or investment date.

Debt securities and marketable equity securities, other than those held for trading or held to maturity, are classified as available-for-sale investments and are stated at fair value. Changes in the fair value are recorded as income or expense in other comprehensive income, and will be included in profit or loss from operation when those securities are sold.

Non-marketable equity securities or investments in investment units having the conditions of the return on the investments similar to debt securities, which are not classified as investments in subsidiaries or associate, are classified as general investments and are stated at cost less allowance for impairment (if any).

Impairment loss and gain or loss on reclassification of investment type are recognised in profit or loss from operation. In the event the Bank and its subsidiaries reclassify investment from one type to another, such investment will be readjusted to its fair value as at the reclassification date. The difference between the carrying amount and the fair value of such investment on the date of reclassification is recorded in profit or loss from operation or at revaluation surplus (deficit) on investments in shareholders' equity, depending on the type of investment that is reclassified.

### **Fair value of securities**

The fair value of marketable equity securities held for trading and as available-for-sale is determined at the last bid price quoted on the last working day of the period on the Stock Exchange of Thailand.

Fair value of an investment unit is determined using the net asset value announced on the reporting period-end date.

The fair value of investments in government sector debt securities is determined, using yield rate or price quoted on the Thai Bond Market Association ("TBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the TBMA's yield rates adjusted by appropriate risk factors.

### **Disposal of investments**

When disposal of an investment is made, the difference between net disposal proceeds and the carrying amount, together with the associated cumulative gain or loss that has been recorded in shareholders' equity, is recognised as gain or loss in profit or loss from operation.

If the Bank and its subsidiaries dispose of part of their holding in a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

## **4.6 Loans to customers**

Loans to customers (except for overdrafts, which are shown inclusive of accrued interest receivables) are shown exclusive of accrued interest receivables. Unearned discounts received in advance on loans to customers are shown as deductions from loans to customers.

Investments in receivables are investments in receivables of Phayathai Asset Management Company Limited (the Bank's subsidiary), which are shown at cost, net of allowance for impairment and revaluation allowance for debt restructuring. The subsidiary adopts accounting policies relating to accounting for transfer of financial assets, which is in compliance with the Bank of Thailand's regulations whereby investments in receivables that have already been restructured must be transferred to be recorded as loans to customers at the fair value as at the transfer date, to the extent that this amount does not exceed their carrying value. The fair value shall be based on the present value of the future collections according to the restructuring agreements and discounted by the discount rate that results in the present value of the future collections being equal to the carrying value of the investments in receivables. Difference between the carrying value and the fair value at the transfer date is shown as a loss on debt restructuring and recognised as expense in profit or loss from operation.

## **4.7 Allowance for doubtful debts**

Allowance for doubtful debts is determined based on relevant BOT's criteria and regulations. The Bank and its subsidiaries provide allowance for doubtful debts based specifically on the nature of loans and relevant factors such as debtor's payment ability, collateral, historical loss, estimated loss, debtor's credit risk, and experience of management. In addition, the Bank has a policy to set aside additional provisions following its business plan and management of non-performing loans.

For loans classified as 'pass' and 'special mention', the Bank provides allowance for doubtful debts based on the nature of loans and relevant factors such as historical loss, debtor's credit risk, and experience of management. The allowance for doubtful debts on performing loans includes an allowance determined at the minimum percentage required by the BOT and an allowance in excess of such minimum regulatory requirement, which is set aside for losses incurred but not yet reported.

For loans classified as 'sub-standard', 'doubtful' and 'doubtful of loss', the Bank provides allowance for doubtful debts on each loan, taking into accounts the specific nature of the loans and relevant factors, such as debtor's payment ability and collateral; at the rate of 100 percent of the excess of the book value of the outstanding debt and the present value of future cashflows expected to be collected from debtors or from the disposal of collateral in accordance with the BOT's criteria.

Any additional allowances for doubtful debts are charged to expense in each accounting period. The Bank and its subsidiaries write off bad debts against the allowance for doubtful debts for uncollectible amounts and bad debts recovered are credited to the allowance for doubtful debts.

#### 4.8 Troubled debt restructuring

Foreclosed assets transferred as a result of troubled debt restructuring are recorded at the fair value of the assets net of estimated disposal expenses, to the extent that this does not exceed the book value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Where restructuring a loan involves modification of its terms, the present value of the future cash flows expected to be collected from the debtor is calculated by using a discount rate equivalent to the market rate at the time of restructuring. The difference between the then-determined present value and the outstanding balances of loans to customers and accrued interest receivables is recorded as a revaluation allowance on debt restructuring in the statements of financial position. Such revaluation allowance is reviewed using the present value of the projected expected cash to be received over the remaining terms.

#### 4.9 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. Loss on impairment is recognised as an expense in profit or loss from operation. Gain or loss on disposal is recognised in profit or loss from operation when a disposal is made.

Cost of properties foreclosed as a result of settlement from a debtor is stated at the lower of the appraised value or carrying value of the related debt for properties acquired from debt settlement before 2002, and at fair value less estimated direct cost to sell for properties acquired from debt settlement after 2002, to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties foreclosed through a public auction process is the purchase price plus transfer costs and less estimated direct cost sell.

The Bank and its subsidiaries assess net realisable value taking into accounts the quality of the assets, which are considered from various factors for examples location, available utilities, and potential property usage, holding periods and market demand. In cases where each property has a high value, the recoverable value less estimated direct cost to sell is assessed individually. The remainders of properties foreclosed are assessed on a portfolio basis categorised by quality of the assets and the holding periods. The properties in each group are discounted by varying discount rates, determined based on their quality and holding period, historical disposal experiences and market demand.

#### 4.10 Premises and equipment

Land is stated at revalued amount less allowance for impairment (if any), buildings are stated at revalued amount less accumulated depreciation and allowance for impairment (if any), and equipment is stated at cost less accumulated depreciation and allowance for impairment (if any).

The Bank initially records land, buildings and equipment at their costs on the acquisition dates. They, thereafter, arrange to have the independent appraisers value the land and buildings on a regular basis and record then at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not differ materially from their fair values.

The Bank recognises surplus/deficit arising as a result of revaluation of their assets as follows:

- (a) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in shareholders' equity under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank used to recognise such a revaluation decrease as an expense in profit or loss from operation, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- (b) When an asset's carrying amount is decreased as a result of a revaluation of the assets, the decrease is recognised in profit or loss from operation. However, if the asset is previously revalued and still has the outstanding revaluation surplus left in shareholders' equity under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed an amount already held in "Revaluation surplus on assets" in respect of the same asset.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas

branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	– 50 years
Equipment	– 3 - 10 years

Depreciation is included in profit or loss from operation. No depreciation is determined for land and assets under construction and installation.

The revaluation surplus on assets, that are in use, is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives, and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is retired or disposed of, is transferred directly to retained earnings when the asset is retired or disposed of.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss from operation when the asset is derecognised.

#### 4.11 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation and are presented as a part of 'other assets' in statements of financial position. Leasehold rights are amortised and recognised as expenses, using a straight-line method, over the lease periods.

#### 4.12 Intangible assets

##### **Goodwill**

Goodwill arising on the acquisition of an interest in a subsidiary represents the excess of the cost of the investment over the carrying amount of the net assets acquired at the date of acquisition. Goodwill is stated at cost less allowance for impairment (if any) in the statements of financial position.

##### **Other intangible assets**

Other intangible assets are carried at cost less accumulated amortisation and allowance for impairment (if any). Intangible assets with finite useful lives or with useful lives that can be estimated are amortised on a systematic basis over the periods of their economic benefit and are tested for impairment whenever there is an indication that the asset may be impaired. The amortisation periods and methods for such intangible assets are reviewed at least at each financial year-end. The amortisation amount and loss on impairment (if any) are recognised as expenses in profit or loss from operation.

Other intangible assets are computer software, which are amortised over the estimated period of their economic benefits of 5 years. No amortisation is made for computer software under development.

#### 4.13 Allowance for impairment

##### **Impairment**

The carrying amounts of the Bank's and its subsidiaries' assets are reviewed at the end of each reporting period to determine whether there is any indication of impairment. If any of such indication exists, the assets' recoverable amounts are estimated.

Goodwill and other intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually or when indicators of impairment are identified earlier.

An impairment loss is recognised whenever the carrying value of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss from operation unless it reverses a previous revaluation surplus on assets credited to equity, in which case an impairment loss on a revalued asset is recognised in equity to the extent that the impairment does not exceed the amount in the revaluation surplus for the same asset.

When a decline in the fair value of an available-for-sale investments, which has been recognised in shareholders' equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had already been recognised in shareholders' equity is then transferred to be recognised in profit or



loss from operation. The amount of impairment loss that is recognised in profit or loss from operation is the difference between the acquisition cost and the fair value, less any impairment loss on that financial asset previously recognised in profit or loss from operation.

#### **Calculation of recoverable amount**

The recoverable amount of the Bank's and its subsidiaries' investments in held-to-maturity securities is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate.

The recoverable amount of loans to customers and accrued interest receivables is calculated as described in Notes 4.6 to 4.8 to the financial statements.

The recoverable amount of available-for-sale investments is calculated by reference to their fair value.

The recoverable amount of non-financial assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### **Reversals of impairment**

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised. For financial assets carried at amortised cost, available-for-sale financial assets, general investments and investments in subsidiaries and associate, the reversal is recognised in profit or loss from operation.

An impairment loss in respect of goodwill is not reversed.

Impairment loss recognised in prior periods in respect of other non-financial assets is assessed at the end of each reporting period for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount and will be reversed only to the extent that the asset's carrying value does not exceed the carrying value, net of accumulated depreciation or amortisation, that would have been determined if no impairment loss had been recognised.

#### **4.14 Hybrid instruments**

The Bank records financial liabilities that are created in the form of hybrid instruments with reference to the BOT's Notification, which requires the Bank to apply International Accounting Standard No.39 (IAS 39) in relation to financial liabilities whereby it has an option to classify financial liabilities as "Financial liabilities designated at fair value through profit or loss" when the following criteria are met:

1. Such classification is made to reduce a mismatch in profit or loss that would otherwise arise from different accounting recognition between financial assets and financial liabilities; or
2. The financial instrument is for management and evaluation of a group of financial assets or financial liabilities under a documented risk management or investment strategy policy as approved by the Board of Directors of the Bank; or
3. It is a financial instrument containing an embedded derivative.

When the Bank classifies its hybrid instrument liabilities as "Financial liabilities designated at fair value through profit or loss", it will not be able to reclassify such liabilities over their remaining lives to recognise them under another accounting method.

The fair value of financial liabilities designated at fair value through profit or loss is calculated based on a valuation model, using market data obtained from reliable sources. Changes in the fair value are recorded as income or expense in profit or loss from operation.

If the Bank opts not to classify the hybrid instrument liabilities as "Financial liabilities designated at fair value through profit or loss" or the criteria for classifying them are not met, the Bank is to classify and account for

hybrid instrument liabilities in accordance with International Accounting Standard No.39 (IAS 39) regarding hybrid instruments, taken into consideration all of the following criteria:

1. The hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss from operation.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The economic characteristics and risks of the embedded derivative and the host contract are not closely related.

If all 3 conditions are met, the Bank will account for the host contract at cost or amortised cost and measure the embedded derivative separately from the host contract at fair value with changes in the fair value of the embedded derivative recognised as income or expense in profit or loss from operation. If any of the 3 conditions is not met, the Bank will recognise the hybrid instrument at cost or amortised cost.

#### 4.15 Provisions

##### **Provisions for contingent liabilities as a result of obligation having credit risk exposures**

The Bank provides provisions for those off-balance sheet contingencies having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank was claimed against, using the same criteria and methods applied to allowance for doubtful debts that are described in Note 4.7 to the financial statements.

##### **Provisions for other liabilities**

Provisions are recognised when the Bank and its subsidiaries have a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are determined by discounting the expected future cash outflows by a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liability.

#### 4.16 Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gain or loss on measurement is recognised as revenue or expense in profit or loss from operation. In case where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives and if there is no active market, the fair value is derived from valuations incorporating market data obtained from reliable sources. The market price or market data obtained from reliable sources are mainly based on exchange-traded prices, broker/dealer quotations, or counterparties quotations.

Derivatives, entered for the banking book purpose, with interest components are recognised on an accrual basis, in the same manner as the hedged assets and liabilities. That is, the interest income or interest expense is recognised over the term of the contracts. Derivatives with foreign exchange components are recognised based on exchange rates ruling on the reporting period-end date. Unrealised gain or loss on exchange rate is recognised in profit or loss from operation and the difference between the forward rate and the spot rate at the contract date is recognised as revenue or expense using the straight-line basis over the contract periods.

#### 4.17 Translation of foreign currencies

Transactions in foreign currencies are translated into Thai Baht at the buying or selling rates as specified by the Bank when the transactions occur.

Monetary assets and liabilities denominated in foreign currencies outstanding on the reporting period-end dates are translated into Thai Baht at the reference rates announced by the Bank of Thailand at those dates. Foreign exchange differences arising on translation are recognised in profit or loss from operation.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting period-end dates. Foreign exchange differences arising on translation are recognised in other comprehensive income until dissolution of the branch's business, except for the Cayman Islands Branch, for which the foreign exchange differences arising on translation are recognised in profit or loss from operation.

#### 4.18 Employee benefits

##### Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### Post employment benefits and other long-term employee benefits

##### Defined contribution plans

The Bank, its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Bank and its subsidiaries' contributions are recognised as expenses when incurred.

##### Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labor law and other benefits (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the Bank and its subsidiaries for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss from operation.

#### 4.19 Share-based payments

The cost of the TMB Performance Share Bonus Project ("Share-based payment plan") is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expense in profit or loss from operation with a corresponding increase in "Other reserve – share-based payments" in shareholders' equity over the periods in which the performance and/or service conditions are fulfilled. The cumulative expense, which involves the Bank's management best estimate of number of ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expense or reversal of expense for a period represents the movement in cumulative expense recognised as at the beginning and at the end of the reporting period.

#### 4.20 Long-term leases

Leases of motor vehicles which transfer substantially all the risks and rewards of ownership to the Bank and its subsidiary, as lessees, are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the net present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are recorded as long-term liabilities, while the interest element is recorded as expense in profit or loss from operation over the lease period. Assets acquired under finance leases are depreciated over the shorter of the useful lives of the assets and the lease periods.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss from operation on a straight-line basis over the lease term.

#### 4.21 Income tax expenses

Income tax expenses are provided in the accounts based on the taxable profits determined in accordance with tax legislation.

#### 4.22 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Bank and its subsidiaries, whether directly or indirectly, or which are under common control with the Bank and its subsidiaries.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Bank and its subsidiaries that gives them significant influence over the Bank and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Bank's and its subsidiaries' operations, together with close family members of such persons and companies which are controlled or influenced by them, whether directly or indirectly.

### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. Significant accounting judgments and estimates are as follows:

#### 5.1 Fair value of financial instruments

In determining the fair value of financial instruments that are not freely traded in an open market or for which quoted market prices are not readily available, the management exercises judgment in estimating the fair value of such financial instruments, using the generally accepted valuation method. The inputs used in such fair value calculation are comparable to those from the observable markets, taking into consideration of liquidity and correlation and long-term volatility of financial instruments.

#### 5.2 Allowance for doubtful debts on loans to customers and accrued interest receivables

Allowances for doubtful debts on loans to customers and accrued interest receivables are intended to adjust the value of loans and receivables for probable credit losses. The management follows the BOT's guidelines regarding the provision of allowance for doubtful debts, including the use of judgment to estimate losses expected to be incurred on loans to customers and accrued interest receivables, taking into consideration an analysis of each debtor's status, payment history, collection experience from the debtor, probability of default rates, loss rates given default, the value of collateral and surrounding economic conditions. However, the use of different estimates and assumptions could affect the amounts of allowances for doubtful debts and adjustments to the allowances may therefore be required in the future.

#### 5.3 Allowance for impairment on investments/Reversal of allowance for impairment on investments

The Bank and its subsidiaries consider that investments are impaired when there has been a significant and prolonged decline in the fair value below their cost or an indicator of impairment. The determination of what is 'significant' or 'prolonged' or 'indicator of impairment' requires judgment of management. In addition, the Bank and its subsidiaries may consider the reversal of allowance for impairment on investments when the management considers that those impairment indicators no longer exist or there are other indicators, including the current fair value of investments that cause the management to believe that the investments previously provided for impairment loss are no longer impaired. Those indicators, including the current fair value of investments, involve expectation of future performance and various assumptions required in calculation of the fair value of investments. However, different expectation and the use of different assumptions could affect the amounts of allowance for impairment and adjustments to the allowances may therefore be required in the future.

#### 5.4 Allowance for impairment on properties foreclosed

The Bank and its subsidiaries consider allowance for impairment of properties foreclosed when their recoverable amounts are below their carrying value. The management uses judgment to estimate impairment loss, taking into consideration the latest appraisal values, holding periods, the types, the characteristics of the assets and historical loss experiences. However, the use of different estimates and assumptions could affect the amounts of allowance for impairment and adjustments to the allowances may therefore be required in the future.

#### 5.5 Premises and equipment/Depreciation

In determining depreciation of buildings and equipment, the management is required to estimate the useful lives and residual values of the Bank's buildings and equipment and to review estimate useful lives and residual values when there are any changes.



The Bank measures land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amounts are lower than the carrying values. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### 5.6 Intangible assets

In consideration of allowance for impairment loss on intangible assets, it requires management to forecast cash flows that will be generated by the assets or the cash generating units, and to select a suitable discount rate in order to determine the present value of those cash flows. In addition, in amortising intangible assets, the management estimates the useful lives of those intangible assets that have finite useful lives and reviews these estimates whenever circumstances change.

#### 5.7 Recognition and derecognition of assets and liabilities

In considering whether to recognise or derecognise assets and liabilities, the management is required to make judgment on whether significant risk and rewards have been transferred. Although management uses their best judgment and knowledge of current events in making assessments of risk and rewards, actual risks and rewards may ultimately differ.

#### 5.8 Provisions for employee benefits

The provisions for post-employment benefits and other long-term employee benefits are determined based on actuarial techniques, which involve various assumptions. Management has to exercise judgement to determine the appropriateness of these assumptions, such as discount rate, salary incremental rate, staff turnover rate and mortality rate, based on their best knowledge of current events and arrangements. However, actual payments of post-employment benefits and other long-term employee benefits may differ from the estimates.

#### 5.9 Claims, litigation and the transfer of non-performing assets

The Bank and its subsidiaries have contingent liabilities as a result of (a) claims, (b) litigation cases being made against them and (c) loss sharing from the transfer of non-performing assets. The determination of these provisions for liabilities to be recognised on the statement of financial position requires the use of various assumptions and judgments by the management. However, actual outcomes could differ from the estimates.

#### 5.10 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether or not significant risk and rewards of ownership of the leased asset has been transferred to the Bank and its subsidiary, taking into consideration terms and conditions of the arrangement.

### 6. The Bank's risk management

#### Risk management approach

The Bank has set up its risk management structure in order to efficiently manage its core risks, i.e. credit, market, operational, liquidity, reputational and strategic risks. Various risk policies and risk management procedures have been established to provide common guidelines and standards to be appropriately and consistently applied across the Bank and its subsidiaries.

The Bank manages its risks under the following key principles: core risks must be identified, measured, monitored, reported, analysed and controlled; business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank's overall risk management, the Risk Management Committee (RMC) and senior management risk committees that oversee specific risk areas including the Asset and Liabilities Management Committee (ALCO), the Risk Policy Committee (RPC), and the Operational Risk Management Committee (ORC). The RMC has been delegated by the Board of Directors the authorities to review and oversee the management of all risks across the Bank and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels.

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the following dedicated risk management related functions are under the stewardship of the Chief Risk Officer (CRO): Credit Risk Management, Credit Restructuring, Market Risk Management, Credit Risk Intelligence, Legal, Corporate Operational Risk Management, Compliance and Risk Quality Assurance. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategy and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

## 6.1 Credit risk

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

The maximum credit risk exposure is the carrying values of the financial assets after deducting allowance for losses as presented in the statements of financial position, and the notional amounts of off-balance item commitments arising as a result of loan guarantees and other guarantees.

### Credit policies/framework

The Bank's credit risk appetite and strategy are approved by the Board of Directors. To properly manage credit risk, the Bank has put in place the Core Credit Risk Policies (CCRP) and frameworks to ensure that credit decisions are prudently made and make credit risk management an integrated part of all credit-related business processes. All relevant Business Units and Support Units are required to formulate their own specific policies and supplementary policies under the CCRP. The Bank has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk on a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk.

### Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

The Bank has contingent liabilities by issuing loan payment guarantees, and other forms of guarantee as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial conditions of customers in the same manner as those for direct lending. The Bank normally demands the placement of adequate collateral by customers in various forms including, for example, bank deposits, securities and personal/corporate guarantees. The Bank also makes a standard practice to set credit terms and conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

### Credit quality review

Apart from the Audit team who are responsible to perform an independent roles to evaluate and recommend improvements on the adequacy and effectiveness of risk credit risk management, the Bank has set up the Risk Quality Assurance unit which is independent from the credit processes to provide on-going surveillance on potential credit quality deterioration trend. An independent review of the Risk Quality Assurance is fully dedicated to identifying early-warning signs of changes in portfolio quality and providing senior management with insight and in-depth information on the quality of the credit portfolio, weaknesses of policies, processes and procedures together with corrective and protective recommendations. Changes and improvements to relevant credit policies, procedures and processes could be made based on lessons-learned recommendations to relevant parties.

## 6.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates and prices of equity securities and commodities, all of which may impact the Bank's assets, liabilities and off-balance sheet items.

The ALCO holds the responsibility to assist the BOD and the RMC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank classifies the overall market risk management into 2 parts: trading book and banking book. The Bank has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

*Market risk in the trading book* consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank has established Market Risk Management: Trading Book Policy to ensure the proper management of market risks in the trading book as well as impose limits to control the risks.

*Market risk in the banking book* consists of market risks incurred from the Bank's both on- and off-balance sheet items, and derivatives designated to hedge other banking book items. The Bank has established Market Risk Management: Banking Book Policy, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and the Bank's risk appetite. The Bank also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's balance sheet structure to be in line with the changing market environment.

#### 6.2.1 Interest rate risk

Interest rate risk is the risk that the value of financial assets or liabilities will fluctuate due to changes in interest rates.

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

As at 31 December 2012 and 2011, financial assets and liabilities classified by types of interest rates are as follows:

#### Consolidated financial statements 31 December 2012

(Unit: Million Baht)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash	–	–	14,599	<b>14,599</b>
Interbank and money market items	743	88,793	6,627	<b>96,163</b>
Investments - net	12,340	94,645	2,162	<b>109,147</b>
Loans to customers net of deferred revenue	295,831	153,140	3,749	<b>452,720</b>
Other financial assets	4,933	1,692	20,374	<b>26,999</b>
<b>Financial Liabilities</b>				
Deposits	305,716	168,565	21,877	<b>496,158</b>
Interbank and money market items	5,150	59,349	1,554	<b>66,053</b>
Liability payable on demand	–	–	3,880	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	202	–	–	<b>202</b>
Debts issued and borrowings	4,979	38,252	17	<b>43,248</b>
Other financial liabilities	20	–	17,546	<b>17,566</b>

## Consolidated financial statements

31 December 2011

(Unit: Million Baht)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash	–	–	13,217	<b>13,217</b>
Interbank and money market items	3,582	128,401	6,069	<b>138,052</b>
Investments – net	20,813	91,126	1,721	<b>113,660</b>
Loans to customers net of deferred revenue	272,401	122,409	2,786	<b>397,596</b>
Other financial assets	6,546	300	14,830	<b>21,676</b>
<b>Financial Liabilities</b>				
Deposits	260,542	175,894	15,880	<b>452,316</b>
Interbank and money market items	3,643	37,342	1,236	<b>42,221</b>
Liability payable on demand	–	–	3,440	<b>3,440</b>
Debts issued and borrowings	4,413	97,806	47	<b>102,266</b>
Other financial liabilities	289	–	17,781	<b>18,070</b>

## Separate financial statements

31 December 2012

(Unit: million Baht)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash	–	–	14,599	<b>14,599</b>
Interbank and money market items	742	88,331	6,627	<b>95,700</b>
Investments - net	12,322	94,645	1,023	<b>107,990</b>
Investments in subsidiaries and associate – net	–	–	2,683	<b>2,683</b>
Loans to customers net of deferred revenue	294,065	152,958	3,746	<b>450,769</b>
Other financial assets	4,828	1,692	20,374	<b>26,894</b>
<b>Financial Liabilities</b>				
Deposits	305,960	168,565	21,889	<b>496,414</b>
Interbank and money market items	5,150	59,349	1,554	<b>66,053</b>
Liability payable on demand	–	–	3,880	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	202	–	–	<b>202</b>
Debts issued and borrowings	4,979	38,252	17	<b>43,248</b>
Other financial liabilities	20	–	17,546	<b>17,566</b>



**Separate financial statements**

31 December 2011

(Unit: Million Baht)

	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<b>Financial Assets</b>				
Cash	–	–	13,217	<b>13,217</b>
Interbank and money market items	3,581	128,069	6,069	<b>137,719</b>
Investments – net	20,411	91,126	1,498	<b>113,035</b>
Investments in subsidiaries and associate – net	–	–	2,298	<b>2,298</b>
Loans to customers net of deferred revenue	270,213	122,240	2,786	<b>395,239</b>
Other financial assets	6,420	300	14,830	<b>21,550</b>
<b>Financial Liabilities</b>				
Deposits	260,660	175,894	15,891	<b>452,445</b>
Interbank and money market items	3,643	37,342	1,236	<b>42,221</b>
Liability payable on demand	–	–	3,440	<b>3,440</b>
Debts issued and borrowings	4,413	97,806	47	<b>102,266</b>
Other financial liabilities	289	–	17,781	<b>18,070</b>

The significant financial assets and liabilities, classified by interest repricing periods, as at 31 December 2012 and 2011 are as follows:

**Consolidated financial statements**

31 December 2012

(Unit: Million Baht)

	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
<b>Financial Assets</b>						
Cash	–	–	–	–	14,599	<b>14,599</b>
Interbank and money market items	82,810	6,726	–	–	6,627	<b>96,163</b>
Investments – net	31,140	33,547	42,298	–	2,162	<b>109,147</b>
Loans to customers net of deferred revenue	369,371	32,929	24,568	22,103	3,749	<b>452,720</b>
Other financial assets	6,526	–	99	–	20,374	<b>26,999</b>
<b>Financial Liabilities</b>						
Deposits	367,584	82,523	24,174	–	21,877	<b>496,158</b>
Interbank and money market items	57,811	2,048	4,640	–	1,554	<b>66,053</b>
Liability payable on demand	–	–	–	–	3,880	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	202	–	–	–	–	<b>202</b>
Debts issued and borrowings	3,050	8,149	32,032	–	17	<b>43,248</b>
Other financial liabilities	20	–	–	–	17,546	<b>17,566</b>

## Consolidated financial statements

31 December 2011

(Unit: Million Baht)

	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
<b>Financial Assets</b>						
Cash	–	–	–	–	13,217	<b>13,217</b>
Interbank and money market items	117,953	8,380	5,650	–	6,069	<b>138,052</b>
Investments – net	39,542	29,926	42,471	–	1,721	<b>113,660</b>
Loans to customers net of deferred revenue	314,801	37,620	12,561	29,828	2,786	<b>397,596</b>
Other financial assets	6,751	–	95	–	14,830	<b>21,676</b>
<b>Financial Liabilities</b>						
Deposits	335,982	71,489	28,965	–	15,880	<b>452,316</b>
Interbank and money market items	39,191	1,754	40	–	1,236	<b>42,221</b>
Liability payable on demand	–	–	–	–	3,440	<b>3,440</b>
Debts issued and borrowings	62,488	15,202	24,529	–	47	<b>102,266</b>
Other financial liabilities	289	–	–	–	17,781	<b>18,070</b>

## Separate financial statements

31 December 2012

(Unit: Million Baht)

	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
<b>Financial Assets</b>						
Cash	–	–	–	–	14,599	<b>14,599</b>
Interbank and money market items	82,473	6,600	–	–	6,627	<b>95,700</b>
Investments – net	31,122	33,547	42,298	–	1,023	<b>107,990</b>
Investments in subsidiaries and associate – net	–	–	–	–	2,683	<b>2,683</b>
Loans to customers net of deferred revenue	369,371	32,929	24,568	20,155	3,746	<b>450,769</b>
Other financial assets	6,421	–	99	–	20,374	<b>26,894</b>
<b>Financial Liabilities</b>						
Deposits	367,828	82,523	24,174	–	21,889	<b>496,414</b>
Interbank and money market items	57,811	2,048	4,640	–	1,554	<b>66,053</b>
Liability payable on demand	–	–	–	–	3,880	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	202	–	–	–	–	<b>202</b>
Debts issued and borrowings	3,050	8,149	32,032	–	17	<b>43,248</b>
Other financial liabilities	20	–	–	–	17,546	<b>17,566</b>

## Separate financial statements

31 December 2011

(Unit: Million Baht)

	Repricing periods			Non-performing assets	Non-interest bearing	Total
	Within 3 months	Over 3-12 months	Over 1 year			
<b>Financial Assets</b>						
Cash	–	–	–	–	13,217	<b>13,217</b>
Interbank and money market items	117,878	8,122	5,650	–	6,069	<b>137,719</b>
Investments – net	39,140	29,926	42,471	–	1,498	<b>113,035</b>
Investments in subsidiaries and associate – net	–	–	–	–	2,298	<b>2,298</b>
Loans to customers net of deferred revenue	314,801	37,620	12,561	27,471	2,786	<b>395,239</b>
Other financial assets	6,625	–	95	–	14,830	<b>21,550</b>
<b>Financial Liabilities</b>						
Deposits	336,100	71,489	28,965	–	15,891	<b>452,445</b>
Interbank and money market items	39,191	1,754	40	–	1,236	<b>42,221</b>
Liability payable on demand	–	–	–	–	3,440	<b>3,440</b>
Debts issued and borrowings	62,488	15,202	24,529	–	47	<b>102,266</b>
Other financial liabilities	289	–	–	–	17,781	<b>18,070</b>

The average balances of the financial assets and liabilities and the average rates of interest income and expenses for the years ended 31 December 2012 and 2011 are as follows:

## Consolidated financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average balances	Interest income / expenses <sup>1</sup>	Average rates (%) per annum	Average balances	Interest income / expenses <sup>1</sup>	Average rates (%) per annum
<b>Financial Assets</b>						
Interbank and money market items	<b>97,482</b>	<b>2,488</b>	<b>2.55</b>	100,518	2,698	2.68
Investments – debt securities	<b>103,896</b>	<b>3,317</b>	<b>3.19</b>	84,781	2,903	3.42
Loans to customers net from deferred revenue	<b>416,649</b>	<b>24,495</b>	<b>5.88</b>	380,384	20,479	5.38
<b>Financial Liabilities</b>						
Deposits	<b>443,106</b>	<b>10,043</b>	<b>2.27</b>	417,223	8,543	2.05
Interbank and money market items	<b>41,991</b>	<b>1,210</b>	<b>2.88</b>	28,001	676	2.41
Debts issued and borrowings	<b>61,109</b>	<b>2,354</b>	<b>3.85</b>	82,840	2,691	3.25

<sup>1</sup> Excludes interest income and interest expenses from banking book derivatives being hedged for group of financial assets or financial liabilities

## Separate financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Average balances	Interest income / expenses <sup>1</sup>	Average rates (%) per annum)	Average balances	Interest income / expenses <sup>1</sup>	Average rates (%) per annum)
<b>Financial Assets</b>						
Interbank and money market items	97,071	2,475	2.55	100,255	2,691	2.68
Investments – debt securities	103,725	3,313	3.19	84,321	2,897	3.44
Loans to customers net from deferred revenue	414,515	24,292	5.86	378,301	20,310	5.37
<b>Financial Liabilities</b>						
Deposits	443,304	10,043	2.27	417,287	8,544	2.05
Interbank and money market items	41,991	1,210	2.88	28,001	676	2.41
Debts issued and borrowings	61,130	2,354	3.85	82,880	2,692	3.25

<sup>1</sup> Excludes interest income and interest expenses from banking book derivatives being hedged for group of financial assets or financial liabilities

### 6.2.2 Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2012 and 2011, the Bank has the following net foreign currency positions categorised by major foreign currencies:

## Separate financial statements

(Unit: USD Million)

	31 December 2012				31 December 2011			
	USD	Euro <sup>1</sup>	Other currencies <sup>1</sup>	Total	USD	Euro <sup>1</sup>	Other currencies <sup>1</sup>	Total
Spot	635	17	1	653	547	8	35	590
Forward	(636)	(18)	-	(654)	(575)	(7)	(32)	(614)
Net position	(1)	(1)	1	(1)	(28)	1	3	(24)

<sup>1</sup> Balances denominated in Euro and other currencies are stated in USD equivalents.

### 6.2.3 Equity price risk

Equity price risk is the risk that the Bank's earnings or value of financial assets may fluctuate due to changes in price of equities.

The equity portfolio of the Bank is managed by specific units depending on the strategy, the types of business of the issuers and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and/or the Chief Executive Committee (CEC). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of risk factors such as credit, market, and liquidity risks. Various limits are set including Gross Limit and Loss Limit. All of these measures are



established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

### 6.3 Liquidity risk

Liquidity risk refers to the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the RMC in supervising the liquidity risk management of the Bank in compliance with the Bank of Thailand's regulations, and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management is the unit of the Bank responsible for overall liquidity management and the Capital Markets is responsible for day-to-day liquidity management. Additionally, the responsibilities of Balance Sheet Management include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a liquidity risk management policy, which is reviewed at least once a year, or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

In order to manage liquidity, the Bank continuously monitors its funding sources and access to capital markets. The Bank recognises the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise of financial ratios such as Loans to Deposits and Bills of Exchange (BEs) Ratio, Liquid Assets Ratio, Liquidity Coverage Ratio and Net Stable Funding Ratio as well as cash flow models incorporating contractual and behavioural maturities, and the assessment of maximum cumulative outflow (MCO). The Bank sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored daily against limits and indicators for day-to-day management and reported to the ALCO on a monthly basis.

Stress tests are performed under various scenarios, in accordance with the BOT's guidelines, in order to assess the Bank's ability to withstand a crisis. The stress testing results are used for liquidity planning and in ensuring sufficient highly liquid assets as reserves. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

### Risk Ratios or Indicators

	31 December 2012	31 December 2011
Loans to Deposits & BEs Ratio	<b>91.7%</b>	85.0%
Liquid Assets Ratio	<b>19.4%</b>	24.9%

The financial instruments classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2012 and 2011 are summarised as follows:

### Consolidated financial statements

31 December 2012

(Unit: Million Baht)

	At call <sup>1</sup>	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
<b>Financial Assets</b>							
Cash	14,599	–	–	–	–	–	<b>14,599</b>
Interbank and money market items	7,372	82,065	6,726	–	–	–	<b>96,163</b>
Investments – net							
Trading securities and general investments	–	3,965	2,286	3,909	770	1,011	<b>11,941</b>
Available-for-sale securities	–	13,927	22,348	7,812	1,986	1,151 <sup>3</sup>	<b>47,224</b>
Held-to-maturity debt securities	–	5,204	8,968	29,436	6,374	–	<b>49,982</b>
Loans to customers net of deferred revenue	101,122	116,287	64,580	92,149	56,479	22,103 <sup>2</sup>	<b>452,720</b>
Other financial assets	2,198	19,930	1,145	3,726	–	–	<b>26,999</b>
<b>Total financial assets</b>	<b>125,291</b>	<b>241,378</b>	<b>106,053</b>	<b>137,032</b>	<b>65,609</b>	<b>24,265</b>	<b>699,628</b>
<b>Financial Liabilities</b>							
Deposits	324,880	61,892	84,340	25,046	–	–	<b>496,158</b>
Interbank and money market items	6,731	52,634	2,048	4,640	–	–	<b>66,053</b>
Liability payable on demand	3,880	–	–	–	–	–	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	–	–	–	–	202	–	<b>202</b>
Debts issued and borrowings	760	1,749	4,538	36,106	95	–	<b>43,248</b>
Other financial liabilities	1,991	15,575	–	–	–	–	<b>17,566</b>
<b>Total financial liabilities</b>	<b>338,242</b>	<b>131,850</b>	<b>90,926</b>	<b>65,792</b>	<b>297</b>	<b>–</b>	<b>627,107</b>
<b>Net cash flow on derivatives</b>	<b>–</b>	<b>(523)</b>	<b>687</b>	<b>(69)</b>	<b>–</b>	<b>–</b>	<b>95</b>

<sup>1</sup> Including transactions with 1-day term

<sup>2</sup> The full amount is non-performing

<sup>3</sup> The full amount is investment in equity securities

# Consolidated financial statements

31 December 2011

(Unit: Million Baht)

	At call <sup>1</sup>	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
<b>Financial Assets</b>							
Cash	13,217	–	–	–	–	–	<b>13,217</b>
Interbank and money market items	6,638	114,373	11,391	5,650	–	–	<b>138,052</b>
Investments – net							
Trading securities and general investments	–	2,680	1,458	1,052	41	1,293	<b>6,524</b>
Available-for-sale securities	–	21,605	20,264	17,582	–	428 <sup>3</sup>	<b>59,879</b>
Held-to-maturity debt securities	–	11	10,251	30,411	6,584	–	<b>47,257</b>
Loans to customers net of deferred revenue	81,331	83,716	58,428	84,036	60,257	29,828 <sup>2</sup>	<b>397,596</b>
Other financial assets	2,039	13,602	1,145	4,576	314	–	<b>21,676</b>
<b>Total financial assets</b>	<b>103,225</b>	<b>235,987</b>	<b>102,937</b>	<b>143,307</b>	<b>67,196</b>	<b>31,549</b>	<b>684,201</b>
<b>Financial Liabilities</b>							
Deposits	273,346	75,280	71,998	31,692	–	–	<b>452,316</b>
Interbank and money market items	4,904	35,523	1,754	40	–	–	<b>42,221</b>
Liability payable on demand	3,440	–	–	–	–	–	<b>3,440</b>
Debts issued and borrowings	325	61,400	12,429	14,045	14,067	–	<b>102,266</b>
Other financial liabilities	1,336	16,734	–	–	–	–	<b>18,070</b>
<b>Total financial liabilities</b>	<b>283,351</b>	<b>188,937</b>	<b>86,181</b>	<b>45,777</b>	<b>14,067</b>	<b>–</b>	<b>618,313</b>
<b>Net cash flow on derivatives</b>	<b>–</b>	<b>(197)</b>	<b>(52)</b>	<b>154</b>	<b>4</b>	<b>–</b>	<b>(91)</b>

<sup>1</sup> Including transactions with 1-day term

<sup>2</sup> The full amount is non-performing

<sup>3</sup> The full amount is investment in equity securities

## Separate financial statements

31 December 2012

(Unit: Million Baht)

	At call <sup>1</sup>	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
<b>Financial Assets</b>							
Cash	14,599	–	–	–	–	–	<b>14,599</b>
Interbank and money market items	7,366	81,734	6,600	–	–	–	<b>95,700</b>
Investments – net							
Trading securities and general investments	–	3,965	2,286	3,909	770	1,011	<b>11,941</b>
Available-for-sale securities	–	13,927	22,348	7,812	1,986	12 <sup>3</sup>	<b>46,085</b>
Held-to-maturity debt securities	–	5,190	8,964	29,436	6,374	–	<b>49,964</b>
Investments in subsidiaries and associate – net	–	–	–	–	–	2,683	<b>2,683</b>
Loans to customers net of deferred revenue	101,122	116,287	64,580	92,146	56,479	20,155 <sup>2</sup>	<b>450,769</b>
Other financial assets	2,198	19,930	1,145	3,621	–	–	<b>26,894</b>
<b>Total financial assets</b>	<b>125,285</b>	<b>241,033</b>	<b>105,923</b>	<b>136,924</b>	<b>65,609</b>	<b>23,861</b>	<b>698,635</b>
<b>Financial Liabilities</b>							
Deposits	325,136	61,892	84,340	25,046	–	–	<b>496,414</b>
Interbank and money market items	6,731	52,634	2,048	4,640	–	–	<b>66,053</b>
Liability payable on demand	3,880	–	–	–	–	–	<b>3,880</b>
Financial liabilities designated at fair value through profit or loss	–	–	–	–	202	–	<b>202</b>
Debts issued and borrowings	760	1,749	4,538	36,106	95	–	<b>43,248</b>
Other financial liabilities	1,991	15,575	–	–	–	–	<b>17,566</b>
<b>Total financial liabilities</b>	<b>338,498</b>	<b>131,850</b>	<b>90,926</b>	<b>65,792</b>	<b>297</b>	<b>–</b>	<b>627,363</b>
<b>Net cash flow on derivatives</b>	<b>–</b>	<b>(523)</b>	<b>687</b>	<b>(69)</b>	<b>–</b>	<b>–</b>	<b>95</b>

<sup>1</sup> Including transactions with 1-day term

<sup>2</sup> The full amount is non-performing

<sup>3</sup> The full amount is investment in equity securities



## Separate financial statements

31 December 2011

(Unit: Million Baht)

	At call <sup>1</sup>	Within 3 months	Over 3-12 months	Over 1-5 years	Over 5 years	No maturity	Total
<b>Financial Assets</b>							
Cash	13,217	–	–	–	–	–	<b>13,217</b>
Interbank and money market items	6,637	114,299	11,133	5,650	–	–	<b>137,719</b>
Investments – net							
Trading securities and general investments	–	2,680	1,458	1,052	41	1,293	<b>6,524</b>
Available-for-sale securities	–	21,605	20,264	17,582	–	205 <sup>3</sup>	<b>59,656</b>
Held-to-maturity debt securities	–	11	9,866	30,394	6,584	–	<b>46,855</b>
Investments in subsidiaries and associate - net	–	–	–	–	–	2,298	<b>2,298</b>
Loans to customers net of deferred revenue	81,331	83,716	58,428	84,036	60,257	27,471 <sup>2</sup>	<b>395,239</b>
Other financial assets	2,039	13,602	1,145	4,475	289	–	<b>21,550</b>
<b>Total financial assets</b>	<b>103,224</b>	<b>235,913</b>	<b>102,294</b>	<b>143,189</b>	<b>67,171</b>	<b>31,267</b>	<b>683,058</b>
<b>Financial Liabilities</b>							
Deposits	273,475	75,280	71,998	31,692	–	–	<b>452,445</b>
Interbank and money market items	4,904	35,523	1,754	40	–	–	<b>42,221</b>
Liability payable on demand	3,440	–	–	–	–	–	<b>3,440</b>
Debts issued and borrowings	325	61,400	12,429	14,045	14,067	–	<b>102,266</b>
Other financial liabilities	1,336	16,734	–	–	–	–	<b>18,070</b>
<b>Total financial liabilities</b>	<b>283,480</b>	<b>188,937</b>	<b>86,181</b>	<b>45,777</b>	<b>14,067</b>	<b>–</b>	<b>618,442</b>
<b>Net cash flow on derivatives</b>	<b>–</b>	<b>(197)</b>	<b>(52)</b>	<b>154</b>	<b>4</b>	<b>–</b>	<b>(91)</b>

<sup>1</sup> Including transactions with 1-day term

<sup>2</sup> The full amount is non-performing

<sup>3</sup> The full amount is investment in equity securities

### 6.4 Fair value of financial instruments

Methods and assumptions in estimating market value or fair value of financial instruments are as follows:

- Cash, interbank and money market items (assets), investments in subsidiaries and associate and other financial assets.  
The fair values approximate their carrying value.
- Investments – net  
The fair value of investments is based on the method disclosed in Note 4.5 to the financial statements.
- Loans to customers and accrued interest receivables  
The fair value is based on the carrying value of loans to customers and accrued interest receivable net of deferred revenue and allowance for doubtful debts as most loans are floating rate loans or fixed rate loans with repricing periods of less than 1 year.
- Deposits and interbank and money market items (liabilities)  
The fair value is based on the carrying value of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period of greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.
- Financial liabilities designated at fair value through profit or loss  
Fair value is calculated based on a valuation model, using market data obtained from reliable sources.
- Debts issued and borrowings  
The fair value is based on their carrying value, except for the fair values of fixed rate borrowings with

remaining maturities of greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market rates of interest at the reporting dates, in case where there is no active market, and the market value, in case where there is active market.

- Liability payable on demand and other financial liabilities  
The fair value approximates its carrying value.

- Derivatives

In case where there is an active market, the Bank uses the market value as the fair value of derivatives and if there is no active market, the fair value is derived from valuations incorporating market data obtained from reliable sources. The market price or market data are mainly based on exchange-traded prices, broker/dealer quotations, or counterparties quotations.

Fair values together with the carrying values of financial instruments shown in the statements of financial position at 31 December 2012 and 2011 are as follows:

### Consolidated financial statements

(Unit: Million Baht)

	31 December 2012		31 December 2011	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial Assets</b>				
Cash	14,599	14,599	13,217	13,217
Interbank and money market items – net	96,267	96,267	138,142	138,142
Derivatives assets	6,217	6,275	9,273	9,229
Investments – net	109,147	109,599	113,660	114,064
Loans to customers and accrued interest receivable – net	428,751	428,751	376,618	376,618
Other financial assets	26,999	26,999	21,676	21,676
<b>Total financial assets</b>	<b>681,980</b>	<b>682,490</b>	<b>672,586</b>	<b>672,946</b>
<b>Financial Liabilities</b>				
Deposits	496,158	496,405	452,316	452,285
Interbank and money market items	66,053	66,053	42,221	42,220
Liability payable on demand	3,880	3,880	3,440	3,440
Financial liabilities designated at fair value through profit or loss	213	213	–	–
Derivatives liabilities	6,041	5,894	9,407	9,386
Debt issue and borrowings	43,248	43,862	102,266	103,568
Other financial liabilities	17,566	17,566	18,070	18,070
<b>Total financial liabilities</b>	<b>633,159</b>	<b>633,873</b>	<b>627,720</b>	<b>628,969</b>

## Separate financial statements

(Unit: Million Baht)

	31 December 2012		31 December 2011	
	Carrying value	Fair value	Carrying value	Fair value
<b>Financial Assets</b>				
Cash	14,599	14,599	13,217	13,217
Interbank and money market items – net	95,802	95,802	137,808	137,808
Derivatives assets	6,217	6,275	9,273	9,229
Investments – net	107,990	108,442	113,035	113,439
Investments in subsidiaries and associate – net	2,683	2,683	2,298	2,298
Loans to customers and accrued interest receivable – net	427,941	427,941	375,587	375,587
Other financial assets	26,894	26,894	21,550	21,550
<b>Total financial assets</b>	<b>682,126</b>	<b>682,636</b>	<b>672,768</b>	<b>673,128</b>
<b>Financial Liabilities</b>				
Deposits	496,414	496,662	452,445	452,414
Interbank and money market items	66,053	66,053	42,221	42,220
Liability payable on demand	3,880	3,880	3,440	3,440
Financial liabilities designated at fair value through profit or loss	213	213	–	–
Derivatives liabilities	6,041	5,894	9,407	9,386
Debt issue and borrowings	43,248	43,862	102,266	103,568
Other financial liabilities	17,566	17,566	18,070	18,070
<b>Total financial liabilities</b>	<b>633,415</b>	<b>634,130</b>	<b>627,849</b>	<b>629,098</b>

## 7. Capital fund

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Financial Institution Business Act B.E. 2551.

As at 31 December 2012 and 2011, capital funds of the Bank consisted of the following:

### Separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
<b>Tier 1 capital</b>		
Issued and fully paid-up share capital	41,372	41,352
Share premium	27	–
Hybrid Tier 1	4,000	4,000
Statutory reserve	400	200
Net profits after appropriation	3,955	1,377
<b>Total Tier 1 capital</b>	<b>49,754</b>	<b>46,929</b>
<b>Tier 2 capital</b>		
Revaluation surplus on land	1,553	1,936
Revaluation surplus on buildings	847	915
Provision for assets classified as 'pass'	5,500	5,000
Subordinated debentures	23,650	13,300
Unrealised gain on revaluation of available-for-sale equity securities	–	12
<b>Total Tier 2 capital</b>	<b>31,550</b>	<b>21,163</b>
<b>Total Capital before deduction items</b>	<b>81,304</b>	<b>68,092</b>
Less: Unrealised loss on revaluation of available-for-sale equity securities	(2)	–
<b>Total capital funds</b>	<b>81,302</b>	<b>68,092</b>

### Separate financial statements

(Unit: percentage)

	31 December 2012	31 December 2011
Tier 1 capital ratio	11.11	11.08
Total capital ratio	18.16	16.08
Minimum tier 1 capital ratio requirement	4.25	4.25
Minimum total capital ratio requirement	8.50	8.50

The Bank is to disclose capital adequacy and capital risk exposure information for the Bank and the full consolidation as at 31 December 2012 through the Bank's website at [www.tmbbank.com](http://www.tmbbank.com) within March 2013, and will also disclose in the 2012 annual report of the Bank, and as an attachment to its 2012 56-1 Information Disclosure Form.



## 8. Sale of non-performing assets to Thai Asset Management Corporation ('TAMC')

### 8.1 Asset transfer agreements and profit or loss sharing

In accordance with the conditions of the Emergency Decree on the Thai Asset Management Corporation B.E. 2544, the Bank and a subsidiary entered into the Asset Transfer Agreements with TAMC in 2001 for sales of non-performing assets to TAMC, and the Bank and its subsidiary (as the transferors) received promissory notes from TAMC (as the transferee) for settlement of the transfer prices. Under the agreements, TAMC and the transferors were jointly responsible for sharing the profits or losses from TAMC's management of the non-performing assets, in accordance with the following conditions as specified in the agreements, at the end of the fifth year and the tenth year commencing 1 July 2001.

- In the case of losses, the transferor will be responsible for the first portion of losses, not exceeding 20% of the transfer price. The second portion of losses, not exceeding 20% of the transfer price, will be equally shared between TAMC and the transferor. The remaining losses will be absorbed by TAMC.
- In case of profits, the first portion of profits, not exceeding 20% of the transfer price, will be equally shared between TAMC and the transferor. Should there be any profits remaining, the transferor is entitled to the remaining profits up to an amount not exceeding the book value of the non-performing assets after deducting the transfer price and the transferors' share in the first portion of the profits.

As at 31 December 2012 and 2011, the Bank had liabilities provisions of Baht 1,707 million and Baht 1,626 million, respectively, which are recorded under the caption of 'Provisions for obligations on transfers of non-performing assets' in the statements of financial position. The management has assessed and believes that such provisions are adequate to cover losses that may be incurred as a result of loss sharing from TAMC's non-performing asset management, which are determined based on the performance report on TAMC's asset management and other historical data related to management of non-performing asset of the Bank.

### 8.2 Promissory notes disputed over transfer price adjustment requests

Over the period of asset management by TAMC, TAMC issued letters to the Bank informing its requests of transfer price adjustments as summarised below.

- (a) In November 2006, TAMC informed the Bank that it requested a transfer price adjustment of Baht 4,341 million, being the collateral value of the pledged machinery transferred to TAMC. The Bank has refused the adjustment request since it breached the conditions of the Asset Transfer Agreements dated 12 October 2001, and therefore has no legal enforcement. The Bank took legal action against TAMC. Later, on 27 April 2010, the Court of First Instance judged in favor of the Bank and the case is being heard by the Appeals Court.
- (b) In June 2011, the Bank sued TAMC for an additional sum of Baht 242 million over TAMC's refusals to make settlement of four items of non-performing assets transferred to TAMC of Baht 56 million and interest on promissory notes for the years 2006 and 2007. On 27 September 2012, the Court of First Instance already dismissed the case, however, this case has not been finalised because the Bank is considering to appeal for the dismissal of the Court of First Instance.

As at 31 December 2012 and 2011, the Bank recorded liabilities provisions Baht 4,673 million and 4,617 million, respectively (including accrued interest receivable of Baht 276 million) as a result of the transfer price adjustment requested for non-performing loans against which machinery is pledged as collateral, as mentioned in 8.2 (a), and TAMC's refusals to make settlement for non-performing assets transferred to TAMC, as mentioned in 8.2 (b). Such amounts are recorded under the caption of 'Provisions for obligation on transfers of non-performing assets' in the statements of financial position.

### 8.3 Settlement of promissory notes

As at 31 December 2012, the Bank has outstanding promissory notes of Baht 6,732 million due from TAMC (Baht 597 million of which has yet been matured and presented as a part of 'Investments' in the statements of financial position, as described in Note 11.1 to the financial statements, and Baht 6,135 million of which was matured and presented as a part of 'Other receivables' in the statements of financial position). These promissory notes of Baht 6,732 million, which consist of Baht 4,398 million in dispute with TAMC regarding the transfer price adjustment as described in Note 8.2 to the financial statements. The Bank and TAMC already reached agreement on settlement conditions and signed the memorandum of promissory notes redemption guidelines on 11 June 2012. The criteria and guidelines in management of promissory notes that will mature are as follows:

## 1. Non-disputed promissory notes

TAMC will pay principal and interest when due.

## 2. Disputed promissory notes

- 2.1 If no legal action has been taken over the disputed promissory notes, when the notes mature TAMC will
- (a) pay the undisputed portion of the disputed promissory notes together with interest thereon.
  - (b) deposit with the Bank an amount equal to the disputed portion of the disputed promissory notes together with interest thereon. Such deposit is entitled to interest at the deposit rate announced by the Bank. TAMC will withdraw such deposit with interest and make a settlement with the Bank.
- 2.2 If legal action has been taken over the disputed promissory notes, when the notes mature TAMC will deposit the amounts due with the Bank. Such deposit is entitled to interest at the deposit rate announced by the Bank. The deposit will be divided into two accounts:
- (a) Account A – the undisputed portion of the notes and interest thereon; when TAMC and the Bank jointly declare to the court, TAMC will withdraw such deposit and interest thereon to settle the notes with the Bank.
  - (b) Account B – the disputed portion of the notes and interest thereon; TAMC will continue to deposit such amounts with the Bank until the disputes are resolved or the court judgment is finalised. If the disputes are resolved or judgement is finalised in favor of the Bank, TAMC will withdraw such deposit and interest hereon to settle with the Bank. If the amount withdrew is not adequate to settle the Bank, TAMC is liable to settle to the Bank the remaining in full according to the resolution amount or the amount ordered by the court judgement.

However, the Bank is not to call for any penalties, default interest or remedies from TAMC and the Financial Institutions Development Fund in cases of late redemption of disputed promissory notes, for which the disputes have yet to be resolved or the court judgement has yet been finalised.

## 9. Interbank and money market items (assets)

### Consolidated financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	4,537	36,800	41,337	4,948	75,100	80,048
Commercial banks	11	29,377	29,388	22	17,603	17,625
Specialised financial institutions	–	10,601	10,601	–	24,541	24,541
Other financial institutions	40	10,362	10,402	75	10,150	10,225
<b>Total domestic items</b>	<b>4,588</b>	<b>87,140</b>	<b>91,728</b>	<b>5,045</b>	<b>127,394</b>	<b>132,439</b>
Add: Accrued interest receivables	–	122	122	–	209	209
Less: Deferred revenues	–	–	–	–	(3)	(3)
Allowance for doubtful debts	–	(15)	(15)	–	(91)	(91)
<b>Domestic items – net</b>	<b>4,588</b>	<b>87,247</b>	<b>91,835</b>	<b>5,045</b>	<b>127,509</b>	<b>132,554</b>
<b>Foreign</b>						
US Dollars	1,351	1,656	3,007	731	4,072	4,803
Yen	459	–	459	172	–	172
Euro	133	–	133	101	–	101
Other currencies	836	–	836	540	–	540
<b>Total foreign items</b>	<b>2,779</b>	<b>1,656</b>	<b>4,435</b>	<b>1,544</b>	<b>4,072</b>	<b>5,616</b>
Add: Accrued interest receivables	–	–	–	–	4	4
Less: Allowance for doubtful debts	–	(3)	(3)	–	(32)	(32)
<b>Foreign items – net</b>	<b>2,779</b>	<b>1,653</b>	<b>4,432</b>	<b>1,544</b>	<b>4,044</b>	<b>5,588</b>
<b>Domestic and foreign items – net</b>	<b>7,367</b>	<b>88,900</b>	<b>96,267</b>	<b>6,589</b>	<b>131,553</b>	<b>138,142</b>

## Separate financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	4,537	36,800	41,337	4,948	75,100	80,048
Commercial banks	10	28,915	28,925	21	17,321	17,342
Specialised financial institutions	–	10,601	10,601	–	24,491	24,491
Other financial institutions	40	10,362	10,402	75	10,150	10,225
<b>Total domestic items</b>	<b>4,587</b>	<b>86,678</b>	<b>91,265</b>	<b>5,044</b>	<b>127,062</b>	<b>132,106</b>
Add: Accrued interest receivables	–	119	119	–	208	208
Less: Deferred revenues	–	–	–	–	(3)	(3)
Allowance for doubtful debts	–	(15)	(15)	–	(91)	(91)
<b>Domestic items – net</b>	<b>4,587</b>	<b>86,782</b>	<b>91,369</b>	<b>5,044</b>	<b>127,176</b>	<b>132,220</b>
<b>Foreign</b>						
US Dollars	1,351	1,657	3,008	731	4,072	4,803
Yen	459	–	459	172	–	172
Euro	133	–	133	101	–	101
Other currencies	836	–	836	540	–	540
<b>Total foreign items</b>	<b>2,779</b>	<b>1,657</b>	<b>4,436</b>	<b>1,544</b>	<b>4,072</b>	<b>5,616</b>
Add: Accrued interest receivables	–	–	–	–	4	4
Less: Allowance for doubtful debts	–	(3)	(3)	–	(32)	(32)
<b>Foreign items – net</b>	<b>2,779</b>	<b>1,654</b>	<b>4,433</b>	<b>1,544</b>	<b>4,044</b>	<b>5,588</b>
<b>Domestic and foreign items – net</b>	<b>7,366</b>	<b>88,436</b>	<b>95,802</b>	<b>6,588</b>	<b>131,220</b>	<b>137,808</b>

## 10. Derivatives assets/liabilities

As at 31 December 2012 and 2011, fair value of derivatives held for trading book, readjustment based on an accrual basis of derivatives held for banking book and notional amounts classified by type of risk are as follows:

### Consolidated and separate financial statements

(Unit: Million Baht)

Type of risk	31 December 2012			31 December 2011		
	Fair value / Readjustment based on an accrual basis		Notional amount	Fair value / Readjustment based on an accrual basis		Notional amount
	Asset	Liabilities		Asset	Liabilities	
<b>Foreign exchange rates</b>						
Trading Book	4,580	4,473	610,947	7,442	7,138	539,169
Banking Book	199	130	21,366	65 <sup>1</sup>	468 <sup>1</sup>	20,988
<b>Interest rate</b>						
Trading Book	1,437	1,438	293,598	1,776	1,806	327,722
Banking Book	76 <sup>2</sup>	177 <sup>2</sup>	23,650	– <sup>2</sup>	– <sup>2</sup>	10,700
<b>Total</b>	<b>6,292</b>	<b>6,218</b>	<b>949,561</b>	<b>9,283</b>	<b>9,412</b>	<b>898,579</b>

<sup>1</sup> Includes readjustments made both on foreign exchange rates and interest rates on an accrual basis at the end of the year for cross currency and interest rate swap contracts held for banking book. Adjustments of accrued interest receivables and accrued interest payables respectively, based on the contracts as at 31 December 2011: Baht 10 million and Baht 5 million, respectively are presented as a part of other assets and other liabilities, respectively, in the statements of financial position.

<sup>2</sup> Readjustment made on an accrual basis for interest rate swap contracts held for banking book are adjustments of accrued interest receivables or payables or interest paid or received in advance based on the contracts at the year-ended. Accrued interest receivables and interest paid in advance are presented as a part of other assets and accrued interest payable and interest received in advance are presented as a part of other liabilities in the statements of financial position.

As at 31 December 2012 and 2011, the proportion, determined based on the notional amounts, of derivatives transactions divided by type of counterparty is as follows;

### Consolidated and separate financial statements

(Unit: Percentage)

Counterparty	31 December 2012	31 December 2011
Financial institutions	75.09	83.01
Others	24.91	16.99
<b>Total</b>	<b>100.00</b>	<b>100.00</b>



**11. Investments - net**  
11.1 Classified by investment type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Trading securities – fair value</b>				
Government and state enterprise securities	10,930	5,231	10,930	5,231
<b>Total trading securities</b>	<b>10,930</b>	<b>5,231</b>	<b>10,930</b>	<b>5,231</b>
<b>Available-for-sale securities – fair value</b>				
Government and state enterprise securities	46,073	59,451	46,073	59,451
Domestic marketable equity securities	1,151	428	12	205
<b>Total available-for-sale securities</b>	<b>47,224</b>	<b>59,879</b>	<b>46,085</b>	<b>59,656</b>
<b>Held-to-maturity debt securities – cost/amortised cost</b>				
Government and state enterprise securities	49,982	47,257	49,964	46,855
<b>Total held-to-maturity debt securities</b>	<b>49,982</b>	<b>47,257</b>	<b>49,964</b>	<b>46,855</b>
<b>General investments – cost</b>				
Non-marketable equity securities				
Domestic	1,902	2,136	1,902	2,136
Non-marketable equity securities				
Foreign	34	33	34	33
<b>Total general investments</b>	<b>1,936</b>	<b>2,169</b>	<b>1,936</b>	<b>2,169</b>
Less: Allowance for impairment	(925)	(876)	(925)	(876)
General investments – net	1,011	1,293	1,011	1,293
<b>Investments – net</b>	<b>109,147</b>	<b>113,660</b>	<b>107,990</b>	<b>113,035</b>

As at 31 December 2012 and 2011, the Bank and its subsidiary have non-transferable promissory notes of Baht 614 million and Baht 5,467 million, respectively (the Bank only: Baht 597 million and Baht 5,065 million, respectively) availed by the Financial Institutions Development Fund, which were received by the Bank and its subsidiary from TAMC for transfer price settlement as described in Note 8 to the financial statements. The Bank and its subsidiary classified them as held-to-maturity debt securities. The notes are due during 2013 to 2015 and bear interest rates at the average rates of deposit rates announced by the 5 major Thai banks and the interest is payable on the last working day of each year.

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

As at 31 December 2012 and 2011, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
Property development and construction	34	34
Public utilities and services	14	55
Mutual funds and financial services	729	750
Others	11	11
<b>Total</b>	<b>788</b>	<b>850</b>
Less: Allowance for impairment	(41)	(47)
<b>Investments – net</b>	<b>747</b>	<b>803</b>

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

As at 31 December 2012 and 2011, the Bank had the following investments in listed companies which meet criteria for delisting from the Stock Exchange of Thailand ('SET'), default debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Cost value/ book value	Fair value	Allowance for impairment	Cost value/ book value	Fair value	Allowance for impairment
1. Listed companies under delisting conditions/ defaulted debt securities	62	–	(62)	62	–	(62)
2. Companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	1,158	245	(913)	1,324	460	(864)
<b>Total</b>	<b>1,220</b>	<b>245</b>	<b>(975)</b>	<b>1,386</b>	<b>460</b>	<b>(926)</b>

**11.4 Revaluation surplus on investments**

As at 31 December 2012 and 2011, revaluation surplus on investments can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Revaluation surplus on investments:</b>				
Debt securities	64	79	64	78
Equity securities	20	32	–	29
<b>Total</b>	<b>84</b>	<b>111</b>	<b>64</b>	<b>107</b>
<b>Revaluation deficit on investments:</b>				
Debt securities	(7)	–	(7)	–
Equity securities	(2)	(2)	(2)	(2)
<b>Total</b>	<b>(9)</b>	<b>(2)</b>	<b>(9)</b>	<b>(2)</b>
Revaluation surplus on investments – net	<b>75</b>	<b>109</b>	<b>55</b>	<b>105</b>

**12. Investments in subsidiaries and associates****12.1 Additional investment in a subsidiary**

On 24 December 2012, the Bank invested in additional 1,250,000 ordinary shares of TMB Asset Management Company Limited ('TMBAM') at a price of Baht 93 per share, for a total of Baht 116 million. As a result its shareholding in TMBAM increased from 75.00% to 87.50% of the issued and paid-up share capital of TMBAM. This is treated as a change in a parent's equity interest in a subsidiary whereby the Bank had to record the difference of Baht 51 million, being the difference between its acquisition cost and the respective carrying value of TMBAM, directly to retained earnings in the consolidated statements of changes in shareholders' equity for the year ended 31 December 2012 in accordance with accounting standards.

## 12.2 Detail of investments in subsidiaries and associate

Investments in subsidiaries and associate as at 31 December 2012 and 2011 were as follows:

### Separate financial statements

(Unit: Million Baht)

	Type of business	Percentage of shareholding as at		Paid-up share capital as at		Cost as at		Allowance for impairment as at		Investment value – cost method as at	
		31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011	31 December 2012	31 December 2011
		%	%								
<b>Subsidiaries</b>											
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(1,491)	(1,760)	2,379	2,110
Designee for ETA Contract Ltd.	Financial support business	99.40	99.40	–	–	–	–	–	–	–	–
TMB Asset Management Co., Ltd.	Fund management business	87.50	75.00	100	100	304	188	–	–	304	188
<b>Investments in subsidiaries – net</b>						4,174	4,058	(1,491)	(1,760)	2,683	2,298
<b>Associates</b>											
Metro Designee Co., Ltd.	Financial support business	30.00	30.00	–	–	–	–	–	–	–	–
<b>Investment in associates</b>						–	–	–	–	–	–
<b>Investments in subsidiaries and associate – net</b>						4,174	4,058	(1,491)	(1,760)	2,683	2,298



## 12.3 The statements of cash flow of Phayathai Asset Management Company Limited.

The statements of cash flows for the years ended 31 December 2012 and 2011 of Phayathai Asset Management Company Limited, the subsidiary, which were extracted from the management accounts of the subsidiary, were disclosed herein in accordance with the Bank of Thailand's requirement.

## For the years ended 31 December

(Unit: Million Baht)

	2012	2011
<b>Cash flows from operating activities</b>		
Profits from operation before income tax expenses	256	274
Adjustments to reconcile profits from operation before income tax expenses to net cash provided by (paid from) operating activities:		
Reversal of bad debts, doubtful accounts and impairment losses	(69)	(117)
Losses on impairment for properties foreclosed and other assets (reversal)	(1)	2
Reversal of provisions for obligation on transfers of non-performing assets	–	(31)
Provisions for other liabilities	2	16
Net interest income	(212)	(175)
Cash received on interest income	217	146
Cash paid on interest expense	–	(5)
Others	3	(7)
<b>Profits from operating activities before changes in operating assets and liabilities</b>	<b>196</b>	<b>103</b>
(Increase) decrease in operating assets		
Investments in receivables	10	68
Loans and receivables	259	179
Properties foreclosed	55	20
Other receivables	138	139
Other assets	9	–
Increase (decrease) in operating liabilities		
Provisions for other liabilities	(27)	–
Other payables	9	2
Other liabilities	(3)	2
<b>Net cash provided by operating activities</b>	<b>646</b>	<b>513</b>
<b>Cash flows from investing activities</b>		
Purchases of available-for-sale securities	(900)	(700)
Sales of available-for-sale securities	–	652
Proceeds from redemptions of matured debt securities	385	229
<b>Net cash provided by (used in) investing activities</b>	<b>(515)</b>	<b>181</b>
<b>Cash flows from financing activities</b>		
Repayment of loans from financial institutions	–	(700)
<b>Net cash used in financing activities</b>	<b>–</b>	<b>(700)</b>
Net increase (decrease) in cash and cash equivalents	131	(6)
Cash and cash equivalents at beginning of the years	95	101
<b>Cash and cash equivalents at end of the years</b>	<b>226</b>	<b>95</b>

### 13. Loans to customers and accrued interest receivables

#### 13.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Overdrafts	109,125	83,292	109,072	83,216
Loans	194,201	204,387	192,445	202,389
Bills	149,181	109,644	149,118	109,468
Others	261	287	182	180
Less: deferred revenue	(48)	(14)	(48)	(14)
<b>Total loans to customers net of deferred revenue</b>	<b>452,720</b>	<b>397,596</b>	<b>450,769</b>	<b>395,239</b>
Add: Accrued interest receivables	955	777	955	777
<b>Total loans to customers and accrued interest receivables</b>	<b>453,675</b>	<b>398,373</b>	<b>451,724</b>	<b>396,016</b>
Less: Allowance for doubtful debts				
– Provision at BOT's minimum required	(13,534)	(14,999)	(12,393)	(13,673)
– Provision in excess of BOT's minimum rates required	(11,271)	(6,599)	(11,271)	(6,599)
Less: Revaluation allowance for debt restructuring	(119)	(157)	(119)	(157)
<b>Loans to customers and accrued interest receivables – net</b>	<b>428,751</b>	<b>376,618</b>	<b>427,941</b>	<b>375,587</b>

#### 13.2 Classified by currency and residency of debtors

##### Consolidated financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	418,501	5,439	423,940	373,068	5,395	378,463
US Dollars	26,240	1,337	27,577	16,924	1,167	18,091
Other currencies	1,169	34	1,203	1,006	36	1,042
<b>Total loans to customers net of deferred revenue</b>	<b>445,910</b>	<b>6,810</b>	<b>452,720</b>	<b>390,998</b>	<b>6,598</b>	<b>397,596</b>

## Separate financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	416,550	5,439	421,989	370,711	5,395	376,106
US Dollars	26,240	1,337	27,577	16,924	1,167	18,091
Other currencies	1,169	34	1,203	1,006	36	1,042
<b>Total loans to customers net of deferred revenue</b>	<b>443,959</b>	<b>6,810</b>	<b>450,769</b>	<b>388,641</b>	<b>6,598</b>	<b>395,239</b>

## 13.3 Classified by type of business and by loan classification

## Consolidated financial statements

31 December 2012

(Unit: Million Baht)

	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	5,959	181	11	23	762	6,936
Manufacturing and commerce	248,840	6,714	1,132	754	10,994	268,434
Property development and construction	14,610	855	179	35	1,865	17,544
Infrastructure and services	48,286	3,934	556	61	2,093	54,930
Housing loans	49,146	1,237	224	300	2,069	52,976
Others	50,081	774	341	104	600	51,900
<b>Total loans to customers net of deferred revenue</b>	<b>416,922</b>	<b>13,695</b>	<b>2,443</b>	<b>1,277</b>	<b>18,383</b>	<b>452,720</b>

## Consolidated financial statements

31 December 2011

(Unit: Million Baht)

	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	4,043	233	26	66	1,303	5,671
Manufacturing and commerce	182,556	7,675	2,990	1,143	13,079	207,443
Property development and construction	17,921	2,235	211	110	2,503	22,980
Infrastructure and services	53,876	4,447	550	116	2,679	61,668
Housing loans	49,053	1,291	349	387	2,882	53,962
Others	43,765	673	242	103	1,089	45,872
<b>Total loans to customers net of deferred revenue</b>	<b>351,214</b>	<b>16,554</b>	<b>4,368</b>	<b>1,925</b>	<b>23,535</b>	<b>397,596</b>

### Separate financial statements

31 December 2012

(Unit: Million Baht)

	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	5,959	181	11	23	676	<b>6,850</b>
Manufacturing and commerce	248,840	6,714	1,132	754	10,214	<b>267,654</b>
Property development and construction	14,610	855	179	35	1,417	<b>17,096</b>
Infrastructure and services	48,286	3,934	556	61	1,947	<b>54,784</b>
Housing loans	49,146	1,237	224	300	1,867	<b>52,774</b>
Others	50,078	774	341	104	314	<b>51,611</b>
<b>Total loans to customers net of deferred revenue</b>	<b>416,919</b>	<b>13,695</b>	<b>2,443</b>	<b>1,277</b>	<b>16,435</b>	<b>450,769</b>

### Separate financial statements

31 December 2011

(Unit: Million Baht)

	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agriculture and mining	4,043	233	26	66	1,217	<b>5,585</b>
Manufacturing and commerce	182,556	7,675	2,990	1,143	12,036	<b>206,400</b>
Property development and construction	17,921	2,235	211	110	1,980	<b>22,457</b>
Infrastructure and services	53,876	4,447	550	116	2,538	<b>61,527</b>
Housing loans	49,053	1,291	349	387	2,882	<b>53,962</b>
Others	43,765	673	242	103	525	<b>45,308</b>
<b>Total loans to customers net of deferred revenue</b>	<b>351,214</b>	<b>16,554</b>	<b>4,368</b>	<b>1,925</b>	<b>21,178</b>	<b>395,239</b>

#### 13.4 Classified by loan classification

The Bank and its subsidiary have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BOT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:



## Consolidated financial statements

(Unit: Million Baht)

	31 December 2012				31 December 2011			
	Loans to customers and accrued interest receivables	Balance net of collateral <sup>1</sup>	Minimum rates required	Allowance for doubtful debts <sup>2</sup>	Loans to customers and accrued interest receivables	Balance net of collateral <sup>1</sup>	Minimum rates required	Allowance for doubtful debts <sup>2</sup>
<b>Provision at BOT's minimum required</b>			%				%	
Pass	417,818	324,238	1	3,808	351,940	154,204	1	1,906
Special mention	13,753	11,527	2	258	16,605	3,574	2	87
Sub-standard	2,443	724	100	758	4,368	2,261	100	2,271
Doubtful	1,277	308	100	332	1,925	648	100	662
Doubtful of loss <sup>3</sup>	18,383	8,362	100	8,378	23,535	10,010	100	10,073
Provision in excess of BOT's minimum rates required				11,271				6,599
<b>Total</b>	<b>453,674</b>	<b>345,159</b>		<b>24,805</b>	<b>398,373</b>	<b>170,697</b>		<b>21,598</b>

<sup>1</sup> Balance of net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery (31 December 2011, it meant the principal balance net of the value of collateral). In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

<sup>2</sup> Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

<sup>3</sup> Loans classified as doubtful of loss in the consolidated financial statements included the balances of the Bank and Phayathai Asset Management Co., Ltd.

## Separate financial statements

(Unit: Million Baht)

	31 December 2012				31 December 2011			
	Loans to customers and accrued interest receivables	Balance net of collateral <sup>1</sup>	Minimum rates required	Allowance for doubtful debts <sup>2</sup>	Loans to customers and accrued interest receivables	Balance net of collateral <sup>1</sup>	Minimum rates required	Allowance for doubtful debts <sup>2</sup>
<b>Provision at BOT's minimum required</b>			%				%	
Pass	417,815	324,236	1	3,808	351,940	154,204	1	1,906
Special mention	13,753	11,527	2	258	16,605	3,574	2	87
Sub-standard	2,443	724	100	758	4,368	2,261	100	2,271
Doubtful	1,277	308	100	332	1,925	648	100	662
Doubtful of loss	16,435	7,222	100	7,237	21,178	8,685	100	8,747
Provision in excess of BOT's minimum rates required				11,271				6,599
<b>Total</b>	<b>451,723</b>	<b>344,017</b>		<b>23,664</b>	<b>396,016</b>	<b>169,372</b>		<b>20,272</b>

<sup>1</sup> Balance of net of collateral: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery (31 December 2011, it meant the principal balance net of the value of collateral). In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

<sup>2</sup> Allowance for doubtful debts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

Provision in excess of BOT's minimum rates required as at 31 December 2012 included provision of Baht 5,227 million on non-performing loans, most of which was set aside in 2012 in full amount according to the 2011 provision plan of the Bank to cover potential losses in the event of changes in economic circumstances.

### 13.5 Non-performing loans (NPLs)

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

As at 31 December 2012 and 2011, the Bank and its subsidiary' NPLs (including interbank and money market items) were summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements <sup>1</sup>		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Net NPLs (principal net of allowance for doubtful debts)</b>				
NPLs after allowance for doubtful debt on NPLs	<b>7,407</b>	16,845	<b>6,599</b>	15,813
Total loans after allowance for doubtful debts on NPLs	<b>524,989</b>	513,480	<b>524,179</b>	512,448
Percentage of net NPLs	<b>1.41</b>	3.28	<b>1.26</b>	3.09
<b>NPLs (principal)</b>				
NPLs	<b>22,103</b>	29,828	<b>20,155</b>	27,471
Total loans	<b>539,685</b>	526,463	<b>537,734</b>	524,106
Percentage of NPLs	<b>4.10</b>	5.67	<b>3.75</b>	5.24

<sup>1</sup> Non-performing loans in the consolidated financial statements included the balances of the Bank and Phayathai Asset Management Co., Ltd.

On 26 December 2012, the Bank (as the seller) signed the Sale and Purchase Agreement with Bangkok Commercial Asset Management Company Limited ('BAM') (as the buyer), on non-performing loans with principal totaling approximately Baht 5,700 million for a price, which approximated their net carrying value.

As at 31 December 2012 and 2011, the Bank had loans to customers, amounting to Baht 28,370 million and Baht 38,105 million, respectively, on which it ceased recognition of interest income on an accrual basis.

### 13.6 Troubled debt restructuring

For the years ended 31 December 2012 and 2011, the Bank and its subsidiary entered into contracts for troubled debt restructuring, (only the case where debtor has present value loss/losses on debt structuring is presented), which can be summarised as follows:

#### For the year ended 31 December 2012

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Number of debtors	Amount		Number of debtors	Amount	
		Before restructuring	After restructuring		Before restructuring	After restructuring
<b>Type of restructuring</b>						
Modification of terms of payments	21	1,720	1,459	20	1,696	1,444
Combination of methods	2	76	75	–	–	–
<b>Total</b>	<b>23</b>	<b>1,796</b>	<b>1,534</b>	<b>20</b>	<b>1,696</b>	<b>1,444</b>
<b>Term of debt restructuring agreements</b>						
Not over 5 years	21	1,228	966	18	1,128	876
5 - 10 years	2	568	568	2	568	568
<b>Total</b>	<b>23</b>	<b>1,796</b>	<b>1,534</b>	<b>20</b>	<b>1,696</b>	<b>1,444</b>

#### For the year ended 31 December 2011

(Unit: Million Baht)

	Consolidated financial statements			Separate financial statements		
	Number of debtors	Amount		Number of debtors	Amount	
		Before restructuring	After restructuring		Before restructuring	After restructuring
<b>Type of restructuring</b>						
Modification of terms of payments	44	2,546	1,443	41	2,506	1,424
Combination of methods	2	22	21	1	9	9
<b>Total</b>	<b>46</b>	<b>2,568</b>	<b>1,464</b>	<b>42</b>	<b>2,515</b>	<b>1,433</b>
<b>Term of debt restructuring agreements</b>						
Not over 5 years	40	2,367	1,265	36	2,314	1,234
5 - 10 years	3	187	186	3	187	186
Over 10 years	3	14	13	3	14	13
<b>Total</b>	<b>46</b>	<b>2,568</b>	<b>1,464</b>	<b>42</b>	<b>2,515</b>	<b>1,433</b>

The Bank and its subsidiary recognised losses on debt restructuring by the excess of the net book value of loans to customers and interest receivables and the present value of cashflow expected to be recouped.

The Bank and its subsidiary measure the expected recoverable amounts of loans restructured in case of modification of repayment conditions, using the present value of future cash expected to be received, discounted by the market interest rate.

Supplemental information for the years ended 31 December 2012 and 2011 relating to the restructured debts is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interest income on restructured debts, which is recognised for the years	108	128	106	120
Cash settlement by debtors	1,008	1,577	900	1,534
Losses on debt restructuring (reversal)	(29)	21	(38)	1

As at 31 December 2012 and 2011, the Bank and its subsidiary have the outstanding balances with troubled debt restructuring debtors, as follows:

	31 December 2012				31 December 2011			
	Consolidated financial statements		Separate financial statements		Consolidated financial statements		Separate financial statements	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
	(Number)	(Million Baht)	(Number)	(Million Baht)	(Number)	(Million Baht)	(Number)	(Million Baht)
<b>Troubled debt restructuring debtors</b>	<b>151</b>	<b>2,606</b>	<b>134</b>	<b>2,539</b>	220	2,940	199	2,830

### 13.7 Loans to customers having problems with financial position and operating results

As at 31 December 2012 and 2011, the Bank and its subsidiary had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful debts as follows:

#### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012				31 December 2011			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
<b>Listed companies under delisting conditions</b>	<b>2</b>	<b>8</b>	<b>4</b>	<b>4</b>	2	8	6	2



#### 14. Classified assets

Classified assets, as at 31 December 2012 and 2011, were classified in accordance with the regulation of the Bank of Thailand including the BOT's notification No. Phor Nor Sor.(23) Wor. 1564/2554 regarding clarification on measures on providing assistance to debtors affected by the flood disaster, consisted of investments (including investments in subsidiaries and associate), loans to customer and accrued interest receivables (including interbank and money market items), properties foreclosed, premises and equipment and other assets as follows:

#### Consolidated financial statements

(Unit: Million Baht)

	31 December 2012						31 December 2011					
	Categories of assets						Categories of assets					
	Investments	Loans and accrued interest receivables	Properties foreclosed	Premises and equipment	Other assets	Total	Investments	Loans and accrued interest receivables	Properties foreclosed	Premises and equipment	Other assets	Total
Pass	-	504,904	-	-	-	504,904	-	481,018	-	-	-	481,018
Special mention	-	13,753	-	-	-	13,753	-	16,605	-	-	-	16,605
Sub-standard	-	2,443	-	-	3	2,446	-	4,368	-	-	2	4,370
Doubtful	-	1,277	-	-	3	1,280	-	1,925	-	-	2	1,927
Doubtful of loss	989	18,383	786	477	194	20,829	977	23,535	1,469	644	173	26,798
<b>Total</b>	<b>989</b>	<b>540,760</b>	<b>786</b>	<b>477</b>	<b>200</b>	<b>543,212</b>	<b>977</b>	<b>527,451</b>	<b>1,469</b>	<b>644</b>	<b>177</b>	<b>530,718</b>

#### Separate financial statements

(Unit: Million Baht)

	31 December 2012						31 December 2011					
	Categories of assets						Categories of assets					
	Investments	Loans and accrued interest receivables	Properties foreclosed	Premises and equipment	Other assets	Total	Investments	Loans and accrued interest receivables	Properties foreclosed	Premises and equipment	Other assets	Total
Pass	-	504,901	-	-	-	504,901	-	481,018	-	-	-	481,018
Special mention	-	13,753	-	-	-	13,753	-	16,605	-	-	-	16,605
Sub-standard	-	2,443	-	-	3	2,446	-	4,368	-	-	2	4,370
Doubtful	-	1,277	-	-	3	1,280	-	1,925	-	-	2	1,927
Doubtful of loss	2,480	16,435	748	477	191	20,331	2,736	21,178	1,361	644	166	26,085
<b>Total</b>	<b>2,480</b>	<b>538,809</b>	<b>748</b>	<b>477</b>	<b>197</b>	<b>542,711</b>	<b>2,736</b>	<b>525,094</b>	<b>1,361</b>	<b>644</b>	<b>170</b>	<b>530,005</b>

During the end of 2011, there was widespread flooding in Thailand. This affected some of the Banks' debtors. The Bank has provided the assistance to such debtors under BOT's guideline by extending term of principal or interest payment period and does not consider such debtors as non-performing loans.

## 15. Allowance for doubtful debts

Allowance for doubtful debts for the years ended 31 December 2012 and 2011 are as follows:

### Consolidated financial statements

For the year ended 31 December 2012

(Unit: Million Baht)

	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance – beginning of the year	1,906	87	2,271	662	10,073	6,599	21,598
Provision for doubtful debts	1,902	171	(1,513)	(330)	3,983	4,672	8,885
Bad debt recovery	–	–	–	–	382	–	382
Bad debts written-off	–	–	–	–	(2,357)	–	(2,357)
Allowance for doubtful debts of the disposed debts	–	–	–	–	(3,716)	–	(3,716)
Others	–	–	–	–	13	–	13
<b>Balance – end of the year</b>	<b>3,808</b>	<b>258</b>	<b>758</b>	<b>332</b>	<b>8,378</b>	<b>11,271</b>	<b>24,805</b>

### Consolidated financial statements

For the year ended 31 December 2011

(Unit: Million Baht)

	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance – beginning of the year	1,322	133	1,685	263	9,438	7,549	20,390
Provision for doubtful debts	584	(46)	586	399	2,448	(950)	3,021
Bad debt recovery	–	–	–	–	323	–	323
Bad debts written-off	–	–	–	–	(2,142)	–	(2,142)
Others	–	–	–	–	6	–	6
<b>Balance – end of the year</b>	<b>1,906</b>	<b>87</b>	<b>2,271</b>	<b>662</b>	<b>10,073</b>	<b>6,599</b>	<b>21,598</b>

### Separate financial statements

For the year ended 31 December 2012

(Unit: Million Baht)

	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance – beginning of the year	1,906	87	2,271	662	8,747	6,599	20,272
Allowance for doubtful debts	1,902	171	(1,513)	(330)	4,065	4,672	8,967
Bad debt recovery	–	–	–	–	382	–	382
Bad debts written-off	–	–	–	–	(2,244)	–	(2,244)
Allowance for doubtful debts of the disposed debts	–	–	–	–	(3,716)	–	(3,716)
Others	–	–	–	–	3	–	3
<b>Balance – end of the year</b>	<b>3,808</b>	<b>258</b>	<b>758</b>	<b>332</b>	<b>7,237</b>	<b>11,271</b>	<b>23,664</b>

### Separate financial statements

For the year ended 31 December 2011

(Unit: Million Baht)

	Provision at BOT's minimum rates required					Provision in excess of BOT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
Balance – beginning of the year	1,322	133	1,685	263	8,436	7,088	18,927
Allowance for doubtful debts	584	(46)	586	399	2,124	(489)	3,158
Bad debt recovery	–	–	–	–	323	–	323
Bad debts written-off	–	–	–	–	(2,142)	–	(2,142)
Others	–	–	–	–	6	–	6
<b>Balance – end of the year</b>	<b>1,906</b>	<b>87</b>	<b>2,271</b>	<b>662</b>	<b>8,747</b>	<b>6,599</b>	<b>20,272</b>

## 16. Revaluation allowance for debt restructuring

### Consolidated and separate financial statements

For the years ended 31 December

(Unit: Million Baht)

	2012	2011
Balance - beginning of the years	157	156
Increase (decrease) during the years	(38)	1
<b>Balance - end of the years</b>	<b>119</b>	<b>157</b>

## 17. Properties foreclosed

### Consolidated financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012				For the year ended 31 December 2011			
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Increase	Disposal	Ending balance
<b>Assets foreclosed in settlement of debts</b>								
Immovable assets	4,749	20	(2,333)	2,436	7,863	11	(3,125)	4,749
Appraised by internal appraiser				926				1,871
Appraised by external appraiser				1,510				2,878
Movable assets	102	–	(17)	85	105	–	(3)	102
Assets for sales	258	325	(168)	415	324	288	(354)	258
<b>Total</b>	<b>5,109</b>	<b>345</b>	<b>(2,518)</b>	<b>2,936</b>	<b>8,292</b>	<b>299</b>	<b>(3,482)</b>	<b>5,109</b>
Add (less): Allowance for impairment	(1,469)	(416)	1,099	(786)	(1,857)	(559)	947	(1,469)
<b>Properties foreclosed - net</b>	<b>3,640</b>	<b>(71)</b>	<b>(1,419)</b>	<b>2,150</b>	<b>6,435</b>	<b>(260)</b>	<b>(2,535)</b>	<b>3,640</b>

### Separate financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012				For the year ended 31 December 2011			
	Beginning balance	Increase	Disposal	Ending balance	Beginning balance	Increase	Disposal	Ending balance
<b>Assets foreclosed in settlement of debts</b>								
Immovable assets	4,581	3	(2,212)	2,372	7,655	11	(3,085)	4,581
Appraised by internal appraiser				924				1,868
Appraised by external appraiser				1,448				2,713
Movable assets	74	–	(13)	61	77	–	(3)	74
Assets for sales	258	325	(168)	415	324	288	(354)	258
<b>Total</b>	<b>4,913</b>	<b>328</b>	<b>(2,393)</b>	<b>2,848</b>	<b>8,056</b>	<b>299</b>	<b>(3,442)</b>	<b>4,913</b>
Add (less): Allowance for impairment	(1,361)	(417)	1,030	(748)	(1,729)	(558)	926	(1,361)
<b>Properties foreclosed - net</b>	<b>3,552</b>	<b>(89)</b>	<b>(1,363)</b>	<b>2,100</b>	<b>6,327</b>	<b>(259)</b>	<b>(2,516)</b>	<b>3,552</b>

## 18. Premises and equipment

Premises and equipment (including the incremental revaluation which the latest reappraisal was made in 2012) for the years ended 31 December 2012 and 2011 are summarised as follows:



**Consolidated financial statements**  
For the year ended 31 December 2012

(Unit: Million Baht)

	Land		Buildings		Leasehold improvement	Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation			
<b>Cost/Reappraised value</b>							
1 January 2012	4,279	2,767	5,000	3,292	930	5,394	<b>21,662</b>
Purchases	–	–	216	–	268	559	<b>1,043</b>
Reappraisal during the year	–	814	–	548	–	–	<b>1,362</b>
Disposals/written-off	–	–	(22)	–	(78)	(389)	<b>(489)</b>
Transferred to assets held for sale	(1,129)	(465)	(164)	(45)	–	–	<b>(1,803)</b>
Transfer out	(167)	(82)	(109)	(89)	–	–	<b>(447)</b>
<b>31 December 2012</b>	<b>2,983</b>	<b>3,034</b>	<b>4,921</b>	<b>3,706</b>	<b>1,120</b>	<b>5,564</b>	<b>21,328</b>
<b>Accumulated depreciation</b>							
1 January 2012	–	–	(2,529)	(1,458)	(710)	(4,269)	<b>(8,966)</b>
Depreciation during the year	–	–	(89)	(70)	(140)	(409)	<b>(708)</b>
Reappraisal during the year	–	–	–	(316)	–	–	<b>(316)</b>
Accumulated depreciation of those transferred to assets held for sale	–	–	52	22	–	–	<b>74</b>
Accumulated depreciation on disposals/written-off/transfer out	–	–	108	43	71	377	<b>599</b>
<b>31 December 2012</b>	<b>–</b>	<b>–</b>	<b>(2,458)</b>	<b>(1,779)</b>	<b>(779)</b>	<b>(4,301)</b>	<b>(9,317)</b>
<b>Allowance for impairment</b>							
1 January 2012	(522)	–	(106)	–	(6)	(10)	<b>(644)</b>
Reversal (loss) on impairment during the year	134	–	(38)	–	(2)	4	<b>98</b>
Allowance for impairment of those transferred to assets held for sale	5	–	43	–	–	–	<b>48</b>
Allowance for impairment on disposals/written-off/transfer out	17	–	(10)	–	7	6	<b>20</b>
<b>31 December 2012</b>	<b>(366)</b>	<b>–</b>	<b>(111)</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>(478)</b>
<b>Net book value</b>							
1 January 2012	3,757	2,767	2,365	1,834	214	1,115	<b>12,052</b>
<b>31 December 2012</b>	<b>2,617</b>	<b>3,034</b>	<b>2,352</b>	<b>1,927</b>	<b>340</b>	<b>1,263</b>	<b>11,533</b>

**Depreciation included in profit or loss from operation for the years ended**

31 December 2011	<b>792</b>
<b>31 December 2012</b>	<b>708</b>

**Consolidated financial statements**  
For the year ended 31 December 2011

(Unit: Million Baht)

	Land		Buildings		Leasehold improvement	Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation			
<b>Cost/Reappraised value</b>							
1 January 2011	4,478	2,820	4,837	3,397	807	5,001	21,340
Purchases	–	–	486	–	212	491	1,189
Disposals/written-off	–	–	–	–	(89)	(98)	(187)
Transfer out	(199)	(53)	(323)	(105)	–	–	(680)
31 December 2011	4,279	2,767	5,000	3,292	930	5,394	21,662
<b>Accumulated depreciation</b>							
1 January 2011	–	–	(2,544)	(1,433)	(641)	(3,792)	(8,410)
Depreciation during the year	–	–	(82)	(72)	(101)	(537)	(792)
Accumulated depreciation on disposals/written-off/transfer out	–	–	97	47	32	60	236
31 December 2011	–	–	(2,529)	(1,458)	(710)	(4,269)	(8,966)
<b>Allowance for impairment</b>							
1 January 2011	(549)	–	(99)	–	–	–	(648)
Loss on impairment during the year	(2)	–	(56)	–	(6)	(10)	(74)
Allowance for impairment on disposals/written-off/transfer out	29	–	49	–	–	–	78
31 December 2011	(522)	–	(106)	–	(6)	(10)	(644)
<b>Net book value</b>							
1 January 2011	3,929	2,820	2,194	1,964	166	1,209	12,282
31 December 2011	3,757	2,767	2,365	1,834	214	1,115	12,052

**Separate financial statements**  
For the year ended 31 December 2012

(Unit: Million Baht)

	Land		Buildings		Leasehold improvement	Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation			
<b>Cost/Reappraised value</b>							
1 January 2012	4,279	2,767	5,000	3,292	927	5,287	<b>21,552</b>
Purchases	–	–	216	–	268	545	<b>1,029</b>
Reappraisal during the year	–	814	–	548	–	–	<b>1,362</b>
Disposals/written-off	–	–	(22)	–	(78)	(383)	<b>(483)</b>
Transferred to assets held for sale	(1,129)	(465)	(164)	(45)	–	–	<b>(1,803)</b>
Transfer out	(167)	(82)	(109)	(89)	–	–	<b>(447)</b>
<b>31 December 2012</b>	<b>2,983</b>	<b>3,034</b>	<b>4,921</b>	<b>3,706</b>	<b>1,117</b>	<b>5,449</b>	<b>21,210</b>
<b>Accumulated depreciation</b>							
1 January 2012	–	–	(2,529)	(1,458)	(707)	(4,195)	<b>(8,889)</b>
Depreciation during the year	–	–	(89)	(70)	(140)	(397)	<b>(696)</b>
Reappraisal during the year	–	–	–	(316)	–	–	<b>(316)</b>
Accumulated depreciation of those transferred to assets held for sale	–	–	52	22	–	–	<b>74</b>
Accumulated depreciation on disposals/written-off/transfer out	–	–	108	43	71	372	<b>594</b>
<b>31 December 2012</b>	<b>–</b>	<b>–</b>	<b>(2,458)</b>	<b>(1,779)</b>	<b>(776)</b>	<b>(4,220)</b>	<b>(9,233)</b>
<b>Allowance for impairment</b>							
1 January 2012	(522)	–	(106)	–	(6)	(10)	<b>(644)</b>
Reversal (loss) on impairment during the year	134	–	(38)	–	(2)	4	<b>98</b>
Allowance for impairment of those transferred to assets held for sale	5	–	43	–	–	–	<b>48</b>
Allowance for impairment on disposals/written-off/transfer out	17	–	(10)	–	7	6	<b>20</b>
<b>31 December 2012</b>	<b>(366)</b>	<b>–</b>	<b>(111)</b>	<b>–</b>	<b>(1)</b>	<b>–</b>	<b>(478)</b>
<b>Net book value</b>							
1 January 2012	3,757	2,767	2,365	1,834	214	1,082	<b>12,019</b>
<b>31 December 2012</b>	<b>2,617</b>	<b>3,034</b>	<b>2,352</b>	<b>1,927</b>	<b>340</b>	<b>1,229</b>	<b>11,499</b>

**Depreciation included in profit or loss from operation for the years ended**

31 December 2011	<b>777</b>
<b>31 December 2012</b>	<b>696</b>

## Separate financial statements

For the year ended 31 December 2011

(Unit: Million Baht)

	Land		Buildings		Leasehold improvement	Equipment	Total
	Cost	The incremental revaluation	Cost	The incremental revaluation			
<b>Cost/Reappraised value</b>							
1 January 2011	4,478	2,820	4,837	3,397	807	4,893	21,232
Purchases	–	–	486	–	209	474	1,169
Disposals/written-off	–	–	–	–	(89)	(80)	(169)
Transfer out	(199)	(53)	(323)	(105)	–	–	(680)
31 December 2011	4,279	2,767	5,000	3,292	927	5,287	21,552
<b>Accumulated depreciation</b>							
1 January 2011	–	–	(2,544)	(1,433)	(641)	(3,713)	(8,331)
Depreciation during the year	–	–	(82)	(72)	(98)	(525)	(777)
Accumulated depreciation on disposals/written-off/transfer out	–	–	97	47	32	43	219
31 December 2011	–	–	(2,529)	(1,458)	(707)	(4,195)	(8,889)
<b>Allowance for impairment</b>							
1 January 2011	(549)	–	(99)	–	–	–	(648)
Loss on impairment during the year	(2)	–	(56)	–	(6)	(10)	(74)
Allowance for impairment on disposals/written-off/transfer out	29	–	49	–	–	–	78
31 December 2011	(522)	–	(106)	–	(6)	(10)	(644)
<b>Net book value</b>							
1 January 2011	3,929	2,820	2,194	1,964	166	1,180	12,253
31 December 2011	3,757	2,767	2,365	1,834	214	1,082	12,019

During the year 2012, the Bank transferred a group of land and buildings of a branch that were still in use but under the sale process to “Assets held for sale”. The Bank already disposed of such land and buildings in November 2012 with a gain on disposal of such assets representing a part of “net gains on disposal of assets” in the statements of comprehensive income for the year ended 31 December 2012.

As at 31 December 2012 and 2011, the Bank and its subsidiaries have certain equipment which has been fully depreciated but is still in use. The gross carrying amount (before deducting accumulated depreciation and allowance for impairment) of those assets amounted to approximately Baht 3,485 million and Baht 2,870 million, respectively (The Bank only: Baht 3,430 million and Baht 2,825 million, respectively).

## 19. Goodwill and other intangible assets

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements		
	For the year ended 31 December 2012				For the year ended 31 December 2012		
	Goodwill	Computer softwares	Computer softwares under development	Total	Computer softwares	Computer softwares under development	Total
<b>Cost</b>							
<b>1 January 2011</b>	60	3,136	154	<b>3,350</b>	3,044	154	<b>3,198</b>
Additions	–	6	170	<b>176</b>	5	170	<b>175</b>
Transfer in (out)	–	206	(228)	<b>(22)</b>	206	(228)	<b>(22)</b>
<b>31 December 2011</b>	60	3,348	96	<b>3,504</b>	3,255	96	<b>3,351</b>
Additions	–	6	281	<b>287</b>	4	281	<b>285</b>
Transfer in (out)	–	301	(303)	<b>(2)</b>	301	(303)	<b>(2)</b>
<b>31 December 2012</b>	60	3,655	74	<b>3,789</b>	3,560	74	<b>3,634</b>
<b>Accumulated amortisation</b>							
<b>1 January 2011</b>	–	(2,496)	–	<b>(2,496)</b>	(2,413)	–	<b>(2,413)</b>
Amortisation during the year	–	(291)	–	<b>(291)</b>	(284)	–	<b>(284)</b>
Accumulated amortisation on transfer out	–	33	–	<b>33</b>	33	–	<b>33</b>
<b>31 December 2011</b>	–	(2,754)	–	<b>(2,754)</b>	(2,664)	–	<b>(2,664)</b>
Amortisation during the year	–	(255)	–	<b>(255)</b>	(253)	–	<b>(253)</b>
Accumulated amortisation on transfer out	–	1	–	<b>1</b>	1	–	<b>1</b>
<b>31 December 2012</b>	–	(3,008)	–	<b>(3,008)</b>	(2,916)	–	<b>(2,916)</b>
<b>Net book value</b>							
<b>1 January 2011</b>	60	640	154	<b>854</b>	631	154	<b>785</b>
<b>31 December 2011</b>	60	594	96	<b>750</b>	591	96	<b>687</b>
<b>31 December 2012</b>	60	647	74	<b>781</b>	644	74	<b>718</b>
<b>Amortisation expenses included in profit or loss from operation for the years ended</b>							
31 December 2011				<b>291</b>			<b>284</b>
<b>31 December 2012</b>				<b>255</b>			<b>253</b>

As at 31 December 2012 and 2011, computer software remained amortisation periods of 0-5 years.



## 20. Other receivables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Receivables on sales of investments	<b>13,700</b>	12,938	<b>13,700</b>	12,938
Promissory notes from transfer of NPLs to BAM	<b>6,464</b>	6,240	<b>6,360</b>	6,114
TAMC's promissory notes and interest receivable	<b>6,213</b>	2,087	<b>6,213</b>	2,087
Other receivables	<b>805</b>	1,097	<b>712</b>	863
<b>Total</b>	<b>27,182</b>	22,362	<b>26,985</b>	22,002
Less: Allowance for impairment	<b>(79)</b>	(63)	<b>(78)</b>	(56)
<b>Other receivables – net</b>	<b>27,103</b>	22,299	<b>26,907</b>	21,946

## 21. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Accrued income	<b>1,179</b>	1,075	<b>1,109</b>	1,010
Collateral on derivative transactions	<b>158</b>	574	<b>158</b>	574
Suspense accounts – debtors	<b>2,244</b>	2,415	<b>2,243</b>	2,413
Suspense accounts between head office and branches	<b>778</b>	489	<b>778</b>	489
Others	<b>1,338</b>	993	<b>1,321</b>	976
<b>Total</b>	<b>5,697</b>	5,546	<b>5,609</b>	5,462
Less: Allowance for impairment	<b>(110)</b>	(76)	<b>(109)</b>	(75)
<b>Other assets – net</b>	<b>5,587</b>	5,470	<b>5,500</b>	5,387

**22. Deposits****22.1 Classified by types of deposits**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Current accounts	<b>56,144</b>	48,314	<b>56,155</b>	48,324
Savings accounts	<b>268,538</b>	224,776	<b>268,783</b>	224,894
Time deposits	<b>172,554</b>	180,255	<b>172,554</b>	180,256
<b>Total</b>	<b>497,236</b>	453,345	<b>497,492</b>	453,474
Less: prepaid interest expenses	<b>(1,078)</b>	(1,029)	<b>(1,078)</b>	(1,029)
<b>Deposits – net</b>	<b>496,158</b>	452,316	<b>496,414</b>	452,445

**22.2 Classified by currency and residency of depositors****Consolidated financial statements**

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	<b>488,761</b>	<b>5,074</b>	<b>493,835</b>	446,788	4,355	451,143
US Dollars	<b>642</b>	<b>156</b>	<b>798</b>	860	160	1,020
Other currencies	<b>1,495</b>	<b>30</b>	<b>1,525</b>	124	29	153
<b>Total</b>	<b>490,898</b>	<b>5,260</b>	<b>496,158</b>	447,772	4,544	452,316

**Separate financial statements**

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	<b>489,017</b>	<b>5,074</b>	<b>494,091</b>	446,917	4,355	451,272
US Dollars	<b>642</b>	<b>156</b>	<b>798</b>	860	160	1,020
Other currencies	<b>1,495</b>	<b>30</b>	<b>1,525</b>	124	29	153
<b>Total</b>	<b>491,154</b>	<b>5,260</b>	<b>496,414</b>	447,901	4,544	452,445

## 23. Interbank and money market items (liabilities)

### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand and Financial Institutions Development Fund	–	5,731	5,731	–	–	–
Commercial banks	184	32,900	33,084	175	28,250	28,425
Specialised financial institutions	1,036	16,387	17,423	30	8,356	8,386
Other financial institutions	3,506	90	3,596	2,655	284	2,939
<b>Total domestic items</b>	<b>4,726</b>	<b>55,108</b>	<b>59,834</b>	<b>2,860</b>	<b>36,890</b>	<b>39,750</b>
<b>Foreign</b>						
US Dollars	645	3,982	4,627	507	–	507
Other currencies	1,360	232	1,592	1,537	427	1,964
<b>Total foreign items</b>	<b>2,005</b>	<b>4,214</b>	<b>6,219</b>	<b>2,044</b>	<b>427</b>	<b>2,471</b>
<b>Total domestic and foreign items</b>	<b>6,731</b>	<b>59,322</b>	<b>66,053</b>	<b>4,904</b>	<b>37,317</b>	<b>42,221</b>

## 24. Financial liabilities designated at fair value through profit or loss

### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
Debts issued	213	–
<b>Total</b>	<b>213</b>	<b>–</b>

Proportion of transactions classified by type of counterparty as at 31 December 2012 and 2011 is as follows:

### Consolidated and separate financial statements

(Unit: Percentage)

Counterparty	31 December 2012	31 December 2011
Financial institutions	100.00	–
<b>Total</b>	<b>100.00</b>	<b>–</b>

**25. Debts issued and borrowings****Consolidated and separate financial statements**

(Unit: Million Baht)

	Interest rates as at		31 December 2012			31 December 2011		
	31 December 2012	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	%							
Debentures	<b>3.10 - 3.58</b>	2012	-	-	-	21,024	-	21,024
Subordinated debentures <sup>2</sup>	<b>4.50, 4.70 and 5.25</b>	2014 <sup>3</sup> , 2015 <sup>3</sup> and 2017 <sup>3</sup>	<b>23,650</b>	-	<b>23,650</b>	13,300	-	13,300
Perpetual non-cumulative Tier 1 hybrid securities <sup>1</sup>	<b>7.00</b>	2014 <sup>3</sup>	<b>4,000</b>	-	<b>4,000</b>	4,000	-	4,000
Bills of exchange	<b>1.75 - 4.50</b>	2013 - 2015	<b>10,269</b>	-	<b>10,269</b>	39,220	-	39,220
Private repurchase transactions (Private Repo)	<b>3.20 - 3.23</b>	2012	-	-	-	19,615	-	19,615
Other borrowings	<b>0 - 3.25</b>	2013 - 2031	<b>307</b>	<b>5,198</b>	<b>5,505</b>	445	4,662	5,107
<b>Total</b>			<b>38,226</b>	<b>5,198</b>	<b>43,424</b>	97,604	4,662	102,266
Less: prepaid interest expenses			<b>(176)</b>	-	<b>(176)</b>	-	-	-
<b>Debts issued and borrowings – net</b>			<b>38,050</b>	<b>5,198</b>	<b>43,248</b>	97,604	4,662	102,266

<sup>1</sup> Counted as a part of Tier 1 capital (Note 7)<sup>2</sup> Counted as a part of Tier 2 capital (Note 7)<sup>3</sup> The years in which call option exercise periods start**25.1 Subordinated debentures**

**25.1.1** On 6 November 2009, the Bank issued the Subordinated Debenture No. 1/2552, amounting to Baht 5,300 million, which has a 10-year maturity period and carries a fixed interest rate of 5.00% per annum for the first 3 years, 5.25% per annum for the fourth and the fifth years and 6.50% per annum for the sixth to the tenth years. Interest is payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2552 after 5 years from the issuing date or according to certain specified conditions.

**25.1.2** On 2 April 2010, the Bank issued the Subordinated Debenture No.1/2553, amounting to Baht 8,000 million, which has a 10-year maturity period and carries a fixed rate of 4.70% per annum for the first 5 years and 6% per annum for the sixth to the tenth years. Interest is payable quarterly in January, April, July and October of every year. The Bank can early redeem the Subordinated Debenture No. 1/2553 after 5 years from the issuing date or according to certain specified conditions.

**25.1.3** On 18 May 2012, the Bank issued the Subordinated Debenture No.1/2555, amounting to Baht 9,400 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 18 May every year with the exception of the first interest payment, which was made on 25 May 2012. The Bank can early redeem the Subordinated Debenture No. 1/2555 under each of the following circumstances:

1. On or after the fifth anniversary of the issue date.
2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.

**25.1.4** On 25 May 2012, the Bank issued the Subordinated Debenture No.2/2555, amounting to Baht 950 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 25 May every year with the exception of the first interest payment, which was made on 1 June 2012. The Bank can early redeem the Subordinated Debenture No. 2/2555 under each of the following circumstances:

1. On or after the fifth anniversary of the issue date.
2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.

**25.2** **Perpetual non-cumulative Tier 1 hybrid securities**

On 30 April 2009, the Bank issued Baht 4,000 million in aggregate as a principal amount of the Perpetual Non-Cumulative Tier 1 Hybrid Securities ("Hybrid Tier 1"). The securities are perpetual. However, the Bank has an early redemption option subject to the prior written approval of the Bank of Thailand and the Bank being solvent at that time. Early redemption is permitted under each of the following circumstances:

1. At every interest payment date, after the fifth year of the issuing date.
2. In the event that any change or amendment in the tax laws resulting in the more tax liabilities to the Bank or the Bank not being able to claim interest on such securities as tax-deductible expenses.
3. In the event that the Hybrid Tier 1 is no longer qualified as Tier 1 capital of the Bank.

The securities carries a fixed interest rate of 7.00% per annum for the first 10 years and a floating interest rate based on the 6-month Time Deposit rate of the Bank plus 7.00% per annum for the eleventh year onwards. Interest is semi-annually payable on 30 April and 30 October every year.

In case that the Bank incurs loss in the latest financial period before the interest payment date or in case that the interest payment for the Hybrid Tier 1 on any interest payment date results in the Bank having a loss in the latest financial period before such interest payment date, the Bank will not be obliged to make any interest payment for that period and such interest will be non-cumulative and will not be carried forward to the next payment period unless allowed by the Bank of Thailand to pay such interest.



## 25.3 Other Borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2012 and 2011 are as follows:

## Consolidated and separate financial statements

		31 December 2012		31 December 2011	
Borrowings from	Objectives of borrowings	Outstanding balances	Baht equivalent	Outstanding balances	Baht equivalent
		(Million Baht)		(Million Baht)	
Ministry of Finance	For agro-industrial enterprises	THB 4 million	4	THB 8 million	8
Energy Conservation Promotion Fund	For enterprises investing for energy conservation	THB 286 million	286	THB 409 million	409
National Science & Technology Development Agency	For enterprises involving in research and development activities	THB 17 million	17	THB 28 million	28
Nordic Investment Bank (NIB)	For joint ventures with the Nordic countries and businesses using Nordic machinery/equipment	USD 29 million	895	USD 39 million	1,244
Japan Bank for International Cooperation (JBIC)	For equity investment & on-lending to non-SET listed enterprises and non-environmental impact having a joint-venture with Japanese or Japanese connection, or Tsunami adversely affected entrepreneurs having Japanese connection	USD 83 million	2,553	USD 100 million	3,169
KfW Bankengruppe (KfW)	For small industry businesses	EUR 5 million	219	EUR 6 million	249
International Finance Corporation (IFC)	For SMEs affected in the flood areas	USD 50 million	1,531	–	–
Total			5,505		5,107

On 29 May 2012, the Bank entered into a loan agreement with International Finance Corporation to obtain a loan facility of USD 100 million, carrying interest at LIBOR plus a spread. The loan is obtained for the purpose of financing small and medium enterprises affected by the floods during end of 2011. The loan agreement contains covenants that, among other things, require the Bank to maintain certain financial ratios.

## 26. Provisions for employee benefits

## 26.1 Defined contribution plans

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 – 10 percent of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 5 – 10 percent, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the years ended 31 December 2012 and 2011, the Bank and its subsidiaries contributed Baht 354 million and Baht 338 million, respectively to the funds (the Bank only: Baht 346 million and Baht 331 million, respectively).

## 26.2 Defined benefits plan

Movements in provisions for employee benefits for the year ended 31 December 2012 and 2011 are as follows:

### Consolidated financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Retirement benefit plan	Other long-term employee benefit plan	Total provisions for employee benefits	Retirement benefit plan	Other long-term employee benefit plan	Total provisions for employee benefits
Defined benefit obligation at beginning of years	1,201	45	1,246	1,140	39	1,179
Current service cost	152	5	157	132	8	140
Interest cost	42	2	44	44	1	45
Benefits paid during the years	(54)	(2)	(56)	(29)	(3)	(32)
Actuarial gains	(57)	(7)	(64)	(86)	–	(86)
Past service costs	(51)	(29)	(80)	–	–	–
<b>Defined benefit obligation at end of years</b>	<b>1,233</b>	<b>14</b>	<b>1,247</b>	<b>1,201</b>	<b>45</b>	<b>1,246</b>
Unrecognised past service cost	51	–	51	–	–	–
<b>Provisions for employee benefits at end of years</b>	<b>1,284</b>	<b>14</b>	<b>1,298</b>	<b>1,201</b>	<b>45</b>	<b>1,246</b>

### Separate financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012			For the year ended 31 December 2011		
	Retirement benefit plan	Other long-term employee benefit plan	Total provisions for employee benefits	Retirement benefit plan	Other long-term employee benefit plan	Total provisions for employee benefits
Defined benefit obligation at beginning of years	1,186	45	1,231	1,127	39	1,166
Current service cost	149	5	154	130	8	138
Interest cost	42	2	44	43	1	44
Benefits paid during the years	(54)	(2)	(56)	(29)	(3)	(32)
Actuarial gains	(58)	(7)	(65)	(85)	–	(85)
Past service costs	(51)	(29)	(80)	–	–	–
<b>Defined benefit obligation at end of years</b>	<b>1,214</b>	<b>14</b>	<b>1,228</b>	<b>1,186</b>	<b>45</b>	<b>1,231</b>
Unrecognised past service cost	51	–	51	–	–	–
<b>Provisions for employee benefits at end of years</b>	<b>1,265</b>	<b>14</b>	<b>1,279</b>	<b>1,186</b>	<b>45</b>	<b>1,231</b>

The employee benefit expenses, included in the profit or loss from operation, was recorded in “Employee’s expenses” as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
Current service cost	157	140	154	138
Interest cost	44	45	44	44
Actuarial gain on other long-term employee benefit plan	(7)	–	(7)	–
Past service cost	(29)	–	(29)	–
<b>Total employee benefit expenses</b>	<b>165</b>	<b>185</b>	<b>162</b>	<b>182</b>

Accumulated amount of actuarial gains for post-employment benefit plan which had been recognised in the other comprehensive income of the Bank and its subsidiaries as at 31 December 2012 and 2011 were amounting to Baht 143 million and Baht 86 million, respectively (the Bank only: Baht 143 million and Baht 85 million, respectively).

The principal assumptions used in determining provisions under retirement benefit plan on an actuarial basis as at revaluation dates are shown below.

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Discount rates	3.28%, 3.73%, 3.95%	3.61%, 3.75%	3.73%	3.61%
Future salary increase rates	5.00%, 5.50%	5.00%, 5.50%	5.00%	5.00%
Staff turnover rates (depending on age)	0.00% – 18.00%	0.00% – 16.00%	0.00% – 18.00%	0.00% – 16.00%

Amounts of defined benefit obligation at the end of the current year and previous two years are as follows:

**Defined benefit obligation**

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
31 December 2012	1,247	1,228
31 December 2011	1,246	1,231
1 January 2011	1,179	1,160

**Consolidated and separate financial statements**

For the years ended 31 December

(Unit: Million Baht)

	2012	2011
Experience adjustments arising on the plan liabilities	(38)	(45)

## 27. Provisions for other liabilities

### Consolidated financial statement

For the year ended 31 December 2012

(Unit: Million Baht)

	Commitments	Obligation for litigation cases (Note 46.2)	Others	Total
Balances - beginning of the year	254	150	91	<b>495</b>
Increase in provisions	171	–	69	<b>240</b>
Decrease in provisions	–	(10)	–	<b>(10)</b>
Paid during the year	–	(65)	(70)	<b>(135)</b>
<b>Balances – end of the year</b>	<b>425</b>	<b>75</b>	<b>90</b>	<b>590</b>

### Separate financial statement

For the year ended 31 December 2012

(Unit: Million Baht)

	Commitments	Obligation for litigation cases (Note 46.2)	Others	Total
Balances - beginning of the year	254	97	91	<b>442</b>
Increase in provisions	171	–	64	<b>235</b>
Decrease in provisions	–	(12)	–	<b>(12)</b>
Paid during the year	–	(31)	(70)	<b>(101)</b>
<b>Balances – end of the year</b>	<b>425</b>	<b>54</b>	<b>85</b>	<b>564</b>

## 28. Other payables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Payables on purchases of investments	<b>14,118</b>	15,379	<b>14,118</b>	15,379
Others	<b>739</b>	259	<b>724</b>	253
<b>Total other payables</b>	<b>14,857</b>	15,638	<b>14,842</b>	15,632

**29. Other liabilities**

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Accrued expenses	<b>2,940</b>	2,865	<b>2,903</b>	2,831
Accrued interest expenses	<b>1,039</b>	1,262	<b>1,039</b>	1,262
Deposits and guarantees received	<b>909</b>	1,386	<b>895</b>	1,367
Collateral on derivative transactions	<b>19</b>	139	<b>19</b>	139
Suspense accounts – creditors	<b>4,294</b>	3,401	<b>4,272</b>	3,399
Others	<b>547</b>	516	<b>523</b>	492
<b>Total other liabilities</b>	<b>9,748</b>	9,569	<b>9,651</b>	9,490

**30. Warrants**

On 1 February 2006, the Bank issued 68,158,000 units of warrants with zero prices to the Bank's employees. The warrants can be exercised to buy ordinary shares. These warrants are in the bearer's name and are non-transferable, except for legacy transfers.

The details of the warrants issued are as follows:

Offer date	1 February 2006
Maturity	Five years from the issuance date
Offer price	Baht zero
Right to exercise	1 warrant: 1.051 ordinary shares (after adjusted)
Exercise price	Baht 4.48 (after adjusted) per share except in case of adjustment in accordance with the terms and conditions
Exercise date	31 January and 31 July of each year (every last business day)
Term of exercise period	31 July 2008 - 31 January 2011

From 31 July 2008 to 31 January 2011, no warrant holders exercised their rights ; hence 68,158,000 units of warrants expired on 1 February 2011.

**31. Share-based payments – TMB Performance Share Bonus Scheme****31.1 Information of TMB Performance Share Bonus Scheme**

On 24 June 2010, the Extraordinary General Meeting of Shareholders No. 1/2553 approved the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010 scheme) which will offer newly issued ordinary shares of the Bank to its employees (including employees who hold a position of director of the Bank who have qualifications under TMB PSBP 2010. The Employees under TMB PSBP 2010 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB PSBP 2010 with mandatory participation of top management but optional participation of staff at other levels.

Term of Continuing Scheme:	5 years starting from the first offering date.
Number of Ordinary Shares to be Offered:	Not exceeding the total of 400,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.
Offering Price per Share:	The offering price per share to be offered to the Employees under TMB PSBP 2010 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand ("SET") on each trading day for the period of 90 calendar days prior to each offering date of the newly issued shares.



The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the Employees under TMB PSBP 2010 Project at the price equivalent to the par value of the ordinary shares of the Bank.

Condition of Subscription for the Newly Issued Shares:

The Employees under TMB PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who are retired pursuant to the Bank's regulation or death are still retained).

During the years ended 31 December 2012 and 2011, the Bank recorded expenses of Baht 127 million and 84 million, respectively in relation to share-based payments.

### 31.2 The first offer of newly-issued ordinary shares

On 20 April 2011, the Bank made a first offering of 68,393,400 ordinary shares with a par value of Baht 0.95 per share to its employees, at a price of Baht 2.25 per share. The shares will be gradually issued on an annual basis within three years. In April 2012, the Bank issued the first lot of 21,182,090 ordinary shares with a par value of Baht 0.95 per share to 362 employees, at a price of Baht 2.25 per share, or for a total of Baht 47,659,702.50. As at 31 December 2012, 40,298,353 shares remain unissued from the first offer under the condition of the scheme.

### 31.3 The second offer of newly-issued ordinary shares

On 20 April 2012, the Bank offered 101,795,300 ordinary shares to the employees at a par value of Baht 0.95 per share for the price of Baht 1.67 per share. The shares will be gradually issued on an annual basis within three years. As at 31 December 2012, 96,093,600 shares remain unissued from the second offer under the condition of the scheme.

### 31.4 Reconciliation of ordinary shares, share premium and other reserve – shared-based payments

#### Consolidated and separate financial statements For the year ended 31 December 2012

	Issued and paid-up ordinary shares		Share premium	Other reserve – share-based payments
	No. of shares	Baht	Baht	Baht
Balance – beginning of the year	43,528,738,479	41,352,301,555	–	117,783,652
Issued ordinary shares to employees (Note 31.2)	21,182,090	20,122,986	27,536,717	(47,659,703)
Expenses in relation to issued ordinary shares to employee	–	–	(528,399)	–
Expenses in relation to share-based payments (Note 31.1)	–	–	–	126,799,514
<b>Balance – end of the year</b>	<b>43,549,920,569</b>	<b>41,372,424,541</b>	<b>27,008,318</b>	<b>196,923,463</b>

**32. Revaluation surplus on assets**

This represents surplus arising from revaluation of land and buildings. The revaluation surplus can neither be offset against deficit nor used for dividend distribution.

**Consolidated and separate financial statements**

(Unit: Million Baht)

	For the year ended 31 December 2012	For the year ended 31 December 2011
Balance – beginning of the years	4,601	4,784
Reappraisal during the years	1,046	–
Amortised during the years	(70)	(72)
Derecognised during the years	(514)	(104)
Transferred out during the years	(2)	(7)
<b>Balance – end of the years</b>	<b>5,061</b>	<b>4,601</b>

**33. Statutory reserve**

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

**34. Appropriation of the profit and dividend payment****34.1 The appropriation of the 2011 operating profits and dividend payment**

On 11 April 2012, the 2012 Annual General Meeting of Shareholders passed the resolutions regarding the appropriation of the 2011 operating profit and dividend payment as follows:

1. Appropriation of net profit of Baht 200 million to be statutory reserve.
2. Paying a dividend from the 2011 operating profits to ordinary shareholders, totaling 43,548,078,180 shares at Baht 0.03 per share, totaling a dividend payment of Baht 1,306 million. The Bank already paid such dividend to its shareholders on 9 May 2012.

**34.2 The appropriation of the 2010 operating profits and dividend payment**

On 8 April 2011, the 2011 Annual General Meeting of Shareholders passed the resolutions regarding the allocation of the 2010 operating profits and dividend payment as follows:

1. Allocating as a legal reserve in an amount of Baht 200 million.
2. Paying a dividend from the 2010 operating profits to ordinary shareholders, totaling 43,528,738,479 shares at Baht 0.015 per share, totaling a dividend payment of Baht 653 million. The Bank already paid such dividend to its shareholders on 4 May 2011.

**35. Interest income**

Interest income for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Interbank and money market items	2,488	2,698	2,475	2,691
Investments and trading transactions	323	88	323	88
Investments in debt securities	2,994	2,815	2,990	2,809
Loans to customers	24,495	20,479	24,292	20,310
Others	378	68	378	68
<b>Total interest income</b>	<b>30,678</b>	<b>26,148</b>	<b>30,458</b>	<b>25,966</b>

### 36. Interest expenses

Interest expenses for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
<b>Deposits</b>	<b>7,883</b>	6,794	<b>7,883</b>	6,795
Interbank and money market items	<b>1,210</b>	676	<b>1,210</b>	676
Contributions to the Deposit Protection Agency and Bank of Thailand	<b>2,214</b>	1,749	<b>2,214</b>	1,749
<b>Debts issued</b>				
– Subordinated debentures	<b>1,197</b>	926	<b>1,197</b>	926
– Others	<b>848</b>	1,480	<b>849</b>	1,481
Borrowings	<b>252</b>	287	<b>252</b>	287
Borrowings fees	<b>9</b>	–	<b>9</b>	–
<b>Total interest expenses</b>	<b>13,613</b>	11,912	<b>13,614</b>	11,914

### 37. Net fees and service income

Fees and service income and expenses for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
<b>Fees and service income</b>				
– Acceptances, aval and guarantees	<b>340</b>	311	<b>340</b>	311
– Credit card	<b>1,085</b>	1,042	<b>1,085</b>	1,042
– ATM	<b>1,140</b>	968	<b>1,140</b>	968
– Management fee and selling agent fee	<b>1,051</b>	949	<b>416</b>	364
– Others	<b>2,954</b>	2,171	<b>3,116</b>	2,304
<b>Total fees and service income</b>	<b>6,570</b>	5,441	<b>6,097</b>	4,989
<b>Fees and service expenses</b>				
– Credit card	<b>873</b>	842	<b>873</b>	842
– ATM	<b>496</b>	389	<b>496</b>	389
– Others	<b>525</b>	479	<b>467</b>	429
<b>Total fees and service expenses</b>	<b>1,894</b>	1,710	<b>1,836</b>	1,660
<b>Net fees and service income</b>	<b>4,676</b>	3,731	<b>4,261</b>	3,329

**38. Net gains on trading and foreign exchange transactions**

Net gains on trading and foreign exchange transactions for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
<b>Gains (losses) on tradings and foreign exchange transactions</b>				
– Foreign currencies and derivatives on foreign exchange	<b>1,713</b>	1,952	<b>1,713</b>	1,952
– Derivatives on interest rates	<b>13</b>	(70)	<b>13</b>	(70)
– Debt securities	<b>(16)</b>	26	<b>(16)</b>	26
<b>Net gains on tradings and foreign exchange transactions</b>	<b>1,710</b>	1,908	<b>1,710</b>	1,908

**39. Net loss on financial liabilities designated at fair value through profit or loss**

Net loss on financial liabilities designated at fair value through profit or loss for the year ended 31 December 2012 and 2011 consisted of the following:

**Consolidated and separate financial statements**

For the years ended 31 December

(Unit: Million Baht)

	2012	2011
Net change in fair value	<b>(13)</b>	–
Net gain on financial liabilities transferred	<b>11</b>	–
<b>Net loss on financial liabilities designated at fair value through profit or loss</b>	<b>(2)</b>	–

#### 40. Net gains on investments

Net gains on investments for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
<b>Gains on sales of investments</b>				
– Available-for-sale securities	146	48	146	40
– General investments	19	33	19	33
<b>Total gains on sales of investments</b>	<b>165</b>	<b>81</b>	<b>165</b>	<b>73</b>
<b>Reversal of allowance for impairment (losses on impairment)</b>				
– Available-for-sale securities	14	–	14	–
– General investments	(93)	25	(93)	25
– Investments in subsidiaries	–	–	269	275
<b>Total reversal of allowance for impairment (losses on impairment)</b>	<b>(79)</b>	<b>25</b>	<b>190</b>	<b>300</b>
<b>Net gains on investments</b>	<b>86</b>	<b>106</b>	<b>355</b>	<b>373</b>

At the end of the reporting periods, the management of the Bank considered the status of Phayathai Asset Management Company Limited (“PAMC” or “the subsidiary”) and noted that its financial position has improved and that it is expected to be able to increase its profitability. These are indicators for reversal of allowance for impairment and the Bank therefore reversed allowance for impairment on investment in the subsidiary so that the net investment in PAMC would reflect the recoverable amount.



**41. Bad debt, doubtful accounts and impairment loss**

Bad debt, doubtful accounts and impairment loss for the years ended 31 December 2012 and 2011 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Bad debts and doubtful accounts (reversal)				
Interbank and money market items	(105)	62	(105)	62
Loans to customers	8,885	3,021	8,967	3,158
Allowance for debt restructuring on loans to customers (reversal)	(29)	21	(38)	1
<b>Total bad debt, doubtful accounts and impairment loss</b>	<b>8,751</b>	<b>3,104</b>	<b>8,824</b>	<b>3,221</b>

**42. Income tax expenses**

The Bank has no income tax expenses for the years ended 31 December 2012 and 2011 because unutilised tax losses brought forward from the prior years have been utilised to set-off against the profits for the years when calculating corporate income tax. The brought forward unutilised tax losses exceed profits for the years.

The income tax expenses in the consolidated statements of comprehensive income for the years arisen from profit of the Bank's subsidiaries. They are calculated on the subsidiaries' profits for the years after adding back expenses which are disallowed for tax computation purposes.

#### 43. Components of other comprehensive income

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
<b>Other comprehensive income</b>				
(a) Changes in revaluation surplus on assets				
Gains on reappraisal during the year	1,046	–	1,046	–
Changes in revaluation surplus on assets	(2)	(7)	(2)	(7)
<b>Total</b>	<b>1,044</b>	<b>(7)</b>	<b>1,044</b>	<b>(7)</b>
(b) Gains (losses) on evaluation of available-for-sale investments				
Unrealised gains during the years	69	76	52	73
Less: Reclassification of realised gains included in profit or loss from operation	(103)	(33)	(103)	(33)
<b>Total</b>	<b>(34)</b>	<b>43</b>	<b>(51)</b>	<b>40</b>
(c) Gains (losses) arising from translating the financial statements of foreign operation				
Gains (losses) arising from translating during the years	(14)	43	(14)	43
Less: Reclassification of the realised gains included in profit or loss from operation	–	(23)	–	(23)
<b>Total</b>	<b>(14)</b>	<b>20</b>	<b>(14)</b>	<b>20</b>
(d) Actuarial gains on defined benefit plan for employees	57	86	58	86
<b>Total other comprehensive income</b>	<b>1,053</b>	<b>142</b>	<b>1,037</b>	<b>139</b>

**44. Earnings per share**

Basic earnings per share is calculated by dividing profits for the years (excluding other comprehensive income) attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue and held by outside shareholders during the years.

Diluted earnings per share is calculated by dividing profits for the years (excluding other comprehensive income) attributable to equity holders of the Bank by the sum of weighted average number of ordinary shares in issue and held by outside shareholders during the years and the weighted average number of ordinary shares which would need to be issued to convert all potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued. In calculation of diluted earnings per share, the potential ordinary shares include number of ordinary shares as offered in the first and second offers according to the TMB PSBP 2010 scheme as described in Note 31.2 and Note 31.3 to the financial statements.

No determination of number of potential ordinary shares, which would need to be issued for warrants, was made for the year ended 31 December 2011 because the warrants expired in February 2011.

Basic earnings per share and diluted earnings per share are presented below.

**Consolidated financial statements**

For the years ended 31 December

	Profits for the years		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profits for the years attributable to equity holders of the Bank	<b>1,605</b>	4,009	<b>43,544</b>	43,529	<b>0.0369</b>	0.0921
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme	<b>–</b>	–	<b>116</b>	46		
<b>Diluted earnings per share</b>	<b>1,605</b>	4,009	<b>43,660</b>	43,575	<b>0.0368</b>	0.0920

**Separate financial statements**

For the years ended 31 December

	Profits for the years		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Million Baht)	(Million Baht)	(Million shares)	(Million shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>						
Profits for the years attributable to equity holders of the Bank	<b>1,542</b>	3,939	<b>43,544</b>	43,529	<b>0.0354</b>	0.0905
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme	<b>–</b>	–	<b>116</b>	46		
<b>Diluted earnings per share</b>	<b>1,542</b>	3,939	<b>43,660</b>	43,575	<b>0.0353</b>	0.0904

#### 45. Assets under restriction

As at 31 December 2012 and 2011, the assets under restriction were as follows:

##### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
<b>Investment in securities (face value)</b>		
Pledged as collateral with the courts	28	34
Pledged as securities for daily liquidity	20,470	–
Pledged as collateral against repurchase transactions	28,938	27,056
<b>Properties foreclosed (carrying value)</b>		
Immovable assets subject to disposal restrictions (i.e. buyback options or first refusal rights)	–	52

#### 46. Commitments and contingencies

##### 46.1 Commitments

##### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
Avals to bills	208	149
Guarantees of loans	46	143
Liabilities under unmatured import bills	1,471	1,578
Letters of credit	24,671	25,376
Other commitments		
Other guarantees	32,868	30,672
Unused overdraft credit lines	74,188	63,749
Others	6,123	360
<b>Total</b>	<b>139,575</b>	<b>122,027</b>

In addition, the Bank and its subsidiaries have commitments from derivative contracts, as mentioned in Note 10 to the financial statements.

As at 31 December 2012 and 2011, the Bank had commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand, amounting to Baht 11 million and Baht 11 million, respectively.

##### 46.2 Litigation

As of 31 December 2012 and 2011, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 148 cases and 165 cases, respectively in the approximate dispute amounts of Baht 19,376 million and Baht 20,256 million, respectively (The Bank only: Claims for 127 cases and 146 cases, respectively in the approximate dispute amounts of Baht 14,705 million and Baht 15,562 million, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 871 million <sup>1</sup> and Baht 3,603 million <sup>1</sup>, respectively (The Bank only: 749 million <sup>1</sup> and Baht 3,457 million <sup>1</sup>, respectively).

As of 31 December 2012 and 2011, the Bank and its subsidiaries have recognised provisions which may be incurred losses from the litigation cases totalling Baht 75 million and Baht 150 million, respectively (The Bank only: Baht 54 million and Baht 97 million, respectively). The management concluded and believes that the provision established for such potential losses due to the said litigation cases is adequate.

In addition, the Bank was claimed in another lawsuit with the sum of Baht 140,261 million due to its issuance of the letter of guarantee in the credit limit of Baht 200 million. The Court of First Instance and the Appeals Court dismissed the case. At present, this case is in the process of filing the petition with the Supreme Court. The management was advised that there is no sufficient supporting grounds for filing the petition with the Supreme Court and it is unlikely that the plaintiff will win the case, the management believes that the Bank will not be liable in this case.

<sup>1</sup> Excluding the liabilities of the Bank as of 31 December 2012 and 2011 for Baht 3,885 million and Baht 2,439 million, respectively which the Court of First Instance and the Appeals Court dismissed the cases or rendered the judgment to decrease the Bank's liabilities.

#### 46.3 Non-cancellable operating lease commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
Payable within	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Within one year	220	226	211	213
After one year but within five years	203	271	202	261
<b>Total</b>	<b>423</b>	<b>497</b>	<b>413</b>	<b>474</b>

#### 46.4 Commitments with the Bank's subsidiary

In prior years, the Bank sold non-performing assets to Phayathai Asset Management Company Limited ("PAMC"). As at 31 December 2012 and 2011, the Bank still has obligations to transfer the mortgage rights in collateral for these non-performing assets to PAMC.

#### 47. Related party disclosures

##### 47.1 Definitions and characteristics of relationship

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital
2. Entities with joint control or significant influence over the entity are
  - 2.1 Related companies of major shareholders
  - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
  - 2.3 Entities in which the Bank holds over 10 % of paid-up share capital (excluding subsidiaries and associate)
3. Subsidiaries
4. Associate
5. Key management personnel of the Bank are directors, executive vice president and above, and first vice president and above of Financial Control and Financial Planning and Analysis.
6. Other related parties are
  - 6.1 Close family members of key management personnel
  - 6.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
  - 6.3 Entities of which key management personnel and their close family members are directors exercising control or significant influence

The additional information on investments in subsidiaries and associate is disclosed in Note 12 to the financial statements.



The followings are relationships with related parties that control or jointly control the Bank or are being controlled or jointly controlled by the Bank.

Name of entities	Country of incorporation	Nature of relationships
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
ING Life Ltd.	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
ING Funds (Thailand) Co., Ltd.	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Designee for ETA Contract Ltd.	Thailand	Subsidiary, 99.40% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 87.50% shareholding, more than 50% of directors are representatives of the Bank
Metro Designee Co., Ltd	Thailand	Associate, 30.00% shareholding, less than 50% of directors are representatives from the Bank

#### 47.2 Pricing policy

Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

The Bank's pricing and interest rate policy is as follows:

1. Interest rates of loans are in accordance with the market rate and the collateral consideration process is the same as the Bank's normal course of business except for the interest rate of staff welfare loans which are in accordance with the Bank's regulation.
2. Fee and service income as a result of the Bank's providing registrar and related services, money transfer services for unitholders, agent and support services for funds managed by its subsidiary and related company are charged at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into accounts the size of funds and the purchase and sale volumes of investment units.
3. Interest rates on deposits and borrowings are in accordance with the market rates.

4. Fee and service income for other types of services is in accordance with the market price.

5. The branches office rental and related services are based on market rates.

#### 47.3 Significant agreements with related parties

On 25 April 2008, the Annual General Meeting of Shareholders approved the connected transaction between the Bank and companies under the ING Group which are connected persons of the Bank as follows:

1. Distribution Agent Agreement between the Bank and ING Funds (Thailand) Co., Ltd. The agreement has a duration of 10 years. The agreement provides co-exclusive distribution rights to ING Funds (Thailand) Co., Ltd. and TMB Asset Management Company Limited. Prior to the expiration of the agreement, negotiations can be conducted to review the appropriateness of the agreement and conditions, and should the Bank wish to continue the arrangement, this must be proposed at the shareholders' meeting for approval.

Fees to be received by the Bank vary according to the type of fund, and will be determined jointly by the parties.

On 24 June 2010, the Meeting of the Board of Directors approved the amendment to Distribution Agent Agreement. The Bank will offer service of provident fund and private fund to its clients and will refer them to ING Funds (Thailand) Co., Ltd. which will acts as a fund manager, and receive fee in return. Additionally, ING Funds' right for exclusivity is relaxed such that the Bank can offer asset management products of other asset management companies to particular client segments of the Bank.

2. Bancassurance Product Distribution Agreement between the Bank and ING Life Ltd. The agreement, which is exclusive precluded the Bank from selling life insurance products for other companies except ING Life, has a duration of 10 years. Prior to the expiration of the agreement, negotiations can be conducted to review the appropriateness of the agreement and conditions, and should the Bank wish to continue the arrangement, this must be proposed at the shareholders' meeting for approval.

Fees and other commercial terms are to be mutually agreed by both parties.

Significant agreements with Thai Asset Management Corporation (Entities whose share are owned or controlled by the Ministry of Finance) are disclosed in Note 8 to financial statements.

#### 47.4 Senior management personnel compensation

For the years ended 31 December 2012 and 2011, senior management personnel compensation, included in profit or loss from operation, was classified as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2012	2011	2012	2011
Short-term employee benefits – directors	32	28	31	28
Short-term employee benefits – managements	503	434	459	394
Post-employment benefits	42	33	36	29
Share-based payments (performance share bonus)	111	70	111	70

Senior managements of the Bank are directors, executive vice president and above, and first vice president and above of Financial Control and Financial Planning and Analysis.

Senior managements of the subsidiaries are at the level directors and executive officers upwards.

#### 47.5 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in term of monetary and non-monetary items, except for the benefits that are normally received as mentioned in Note 31 and Note 47.4 to the financial statements such as monthly directors' remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executive of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V.. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

#### 47.6 Transactions with related parties which occurred during the periods

For the years ended 31 December 2012 and 2011, significant transactions with related parties are as follows:

##### Consolidated financial statements

For the year ended 31 December 2012

(Unit: Million Baht)

	Interest income	Interest expenses	Fees and service income	Fees and service expense	Other operating income	Other operating expense – others	Reversal bad debt, doubtful accounts and impairment loss
1. Major shareholders	86	1	–	–	–	4	–
2. Entities with joint control or significant influence over the entity	826	577	1,153	117	4	358	28
3. Subsidiaries	–	–	–	–	–	–	–
4. Associate	–	–	–	–	–	–	–
5. Key management personnel of the Bank	1	3	–	–	–	–	–
6. Other related parties	–	3	1	–	–	–	–

##### Consolidated financial statements

For the year ended 31 December 2011

(Unit: Million Baht)

	Interest income	Interest expenses	Fees and service income	Fees and service expense	Other operating income	Other operating expense – others	Reversal bad debt, doubtful accounts and impairment loss
1. Major shareholders	116	–	11	–	1	–	–
2. Entities with joint control or significant influence over the entity	864	339	676	74	8	99	(86)
3. Subsidiaries	–	–	–	–	–	–	–
4. Associate	–	–	–	–	–	–	–
5. Key management personnel of the Bank	1	2	–	–	–	–	–
6. Other related parties	–	5	2	–	–	–	–

### Separate financial statements

For the year ended 31 December 2012

(Unit: Million Baht)

	Interest income	Interest expenses	Fees and service income	Fees and service expense	Other operating income	Other operating expense – others	Reversal bad debt, doubtful accounts and impairment loss
1. Major shareholders	86	1	–	–	–	4	–
2. Entities with joint control or significant influence over the entity	822	577	1,153	117	4	358	28
3. Subsidiaries	–	1	305	–	2	–	–
4. Associate	–	–	–	–	–	–	–
5. Key management personnel of the Bank	1	3	–	–	–	–	–
6. Other related parties	–	3	1	–	–	–	–

### Separate financial statements

For the year ended 31 December 2011

(Unit: Million Baht)

	Interest income	Interest expenses	Fees and service income	Fees and service expense	Other operating income	Other operating expense – others	Reversal bad debt, doubtful accounts and impairment loss
1. Major shareholders	116	–	11	–	1	–	–
2. Entities with joint control or significant influence over the entity	857	339	676	74	8	129	(86)
3. Subsidiaries	5	2	313	–	2	–	–
4. Associate	–	–	–	–	–	–	(7)
5. Key management personnel of the Bank	1	2	–	–	–	–	–
6. Other related parties	–	5	2	–	–	–	–

#### 47.7 Outstanding balances with related parties

As at 31 December 2012 and 2011, outstanding balances with related persons or parties are as follows:

##### 47.7.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2012 and 2011 are as follows:

#### Consolidated and separate financial statements

(Unit: Million Baht)

	31 December 2012	31 December 2011
<b>Loans to customers and accrued interest receivables</b>		
Ministry of Finance	3,035	3,033
<b>Deposits (including interbank and money market items – liabilities)</b>		
ING Bank N.V.	196	196
<b>Debts issued and borrowings (Including interbank and money market items – liabilities)</b>		
Ministry of Finance	4	8
<b>Contingencies – Derivatives</b>		
ING Bank N.V.	11,480 <sup>1</sup>	14,161 <sup>1</sup>
<b>Other contingencies</b>		
ING Bank N.V.	15	16

<sup>1</sup> Presented in notional amount



47.7.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Investment in debt securities</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	614	5,467	597	5,065
<b>Loans to customers and accrued interest receivables (Including interbank and money market items - assets)</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	40,682	42,587	40,682	42,587
Thai Charoenpol Industry Co., Ltd.	3	3	3	3
<b>Allowance for doubtful debts</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	111	83	111	83
<b>Other receivables</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	6,213	2,087	6,213	2,087
<b>Other assets</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	272	339	272	334
ING Life Ltd.	215	105	215	105
ING Funds (Thailand) Co., Ltd.	17	2	17	2
<b>Deposits (Including interbank and money market items - liabilities)</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	14,184	4,114	14,184	4,114
ING Life Ltd.	300	324	300	324
ING Funds (Thailand) Co., Ltd.	226	157	226	157
TMB Property Development Co., Ltd.	4	4	4	4

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Debts issued and borrowings (Including interbank and money market items - liabilities)</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	23,656	8,776	23,656	8,776
<b>Provisions for obligation on transfers of non-performing assets</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	6,380	6,243	6,380	6,243
<b>Other liabilities</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	74	13	74	13
<b>Contingencies – Derivatives</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	95,235 <sup>1</sup>	46,960 <sup>1</sup>	95,235 <sup>1</sup>	46,960 <sup>1</sup>
<b>Other contingencies</b>				
Entities whose shares are owned or controlled by the Ministry of Finance	5,829	749	5,829	749
KOOKMIN Bank	3	4	3	4

<sup>1</sup> Presented in notional amount

**47.7.3** Significant balances between the Bank and its subsidiaries and associate as at 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
<b>Other assets</b>				
TMB Asset Management Co., Ltd.	–	–	39	29
<b>Deposits</b>				
Phayathai Asset Management Co., Ltd.	–	–	226	95
TMB Asset Management Co., Ltd.	–	–	31	33
<b>Other liabilities</b>				
TMB Asset Management Co., Ltd.	–	–	–	18

- 47.7.4 Significant balances between the Bank and the subsidiaries, and their key management personnel as at 31 December 2012 and 2011 are as follows:

**Consolidated and separate financial statements**

(Unit: Million Baht)

	31 December 2012	31 December 2011
Loans to customers and accrued interest receivables	35	9
Welfare loans	21	28
Deposits	141	125
Debts issued and borrowings	–	12

- 47.7.5 Significant balances between the Bank and the subsidiaries, and other related parties as at 31 December 2012 and 2011 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2012	31 December 2011	31 December 2012	31 December 2011
Loans to customers and accrued interest receivables	4	3	4	3
Deposits	126	126	126	126
Debts issued and borrowings	–	1	–	1

**48. Financial position and results of operations classified by domestic and overseas activities**

**48.1 Financial position categorised by type of business**

**Consolidated financial statements**

(Unit: Million Baht)

	31 December 2012			31 December 2011		
	Domestic business	Overseas business	Total	Domestic business	Overseas business	Total
Total assets	711,507	640	712,147	718,193	450	718,643
Interbank and money market items – net (assets)	95,806	461	96,267	137,731	411	138,142
Investments – net	109,147	–	109,147	113,660	–	113,660
Loans to customers and accrued interest receivables – net	428,594	157	428,751	376,606	12	376,618
Deposits	495,989	169	496,158	452,102	214	452,316
Interbank and money market items (liabilities)	65,981	72	66,053	42,161	60	42,221
Debts issued and borrowings	40,695	2,553	43,248	99,097	3,169	102,266

#### 48.2 Results of operations categorised by type of business

The results of operations categorised by type of business for the years ended 31 December 2012 and 2011 are summarised as follows:

##### Consolidated financial statements

(Unit: Million Baht)

	For the year ended 31 December 2012				For the year ended 31 December 2011			
	Domestic business	Overseas business	Eliminated transactions	Total	Domestic business	Overseas business	Eliminated transactions	Total
Interest income	30,674	42	(38)	30,678	26,148	50	(50)	26,148
Interest expense	13,614	37	(38)	13,613	11,919	43	(50)	11,912
Net interest income	17,060	5	–	17,065	14,229	7	–	14,236
Net fees and service income	4,669	7	–	4,676	3,730	1	–	3,731
Other operating income	2,951	–	–	2,951	2,849	1	–	2,850
Other operating expenses	14,265	9	–	14,274	13,632	9	–	13,641
Bad debt, doubtful accounts and impairment loss	8,748	3	–	8,751	3,104	–	–	3,104
<b>Profits from operation before income tax expenses</b>	<b>1,667</b>	<b>–</b>	<b>–</b>	<b>1,667</b>	<b>4,072</b>	<b>–</b>	<b>–</b>	<b>4,072</b>

#### 49. Event after the reporting period

On 21 February 2013, the Board of Directors of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders the payment of a dividend of Baht 0.033 per share to the Bank's ordinary shareholders from its 2012 operating results or a total of Baht 1,437 million (Such dividend amount is calculated based on the number of issued and paid-up share capital as at 31 December 2012, which has yet to include the number of ordinary shares that will be issued in April 2013 under TMB Performance Share Bonus 2010 Project to employees, who were offered in 2011 and 2012 and are still the employees of the Bank as of the subscription date of such newly issued shares.).

Such dividend will be paid and recorded after it is approved by the resolution of the Annual General Meeting of the Bank's shareholders.

#### 50. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 21 February 2013.





# Basel II Pillar III Disclosure

## 1. Scope of Application

In this annual disclosure report for the reporting year 2012, TMB discloses quantitative information based on full consolidation and solo basis (Bank Only), in line with the Bank of Thailand (BOT) notification.

The subsidiaries below are included in the full consolidation.

Name	Type of business
1. Phayathai Asset Management Co., Ltd.	NPL and NPA management
2. TMB Asset Management Co., Ltd.	Fund Management
3. Designee for ETA Contract Co., Ltd.	Infrastructure

## 2. Executive Summary

The Bank has maintained sufficient capital to support its business growth as well as to meet the regulatory minimum requirements. At the end of 2012, the Bank's Capital Adequacy Ratio (CAR) on a Solo basis and full consolidation was reported at 18.16% and 18.14% respectively, exceeding the regulatory minimum of 8.50%.

Risk management is also fundamental to the Bank and is an integral part of the Bank's strategic focus. Management of the Bank's major risks including credit, market, operational, liquidity and strategic risks, as well as other risk factors is essential to allow the Bank's business to create shareholder value with appropriate and sustainable shareholder returns. Hence, risk management is embedded in the daily business activities and strategic planning with the objective to optimize risks and returns.

## 3. Capital

### 3.1 Capital Structure

**Table 1: Regulatory Capital composition**

(Unit: THB million)

Item	Solo Basis		Full Consolidation	
	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
<b>1. Tier I Capital</b>	<b>49,754</b>	<b>49,754</b>	<b>49,890</b>	<b>49,993</b>
1.1. Paid-up shares capital	41,372	41,372	41,372	41,372
1.2. Warrants	–	–	–	–
1.3. Net premium (discount)	27	27	27	27
1.4. Non Cumulative Preferred share	–	–	–	–
1.5. Statutory reserves	400	400	400	400
1.6. Reserve appropriated from the net profit	–	–	–	–
1.7. Cumulative profit (loss) after appropriation	3,955	3,955	4,085	4,136
1.8. Hybrid Tier 1 that BOT allows to be counted as Tier I capital	4,000	4,000	4,000	4,000
1.9. Others	–	–	65	118
1.10. Less Deduction items	–	–	60	60
1.10.1. Deduction items for Tier I capital	–	–	60	60
1.10.2. Deductions from Tier 1 capital and Tier 2 capital 50% each	–	–	–	–
1.10.3. Deductions from the excess portion of Tier 2 capital requirement	–	–	–	–
<b>2. Tier II Capital</b>	<b>31,550</b>	<b>31,485</b>	<b>31,558</b>	<b>31,489</b>
2.1. Tier II Capital before deductions	31,550	31,485	31,558	31,489

(Unit: THB million)

Item	Solo Basis		Full Consolidation	
	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
2.2. Deductions from Tier 1 capital and Tier 2 capital 50% each	–	–	–	–
<b>3. Total regulatory capital</b>	<b>81,302</b>	<b>81,239</b>	81,448	81,482
3.1. Total regulatory capital before deductions	81,304	81,239	<b>81,448</b>	<b>81,482</b>
3.2. Less: Deduction items	2	–	–	–
<b>Total capital to risk-weighted assets</b>	<b>18.16%</b>	<b>18.72%</b>	<b>18.14%</b>	<b>18.72%</b>
<b>Tier 1 capital to risk-weighted assets</b>	<b>11.11%</b>	<b>11.46%</b>	<b>11.11%</b>	<b>11.49%</b>
<b>Risk Weighted Assets (RWA)</b>				
1. Credit Risk Weighted Assets	395,493	391,103	395,719	391,530
2. Market Risk Weighted Assets	15,896	9,795	5,896	9,795
3. Operational Risk Weighted Assets	36,334	33,125	37,350	33,954
<b>Total RWA</b>	<b>447,723</b>	<b>434,023</b>	<b>448,965</b>	<b>435,279</b>

#### Subordinated debentures

- On 6 November 2009, the Bank issued the Subordinated Debenture No. 1/2552, amounting to Baht 5,300 million, which has a 10-year maturity period and carries a fixed interest rate of 5.00% per annum for the first 3 years, 5.25% per annum for the fourth and the fifth years and 6.50% per annum for the sixth to the tenth years. Interest is payable quarterly in February, May, August and November of every year. The Bank has an option to redeem the Subordinated Debenture No.1/2552 after 5 years from the issuing date or following certain specified conditions.
- On 2 April 2010, the Bank issued the Subordinated Debenture No.1/2553, amounting to Baht 8,000 million, which has a 10-year maturity period and carries a fixed rate of 4.70% per annum for the first 5 years and 6% per annum for the sixth to the tenth years. Interest is payable quarterly in January, April, July and October of every year. The Bank has an option to redeem the Subordinated Debenture No. 1/2553 after 5 years from the issuing date or following certain specified conditions.
- On 18 May 2012, the Bank issued the Subordinated Debenture No.1/2555, amounting to Baht 9,400 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 18 May every year with the exception of the first interest payment, which was made on 25 May 2012. The Bank can redeem the Subordinated Debenture No. 1/2555 prior to the 10-year maturity period under the following circumstances:
  - On or after the fifth anniversary of the issue date.
  - The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
  - The Bank of Thailand issues additional regulations which allow early redemption of the debenture.
- On 25 May 2012, the Bank issued the Subordinated Debenture No.2/2555, amounting to Baht 950 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 25 May every year with the exception of the first interest payment, which was made on 1 June 2012. The Bank can redeem the Subordinated Debenture No. 2/2555 prior to the 10-year maturity period under the following circumstances:
  - On or after the fifth anniversary of the issue date.
  - The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
  - The Bank of Thailand issues additional regulations which allow early redemption of the debenture.

#### Perpetual non-cumulative Tier 1 hybrid securities

On 30 April 2009, the Bank issued Baht 4,000 million in aggregate as a principal amount of the Perpetual Non-Cumulative Tier 1 Hybrid Securities ('Hybrid Tier 1'). The securities are perpetual. However, the Bank has an early redemption option subject to the prior written approval of the Bank of Thailand and the Bank being solvent at that time. Early redemption is permitted under the following circumstances:

1. At every interest payment date, after the fifth year of the issuing date.
2. In the event that any change or amendment in the tax laws resulting in more tax liabilities to the Bank or the Bank not being able to claim interest on such securities as tax-deductible expenses.
3. In the event that the Hybrid Tier 1 is no longer qualified as Tier 1 capital of the Bank.

The securities carries a fixed interest rate of 7.00% per annum for the first 10 years and a floating interest rate based on the 6-month Time Deposit rate of the Bank plus 7.00% per annum for the eleventh year onwards. Interest is semi-annually payable on 30 April and 30 October every year.

In the event the Bank incurs a loss in the financial period prior to the interest payment date or in case that the interest payment for the Hybrid Tier 1 on any interest payment date results in the Bank incurring a loss in the financial period just prior to such interest payment date, the Bank will not be obliged to make any interest payment for that period and such interest will be non-cumulative and will not be carried forward to the next payment period unless allowed by the Bank of Thailand to pay such interest.

### 3.2 Capital Adequacy

At the end of 2012 the Bank's Capital Adequacy Ratios (CAR) were in the level of 18% for both Solo basis and Full consolidation, whilst its Tier 1 ratios for Solo basis and Full consolidation were reported at the same level of 11.11%. The CAR ratio is significantly above the regulatory minimum of 8.5%. CAR ratio for Solo basis and Full consolidation decreased when compared to 18.72% as at the end of June 2012 mainly due to an increase in the Bank's risk weighted assets reflecting a higher outstanding loan book.

The bank has implemented an Internal Capital Adequacy Assessment Process (ICAAP), with regular reporting to management and Board of Directors about the bank's capital adequacy and all relevant capital management issues.

**Table 2: Calculation Approach capital requirement**

Approach implemented by risk type	Approach
Credit risk	Standardized Approach (SA)
Market risk	Standardized Approach (SA)
Operational risk	Basic Indicator Approach (BIA)

**Table 3: Minimum capital requirements for credit risk classified by types of assets under the SA approach**

(Unit: THB million)

Minimum capital requirement for credit risk classified by types of assets under SA approach	Solo Basis		Full Consolidation	
	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
<b>1. Performing assets</b>	<b>32,199</b>	<b>31,511</b>	<b>32,124</b>	<b>31,451</b>
1.1 Claims on Sovereigns and Central Banks and Multilateral Development Banks (MDBs)	205	184	205	184
1.2 Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	1,848	2,849	1,867	2,880

(Unit: THB million)

Minimum capital requirement for credit risk classified by types of assets under SA approach		Solo Basis		Full Consolidation	
		31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
1.3	Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	19,719	18,202	19,719	18,202
1.4	Claims on retail portfolios	6,619	6,608	6,620	6,608
1.5	Residential mortgage exposures	1,796	1,533	1,796	1,533
1.6	Other assets	2,012	2,135	1,917	2,044
<b>2. Non-performing assets</b>		<b>1,417</b>	<b>1,733</b>	<b>1,512</b>	<b>1,829</b>
<b>3. First-to-default credit derivatives and securitization</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total minimum capital requirement for credit risk under the SA approach</b>		<b>33,616</b>	<b>33,244</b>	<b>33,636</b>	<b>33,280</b>

\* Minimum capital requirement based on regulatory minimum CAR ratio of 8.5%

**Table 4: Minimum capital requirement for market risk for positions in the trading book** (Unit: THB million)

Minimum capital requirement for market risk (positions in the trading book)		Solo Basis		Full Consolidation	
		31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
Total minimum capital requirement for market risk (Standardized Approach)		1,351	833	1,351	833

\* Minimum capital requirement based on regulatory minimum CAR ratio of 8.5%

**Table 5: Minimum capital requirement for operational risk** (Unit: THB million)

Minimum capital requirement for operational risk		Solo Basis		Full Consolidation	
		31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
Total minimum capital requirement for operational risk (Basic Indicator Approach)		3,088	2,816	3,175	2,886

\* Minimum capital requirement based on regulatory minimum CAR ratio of 8.5%

**4. Risk exposures and assessment**

Management of risk is fundamental to TMB and is an integral part of TMB's strategic focus. TMB takes a disciplined approach to managing credit, market and operational risk. Risk management is essential to our business being able to create shareholder value with appropriate and sustainable shareholder returns. Risk management is embedded in the daily business activities and strategic planning with the objective to optimize risks and returns. Our approach to risk is founded on solid risk governance and embedding a risk management culture where all employees look for risks, consider their impacts and apply appropriate risk mitigation strategies.

This section outlines TMB's approaches to risk management, explaining our objectives as well as the high level policies, processes, measurement techniques and controls that are used. This section also presents a summary of information and disclosure on our portfolios and positions.

#### 4.1 Credit risk

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

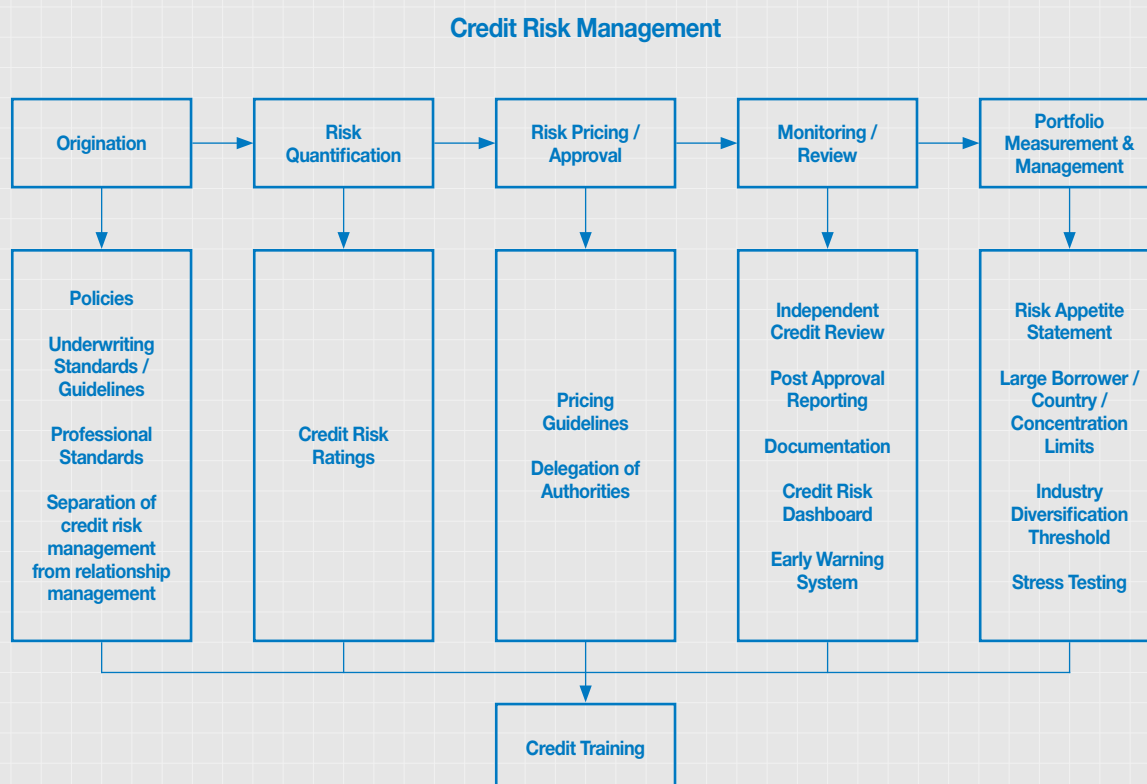
##### 4.1.1 Overall Credit Risk Management

Credit risk management is the process by which risks that are inherent in the credit processes and credit portfolios are managed and controlled.

TMB's credit risk management objective is to maximize the Bank's risk-adjusted return by maintaining credit risk exposure within acceptable level and build a sustainable competitive advantage by integrating risk management into business activities and strategic planning. In recent years, TMB has improved and continues to improve its credit risk management capabilities with investments in people, risk management governance, processes, measurement tools and systems including an economic capital framework, improved risk measurement processes and tools, such as risk rating models, Application Scorecard and Behavior Scorecard and established frameworks which sets out credit policies, procedures and guidelines covering the measurement and management of credit risk.

TMB manages credit risk on a consolidation basis. TMB Financial Business Group consists of Phayathai Asset Management Company (PAMC) and TMB Asset Management (TMBAM). Currently PAMC and TMBAM are not involved in credit-risk taking transactions. The business nature of PAMC primarily involves the liquidation of NPA and NPL, while TMBAM is a fund management company and also does not undertake credit-granting transactions.

The following chart is an overview of credit risk management at TMB:

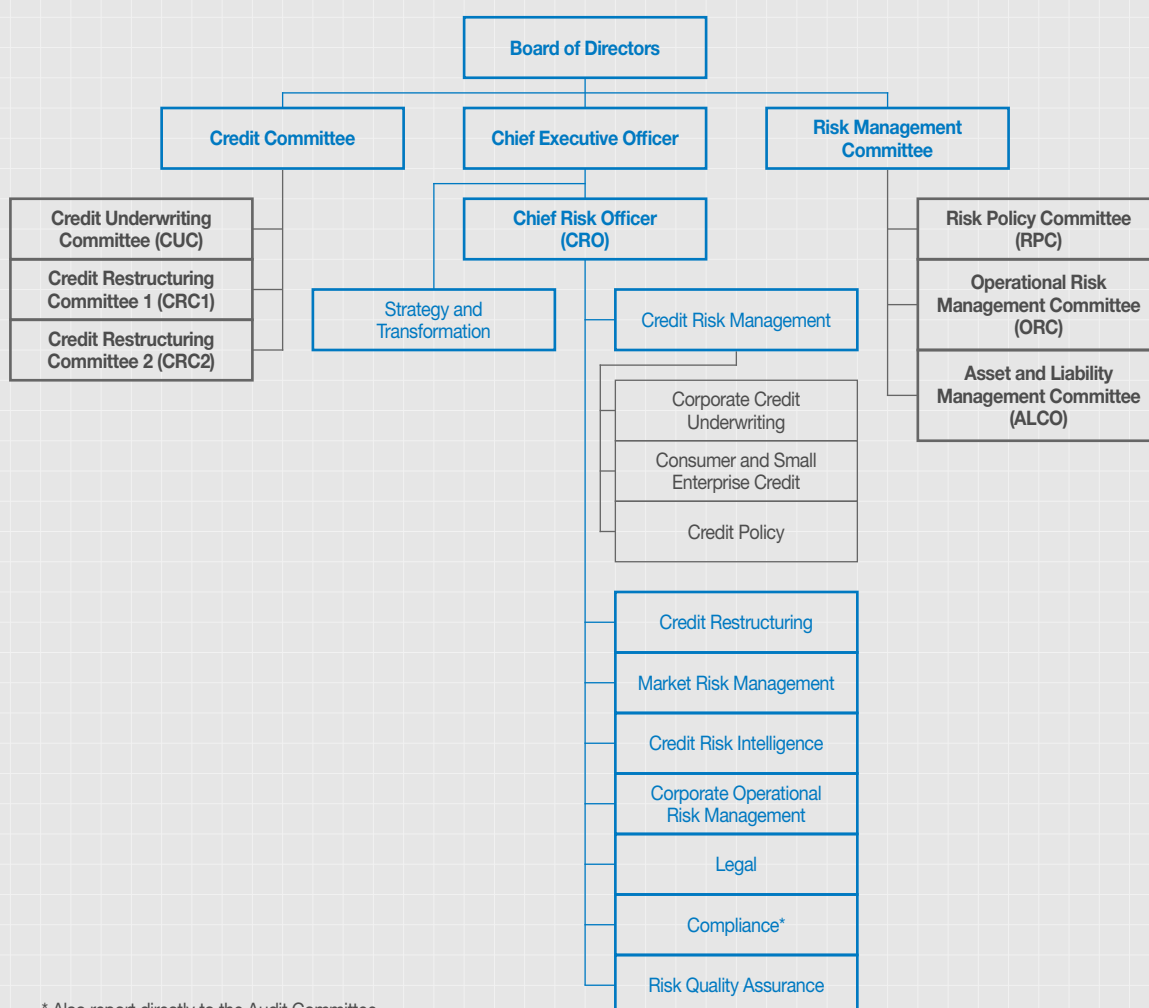




#### 4.1.2 Structure and Organization of Relevant Credit Risk Management Functions

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

The following chart highlights TMB's credit risk governance structure:



\* Also report directly to the Audit Committee

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

Several risk committees provide forums to discuss specific risk areas:

- **The Risk Policy Committee**  
Assists the RMC in fulfilling its oversight of internal policies, framework, standards and issues related to credit risk management.
- **The Operational Risk Management Committee**  
Assists the RMC in all matters related to operational risk management.

- **The Asset and Liability Management Committee**

Assists the RMC in all matters related to balance sheet management including liquidity and capital management.

- **The Credit Committee (CC), the Credit Underwriting Committee (CUC), the Credit Restructuring Committee**

Make transactional credit decisions.

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

At a transactional level, both Credit Risk Management and Credit Restructuring create consistency throughout the Bank by providing common credit underwriting standards, credit manuals and tools, and performing credit underwriting, portfolio proactive management, credit review, collection and remedial management activities (including credit restructuring and loan recovery). Credit Risk Management is also responsible for establishing bank-wide risk management policies and guidelines. Credit Risk Intelligence supports the measurement and management of credit risk with the development and monitoring of TMB's Credit Risk Appetite, performs credit portfolio analytics and supports credit risk stress testing. Moreover, Credit Risk Intelligence supports credit risk stakeholders on data support and business rule management, credit risk reporting and regulatory reporting, develops and monitors credit risk models and changes/promotes credit risk systems and processes to be line with credit risk strategy.

Risk Quality Assurance provides support on the review of the performance and end-to-end process for identified high-risk segments, while, Independent Credit Review Department provides independent review of credit as required by the BOT.

Business Units, as a first line of defense, are directly accountable for the management of risks arising from their business activities. A key objective is to ensure that business decisions strike an appropriate balance between risk and reward, consistent with the Bank's risk appetite.

#### 4.1.3 Credit Risk Management Framework

Underwriting, monitoring and management of credit and undertaking contingent liabilities are important activities within TMB's banking activities and hence a major source of income. However, these activities can expose TMB's earnings and capital to credit risk. Effective credit risk management (ensuring sound and robust underwriting of new credit, effective monitoring of existing credit exposure and effective and efficient restructuring and collection of credit exposure) is crucial to TMB's current and future financial health, now and in the future. This is achieved by building a strong credit culture, based on thorough knowledge of our borrowers and executed by well-trained staff according to our 3 lines of defense within the credit risk management framework. The 3 lines of defense concept help us to mitigate credit risk within TMB:

- Management of TMB Bank business units have primary responsibility and accountability for the effective control of credit risks incurred by their business units (**'1st line of defense'**). The first line of defense is responsible for the execution of TMB Bank's credit risk policies, procedures/minimum standards and guidelines. They assess and mitigate and respond to the credit risks to ensure that only acceptable credit risks remain. The business units implement and maintain mandatory controls and ensure the effectiveness and efficiency of their activities.
- Credit Risk Management (**'2nd line of defense'**) partner with and support the 1st line of defense's risk management activities. Risk management functions are independent of the management and staff that originate the credit risk exposures. The 2nd line of defense defines and maintains the policies, procedures and minimum standards and monitors the first line of defense's credit activities. They are expected to enforce credit risk policy compliance.
- Audit operates as the **'3rd line of defense'**. Audit is to provide an independent assurance of the design and effectiveness of internal controls over the credit risks inherent to TMB's business performance. Audit can provide specific recommendations for improvement of elements of the credit risk governance and control framework.

Apart from applying the 3 lines of defense concept, a strong credit culture is also built by operating credit activities through the following core credit risk management principles:

- **Credit Portfolio Management**

TMB strategically manages the composition of its credit portfolio and sets limits to cap concentration risk at an acceptable level to ensure that its credit portfolio is well-diversified; the credit portfolio is growing within an acceptable risk appetite and generates the required risk – adjusted return.

- **Checks and Balances**

TMB has established a framework of Delegation of Authority for credit approval to segregate the duties of a recommending authority from an approving authority ('4 eyes principles'). This is to ensure that all credit decisions are taken at the most appropriate level of experience and knowledge within the Bank. The approving authorities are operating independently from the recommending authorities.

- **Sound Credit Processes**

Credit risk is managed through a framework which sets out policies and procedures throughout the 'credit life cycle', covering the management/monitoring, underwriting and measurement of credit risk. The operational procedures are set out in writing in policies, procedures, minimum standards and guidelines with sufficient detail to provide guidance to staff throughout the credit process. These processes are supported by regular communication and training. It is TMB's policy to further increase the efficiency and effectiveness of our robust credit underwriting in order to support the improvement of our asset quality.

- **Standard for Professionalism**

TMB ensures that staffs who are involved in the credit process comply with all applicable policies, procedures, minimum standards and guidelines, appropriate laws and regulations, and TMB's code of conduct. TMB also provides extensive training modules to ensure that credit risk knowledge is at par with best practice.

- **Monitoring and Control**

Adequate reporting standards are defined to monitor and maintain effectiveness of credit portfolio management. Effective use of automated tools like Early Warning Triggers is an integral part of our monitoring process, both at an individual facility level and at the portfolio level.

#### 4.1.4 Credit Risk Management Process

- **Credit Risk Policies**

The credit risk policies are developed with a clearly defined guideline under a common framework for credit risk management. Loans are not provided for businesses that are in violation of laws, the code of ethics or which could have an impact on TMB's reputation as defined by the BoD. The policies generally cover the following:

1. As a basis for the operations, policies and customer qualifications are plotted according to risk levels, divided into three groups, credits that are prohibited/suspended, credits that are discouraged, and credits requiring special attention.
2. Credit portfolio management is carried out to prevent concentration within the credit portfolio, for example, to any industrial sector or borrowing group. To ensure a check and balance in the approval process, the Bank clearly separates the roles and duties of business relationship management staff, credit risk analysis staff and staff with approval authority.

The working procedure and practice of credit management, underwriting and monitoring are available to all users in written policies, procedures, guidelines and manuals. These publications support relevant staff in performing their 1st, 2nd or 3rd lines of defense tasks, such as customer screening, customer payment ability analysis, risk analysis, collateral consideration, and risk mitigation. TMB's retail credit portfolios comprise of consumer and small/micro SME exposures and are managed on a product portfolio basis. Policy scope and product terms and conditions are packaged and standardized in order to achieve maximum efficiency and reliability in portfolio underwriting, management and collections. Scorecards and credit risk rating tools are also used where available.

- **Credit Approval and Monitoring Process**

Credit exposures to individual counterparties and groups of connected counterparties are reviewed and approved by respective committees or individuals within a defined credit approval authority framework with clearly defined roles and responsibilities based on a check and balance concept. Credit risk rating models are used in the approval process, along with judgment and experience, for the Wholesale and SME portfolios. In retail portfolios, application scorecards are used as a tool in the decision making process.

The Bank has separate credit processes for wholesale (Multi-corporate, Corporate and Business Banking), SME and Retail credit and has segregated the credit process roles by credit process into relationship management (Front Office) and credit risk management for proper checks and balances. Front Office teams report to the Chief Wholesale Banking Officer, while credit risk management staff report to the Chief Risk Officer. Front Office Units for the wholesale portfolio are responsible for marketing, sales and deal origination, customer service, pre-screening and preparation of credit applications that will be forwarded to credit underwriters for further credit risk assessment and recommendation. Front Office staff also have the responsibility for the credit process and credit products as a whole and to manage the full credit life cycle: origination, monitoring, managing and review of their credit portfolio including all risks involved. The credit applications (including recommendation from credit underwriter) are then proposed to the relevant approval authorities that have the authority to approve/decline on the basis of borrower and industry data, subject to TMB's policies and BOT regulations. Credits that show deterioration in performance need special attention from Relationship Managers (RMs) by way of proper monitoring and management actions to prevent delinquency. Delinquent customers in need of restructuring are transferred to Credit Restructuring.

For Retail Credit and Small SMEs, the credit process is structured on a product/portfolio basis. Again, sales/marketing and credit management are separated into different functions, with the Business Unit handling the marketing and reporting to the Chief Retail Banking Officer or Chief SME and Supply Chain Banking Officer and the credit management function reporting to the Chief Risk Officer. Customer acquisition is through branches, business development managers or other sales channels under the marketing and sales guidance of the product manager and sales/account manager. A retail loan origination system is used to support consumer credit applications for both secured and unsecured products. Credit Scoring plays an important role in credit decisions for Unsecured Consumer and also Small SME applicants. The Retail Collection team under Consumer and SME Credit is responsible for the remedial management and collections follow up on high risk or delinquent consumer and small SME customers, as well as non performing loan (NPL) recovery on unsecured consumer debts. Management of NPL recovery for SME customers and secured consumer product customers is handled by specialists in Credit Restructuring.

- **Credit Quality Management**

TMB manages the quality of its credit portfolios by monitoring and reviewing the status of our borrowers and/or counterparties constantly, both at an individual level and at a portfolio level. Also here, the 3 lines of defense approach is applicable: dedicated Relationship Managers monitor their Wholesale and SME Customers at an individual level. Credit risk data supports them on a portfolio level. In our Retail portfolio the focus is on portfolio monitoring. Special attention is paid to problem exposures, which are subject to more frequent review and reporting. Early warning triggers are in place to detect customers that may be moving toward adverse classification or further deterioration of their performance. Dedicated Credit Restructuring teams and Credit Restructuring Committees are established to restructure problem loans in an effective manner and to provide advice on debt restructuring conditions.

- **Credit Risk Measurement and Portfolio Management**

Credit risk measurement plays an important role in portfolio management decisions by producing the most accurate possible quantitative assessment of the credit risk to which TMB is exposed, from the level of an individual facility up to the portfolio as a whole.

TMB developed and constantly monitors and refines its internal credit risk models in full compliance with Basel II – AIRB standards. These models are comprised of Probability of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD) models. TMB measures credit risks using these key components in order to identify, measure and manage the appropriate level of IBNR provision, economic capital (EC) and credit risk concentrations. Moreover, TMB uses credit risk models to assess the credit quality of all borrowers for account acquisition and maintenance (Consumer, Small SME, Business Banking, Corporate Banking and Multi-Corporate Banking).

TMB has also established a pre-defined set of minimum risk performance criteria for each credit portfolio; the Credit Risk Appetite Statements (Credit Risk RAS). Credit Risk RAS is aligned with TMB's 5-year Plan and is approved at Board of Directors level. The actual performance is monitored against the Medium-Term-Plan (MTP) targets and pre-agreed boundaries and is discussed with all business stakeholders on a regular basis in order to ensure appropriate action is taken if actual levels move away from pre-agreed targets and hence RAS compliance.

The RAS, credit exposures and portfolio performance are reported through a monthly credit risk dashboard which is presented to the Risk Management Committee. The credit risk dashboard contains comprehensive information with respect to the credit risk profile of TMB and also includes credit concentration, credit risk rating distribution, and regulatory and economic capital measurement.

- **Credit Risk Controlling**

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

- **Independent Monitoring of Credit Risk**

The Bank has established the Audit department as an independent function to evaluate and recommend improvements on the adequacy and effectiveness of risk management, control and governance processes throughout the Bank. Auditors review relevant units to ensure they carry out their duties in compliance with credit risk management policies established by the Bank and rules set by the regulator.

In addition to Audit, the Risk Quality Assurance Unit which is independent from credit underwriting and booking processes is responsible to provide on-going surveillance on potential credit quality deterioration trends. An independent review of the credit quality function is fully dedicated to identifying early-warning signs of changes in portfolio quality and providing senior management with insight and in-depth information on the quality of the credit portfolio, weaknesses of policies, processes and procedures together with corrective and protective recommendations. Changes and improvements to relevant credit policies, procedures and processes could be made based on lessons-learned recommendations to relevant parties.

#### 4.1.5 **Policies for Hedging and/or Mitigation of Credit Risk and Processes for Monitoring the Continuing Effectiveness of hedges/mitigates**

Credit Risk Mitigation (CRM) is defined in the Core Credit Risk Policy (CCRP) and is determined through methods based on the Bank of Thailand regulations. In principle, TMB takes the CRM effects of financial collateral, guarantees into account using a credit risk substitution method on credit risk exposures.

TMB has implemented robust procedures for the timely liquidation of collateral to ensure that any legal conditions required for declaring the default of the counterparty and liquidating the collateral are observed, and that collateral can be liquidated promptly.

TMB has established collateral appraisal policy and procedures that are in accordance with BOT's regulation. The reappraisal frequency is also driven by the level of risk based on loan performance.

TMB takes credit risks in an informed and measured fashion. As such, the creditworthiness of our customers, trading partners and investments is continually evaluated for their ability to meet their financial obligations to TMB. During the assessment process of creating new loans, trading limits, or investments, as well as reviewing existing loans, trading positions and investments, TMB determines the amount and type of collateral, if any, that a customer may be required to pledge to the Bank. Generally, the greater the Probability of Default of a viable borrower or financial counterparty, the more collateral the customer or counterparty will have to provide. Within counterparty trading activities, TMB actively enters into various legal arrangements whereby TMB and/or counterparties may have to post collateral to one another to cover market fluctuations of their relative positions. Laws in various jurisdictions also affect the type and amount of collateral that TMB can receive or pledge.



#### 4.1.6 Loan Classification and Provision

The borrowers and/or counterparties are in default when they fail to meet their financial and/or contractual obligations in accordance with agreed terms. TMB classify loans based on past due status and qualitative classification using historical and future financial performance, liquidity and historical debt repayment.

TMB sets aside loan loss provision according to guidelines from the Bank of Thailand (BOT). The guidelines require all banks to categorize their loan portfolios into 6 loan classifications, which are subject to different levels of provisioning based on percentages prescribed by BOT. TMB also takes IBNR provisions (loss incurred but not yet recognized) for performing loans as a further cushion for losses expected as a result of future events. IBNR provisioning is calculated using PD (probability of default) based on risk level, EAD (exposure at default) based on loan types or debtor types, and LGD (loss given default) based on collateral types.

TMB will at all times ensure that its provisions held equal or exceed the minimum level prescribed by BOT.

**Table 6: Outstanding on-balance sheet assets and off-balance sheet items before credit risk mitigation**

(Unit: THB million)

Item	Solo Basis			Full Consolidation		
	Average during 2012	31 Dec 2012	31 Dec 2011	Average during 2012	31 Dec 2012	31 Dec 2011
<b>1. On-balance sheet assets</b>	<b>627,821</b>	<b>630,709</b>	<b>624,932</b>	<b>629,352</b>	<b>632,003</b>	<b>626,700</b>
1.1 Net loans <sup>1</sup> (including interbank and money market item)	509,775	515,008	504,542	510,696	515,818	505,574
1.2 Net investments in debt securities <sup>2</sup>	109,252	106,967	111,537	109,462	106,985	111,939
1.3 Deposits (including accrued interests)	8,794	8,734	8,853	9,194	9,200	9,187
<b>2. Off-balance sheet items<sup>3</sup></b>	<b>962,317</b>	<b>981,658</b>	<b>942,975</b>	<b>962,317</b>	<b>981,658</b>	<b>942,975</b>
2.1 Aval of bills, guarantee, and letter of credits	26,822	26,397	27,246	26,822	26,397	27,246
2.2 OTC derivatives <sup>4</sup>	923,143	944,116	902,170	923,143	944,116	902,170
2.3 Undrawn committed line	12,352	11,145	13,559	12,352	11,145	13,559

<sup>1</sup> Including accrued interests receivable and net of deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring.

<sup>2</sup> Excluding accrued interests and net of revaluation allowances for equities and impairment allowances for equities.

<sup>3</sup> Before multiplying by CCF.

<sup>4</sup> Including equity derivatives.

**Table 7: Outstanding on-balance sheet assets and off-balance sheet items before CRM classified by country or geographic area of debtors\*****Solo basis**

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3</sup>			
	Total	Net Loan <sup>1</sup>	Net investment in debt securities <sup>2</sup>	Deposit (include accrued interest)	Total	Aval of bills, guarantees, and letter of credit	OTC derivatives	Undrawn committed line
Thailand	620,338	508,308	106,967	5,063	915,082	26,330	878,865	9,887
Asia Pacific (excl. Thailand)	7,782	6,645	–	1,137	10,807	67	9,482	1,258
North America & Latin America	1,249	5	–	1,244	10,427	–	10,427	–
Africa & Middle East	23	23	–	–	–	–	–	–
Europe	1,317	27	–	1,290	45,342	–	45,342	–
<b>Total</b>	<b>630,709</b>	<b>515,008</b>	<b>106,967</b>	<b>8,734</b>	<b>981,658</b>	<b>26,397</b>	<b>944,116</b>	<b>11,145</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3</sup>			
	Total	Net Loan <sup>1</sup>	Net investment in debt securities <sup>2</sup>	Deposit (include accrued interest)	Total	Aval of bills, guarantees, and letter of credit	OTC derivatives	Undrawn committed line
Thailand	613,839	494,942	111,537	7,360	896,604	27,246	857,394	11,964
Asia Pacific (excl. Thailand)	9,990	9,361	–	629	7,857	–	6,262	1,595
North America & Latin America	704	1	–	703	12,480	–	12,480	–
Africa & Middle East	192	192	–	–	–	–	–	–
Europe	207	46	–	161	26,034	–	26,034	–
<b>Total</b>	<b>624,932</b>	<b>504,542</b>	<b>111,537</b>	<b>8,853</b>	<b>942,975</b>	<b>27,246</b>	<b>902,170</b>	<b>13,559</b>

\* FIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Including accrued interest receivable and net of deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring and include interbank and money market item.<sup>2</sup> Excluding accrued interest receivable and net of revaluation allowances for equities and impairment allowances for equities.<sup>3</sup> Before multiplying by CCF.

## Full consolidation

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3</sup>			
	Total	Net Loan <sup>1</sup>	Net investment in debt securities <sup>2</sup>	Deposit (include accrued interest)	Total	Aval of bills, guarantees, and letter of credit	OTC derivatives	Undrawn committed line
Thailand	621,631	509,118	106,985	5,529	915,082	26,330	878,865	9,887
Asia Pacific (excl. Thailand)	7,782	6,645	–	1,137	10,807	67	9,482	1,258
North America & Latin America	1,249	5	–	1,244	10,427	–	10,427	–
Africa & Middle East	23	23	–	–	–	–	–	–
Europe	1,318	27	–	1,290	45,342	–	45,342	–
<b>Total</b>	<b>632,003</b>	<b>515,818</b>	<b>106,985</b>	<b>9,200</b>	<b>981,658</b>	<b>26,397</b>	<b>944,116</b>	<b>11,145</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	On-balance sheet assets				Off-balance sheet items <sup>3</sup>			
	Total	Net Loan <sup>1</sup>	Net investment in debt securities <sup>2</sup>	Deposit (include accrued interest)	Total	Aval of bills, guarantees, and letter of credit	OTC derivatives	Undrawn committed line
Thailand	615,606	495,973	111,939	7,694	896,604	27,246	857,394	11,964
Asia Pacific (excl. Thailand)	9,990	9,361	–	629	7,857	–	6,262	1,595
North America & Latin America	704	1	–	703	12,480	–	12,480	–
Africa & Middle East	193	193	–	–	–	–	–	–
Europe	207	46	–	161	26,034	–	26,034	–
<b>Total</b>	<b>626,700</b>	<b>505,574</b>	<b>111,939</b>	<b>9,187</b>	<b>942,975</b>	<b>27,246</b>	<b>902,170</b>	<b>13,559</b>

\* FIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Including accrued interest receivable and net of deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring and include interbank and money market item.

<sup>2</sup> Excluding accrued interest receivable and net of revaluation allowances for equities and impairment allowances for equities.

<sup>3</sup> Before multiplying by CCF.

**Table 8: Outstanding on-balance sheet assets and off-balance sheet items before credit risk mitigation classified by residual maturity****Solo basis**

(Unit: THB million)

Item	31 December 2012			31 December 2011		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
<b>1. On-balance sheet assets</b>	<b>404,072</b>	<b>226,637</b>	<b>630,709</b>	<b>395,550</b>	<b>229,382</b>	<b>624,932</b>
1.1 Net loans <sup>1</sup> (including interbank and money market item) <sup>1</sup>	338,658	176,350	515,008	330,813	173,729	504,542
1.2 Net investments in debt securities <sup>2</sup>	56,680	50,287	106,967	55,884	55,653	111,537
1.3 Deposits (including accrued interests)	8,734	–	8,734	8,853	–	8,853
<b>2. Off-balance sheet items<sup>3</sup></b>	<b>714,830</b>	<b>266,828</b>	<b>981,658</b>	<b>673,302</b>	<b>269,673</b>	<b>942,975</b>
2.1 Aval of bills, guarantee, and letter of credits	13,414	12,983	26,397	13,391	13,855	27,246
2.2 OTC derivatives	690,271	253,845	944,116	646,352	255,818	902,170
2.3 Undrawn committed line	11,145	–	11,145	13,559	–	13,559

<sup>1</sup> Including accrued interest receivables and net of deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring.<sup>2</sup> Excluding accrued interest receivables and net of revaluation allowances for equities and impairment allowances for equities.<sup>3</sup> Before multiplying by CCF.**Full consolidation**

(Unit: THB million)

Item	31 December 2012			31 December 2011		
	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total	Maturity not exceeding 1 year	Maturity exceeding 1 year	Total
<b>1. On-balance sheet assets</b>	<b>404,538</b>	<b>227,465</b>	<b>632,003</b>	<b>395,884</b>	<b>230,816</b>	<b>626,700</b>
1.1 Net loans <sup>1</sup> (including interbank and money market item) <sup>1</sup>	338,658	177,160	515,818	330,813	174,761	505,574
1.2 Net investments in debt securities <sup>2</sup>	56,680	50,305	106,985	55,884	56,055	111,939
1.3 Deposits (including accrued interests)	9,200	–	9,200	9,187	–	9,187
<b>2. Off-balance sheet items<sup>3</sup></b>	<b>714,830</b>	<b>266,828</b>	<b>981,658</b>	<b>673,302</b>	<b>272,673</b>	<b>942,975</b>
2.1 Aval of bills, guarantee, and letter of credits	13,414	12,983	26,397	13,391	13,855	27,246
2.2 OTC derivatives	690,271	253,845	944,116	646,352	258,818	902,170
2.3 Undrawn committed line	11,145	–	11,145	13,559	–	13,559

<sup>1</sup> Including accrued interest receivables and net of deferred revenues, allowances for doubtful accounts and revaluation allowances for debt restructuring.<sup>2</sup> Excluding accrued interest receivables and net of revaluation allowances for investments and allowances for impairments.<sup>3</sup> Before multiplying by CCF.

**Table 9: Loans and accrued interest receivables and investments in debt securities before credit risk mitigation classified by country or geographic area of debtors\* and by asset classification specified by the Bank of Thailand**

**Solo basis**

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>						Investment in debt securities Doubtful loss
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total	
Thailand	498,126	13,753	2,443	1,277	16,412	532,011	61
Asia Pacific (exclude Thailand)	6,738	–	–	–	4	6,742	–
North America & Latin America	5	–	–	–	–	5	–
Africa & Middle East	24	–	–	–	–	24	–
Europe	9	–	–	–	19	28	–
<b>Total</b>	<b>504,902</b>	<b>13,753</b>	<b>2,443</b>	<b>1,277</b>	<b>16,435</b>	<b>538,810</b>	<b>61</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>						Investment in debt securities Doubtful loss
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total	
Thailand	471,299	16,569	4,368	1,925	21,166	515,326	51
Asia Pacific (exclude Thailand)	9,510	36	–	–	5	9,551	–
North America & Latin America	1	–	–	–	–	1	–
Africa & Middle East	197	–	–	–	–	197	–
Europe	12	–	–	–	35	46	–
<b>Total</b>	<b>481,018</b>	<b>16,605</b>	<b>4,368</b>	<b>1,925</b>	<b>21,205</b>	<b>525,121</b>	<b>51</b>

\* FIIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Including loans and accrued interest receivables of interbank and money market item.



# Full consolidation

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>						Investment in debt securities Doubtful loss
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total	
Thailand	498,128	13,753	2,443	1,277	18,360	533,961	61
Asia Pacific (exclude Thailand)	6,738	–	–	–	4	6,742	–
North America & Latin America	5	–	–	–	–	5	–
Africa & Middle East	24	–	–	–	–	24	–
Europe	9	–	–	–	19	28	–
<b>Total</b>	<b>504,904</b>	<b>13,753</b>	<b>2,443</b>	<b>1,277</b>	<b>18,383</b>	<b>540,760</b>	<b>61</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>						Investment in debt securities Doubtful loss
	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total	
Thailand	471,299	16,569	4,368	1,925	23,469	517,629	51
Asia Pacific (exclude Thailand)	9,510	36	0	0	5	9,551	–
North America & Latin America	1	–	–	–	–	1	–
Africa & Middle East	197	–	–	–	–	197	–
Europe	12	–	–	–	35	46	–
<b>Total</b>	<b>481,018</b>	<b>16,605</b>	<b>4,368</b>	<b>1,925</b>	<b>23,508</b>	<b>527,425</b>	<b>51</b>

\* FIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Including loans and accrued interest receivables of interbank and money market item.

**Table 10: Provisions (divided into general provisions and specific provisions) and charge-offs for loans and accrued interest receivables and investments in debt securities classified by country or geographic area\***

**Solo basis**

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>			Investment in debt securities Specific Provision
	General Provision <sup>2</sup>	Specific Provision	Charges-off between period	
Thailand		13,555	2,245	61
Asia Pacific (exclude Thailand)		–	–	–
North America & Latin America		–	–	–
Africa & Middle East		–	–	–
Europe		–	–	–
<b>Total</b>	<b>10,245</b>	<b>13,555</b>	<b>2,245</b>	<b>61</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>			Investment in debt securities Specific Provision
	General Provision <sup>2</sup>	Specific Provision	Charges-off between period	
Thailand		11,712	2,142	51
Asia Pacific (exclude Thailand)		–	–	–
North America & Latin America		–	–	–
Africa & Middle East		–	–	–
Europe		–	–	–
<b>Total</b>	<b>8,867</b>	<b>11,712</b>	<b>2,142</b>	<b>51</b>

\* FIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Include provisions and charge-offs for loans and accrued interest receivables of interbank and money market item.

<sup>2</sup> Disclosure without classified.

**Full consolidation**

31 December 2012

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>			Investment in debt securities Specific Provision
	General Provision <sup>2</sup>	Specific Provision	Charges-off between period	
Thailand		14,696	2,245	61
Asia Pacific (exclude Thailand)		–	–	–
North America & Latin America		–	–	–
Africa & Middle East		–	–	–
Europe		–	–	–
<b>Total</b>	<b>10,245</b>	<b>14,696</b>	<b>2,142</b>	<b>61</b>

31 December 2011

(Unit: THB million)

Country or geographic area of debtor	Loan and accrued interest receivables <sup>1</sup>			Investment in debt securities Specific Provision
	General Provision <sup>2</sup>	Specific Provision	Charges-off between period	
Thailand		13,038	2,142	51
Asia Pacific (exclude Thailand)		—	—	—
North America & Latin America		—	—	—
Africa & Middle East		—	—	—
Europe		—	—	—
<b>Total</b>	<b>8,867</b>	<b>13,038</b>	<b>2,142</b>	<b>51</b>

\* FIs shall classify countries or geographic areas according to guidelines used in their internal management and shall explain supporting reasons.

<sup>1</sup> Include provisions and charge-offs for loans and accrued interest receivables of interbank and money market item.<sup>2</sup> Disclosure without classified.**Table 11: Loans and accrued interest receivables\* before credit risk mitigation classified by type of business and by asset classification specified by the Bank of Thailand****Solo basis**

31 December 2012

(Unit: THB million)

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total
Agriculture and Mining	5,966	182	11	23	676	6,858
Manufacturing and Commerce	249,244	6,744	1,132	754	10,213	268,087
Property and Construction	8,793	711	121	20	1,255	10,900
Public Utilities and Services	50,903	4,081	614	76	2,109	57,783
Housing	49,111	1,234	222	298	1,865	52,730
Others	140,885	801	343	106	317	142,452
<b>Total</b>	<b>504,902</b>	<b>13,753</b>	<b>2,443</b>	<b>1,277</b>	<b>16,435</b>	<b>538,810</b>

31 December 2011

(Unit: THB million)

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total
Agriculture and Mining	4,046	234	26	66	1,217	5,589
Manufacturing and Commerce	182,851	7,700	2,990	1,143	12,036	206,720
Property and Construction	13,470	1,997	142	98	1,792	17,498
Public Utilities and Services	55,129	4,691	619	128	2,753	63,321
Housing	49,002	1,289	347	386	2,876	53,900
Others	176,520	694	244	104	531	178,093
<b>Total</b>	<b>481,018</b>	<b>16,605</b>	<b>4,368</b>	<b>1,925</b>	<b>21,205</b>	<b>525,121</b>

\* Including loan and accrued interest receivable of interbank and money market item.

## Full consolidation

31 December 2012

(Unit: THB million)

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total
Agriculture and Mining	5,966	181	11	23	761	6,943
Manufacturing and Commerce	249,244	6,744	1,132	754	11,004	268,878
Property and Construction	8,793	711	121	20	1,588	11,233
Public Utilities and Services	50,903	4,081	614	76	2,341	58,015
Housing	49,111	1,234	222	298	1,976	52,841
Others	140,887	801	343	106	713	142,850
<b>Total</b>	<b>504,904</b>	<b>13,753</b>	<b>2,443</b>	<b>1,277</b>	<b>18,383</b>	<b>540,760</b>

31 December 2011

(Unit: THB million)

Type of business	Normal	Special mentioned	Sub standard	Doubtful	Doubtful Loss	Total
Agriculture and Mining	4,046	234	26	66	1,303	5,675
Manufacturing and Commerce	182,852	7,700	2,990	1,143	13,074	207,759
Property and Construction	13,470	1,998	142	98	2,315	18,022
Public Utilities and Services	55,129	4,691	619	129	2,846	63,413
Housing	49,002	1,289	347	386	3,089	54,113
Others	176,520	694	243	104	881	178,443
<b>Total</b>	<b>481,018</b>	<b>16,605</b>	<b>4,368</b>	<b>1,925</b>	<b>23,508</b>	<b>527,425</b>

\* Including loan and accrued interest receivable of interbank and money market item.

**Table 12: Provisions (divided into general provisions and specific provisions) and charge-offs for loans and accrued interest receivables\* classified by type of business**

## Solo basis

(Unit: THB million)

Type of business	31 December 2012			31 December 2011		
	General Provision <sup>1</sup>	Specific Provision	Charges-off between period	General Provision <sup>1</sup>	Specific Provision	Charges-off between period
Agriculture and Mining		186	26		410	57
Manufacturing and Commerce		5,638	1,324		8,221	1,316
Property and Construction		520	103		582	40
Public Utilities and Services		1,017	27		1,207	317
Housing		503	71		884	78
Others		5,691	694		408	334
<b>Total</b>	<b>10,245</b>	<b>13,555</b>	<b>2,245</b>	<b>8,867</b>	<b>11,712</b>	<b>2,142</b>

\* Including loans and accrued interests of interbank and money market item.

<sup>1</sup> Disclosure without classified.

## Full consolidation

(Unit: THB million)

Type of business	31 December 2012			31 December 2011		
	General Provision <sup>1</sup>	Specific Provision	Charges-off between period	General Provision <sup>1</sup>	Specific Provision	Charges-off between period
Agriculture and Mining		247	26		471	57
Manufacturing and Commerce		6,209	1,324		8,944	1,316
Property and Construction		714	103		846	40
Public Utilities and Services		1,158	27		1,311	317
Housing		572	71		954	79
Others		5,796	694		512	334
<b>Total</b>	<b>10,245</b>	<b>14,696</b>	<b>2,245</b>	<b>8,867</b>	<b>13,038</b>	<b>2,142</b>

\* Including loans and accrued interests of interbank and money market item. <sup>1</sup> Disclosure without classified.

Table 13: Reconciliation of changes in provisions for loans and accrued interest receivables\*

## Solo basis

(Unit: THB million)

Item	31 December 2012			31 December 2011		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
Provisions at the beginning of the period	8,867	11,685	20,552	8,751	10,393	19,144
Charge-offs during the period	–	2,245	2,245	–	2,142	2,142
Increases or (decreases) of provisions during the period	1,378	4,115	5,493	116	3,461	3,577
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	–	–	–	–	–	–
<b>Provisions at the end of the period</b>	<b>10,245</b>	<b>13,555</b>	<b>23,800</b>	<b>8,867</b>	<b>11,712</b>	<b>20,579</b>

\* Including loans and accrued interest receivables of interbank and money market item.

## Full consolidation

(Unit: THB million)

Item	31 December 2012			31 December 2011		
	General Provision	Specific Provision	Total	General Provision	Specific Provision	Total
Provisions at the beginning of the period	8,867	11,685	20,552	9,212	11,396	20,607
Charge-offs during the period	–	2,245	2,245	–	2,142	2,142
Increases or (decreases) of provisions during the period	1,378	5,256	6,634	-345	3,784	3,440
Other provisions (provisions for losses from foreign exchange, provisions for merger and sale of businesses)	–	–	–	–	–	–
<b>Provisions at the end of the period</b>	<b>10,245</b>	<b>14,696</b>	<b>24,941</b>	<b>8,867</b>	<b>13,038</b>	<b>21,904</b>

\* Including loans and accrued interest receivables of interbank and money market item.



**Table 14: Outstanding of on-balance sheet assets and off-balance sheet items\* for credit risk under the SA approach classified by type of assets**

**Solo basis**

(Unit: THB million)

Type of asset	31 December 2012			31 December 2011		
	On-balance sheet assets	Off-balance sheet items**	Total	On-balance sheet assets	Off-balance sheet items**	Total
<b>1. Performing assets</b>	<b>627,392</b>	<b>150,023</b>	<b>777,415</b>	<b>587,147</b>	<b>188,096</b>	<b>775,243</b>
1.1 Claims on sovereigns and central banks and Multilateral Development Banks (MDBs)	127,346	41,571	168,917	139,391	78,088	217,479
1.2 Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	20,302	84,261	104,563	40,891	65,611	106,502
1.3 Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	232,827	22,055	254,882	191,539	42,063	233,602
1.4 Claims on retail portfolios	137,904	2,136	140,040	107,995	2,334	110,329
1.5 Residential mortgage exposures	45,047	–	45,047	44,530	–	44,530
1.6 Other assets	63,966	–	63,966	62,801	–	62,801
<b>2. Non-performing assets</b>	<b>11,826</b>	<b>1,467</b>	<b>13,293</b>	<b>15,814</b>	<b>1,879</b>	<b>17,693</b>
<b>3. First-to-default credit derivatives and Securitisation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>639,218</b>	<b>151,490</b>	<b>790,708</b>	<b>602,961</b>	<b>189,975</b>	<b>792,936</b>

\* After multiplying by CCF and deduct Specific Provision

\*\* Including all Repo-style transaction (include Reverse repo)

## Full consolidation

(Unit: THB million)

Type of asset	31 December 2012			31 December 2011		
	On-balance sheet assets	Off-balance sheet items**	Total	On-balance sheet assets	Off-balance sheet items**	Total
<b>1. Performing assets</b>	<b>626,763</b>	<b>150,023</b>	<b>776,785</b>	<b>586,429</b>	<b>188,096</b>	<b>774,524</b>
1.1 Claims on sovereigns and central banks and Multilateral Development Banks (MDBs)	127,364	41,571	168,935	139,793	78,088	217,881
1.2 Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	20,768	84,261	105,029	41,225	65,611	106,835
1.3 Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	232,827	22,055	254,882	191,540	42,063	233,603
1.4 Claims on retail portfolios	137,906	2,136	140,041	107,995	2,334	110,329
1.5 Residential mortgage exposures	45,047	–	45,047	44,530	–	44,530
1.6 Other assets	62,851	–	62,851	61,346	–	61,346
<b>2. Non-performing assets</b>	<b>12,633</b>	<b>1,467</b>	<b>14,101</b>	<b>16,845</b>	<b>1,879</b>	<b>18,725</b>
<b>3. First-to-default credit derivatives and Securitisation</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total</b>	<b>639,396</b>	<b>151,490</b>	<b>790,886</b>	<b>603,274</b>	<b>189,975</b>	<b>793,249</b>

\* After multiplying by CCF and deduct Specific Provision

\*\* Including all Repo-style transaction (include Reverse repo)

### 4.1.7 Disclosure of Methodology to Calculate Capital Required for Credit Risk

#### • External Credit Assessment Institutions (ECAIs) Used by TMB

For capital calculation purposes, TMB uses ratings assigned by the following external credit rating agencies to determine the risk weight of credit risk assets:

- Moody's Investors Service
- Fitch Rating (Thailand)
- Tris Rating

In addition, TMB also refers to the ratings of Country Risk Classification for OECD to determine the percentage of risk weighted assets for each individual client.

#### • Credit Risk Mitigation for Calculation of Capital Adequacy

TMB adopts the Simple Approach for credit risk mitigation according to the Bank of Thailand's minimum requirements by using financial collateral such as cash, debt instruments, and equity instruments, etc. Hence, TMB does not use a netting calculation for risk weight on on-balance sheet and off-balance sheet exposures.

**Solo basis**  
31 December 2012

(Unit: THB million)

[illegible]

## 31 December 2011

31 December 2011

(Unit: THB million)

[illegible]

\* After multiplying by CCF.

For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

**Table 15: Outstanding on-balance sheet assets and off-balance sheet items\* after credit risk mitigation for each type of assets classified by risk weight under the SA approach (continued)**

**Full consolidation**  
31 December 2012

(Unit: THB million)

[illegible]



**Full consolidation**  
31 December 2011

(Unit: THB million)

Type of Assets	Rated outstanding						Unrated outstanding					
	0	20	50	100	150	0	35	50	75	100	625	937.5
Risk weight (%)	0	20	50	100	150	0	35	50	75	100	625	937.5
100 / 8.5%	100	100	100	100	100	100	100	100	100	100	100	100
Performing assets												
Claims on sovereigns and central banks and Multilateral Development Banks (MDBS)	232,936	-	4,375	-	83	-	-	-	-	-	-	-
Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	-	27,585	3,055	26,831	75	-	-	-	-	-	-	-
Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	-	1,239	15,691	183,288	7,648	-	-	-	-	-	-	-
Claims on retail portfolios	-	-	-	-	-	-	93,214	-	817	-	-	-
Residential mortgage exposures	-	-	-	-	-	-	38,978	5,524	-	-	-	-
Other assets	-	-	-	-	-	-	24,945	-	-	-	-	-
Risk weight (%)	0	20	50	100	150	0	35	50	75	100	-	-
<b>Non-performing assets<sup>1</sup></b>			<b>1,241</b>	<b>4,238</b>	<b>12,512</b>							
<b>Items which BOT allows to deduct from capital of Fls</b>												

\* After multiplying by CCF.

<sup>1</sup> For the part with no CRM whose risk weights depend on the ratio of provisions to total exposures.

**Table 16: Part of outstanding that is secured by collateral\* under the SA approach classified by type of assets and collateral**

**Solo basis**

(Unit: THB million)

Type of assets	31 December 2012		31 December 2011	
	Eligible financial collateral <sup>1</sup>	Guarantee and credit derivative	Eligible financial collateral <sup>1</sup>	Guarantee and credit derivative
<b>1. Performing assets</b>	<b>69,716</b>	<b>35,739</b>	<b>71,907</b>	<b>20,350</b>
1.1 Claims on Sovereigns and Central Banks and Multilateral Development Banks (MDBs)	–	–	–	–
1.2 Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	38,444	18,570	31,204	18,533
1.3 Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	9,699	1,980	25,416	778
1.4 Claims on retail portfolios	21,553	15,177	15,259	1,039
1.5 Residential mortgage exposures	20	12	28	–
1.6 Other assets	–	–	–	–
<b>2. Non-performing assets</b>	<b>641</b>	<b>626</b>	<b>635</b>	<b>555</b>
<b>Total</b>	<b>70,357</b>	<b>36,365</b>	<b>72,542</b>	<b>20,905</b>

\* Value after netting of on-balance sheets and off-balance sheets and after haircut.

<sup>1</sup> Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation, for FIs that choose comprehensive approach require credit risk mitigation after haircut.

## Full consolidation

(Unit: THB million)

Type of assets	31 December 2012		31 December 2011	
	Eligible financial collateral <sup>1</sup>	Guarantee and credit derivative	Eligible financial collateral <sup>1</sup>	Guarantee and credit derivative
<b>1. Performing assets</b>	<b>69,716</b>	<b>35,739</b>	<b>71,907</b>	<b>20,350</b>
1.1 Claims on Sovereigns and Central Banks and Multilateral Development Banks (MDBs)	–	–	–	–
1.2 Claims on Banks, Public Sector Entities (PSEs) that are treated as claims on banks and securities companies	38,444	18,570	31,204	18,533
1.3 Claims on Corporate and Public Sector Entities (PSEs) that are treated as claims on corporate	9,699	1,980	25,416	778
1.4 Claims on retail portfolios	21,553	15,177	15,259	1,039
1.5 Residential mortgage exposures	20	12	28	–
1.6 Other assets	–	–	–	–
<b>2. Non-performing assets</b>	<b>641</b>	<b>626</b>	<b>635</b>	<b>555</b>
<b>Total</b>	<b>70,357</b>	<b>36,365</b>	<b>72,542</b>	<b>20,905</b>

\* Value after netting of on-balance sheets and off-balance sheets and after haircut.

<sup>1</sup> Eligible financial collateral that the Bank of Thailand allows to use for risk mitigation, for FIs that choose comprehensive approach require credit risk mitigation after haircut.

## 4.2 Market risk

Market Risk is defined as the potential loss due to changes in market prices. The main drivers are interest rates, foreign exchange rates, equity and commodity prices.

## 4.2.1 Market Risk Management Structure

Two entities independent from the Business Units are directly involved in the market risk management of the Bank: the Asset and Liability Management Committee (ALCO) and the Market Risk Management (MRM) department.

**The Asset and Liability Management Committee (ALCO)**

The ALCO is a supervisory body with delegated authority from the Risk Management Committee (RMC) to ensure that the bank-wide market risk management is in compliance with the Bank's overall risk management policies and level of risk appetite established by the Board of Directors. The RMC delegates the day-to-day responsibility for asset and liability management and market risk management to the ALCO. The ALCO is responsible for establishing market risk directives as well as endorsing/or approving all market risk issues and limits concerning asset and liability management.

The ALCO membership comprises the Bank's Chief Executive Officer who serves as chairman of the committee, and the Bank's senior management. The ALCO meets at least once a month, or as needed, to review policies used for managing the Bank's assets and liabilities, market and liquidity risks, and to review the alignment of the Bank's assets and liabilities with the changing market environment, as well as to determine that interest rates on loans, deposits, and bills of exchange are set at appropriate levels.

### The Market Risk Management (MRM)

The MRM is the supporting unit directly responsible for monitoring the market risks of the Bank with reporting line to the Chief Risk Officer. The MRM is responsible for:

- Developing relevant new market risk management policies and implementation or amendment of existing policies to be in line with changes in the Bank's strategy, market environment and regulatory requirements.
- Developing, implementing and enforcing market risk management processes in the Trading Book.
- Developing, implementing and enforcing market risk management processes in the Banking Book.
- Developing the relevant risk models and validating relevant pricing models.

In addition to the ALCO and MRM, there is Audit, an independent function, responsible for evaluating the adequacy and effectiveness of market risk management of the Bank as well as ensuring that such risk management is in compliance with the Bank's established policies and the regulations.

#### 4.2.2 Market Risk Management Process

The Business Units undertaking business activities that involve market risks are responsible for ensuring that they abide by the standards/guidelines set out in the policies.

The MRM ensures that the risk levels stay within the approved limits, and that any foreseeable major impending risks or adverse events are escalated to the appropriate authorities to take necessary and timely actions.

The limits strictly imposed include, but are not limited to:

- **Foreign Exchange Risk Limits (FX Limits)** cover all foreign currency transactions. These are set in accordance with the BOT regulations regarding daily foreign exchange overbought/oversold position (open position).
- **Interest Rate Sensitivity Limits (PV01)** control the effect of 1 basis point movement in interest rates on interest rate sensitive products. The PV01 limits are established and monitored for all relevant discrete tenor buckets.
- **Management Action Trigger Limits (MAT)** set the maximum tolerance levels that management will tolerate. MAT breaches must be escalated to the ALCO to make decisions to rectify the breaches within defined periods.

Within these limits, the Capital Markets (CM) is responsible for managing and trading the portfolio to optimize the return on the funds invested. Procedures, strategies and performance are reviewed by ALCO, which also monitors adherence to the limits.

For other companies in TMB Financial Business Group, which include Phayathai Asset Management Company Limited (PAMC), TMB Asset Management Company Limited (TMBAM) and Designee for ETA Contract Limited (Designee), the Bank has established policies to define minimum guidelines in managing market risk in the trading book and leaves certain discretion to subsidiaries to develop their own policies in line with their business. However, due to the nature of their business, the market risk is negligible (if any).

**Table 17: Minimum capital requirements for each type of market risk under the Standardized Approach (Trading only)**

(Unit: THB million)

Minimum capital requirement for market risk under the Standardized Approach	Solo Basis		Full Consolidation	
	31 Dec 2012	30 Jun 2012	31 Dec 2012	30 Jun 2012
1. Interest rate risk	1,341	795	1,341	795
2. Equity position risk	–	–	–	–
3. Foreign exchange rate risk	10	38	10	38
4. Commodity risk	–	–	–	–
<b>Total minimum capital requirement</b>	<b>1,351</b>	<b>833</b>	<b>1,351</b>	<b>833</b>

\* Minimum capital requirement based on regulatory minimum CAR ratio of 8.5%

#### 4.3 Liquidity Risk

Liquidity risk is the risk that the Bank or any one of its subsidiaries cannot meet its obligations when they come due as a result of an inability to liquidate assets into cash or to raise sufficient funds at reasonable costs and in a timely manner causing damages to the Bank. The liquidity risk management framework determined by the ALCO has to be approved by the Board of Directors. It sets limits where applicable and takes appropriate actions in case of limit breaches. The Balance Sheet Management (BSM) is responsible for overall liquidity management. The Capital Markets (CM) is responsible for day-today liquidity management. The responsibilities of the BSM include

- Managing a well diversified mix of funding sources in terms of instrument types, fund providers, geographic markets and currencies;
- Actively managing access to the capital markets;
- Holding a portfolio of highly liquid marketable assets that can be used to obtain secured funding;
- Maintaining structural liquidity gaps that take into account the asset mix as well as possibilities of the Bank to obtain funding from both secured and unsecured sources;
- Maintaining a funds transfer pricing methodology in which the Bank's cost of liquidity is properly reflected.

In determining cash flows for the liquidity gap report, the non-contractual cash flows are adjusted with client behavior based on historical data. The client behavioral analysis is regularly reviewed and continuously studied in order to fully utilize the result in the Bank's liquidity gap report.

The liquidity risk management function is delegated to the Balance Sheet Management (BSM), which also bears the responsibility for liquidity risk stress testing. The BSM in consultation with the MRM undertakes quarterly liquidity risk stress testing. The liquidity positions are stress tested under various scenarios to assess whether the Bank can withstand a prolonged period of stress.

The Market Risk Management (MRM)'s roles and responsibilities pertaining to liquidity risk management include, but are not limited to the following:

- Owns, develops, reviews, and updates the liquidity risk management policy and consults on stress testing scenarios;
- Endorses and recommends the supplementary guidelines under the Bank's liquidity risk management policy;
- Reviews and recommends clients' behavioral cash-flow assumptions; and
- Identifies, monitors and reports liquidity risk to ensure compliance with the Bank's policy and regulatory framework.

In addition to the above functions, there is Audit, an independent function, responsible for evaluating the adequacy and effectiveness of liquidity risk management of the Bank as well as ensuring that such risk management is in compliance with the Bank's established policies and the regulations.



#### Liquidity Risk Management Plan and Strategy and Liquidity Contingency Plan

The Liquidity Risk Management Plan and Strategy establishes the guidelines for efficient liquidity management in line with regulatory requirements, the Bank's policies, strategies and corporate plan. The Bank has a liquidity contingency plan, which establishes procedures and actions for managing liquidity in crisis situations. The plan is regularly reviewed and tested to ensure that the Bank is well prepared for a plausible liquidity crisis.

For other companies within the TMB Financial Business Group, the Bank has established policies to define minimum guidelines in managing liquidity risk and leaves certain discretion to subsidiaries to develop their own policies in line with their business. However, due to the nature of their business, their liquidity risk is negligible (if any).

#### 4.4 Equity Exposures in the Banking Book

The equity exposures in the Bank's Banking Book consists of equity considered 'Available-for-Sale' and 'Other Investment'.

Those in the 'Available-for-Sale' portfolio comprise of quoted equities held for the following purposes:

- Joint Venture,
- Debt Restructuring,
- Property Funds and
- Financial & Supporting Business.

Currently, the Bank's 'Available-for-Sale' portfolio consists only of 'Property Funds'

Those in the 'Other Investment' portfolio comprise of non-quoted equities held for the following purposes:

- Joint Venture - General Investment,
- Debt Restructuring - General Investment,
- Property Funds - General Investment,
- Financial & Supporting Business - General Investment,
- Financial & Supporting Business - Associated Company, and
- Financial & Supporting Business - Subsidiary Company.

The Bank's strategy is to liquidate all equities with two exemptions. The first exemption is for the two strategic investments held under the category of Financial and Supporting Business purpose of the Associated Company and that of the Subsidiary Company. The second exemption is for some equities held in General Investment category that meet the Government policy and/or that support the Bank's business.

**Table 18: Equity exposures in the banking book**

(Unit: THB million)

Equity exposures	Solo Basis		Full Consolidation	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
1. Equity exposures				
1.1 Equities listed and publicly traded in the Stock Exchange (include Thailand and Foreign)				
– Cost	14	226	1,134	445
– Market value	12	205	1,151	428
1.2 Other equities (include Thailand and Foreign)*	6,111	6,227	1,936	2,169
2. Gains (losses) of sale of equities in the reporting period	87	79	87	86
3. Net surplus (loss) from valuation AFS equity	2	26	22	30
4. Minimum capital requirements for equity exposures classified by the calculation methods	315	323	184	146
– SA approach				

#### 4.5 Operational Risk

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

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

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

Business and Support Units are primarily responsible and accountable for their own operational risk management and control. The Bank has appointed a number of Unit Operational Risk Managers (UORM) in the Business and Support Units who, with support from Corporate Operational Risk Management, take on / carry out the operational risk management responsibilities of their respective units.

Audit operates as the “third line of defense”. Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first and second line of defense. In carrying out this work, Audit will provide specific recommendations to improve the governance, and the risk and control framework.

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

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

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

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

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

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

To ensure adequate and timely resolution of audit and non-audit items, the Bank has also implemented an action tracking system as a tool to keep track of the status of their items. Through this action tracking system, all outstanding audit and non-audit findings can be monitored and managed efficiently by all appropriate parties.

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

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

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

#### 4.6 Interest Rate Risk in the Banking Book (IRRBB)

The Interest Rate Risk in the Banking Book is the risk that the Bank's earnings or economic value resulting from the non-trading positions is negatively impacted by movements in interest rates. The Bank has established policies that set a framework for managing interest rate risk in the Banking Book to ensure that the risk management practices are prudently carried out.

The Bank's key elements for sound interest rate risk management include, but are not limited to the following:

- The Board of Directors and senior management oversight;
- In-place risk management policies and procedures;
- The risk identification, measurement, monitoring, and control procedures; and
- The internal controls and independent audits.

The Asset and Liability Management Committee (ALCO) is delegated by the Board of Directors to oversee the bank-wide structural interest rate risk to stay within the Bank's aggregated interest rate risk limit. The ALCO endorses and/or approves limits where applicable and takes appropriate actions in case of limit breaches.

The Balance Sheet Management (BSM) is a designated unit with full responsibility to manage interest rate risk in the Banking Book and ensure that all activities undertaken are carried out in full compliance with relevant policies. The Market Risk Management (MRM) is an independent unit responsible to ensure that the IRRBB is properly and appropriately identified, measured, monitored, controlled and reported. In case of any non-compliance matters, the MRM reports/escalates the matters with suggestions on corrective measures to the senior management and ALCO, whereby ALCO reports such non-compliance matters to the RMC. The BSM is responsible for submitting corrective action plans and seeking approval/endorsement from senior management and ALCO. The Financial Control (FC) ensures that the accounting treatment is consistent with related policies and statutory requirements.

In addition, there is Audit, an independent function, responsible for evaluating the adequacy and effectiveness of the management of interest rate risk in the Banking Book as well as ensuring that such risk management is in compliance with the Bank's established policies and the regulations.

In managing the IRRBB, the Bank uses the Repricing Gap approach to determine the impact of interest rate changes on the net interest income (NII) and economic value on a monthly basis. The Repricing Gap uses the remaining term or next repricing date as stipulated in the contract. There are established interest rate risk limits to monitor and control the impact of interest rate changes on the NII and economic value.

The Bank adopts interest rate risk hedging measures to cushion the interest rate volatility, e.g. rebalancing of assets and liabilities with consideration of external and internal factors including interest rates forecasted by the Bank's Research Unit.

To examine the effect of exceptional but plausible events, stress testing is performed. Currently, changes to the net interest income and economic value are computed assuming different size shocks in interest rate yield curves. The Bank reports on the effects to interest income and economic value following +/- 100 bps and 200 bps parallel shifts and following twists of the yield curve. Stress test scenarios and results are also reported.

The organizational structure of the Bank is established to promote and ensure appropriate check and balance systems including suitable lines of control and segregation of duties. Internal control systems are established by specifying detailed frameworks and processes, delegation of authority, verification of transactions, reconciliation of inputs, accounts and records of documents and agreements with accuracy and completeness.

**Table 19: The effect of changes in interest rates to earnings (net)  
by 100 bps parallel in the next 1 year**

(Unit: THB million)

Currency	Solo Basis				Full Consolidation			
	31 December 2012		31 December 2011		31 December 2012		31 December 2011	
	Upward shift 100 bps	Downward shift 100 bps	Upward shift 100 bps	Downward shift 100 bps	Upward shift 100 bps	Downward shift 100 bps	Upward shift 100 bps	Downward shift 100 bps
THB	302	(1,521)	297	(1,008)	319	(1,535)	307	(1,017)
USD	9	(14)	8	(17)	9	(14)	8	(17)
Others	(7)	(7)	(6)	5	(7)	(7)	(6)	5
<b>Total Effect</b>	<b>304</b>	<b>(1,542)</b>	<b>299</b>	<b>(1,020)</b>	<b>321</b>	<b>(1,556)</b>	<b>309</b>	<b>(1,029)</b>

The percentage of rate sensitive assets compared to rate sensitive liabilities and off-balance sheet repricing within 1 year increased slightly by year-end 2012 compared to year-end 2011 resulting in a slightly higher benefit to earnings from an upward 100bps interest rate shift. However, as the yield curve had decreased during the year, a greater portion of the Bank's liabilities were unable to reprice the full 100 bps following a downward parallel shift, resulting in an increased negative impact to earnings for this scenario.

The impact to net interest income for the full consolidation of the group mostly resulted from the effect from the Bank where the nature of its business is to undertake more interest rate risks. Thus, the full consolidation impact has a similar direction to the Bank's.

For other companies in TMB Financial Business Group, the Bank has established policies to define minimum guidelines in managing interest rate risk in the non-trading book (including interest rate risk management of assets, liabilities and off-balance-sheet items) and leaves certain discretion to subsidiaries to develop their own policies in line with their business. However, due to the nature of their business, the interest rate risk is negligible (if any).

#### Strategic risk

#### 4.7

Strategic risk is risk that arises from the formulation of a strategic plan, business plan, and implementation of the plan that is inappropriate and inconsistent with internal factors or the external environment so as to affect earnings, capital funds or the viability of the business.

Strategic Risk Policy (the Policy) is one of the risk management policies developed to assure overall sound risk management practices of TMB. In this respect, TMB Directors and Management must play a critical role to ensure that TMB and its Subsidiaries are fully aware of risks embedded in the process of strategic management and employ sound management tools and practices to manage strategic risks.

**Strategic management** is defined as the organization's business process whereby TMB Directors, Management, BUs/SUs, and Subsidiaries take part in formulating strategic plans, implementing strategies, and controlling budgets and performances.

**Strategic risk management** is defined as the organization's process whereby TMB Directors, Management, BUs/SUs, and Subsidiaries identify strategic risk factors, properly monitor strategic risk exposures, and in turn take actions to control strategic risks.

The Policy is subject to annual review to reflect changes in internal and external business environments. Where relevant, changes in the Policy must be followed by changes to supplementary policies, frameworks, or guidelines maintained by respective BU/SUs and Subsidiaries.

The bank does an annual assessment of the level of Strategic Risk & Strategic Risk Management and Strategic Risk Trend.

#### 4.8 Reputational risk

Reputational Risk can be described as the exposure incurred from unexpected incidents or from unanticipated responses to TMB's initiatives, actions, and day-to-day activities, which generate reputational damage ranging from a negative perception to corporate litigation, unintentional non-compliance to governing laws and regulations.

Reputational Risk at TMB is mainly governed under the Compliance Policy and Minimum Standard. By definition, compliance risk is defined as the risk of a failure or perceived failure to comply with applicable laws and regulations, TMB's policies, rules, procedures, good governance principles, codes of conduct and ethical standards, leading to actual or potential damage to TMB's reputation, regulatory intervention, legal or regulatory fines and/or sanctions and financial loss. In other words it sets the tone for containing reputational risk, and shapes the contours of TMB's organization, governance and ownership with respect to the various themes that make up reputational risk.

The themes identified are the following:

- Personal Conduct related integrity risk – risks that are related to the behavior of individual employees;
- Financial Services conduct related integrity risk – risks that are related to the provision of financial services by the Bank; and
- Organizational Conduct related integrity risk – related to organizational conduct with respect to integrity and good governance of the Bank.

Reputational Risk is currently managed through various units. Compliance Risk Management deals with non-compliance to legal and regulatory requirements through its policies such as AML/CFT policies, Gifts, Entertainment and Anti-Bribery Policy, Insider Trading and Conflict of Interest Policies, and Whistle Blower Policy. Corporate Operational Risk Management (CORM) continuously identifies, mitigates, monitors, and reports all operational risk of the bank under the set Framework, Policies, Minimum Standard, Guidelines, as well as various tools, such as Incident Reporting, RCSA, KRI, PSAP, Action Tracking, etc. Incidents are captured and managed under Incident Management process. Product and services quality and practices are dealt with by PSAP. Fraud and investigation are covered by CORM's Anti-Fraud and Investigation Policies. Human Resources address employee's behavior through the Code of Conduct. Customer Complaint Management Centre deals with Customers' complaints via the established process. Corporate Communication manages media and stakeholders relation management, publication and media review, and crisis communication. Investor Relations under Corporate Strategy covers the securities analyst and research papers.

In addition, to ensure compliance with related policies, procedures, and business objectives relevant to Reputational Risk, Audit will regularly review the adequacy of controls established and report the results to the Board, Audit Committee, and Risk Management Committee as deem appropriate.



# Company Information

Name of Company	TMB Bank Public Company Limited
Nature of Business	Commercial bank's businesses in accordance with Financial Institutions Businesses Act and the businesses concerning financial services under the permission of the Ministry of Finance, the Bank of Thailand, and other parties concerned
Head Office	3000 Phahon Yothin Road, Chomphon, Chatuchak, Bangkok 10900, Thailand
Registration Number	0107537000017
Telephone	02-299-1111
Facsimile	02-273-7806
TMB Phone Banking	1558
Website	<a href="http://www.tmbbank.com">http://www.tmbbank.com</a>
Email	<a href="mailto:ir@tmbbank.com">ir@tmbbank.com</a>
Registered Capital	41,903,301,555.05 Baht (as of 31 December 2012)
Paid-up Capital	41,372,424,540.55 Baht
Common Shares	43,549,920,569 shares at par value 0.95 Baht
Other Referral Parties	
Share Registrar	Thailand Securities Depository Co., Ltd. 62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110, Thailand Telephone 02-229-2888
Auditors	Ms Ratana Jala, CPA Registered No. 3734  Mrs Nonglak Pumnoi, CPA Registered No. 4172  Ms Rachada Yongsawadvanich, CPA Registered No. 4951  Ernst & Young Office Limited 33rd Floor, Lake Rajada Office Complex, 193/136-137 New Rajadapisek Road, Klongtoey, Bangkok 10110, Thailand Telephone 02-264-0777

# Investment of TMB in Other Companies

Investment in other companies as of 31 December 2012 holding more than 10% of the paid-up capital in each company were as follows:

Company	Head Office Location	Type of Business
<b>Strategic Investment in Financial Business Companies</b>		
Phayathai Asset Management Co., Ltd. T: 02-354-5001 / F: 02-354-5014	Bangkok	Finance
TMB Asset Management Co., Ltd. T: 02-636-1800 Ext. 1725 (Customer Service Center)	Bangkok	Finance
<b>Business Supporting Companies</b>		
TMB Property Development Co., Ltd. T: 02-299-1159 / F: 02-242-3138-9	Bangkok	Real Estate
Designee for ETA Contract Co., Ltd. T: 02-299-1217 / F: 02-299-1278	Bangkok	Support Financial Institution
Metro Designee Co., Ltd. T: 02-230-6201 / F: 02-230-6200	Bangkok	Support Financial Institution
<b>Property Funds</b>		
The Column Property Fund T: 02-649-2000 / F: 02-649-2107-8	Bangkok	Property Fund
Thai Business Fund 5 T: 02-670-4900 Ext. 1291-2 / F: 02-679-1820	Bangkok	Property Fund
<b>Other Companies</b>		
TRIS Corporation Limited T: 02-231-3011 / F: 02-231-3681	Bangkok	Services
Rural Capital Partners Co., Ltd. T: 02-318-3958 / F: 02-718-1851	Bangkok	Finance
ND Group Feedmill Co., Ltd.	Lumphun	Wholesale / Retail
Wing Group Co., Ltd. T: 053-331-315-6 / F: 053-331-314, 053-331-336	Chiang Mai	Garment Manufacturer
Thai Chareonphol Industry Co., Ltd. T: 054-581-202 / F: 054-581-876	Phrae	Production
Wholesale Town Co., Ltd. T: 02-531-6860 / F: 02-532-3009	Bangkok	Transportation
M-Thai Estate Co., Ltd. T: 02-261-1144 / F: 02-261-1143	Bangkok	Real Estate

Type of Capital (Share)	Paid-up Capital (Share)	TMB's Ownership		
		Amount (Share)	Percentage (%)	Amount (THB) (net of allowance for diminution in value)
Common Stock	107,000,000	107,000,000	100.00	2,378,940,256.70
Common Stock	10,000,000	8,749,998	87.50	304,480,287.36
Common Stock	10,000	9,993	99.93	4,169,342.92
Common Stock	1,000	994	99.40	13,617.80
Common Stock	1,000	300	30.00	7,500.00
Unit Trust	212,430,342	63,138,715.66	29.72	633,750,256.10
Unit Trust	220,000,000	30,000,000	13.64	95,367,000.00
Common Stock	1,000,000	153,000	15.30	14,361,948.00
Common Stock	1,000,000	175,000	17.50	257,250.00
Common Stock	120,000	30,000	25.00	0.00
Common Stock	9,000	2,250	25.00	0.00
Common Stock	15,500	2,500	16.13	0.00
Common Stock	22,000	2,200	10.00	0.00
Common Stock	30,000,000	3,000,000	10.00	0.00

# Branches in Bangkok Metropolitan

Office		Telephone	Facsimile
Ministry Of Defence	02	222-1215, 222-1218, 224-4197	224-7407
Krung Kasem	02	222-7801, 222-5158, 222-5159, 222-5724, 222-3504	222-5667
Kluay Nam Thai	02	712-4048, 712-4049, 712-4051	712-4050
Royal Thai Armed Forces Headquarters	02	575-6425, 575-6426, 575-6427	575-6427
Royal Thai Army Headquarters	02	280-1825, 280-1799	280-1537
Royal Thai Navy Headquarters	02	891-0052, 891-0053, 891-0054, 891-0055	All Numbers
Royal Thai Air Force Headquarters	02	531-8560, 531-8561, 531-8562	531-2427
Khlong Chun	02	377-1370, 377-9636, 377-9737, 375-7872, 375-7871	377-1360
Khlong Toey	02	249-1831, 249-6067, 249-1619, 249-1518	240-2237
Khae Rai	02	951-0840, 951-0842, 588-1778, 588-1418	951-0841
Ngam Wong Wan	02	580-2187, 588-0021, 588-0023	588-3148
Charan Sanit Wong	02	424-5520, 424-5521, 882-4548, 882-4549	435-2393
Chamchuri Square	02	160-5212, 160-5213, 160-5214, 160-5215, 160-5216	160-5215-6
Chaeng Wattana	02	574-0203, 574-0204, 574-0205, 574-5655	All Numbers
Chong Nonsi	02	285-3939, 285-3940, 285-3941, 285-3942	285-3943
Chok Chai 4	02	538-8412, 538-3125, 538-3126, 539-2615, 933-2745	538-3125-6
Soi Lang Suan	02	652-2090, 652-2091, 652-2092, 652-2093, 652-2094	652-2095
Seacon Square	02	721-9560, 721-9561, 721-9562	721-9563
Seacon Bangkae	02	458-2976, 458-2977	458-2978
Central Bangna	02	745-7263, 745-7264, 745-7265	All Numbers
Central Pinklao	02	433-1386, 433-1387	433-1390
Central Rama 2	02	872-4564, 872-4565	872-4566
Central Rama 3	02	213-0803, 213-0804, 213-0805	All Numbers

Office		Telephone	Facsimile
Central Ratana Thibet	02	525-4570, 525-4571, 525-4572, 525-4573, 525-4574	525-4574
Central Plaza Chaeng Wattana	02	835-3589, 835-3590, 835-3591	835-3592
Central Plaza Rama 9	02	160-2947, 160-2948	160-2949
Central Plaza Ladprao	02	937-0356, 937-0357	937-0358
Central World 1	02	646-1284, 646-1285, 646-1286, 646-1284, 646-1285	646-1286
Central World 2	02	255-6453, 255-6454	–
Zeer Rangsit	02	992-6370, 992-6371, 992-6372	992-6372
The Crystal	02	515-0992-3	515-0994
The Nine Rama 9 Road	02	716-7962, 716-7963	716-7964
The Platinum Fashion Mall	02	121-9241, 121-9242, 121-9243	All Numbers
The Mall 3 Ramkhamhaeng	02	319-1401, 319-1402, 319-1403	All Numbers
The Mall Ngamwongwan	02	550-0437, 550-0437, 550-0438	550-0439
The Mall Bangkapi	02	704-7727, 704-7728, 704-7729	All Numbers
The Mall Bangkapi 2	02	734-3575	–
The Mall Bangkae	02	454-9433, 454-9434	803-8325
The Paseo Ladkrabang	02	346-4457-8	346-4459
Tri Phet	02	221-2908, 221-1371, 224-3819, 224-1921, 224-4281, 224-9196, 221-6841	221-8706
Talad Thanommit Watcharaphon	02	347-0157, 347-0158	347-0159
Talad Noi	02	235-3437, 235-1720, 235-1721, 236-1004, 236-0998	235-3436
Talad Pong Phet	02	589-3228, 953-3901, 953-3902, 953-3904, 953-3905	953-3906
Talad Phlu	02	465-2322, 465-9949, 465-9956	465-9955
Talad Si Mum Muang Rangsit	02	536-6844, 536-6845	536-6846
Taling Chan	02	880-8070, 880-8071, 880-8072, 880-8073	880-8073



Office		Telephone	Facsimile
Tao Poon	02	585-1123, 585-1233, 587-8990, 587-8991, 585-9215, 911-5387	911-5386
Thanon Chom Thong	02	476-3886, 476-3951, 476-3631	468-8190
Thanon Chan	02	213-2540, 213-2541, 213-2542, 213-2543, 213-1308, 213-1309	213-2541
Thanon Charoennakhon	02	862-4910, 862-4911, 862-4912	862-4913
Thanon Cheang Wattana	02	584-5549, 584-5550, 583-9997, 962-1695, 962-1697	548-5548
Thanon Tiwanon	02	950-0252, 950-0253, 950-0254	591-0390
Thanon Theparak	02	383-5618, 383-5619, 383-5968	383-5969
Thanon Theparak KM 12	02	312-2123, 312-2124, 312-2125	312-2126
Thanon Theparak KM 22	02	706-0995, 706-0996, 706-0997	706-0998
Thanon Theparak KM 3	02	753-2860, 753-2861, 753-2862, 753-2863	753-2864
Thanon Borommarat-Chonni	02	434-9791, 434-9792, 434-9793	434-2411
Thanon Bangna-Trat KM 4	02	744-1214, 744-1215, 744-1216, 744-1217	744-1213
Thanon Pracha Rat – Nonthaburi	02	967-5501, 967-5502, 967-5503, 967-5504, 525-3074	526-3526
Thanon Prachauthit	02	870-9124, 870-9125, 870-9126	870-9127
Thanon Phatthanakan	02	722-6846, 722-6847, 722-6848	722-6849
Thanon Phetcha Kasem – Bang Khae	02	413-0922, 413-0923, 413-3179, 413-3180	804-6001
Thanon Phetcha Kasem – Nong Khaem	02	431-0308, 431-0309, 431-0310, 431-0311, 431-0312	431-0313
Thanon New Phetchaburi	02	319-1520, 319-1521, 319-1522, 319-1523, 319-1524	319-1522
Thanon Ratchadaphisek – Nanglinchi	02	678-0164, 678-0165, 678-0166, 678-0167	678-0169
Thanon Rattana Thibet	02	921-8740, 921-8741, 921-8742, 921-8743	921-8740
Thanon Wat King Kao	02	750-1920, 750-1921, 750-1922, 750-1875	750-1923
Thanon Srinakarin Tara – La Salle	02	748-7484, 748-7485, 748-7486	748-7483
Thanon Song Prapha	02	929-7100, 929-7101, 929-7102, 929-7103	929-7104
Thanon Samakkhi	02	574-6221, 980-0400, 980-0401	980-1368
Thanon Sai Luat – Samut Prakan	02	389-5021, 389-5022, 389-5063, 389-5064, 389-3747	389-3302

Office		Telephone	Facsimile
Thanon Suk Sawat – Ratburana	02	428-4507, 428-4508, 428-4509, 428-4510, 428-4511	428-4387
Thanon Sukhaphiban 1	02	509-1062, 509-1064, 509-1065	509-1068
Thanon Sukhaphiban 2	02	704-8156, 704-8157, 704-8158, 704-8160	704-8159
Thanon Sukhaphiban 3	02	735-2581, 735-2582, 735-2583, 735-2584	735-2585
Thanon Sukhumwit – Samrong	02	394-5858, 394-5859, 756-9014, 756-9015	384-2856
Thanon Luang – Worachak	02	226-4781, 226-4782, 226-4783, 226-4784, 226-4785	226-4788
Thonglor	02	390-0437, 390-0438, 390-0439, 390-0440, 712-7625, 712-7626, 712-7624, 712-5879	392-3496
Tha Phra	02	869-0910, 869-0911, 869-0912	869-0915
Town In Town	02	530-9560, 530-9561	530-9562
Suvarnabhumi Airport	02	134-1818, 134-1819, 134-1820, 134-1821	134-1878
Dheves	02	280-1360, 280-1361	280-1362
T-Square	02	434-8167, 434-8168	434-8169
Tesco Lotus Navanakorn	02	909-0829, 909-0830, 909-0831	909-0831
Tesco Lotus Rama 4	02	672-4515, 672-4516	672-4517
Tesco Lotus Rangsit	02	567-0720, 567-0722	567-0696
Tesco Lotus Srinakarin	02	175-7575, 175-7824, 175-7825	175-7826
Tesco Lotus Bangkapi	02	733-0334, 733-0335	733-0336
Terminal 21 Sukhumvit	02	254-0244, 254-0245	254-0246
Thammasat – Rangsit	02	516-9970, 516-9971, 516-9972	516-9973
Thatthong	02	392-9235, 392-9582, 381-6281, 381-6282, 391-3146	392-3495
Bang Khun Non	02	424-2826, 424-2322, 424-5740	424-2829
Bang Khen	02	513-2805, 513-2807, 513-8201	513-3132
Bang Chak	02	332-9290, 332-9291, 332-9292, 332-9293	332-9294
Bang Sue	02	911-3142, 911-3143, 911-3144	311-3145
Bangna	02	398-4859, 398-4860, 398-4862, 398-4863	All Numbers
Bang Bon	02	451-0630, 451-0631, 451-0632, 451-0633	451-0634
Bang Bua	02	972-9693, 972-9694, 972-9695, 972-9699	972-9693

Office		Telephone	Facsimile
Bang Bua Thong	02	920-2510, 920-2511, 920-2512, 920-2513	920-2514
Bang Phlad	02	435-4910, 424-6499, 424-5221, 435-4910	435-4864
Bang Rak	02	237-1844, 237-2620, 237-2621	266-4115
Bang Lamphu	02	629-1011, 629-1012, 629-1013	282-5395
Bangyai City	02	595-0311, 595-0312	595-0316
Big C – Chaeng Wattana	02	575-1161, 575-1162	575-1163
Big C – Lamlukka 2	02	563-3236, 563-3237	563-3238
Big C – Suan Luang	02	328-0745, 328-0746, 328-0747	328-0747
Big C – Thanonrama 2	02	416-7806, 416-7881, 416-7950	416-7950
Bo Bae	02	225-2823, 225-4255, 225-4284, 222-0024	222-3631
Pathum Thani	02	581-1740, 581-1741, 581-1742	581-2155
Pracha Niwet 1	02	953-8164, 953-8161, 953-8162	953-8163
Pom Phrachula Chomklao	02	425-9879, 425-8205, 425-8499, 425-9667	819-8188
Pak Kret	02	583-8220, 583-8685, 583-4434, 583-4435	583-7153
Pak Khlong Talad	02	222-5828, 222-5809, 222-5826	623-8708
Poo Chao Saming Prai	02	384-1387, 384-1388, 394-4412, 394-6317	384-1673
Phaya Thai	02	354-5076, 354-5228, 354-5052, 354-5053	354-5163
Phra Khanong	02	381-1117, 381-1118, 381-1126	390-0022
Phra Pradaeng	02	463-3872, 463-3873, 463-3874	463-3909
Phrapinklao	02	883-2884, 883-2885, 883-2886, 883-2887	433-5406
Phran Nok	02	412-2764, 412-2435, 412-3040, 412-2223, 412-3778	412-3527
Phahon Yothin	02	299-2349, 299-2350, 299-1282, 299-1283, 299-1295, 299-1321, 299-1727, 299-1654	273-7806
Patpong	02	236-9395, 236-9396, 236-9397, 236-9398, 236-9399	634-3246
Paradise Park	02	325-9127, 325-9128	325-9129
Phutthamonthon	02	441-0120, 441-0121, 441-9392, 441-9393	889-3432
Peninsula Plaza	02	253-0067, 253-0068, 253-9756, 253-9757, 253-4837	253-9755
Pure Place Ramkhamhaeng 110	02	372-3540, 372-3541	372-3542

Office	Telephone	Facsimile
Pure Place Rajchapruet	02 924-4324-5	924-4326
Petchkasem Power Center	02 809-4724, 809-4725	809-4726
Future Park Rangsit	02 958-0930, 958-0931, 958-0932	All Numbers
Fashion Island	02 947-5129, 947-5130, 947-5131	947-5131
Mahaprutharam	02 238-5029, 238-5030, 238-0867, 238-0868	237-6302
Kasetsart University	02 561-4289, 940-5728, 940-5729	561-4290
Thammasat – Thaphrachan	02 225-8186, 225-8187	225-8188
Chandrakasem Rajabhat University	02 513-7264, 513-7265	513-1700
Dhonburi Rajabhat University	02 465-5690, 465-5691	465-5744
Phranakhon Rajabhat University	02 522-6187, 522-6188, 522-6189	All Numbers
Mega Bangna	02 105-1471, 105-1472	105-1473
Ramkhamhaeng – Huamak	02 369-1820, 369-1821, 369-1822	369-1822
Sripatum University	02 579-2268, 579-6094	579-8473
Siam University	02 868-5338, 868-5375	868-5932
Mah Boonkrong Center	02 215-2136, 215-2137, 620-9233, 620-9234, 686-3690	686-3689
Minburi	02 517-1222, 517-3778, 517-3779, 918-5714	918-5712
Muang Thong Thani	02 980-5578, 980-5579	980-5580
Muang Mai Bang Phli	02 315-1426, 315-1427	315-1428
Muang Ake Rangsit	02 536-4173, 536-4174, 536-4175, 536-4176	All Numbers
Makro Charansanitwongse	02 864-6066, 864-6067	864-6068
Yannawa	02 289-1132, 291-3464, 688-1508, 688-1509	291-3465
Yawaraj	02 225-9453, 225-9454, 224-7829, 224-7263	225-8254
Rangsit – Khlong 3	02 990-9131, 990-9132, 990-9133	990-9134
Rangsit – Pathum Thani	02 958-1007, 958-1008, 958-1009	516-8551
Ratchadaphisek – Huai Khwang	02 692-3105, 692-3106, 692-3107, 692-3108	692-3109
Rajdamnern	02 280-0101, 280-0102, 280-0103	280-0107
Ratchaprasong	02 252-6689, 252-6690, 252-6691, 255-1472	252-6967
Rajawong	02 221-0599, 225-3721, 226-3324, 226-3325	226-3323

Office		Telephone	Facsimile
Rarm Intra KM 8	02	943-1451, 943-1452, 519-3579, 519-3580, 943-1450	519-3581
Rarm Intra KM 4	02	973-0741, 973-0742, 973-7043	973-0745
Bangkok Hospital Soi Soonvijai	02	369-2657, 369-2658	369-2659
Bangkok Hospital Dental Center Building	02	319-0674, 319-0675, 319-0676, 319-0677, 319-0678, 319-0679	319-0680
St. Louis Hospital	02	212-6300, 212-6301, 212-6302, 675-7905, 675-7906	212-6303
Phramongkutklo Hospital	02	354-7880, 354-7881, 354-7882, 354-7883, 354-7884	354-7879
Bhumibol Adulyadej Hospital	02	532-2854, 532-2855, 532-2856, 531-6278	532-2854-6
Somdej Phrapinklao Hospital	02	460-0269, 460-0270, 468-9844, 476-3062	476-3061
Viphavadee Hospital	02	579-3595-6	579-3597
Phayathai 2 Hospital	02	619-5303, 619-5304	619-5305
Lat Krabang	02	739-1820, 739-1821, 739-1822, 739-1823	739-1820
Lat Phrao 103	02	370-3167, 370-3168, 370-3169	370-3170
Lat Phrao 124	02	514-0802, 514-0562, 514-2916, 934-0974, 934-0975	530-1891
Lat Phrao 6	02	511-1819, 511-3983, 513-4052, 513-5186, 938-6618, 938-6619	513-8112
Lat Ya	02	439-7134, 437-3882, 437-1078	439-1064
Wong Wien Yai	02	890-0361, 472-1304, 472-1432	890-0362
Wang Burapa	02	221-5121, 221-5122, 623-8833	221-5124-5
Wongsawang Town Center	02	585-2650, 585-2651	585-2652
Sriyan	02	243-1447, 243-1446, 241-3865, 243-3867	243-0664
Siriraj	02	866-2674, 866-2675, 866-2676, 411-3606	411-3552
Wararat Shopping Center	02	287-3683, 287-3684, 287-3685	All Numbers
The Government Complex (Building B)	02	143-8310, 143-8311, 143-8312, 143-8313, 143-8314	143-8314
Sanam Pao	02	278-5240, 278-5241, 278-2555, 278-2556	270-0252
Sanam Suapa	02	282-3451, 282-3452, 281-6180	282-6099
Samut Prakan	02	389-5917, 389-5918, 389-5895, 389-5896, 389-5919, 387-0370	389-5897



Office		Telephone	Facsimile
Siam Paragon	02	129-4585, 129-4586, 129-4588	129-4587
Siam Square	02	658-1752, 658-1753, 251-2232, 252-6049	252-5856
Suan Chatuchak	02	272-4415, 272-4416, 272-4233	271-4499
Saphan Khwai	02	278-2090, 278-2091	278-2092
Saphan Nonthaburi	02	976-5500, 976-5501, 976-5502, 976-5503, 976-5504, 976-5505	All Numbers
Saphan Luang	02	216-9650, 216-9651, 216-9652	216-2527
Sapanmai Donmuang	02	521-3007, 521-3008, 971-1107	971-1106
Sathu Pradit	02	294-3487, 294-5510, 295-4217, 295-4218	294-4021
Siyak Soi On Nut – Thanon Srinakarin	02	321-6924, 321-6925, 321-6926, 321-6927	322-6093
Siyak Thanon Bang Khunthian – Thanonrama 2	02	415-0151, 415-0152, 415-0153	415-0154
Silom	02	236-4452, 236-4453, 236-4432, 236-4824, 236-9500, 236-0213	236-4410
Sukhumvit 11	02	254-1330, 254-1331, 254-1332, 253-0334, 651-0243	651-0242
Sukhumvit 31	02	662-3546, 662-3547	662-1933
Sukhumvit 71	02	711-3080, 711-3081, 711-3082, 391-6514, 391-6785, 392-0313, 391-0710	392-0312
Thanon Sukhumwit KM 28 – Samut Prakan	02	702-3418, 702-3419, 702-3420	702-3426
Surawong	02	266-5230, 266-5231, 266-5232, 266-5233, 634-0208	236-3651
Suvarnabhumi Free Zone	02	134-1851, 134-1852, 134-1853	134-1874
Suvarnabhumi AOB	02	134-1845, 134-1846	134-1875
Senanikom	02	570-1386, 570-1387, 570-1710	570-0874
Nong Chok	02	543-1344, 543-1345, 543-1346, 988-2852	543-1344-6
Huai Khwang	02	274-3200, 274-3201, 274-3202, 274-3203, 274-3204, 274-3205	274-3206
Hua Mak	02	318-0503, 318-0504, 318-0505	718-8057-8
Asoke	02	259-3312, 259-3313, 259-3314, 261-6653, 261-6654, 261-6655	261-6654
On Nut	02	333-0395, 333-0396, 742-1724	333-0399

Office		Telephone	Facsimile
Sathorn City Tower	02	648-3290, 648-3291, 648-3292	648-3295
Yada Building Silom	02	652-5165, 652-5166, 652-5175, 652-5176, 236-3915	652-5167
Phaholyothin Place Building	02	278-1906, 278-1907	278-1908
United Center Building Silom	02	631-0072, 631-0073	631-0073
Liberty Square Building Silom	02	631-0117, 631-0118	631-0119
Fortune Town Building	02	642-0051-2	642-0053
Southeast Insurance Building	02	631-0034, 631-0035	–
Watergate Pavillion Pra Tu Nam Building	02	649-4550, 649-4551	649-4552
Indra-Pratunam	02	208-0981, 208-0982	208-0906
Inthrarak	02	374-0291, 374-0292	374-0293
Udom Suk	02	383-9224, 383-9225, 383-9226	383-9227
Ekkamai	02	381-7088, 381-7089, 381-7090	381-7092
Energy Complex Branch	02	936-0314, 936-0315, 936-0316	936-0316
Empire Tower	02	670-2200-1	670-2202
I Residence Naradhiwasrajanagarindra	02	636-6094-5	636-6096
All Seasons Place	02	654-0135-6	654-0137
Esplanade Ratchada	02	660-9176, 660-9344	–
Imperial World Samrong	02	384-4661, 384-0352	384-0353

# Upcountry Branches

Province	Office	Telephone	Facsimile
<b>Kanchanaburi</b>	Kanchanaburi	034 512-441, 521-101, 521-102, 511-677	512-442
	Tha Rua	034 561-745, 561-822, 562-046	All Numbers
<b>Krabi</b>	Krabi	075 612-718, 612-719, 612-720	630-086
	Plai Phraya	075 687-018, 687-019	687-019
	Lum Thap	075 643-595, 643-596, 643-598	643-599
	Aou Nang Krabi	075 637-624, 637-657	637-685
<b>Kamphaeng Phet</b>	Kamphaeng Phet	055 713-801, 713-802	713-803
<b>Kalasin</b>	Kalasin	043 812-133, 812-135, 821-848	812-134
<b>Khon Kaen</b>	Khon Kaen	043 241-497, 241-498, 241-499	334-419
	Chum Phae	043 311-170, 311-270, 386-387	312-470
	Central Plaza Khon Kaen	043 288-034, 288-035	288-036
	Ban Phai	043 272-750, 272-790	272-733
	Muang Phon	043 414-060, 414-061	414-762
	Thanon Srichan – Khon Kaen	043 246-490, 246-491	246-492
<b>Chanthaburi</b>	Chanthaburi	039 311-799, 321-215, 350-440, 350-441	311-777
	Thanon Benjamachutit – Chanthaburi	039 322-150, 322-151, 322-152	322-053
	Nong Khla	039 395-471, 395-472, 395-473	395-474
	Robinson Chanthaburi	039 322-823, 322-824, 322-825	322-886
<b>Chachoengsao</b>	Thanon Mahajakkapad – Chachoengsao	038 512-390, 511-912, 514-322	512-549
	Bangkhla	038 541-123, 827-231, 827-232, 827-233	541-689
	Bang Wua	038 538-255, 538-277, 539-003, 539-004	840-909
	Plang Yao	038 589-132, 589-133, 575-230, 851-215	851-214
	Phanom Sarakham	038 836-516, 836-517, 836-518	836-519
	Thanon Sukprayun – Chachoengsao	038 823-794, 823-795, 823-796, 823-797	All Numbers

Province	Office	Telephone	Facsimile
<b>Chai Nat</b>	Chai Nat	056 411-118, 412-394, 410-129, 412-372	412-372
<b>Chon Buri</b>	Chon Buri	038 272-984, 272-985, 274-088	274-089
	Jomtien	038 232-079, 232-080, 232-973, 232-086	All Numbers
	Central Plaza Chon Buri	038 003-240, 003-241, 003-242, 003-243, 003-244	All Numbers
	Central Festival Pattaya Beach	038 003-644, 003-645, 003-646	003-647
	Thanon Thap Phraya Pattaya	038 303-778, 303-779, 303-780, 303-877	303-778-9
	Nong Mon	038 392-065, 392-066, 392-067	392-065
	Bang Lamung	038 367-749, 367-750, 367-751	367-752
	Ban Suan	038 799-301, 799-302, 799-303	799-304
	Big C Banbung	038 486-539, 486-540	486-541
	Pakruam Borwin	038 337-949, 337-950, 337-951	337-951
	Pattaya Klang	038 411-935, 411-936	411-937
	Phanat Nikhom	038 787-699, 787-700, 473-169, 473-168	473-169
	Pattaya	038 429-501, 429-502, 421-002, 422-966	421-005
	Royal Garden	038 429-216, 710-401, 710-402	411-752
	H.M. Queen Sirikit Hospital Sattahip	038 244-022, 244-555	244-114
	Robinson Sriracha	038 314-356, 314-357, 314-358, 314-359	314-360
	Tesco Lotus Laemchabang	038 768-442, 768-923, 768-924	768-280
	Si Racha	038 313-239, 313-240, 311-824	All Numbers
	Thanon Sukhumvit – Chon Buri	038 260-960, 260-961, 260-962, 260-963	260-960
	Sattahip	038 437-123, 437-339, 437-678, 438-561	All Numbers
	Huaghunjae – Ban Bung	038 201-211, 201-212, 201-026	201-212
	Aou-Udom	038 351-642, 351-643, 351-644	351-643
<b>Chumphon</b>	Chumphon	077 502-545, 504-960, 504-961	502-544
	Thung Tako	077 536-902, 585-209	585-209
	Lang Suan	077 541-233, 541-894	541-333

Province	Office	Telephone	Facsimile
<b>Chiang Mai</b>	Chiang Mai	053 251-058, 251-059, 251-060, 251-061	233-159
	Thanon Chang Khlan	053 903-630, 903-631, 903-632	903-535
	Central Plaza Chiang Mai Airport	053 201-843, 201-844, 201-845	201-845
	Thanon Changpuak	053 211-061, 211-062, 222-966, 218-901	221-545
	Talad Nong Hoi	053 140-123, 140-124, 140-125	801-456
	Fang	053 451-154, 451-002	453-507
	Talad Varorot	053 233-117, 233-118	252-882
	Si Yak Kuang Sing	053 410-980, 410-981, 410-982	410-983
	Thanon Suthep	053 811-674, 811-675, 811-164	All Numbers
	Sanpakhoy	053 249-858, 249-859, 249-595	249-861
	Huaikaeo Road	053 404-042, 404-043, 404-044	404-128
	Hot	053 461-055, 461-056, 831-333	831-334
<b>Chaiyaphum</b>	Chaiyaphum	044 811-659, 811-666, 822-123	811-666
<b>Chiang Rai</b>	Chiang Rai	053 711-100, 711-101, 714-822	713-590
	Doi Mae Salong	053 765-159, 765-160	All Numbers
	Thoeng	053 795-001, 795-003, 795-040	795-002
	Thanon Phahon Yothin	053 714-886, 714-887, 600-716, 600-717	714-890
	Maesai	053 733-146, 640-351, 640-352	733-145
	Huai Khrai	053 763-001, 667-350, 667-351, 667-352	763-001
	Central Plaza Chiang Rai	053 179-792, 179-793	179-794
<b>Tak</b>	Tak	055 512-093, 512-094	515-451
	Mae Sot	055 533-038, 533-039, 533-040	533-383
<b>Trang</b>	Trang	075 210-811, 210-812, 214-026	218-344
	Khleng Pang	075 286-055, 286-066	286-055
	Huai Yot	075 271-147, 271-425, 235-562	271-148
<b>Trat</b>	Trat	039 520-636, 520-638	520-637
	Bo Rai	039 591-041, 591-042	591-041
<b>Nong Khai</b>	Nong Khai	042 420-562, 420-563	420-564



Province	Office	Telephone	Facsimile
<b>Nong Khai</b>	Phon Phisai	042 471-266, 471-267, 405-552	All Numbers
<b>Nakhon Pathom</b>	Nakhon Pathom	034 219-731, 219-732, 219-733, 219-734	219-736
	Kamphaeng Saen	034 351-020, 351-021, 351-022	281-103
	Nakhon Chai Si	034 228-340, 228-341, 228-339	228-342
	Phra Pathomchedi	034 250-750, 256-116, 256-137	250-751
	Silpakorn University – Sanam Chandra Palace	034 250-823, 250-824, 250-825	250-826
	Sampran	034 322-885, 322-886, 322-887	321-990
	Big C Nakhon Pathom	034 211-130, 211-131	211-132
	Aom Yai	02 810-3325, 810-3326, 810-3327	810-3329
<b>Narathiwat</b>	Narathiwat	073 512-273, 512-274, 512-275	512-273-5
	Sungai Kolok	073 611-555, 615-234, 611-556	611-587
<b>Nan</b>	Nan	054 710-455, 771-971, 772-818	710-477
	Tha Wang Pha	054 799-679, 799-634	799-138
<b>Nakhon Phanom</b>	Nakhon Phanom	042 511-023, 511-322, 512-234	512-614
	That Phanom	042 541-008, 541-009	541-010
<b>Nong Bua Lam Phu</b>	Nong Bua Lam Phu	042 360-547, 360-548, 360-549	360-551
<b>Nakhon Ratchasima</b>	Nakhon Ratchasima	044 252-505, 257-680, 252-545	257-681
	Suranaree Camp	044 341-872, 341-873, 341-875	341-874
	Dan Khun Thot	044 389-101, 389-102	389-279
	The Mall Nakhon Ratchasima	044 393-750, 393-751	393-752
	Pak Thong Chai	044 441-019, 441-641	441-100
	Prathai	044 479-511, 479-128	489-537
	Thanon Prajak – Yak Sanlakhmueang	044 255-567, 255-568, 267-471, 255-191	256-202
	Pak Chong	044 315-996, 315-997, 315-998	All Numbers
	Phimai	044 471-334, 287-407, 287-408	471-335
	Thanon Phibunla-lat – Nakhon Ratchasima	044 275-200, 275-201, 275-202, 275-204	275-203

Province	Office	Telephone	Facsimile
<b>Nakhon Ratchasima</b>	Muang Khong	044 459-234, 459-266	459-235
	Sung Noen	044 419-241, 419-865, 419-588	All Numbers
	Tesco Lotus Korat 2	044 264-964, 264-965	264-980
<b>Nakhon Nayok</b>	Nakhon Nayok	037 312-350, 312-346, 312-348, 312-349	312-588
<b>Nakhon Sawan</b>	Chumsaeng	056 282-498, 282-499	282-699
	Takhli	056 261-537, 261-538	262-155
	Phayuha Khiri	056 341-498, 316-699	341-497
	Farry Land Nakhon Sawan	056 222-913, 222-672, 221-782, 313-056	227-414
	Thanon Asia Nakhon Sawan	056 228-223, 228-225	228-224
<b>Nakhon Si Thammarat</b>	Nakhon Si Thammarat	075 356-801, 345-616, 342-893	356-979
	Chandi	075 486-185, 486-304, 486-305	486-184
	Talad Hua It	075 316-164, 316-165, 316-166, 316-167	316-168
	Thung Song	075 412-446, 412-447, 412-448	412-446-8
	Nakhon Si Thammarat Rajabhat University	075 392-116, 392-117	392-118
<b>Buri Ram</b>	Buri Ram	044 613-441, 613-442, 613-443	613-443
	Nong Ki	044 641-111, 641-112	641-111-2
	Nang Rong	044 631-456, 631-457, 622-722	631-456
<b>Prachuap Khiri Khan</b>	Prachuap Khiri Khan	032 601-547, 601-548, 611-919	611-918
	Pran Buri	032 621-989, 621-990, 621-829, 544-557	621-991
	Hua Hin	032 512-205, 512-500, 512-425, 532-151	512-347
	Hua Hin Market Village	032 526-314, 526-315, 526-316	526-316
<b>Prachin Buri</b>	Prachin Buri	037 211-355, 211-356, 211-655	211-355-6
	Prachantakham	037 291-252, 291-509	291-251
<b>Pattani</b>	Pattani	073 332-677, 332-678, 332-679	331-038
<b>Ayutthaya</b>	Ayutthaya	035 241-417, 241-418, 242-417	242-417
	Bang Ban	035 307-942, 307-943	307-944

Province	Office	Telephone	Facsimile
<b>Ayutthaya</b>	Pra Tu Nam Phra In	035 219-784, 219-785, 19-786, 219-787, 219-788	219-789
	Wang Noi	035 215-649, 215-650	215-652
	Ayutthaya Park	035 213-061, 213-062	213-008
	Uthai – Ayutthaya	035 335-417, 335-418, 213-623, 213-624	All Numbers
<b>Phang-Nga</b>	Phang-Nga	076 411-626, 411-627	411-555
	Khao Lak	076 443-445, 443-446, 443-447, 443-448	443-448
<b>Phichit</b>	Phichit	056 612-219, 613-558, 651-331	612-216
	Khao Sai	056 649-060, 649-111	649-060
	Taphan Hin	056 621-194, 621-325	621-477
	Sam Ngam	056 691-210, 691-211, 665-511	665-511
	Sak Lek	056 699-266, 699-367	699-267
<b>Phetchabun</b>	Phetchabun	056 711-386, 721-250	721-290
	Lom Sak	056 701-044, 746-270, 701-579, 701-708	746-269
<b>Phatthalung</b>	Phatthalung	074 613-305, 613-313, 626-801	611-965
<b>Phetchaburi</b>	Phetchaburi	032 426-005, 426-115	427-165
	Phetchaburi Rajabhat University	032 493-000, 493-001	All Numbers
<b>Phayao</b>	Phayao	054 481-720, 481-721, 482-329	482-330
<b>Phrae</b>	Phrae	054 511-655, 621-327	511-646
	Sung Men	054 541-231, 542-001	541-360
<b>Phitsanulok</b>	Phitsanulok	055 245-770, 245-771, 245-772	245-544
	Central Plaza Phitsanulok	055 215-460, 215-461	215-462
	Khok Matum	055 212-432, 212-434, 212-435, 212-436	212-436
	Sapphraiwan	055 293-076	293-077
<b>Phuket</b>	Phuket	076 212-123, 212-978, 213-488	213-487
	Jungceylon Phuket	076 366-166, 366-167, 366-168	366-169
	Central Festival Phuket	076 248-509, 248-510, 248-511	All Numbers
	Thalang	076 311-366, 311-367, 311-484, 311-500, 311-777	311-501

Province	Office	Telephone	Facsimile
<b>Phuket</b>	Thanon Phra Barami Patong Beach	076 343-455, 343-456, 343-457	343-458
	Montri Road	076 225-486, 230-104, 225-178, 230-137	230-102
	Bangkok Phuket Hospital	076 210-059, 210-065, 210-140	All Numbers
	Vajira Hospital	076 237-238, 237-239, 237-240	237-241
<b>Maha Sarakham</b>	Sermthai Complex Maha Sarakham	043 970-841, 970-842	970-843
	Maha Sarakham University	043 754-141, 754-142	754-143
<b>Mukdahan</b>	Mukdahan	042 611-520, 611-855, 631-451, 631-452	611-892
<b>Yala</b>	Yala	073 214-029, 214-384, 211-587, 214-231	215-380
<b>Yasothon</b>	Yasothon	045 712-301, 712-302	712-303
<b>Ranong</b>	Ranong	077 823-028, 823-029	823-030
	Kra Buri	077 891-027, 891-028	891-294
<b>Ratchaburi</b>	Ratchaburi	032 321-808, 322-048, 310-410	322-047
	Damnoen Saduak	032 253-348, 253-349, 345-331	253-701
	Thanon Khathathorn	032 315-645, 315-646, 315-647	315-817
	Ban Pong	032 200-382, 200-383, 344-767, 344-768	200-382
	Photharam	032 354-047, 354-048, 231-637, 231-062	All Numbers
<b>Rayong</b>	Rayong	038 617-470, 617-471, 617-472, 617-473, 617-474	617-475
	Klaeng	038 884-595, 884-596, 884-597	884-463
	Noen Khao Din	038 669-498, 669-500	669-499
	Ban Khai	038 641-002, 641-003	641-001
	Ban Chang	038 880-585, 880-586, 880-587	880-588
	Laemthong Shopping Plaza	038 610-229, 610-230, 610-231, 610-232	All Numbers
<b>Roi Et</b>	Roi Et	043 511-369, 511-612	512-449
<b>Lop Buri</b>	Lop Buri	036 412-093, 422-931, 421-570, 411-945	412-093
	Big C Lop Buri 2	036 612-480, 612-481	612-482
	Wong Wien Sra Kaew	036 412-729, 413-369	422-915

Province	Office	Telephone	Facsimile
<b>Lampang</b>	Lampang	054 224-154, 226-223, 226-522, 322-455	226-155
	Ngao	054 261-193, 261-194	261-007
	Central Plaza Lampang	054 811-933, 811-934	811-935
	Hang Chat	054 269-206, 269-207	269-208
<b>Lamphun</b>	Lamphun	053 561-460, 561-461, 510-461, 510-462, 510-463	510-460
	Big C Lamphun	053 552-088, 552-089	552-090
<b>Loei</b>	Loei	042 812-122, 812-133	833-568
<b>Si Sa Ket</b>	Si Sa Ket	045 612-518, 612-519	612-520
<b>Sa Kaeo</b>	Sa Kaeo	037 242-688, 242-689, 242-690	242-692
	Aranyaprathet	037 231-280, 231-290	232-601
<b>Songkhla</b>	Songkhla	074 311-333, 312-001, 324-373	314-803
	Khuan Niang	074 386-572, 386-573	386-574
	Thanon Juti Anusorn Hat Yai	074 230-883, 230-884, 244-324	231-289
	Thanon Phet Kasem – Hat Yai	074 236-403, 236-404, 239-830	236-405
	Ranot	074 391-030, 391-031, 392-555	391-030-1
	Thanon Rathakhan – Hat Yai	074 238-800, 238-801, 238-802	238-501
	Taladsantisuk	074 230-576, 351-611, 351-612, 351-613	230-575
	Hat Yai	074 231-141, 231-142, 231-143, 355-311, 355-313	355-312
	Big C Hat Yai	074 427-660-1	427-662
<b>Samut Sakhon</b>	Samut Sakhon	034 412-333, 422-245, 425-992	425-993
	Kra Thum Baen	034 848-977, 848-978	848-979
	Thanon Setthakit 1 – Samut Sakhon	034 815-609, 815-610, 815-611	815-608
	Porto Chino Rama 2 Road	034 110-841, 110-842	110-843
	Om Noi	02 431-0975, 431-0976, 431-0977, 420-2347	420-2347
<b>Surat Thani</b>	Surat Thani	077 272-753, 272-754, 281-009, 281-010, 210-283, 210-284	281-010



Province	Office	Telephone	Facsimile
<b>Surat Thani</b>	Na San	077 341-037, 341-038	341-538
	Front of Surat Thani Hospital	077 283-459, 283-460, 283-461	All Numbers
	Suratthani Rajabhat University	077 355-162, 355-234	355-483
	Ko Samui	077 421-137, 420-360, 420-361	421-143
	Central Plaza Surat Thani	077 489-866, 489-867	489-868
	Big C Surat Thani	077 224-201, 224-324, 224-809	All Numbers
	Ban Song	077 257-093, 257-127	All Numbers
	Bo Phut Ko Samui	077 246-225, 246-226	246-227
<b>Satun</b>	Satun	074 721-219, 721-220	721-221
<b>Sukhothai</b>	Sukhothai	055 614-358, 611-590, 611-147, 614-359	611-995
	Ban Dan Lan Hoi	055 689-110, 689-070	689-070
	Sawankhalok	055 642-317, 642-381	641-124
<b>Sakon Nakhon</b>	Sakon Nakhon	042 711-393, 711-993, 712-195, 714-691, 714-692, 741-993	713-403
<b>Saraburi</b>	Saraburi	036 222-430, 222-431, 221-429	221-229
	Phraphutthabat	036 266-744, 266-745, 267-799	267-800
	Thanon Phahon Yothin Saraburi	036 318-271, 318-272, 318-273, 212-023, 212-024	318-270
	Muak Lek	036 341-990, 341-017	341-024
	Wihan Daeng	036 377-258, 377-259	377-725
	Wang Muang	036 359-211, 359-212	359-213
<b>Suphan Buri</b>	Suphan Buri	035 522-356, 522-358	522-360
	U Thong	035 552-007, 552-009	552-020
	Robinson Suphan Buri	035 454-4391-2	454-393
<b>Surin</b>	Surin	044 514-250, 514-251, 514-252	514-250
<b>Samut Songkhram</b>	Samut Songkhram	034 715-454, 715-455, 714-018, 714-019	715-456
<b>Sing Buri</b>	Sing Buri	036 511-326, 512-803, 512-804	512-276
<b>Amnat Charoen</b>	Amnat Charoen	045 511-590, 511-591, 511-594	511-592

Province	Office	Telephone	Facsimile
<b>Udon Thani</b>	Udon Thani	042 241-130, 241-594, 244-776, 244-777, 244-778	244-391
	Central Plaza Udon Thani	042 921-281, 921-282	921-283
	Thanon Thahan	042 341-951, 341-952, 341-953	341-957
	Ban Phu	042 281-264, 281-265	281-265
	Thanon Phosi	042 249-551, 249-552, 249-553	249-554
<b>Uttaradit</b>	Uttaradit	055 411-655, 411-800	412-380
<b>Ang Thong</b>	Ang Thong	035 611-262, 612-418, 625-130	625-131
<b>Uthai Thani</b>	Uthai Thani	056 511-187, 511-122, 524-942	511-613
	Ban Rai	056 539-002, 539-003	539-004
<b>Ubon Ratchathani</b>	Ubon Ratchathani	045 241-313, 254-308, 254-890	254-307
	Trakan Phutphon	045 481-111	481-015
	Thanon Phrommarat	045 240-215, 240-216, 240-217	240-214

# Overseas Branches

## Vientiane

Postal Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R.
Registered Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R.
Branch Manager	Mr Louchai Louchaisa
Telephone	856-21-216486
Facsimile	856-21-214726
Email	louchai.lou@tmbbank.com

## Cayman Islands

Postal Address	TMB Bank PCL., Cayman Islands Branch 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900, Thailand
Registered Address	190 Elgin Avenue, Grand Cayman, KY1-9005, Cayman Islands
Branch Manager	Ms Soontaree Cheevaphat
Telephone	662-299-1180
Facsimile	662-242-3139
Email	soontaree.che@tmbbank.com

# Currency Exchange Service Offices

Province	Booth	Address	Telephone
Bangkok	Don Muang Arrival Hall (AH)	222 Viphavadee Rangsit Road, Sanambin, Don Muang, Bangkok	02-535-3172
	Bangkok Hospital Soi Soonwijai	Inside Inter Nation Building at Bangkok Hospital, Soi Soonvijai, Bangkok, Huaykwang, Bangkok	02-318-9770
	Central World	Central World, 2nd Floor, Unit No. K-B 205 Room K2-10/2 Rama 1 Road, Pratumwan, Bangkok	02-646-1326
	Chatuchak Gate 2	FX Booth Gate 2 Chatuchak Administration Office Bangkok, Kamphaeng Phet 2 Road, Ladyao, Chatuchak, Bangkok	02-272-4715-6
	Chatuchak Gate 3	FX Booth Gate 3 Chatuchak Administration Office Bangkok, Kamphaeng Phet 2 Road, Ladyao, Chatuchak, Bangkok	02-272-4105-6
	Don Muang Departure Hall (DH)	222 Viphavadee Rangsit Road, Sanambin, Don Muang, Bangkok	02-535-3171
	Indra Pratunam	120/67 Soi. Indra, Rajprarob Road, Phayathai, Rajthevi, Bangkok	02-208-0978
	Indra Square	120/126 Rajprarob Road, Phayathai, Rajthevi, Bangkok	02-631-9457-9
	Khaosan (Pimanwit School)	212 Pimanwit School, Khaosan Road, Pranakorn, Bangkok	02-629-0579
	Mah Boonkrong Center	444 Mah Boonkrong Department Store (MBK), Phayathai Road, Wangmai, Pathumwan, Bangkok	02-686-3690
	National Stadium BTS Station	National Stadium BTS Station, W1-29, Rama I Road, Wangmai, Pathumwan, Bangkok	02-612-3132
	Pantip Plaza Pratunam	604/3 Petchaburi Road, Thanon Phayathai, Ratchathewi, Bangkok	02-256-0412
	Phromphong BTS Station	Phromphong BTS Station, E5-10/1A, Sukhumvit 24 Road, Klongtoey, Bangkok	02-663-7485
	Platinum Pratunam	Platinum Fashion Mall, 222 Petchaburi Road, Petchaburi, Rajthevi, Bangkok	02-121-9404
	Platinum Pratunam 2	In front of Platinum Fashion Mall, 222/226 Petchaburi-Tadmai Road, Petchaburi, Rajthevi, Bangkok	02-121-9493
	Rambuttri	323 Rambuttri Road, Taladyod, Pranakorn, Bangkok	02-629-0620-1
	Sathorn Pier	Sathorn Pier, Bangrak, Bangkok	02-212-1885-6

Province	Booth	Address	Telephone
<b>Bangkok</b>	Shibuya Pratunam	919 Shibuya Bulding, Petchaburi Road, Thanon Phayathai, Ratchathewi, Bangkok	02-169-7617
	Yada Building Silom Branch	56 Yada Building, Silom Road, Suriyawong, Bangrak, Bangkok	02-267-0969
<b>Chon Buri</b>	Caesar Plalace Hotel	382/34 Moo 9, Nongprue, Banglamung, Chon Buri	038-429-215-6
	Cherry Hotel, Pattaya	270/3 Moo 10, Nongprue, Banglamung, Chon Buri	038-710-994 038-710-974
	Had Dongtan, Pattaya	69 Nongprue, Nongprue, Banglamung, Chon Buri	038-233-734-5
	Had Jomtien	75/19 Moo 12, Nongprue, Banglamung, Chon Buri	038-231-441-2
	Jomtien	334/1-2 Moo 12 Jomtien Beach Road, Nongprue, Banglamung, Chon Buri	038-232-079
	LK The Empress Hotel	66/33 Moo 9, Nongprue, Banglamung, Chon Buri	038-422-267
	Mark Land Hotel	436/541 Moo 9 North Pattaya Beach Road, Nongprue, Banglamung, Chon Buri	038-415-294
	Mountain Beach Hotel Pattaya	378/24 Moo 12, Nongprue, Banglamung, Chon Buri	038-252-993-4
	Nautical Inn	262/1 Moo 10, Nongprue, Banglamung, Chon Buri	038-425-088
	Pattaya	325/67-70 Pattaya Klang Road, Nongprue, Banglamung, Chon Buri	038-426-107
	Pattaya Beach	111310 North Pattaya Beach Road, Nongprue, Banglamung, Chon Buri	038-410-747
	Pattaya Road 2nd (Alcaza)	Thai Palace Hotel, 212 Moo.9 Pattaya 2nd Road, Nongprue, Banglamung, Chon Buri	038-415-302
	Royal Garden Plaza	218 Moo 10, Muang Pattaya, Nongprue, Banglamung, Chon Buri	038-411-750
	Soi Bua Khao	210 Moo 9, Nongprue, Banglamung, Chon Buri	038-410-617
	Sunshine Pattaya	240/12 Moo 5 Pattaya - Naklur Road, Naklur, Banglamung, Chon Buri	038-371-440-2
	Tappaya	31502 Tappaya Road, Nongprue, Banglamung, Chon Buri	038-251-449
	Thanon Tappaya (Pattaya)	315/297 Moo 12, Nongprue, Banglamung, Chon Buri	038-303-778



Province	Booth	Address	Telephone
<b>Chon Buri</b>	Winmill Resort Hotel Pattaya	Inside Windmill Resort Pattaya, 665 Moo 5, Pattaya-Naklur Road, Banglamung, Chon Buri	038-371-590 038-371-593
<b>Krabi</b>	Ao Nang Branch Krabi	146/2 Moo 2, Ao Nang, Muang, Krabi	075-637-656
	Krabi Airport	Phetkasem Road, Nue-Klong, Nue-Klong, Krabi	076-327-736
<b>Pang-Nga</b>	Khao-Lak Branch Pang-Nga	19/4-5 Moo 6, Khukkhak, Takuapa, Pang-Nga	076-443-445-7
<b>Phuket</b>	Andaman Promanard	Andaman Club Room No. 120/10-11 Raj-U-Thit 200 Years Road, Patong, Kathu, Phuket	076-341-357 076-341-387
	Amata Resort	189/29 Raj-U-Thit 200 Years Road, Patong, Kathu, Phuket	076-340-532
	Arrival Hall, Phuket Airport	222 Moo 6, Mai Khao, Talang, Phuket	076-326-737
	Bangla 1	136/1 Thaweewong Road, Patong, Kathu, Phuket	076-340-157
	Banthai	94 Thaweewong Road, Patong, Kathu, Phuket	076-340-618
	Central Festival Phuket	74-75 Central Festival Shopping Center 2nd Floor. Moo 5, Wichit, Muang, Phuket	076-248-514
	Devana	49/145 Raj-U-Thit 200 Years Road, Nongprue, Bang Phli, Phuket	076-340-035
	Had Karon	643 Patak Road, Karon, Muang, Phuket	076-396-978
	Had Kata	Corner Plaza Shopping Complex 112/3 Taina Road, Karon, Muang, Phuket	076-330-088
	Holiday Inn Resort Hotel	52 Thaweewong Road, Patong, Kathu, Phuket	076-349-698
	Jungceylon Branch	181 Jungceylon Shopping Center, Floor B, Raj-U-Thit 200 Years Road, Kathu, Phuket	076-366-168
	Novotel Phuket Vintage Park Phuket Hotel	89 Raj-U-Thi 200 Years Road, Patong, Kathu, Phuket	076-340-698
	Patong Merlin Hotel (Phuket)	Front of Patong Merlin Hotel Thaweewong Road, Patong, Kathu, Phuket	076-341-048
	Phuket International Airport	222 Moo 6, Mai Khao, Talang, Phuket	076-328-383-5
	Sabana Resort Hotel	14/53 Moo 1, Rawai, Muang, Phuket	076-388-445

Province	Booth	Address	Telephone
Phuket	Sai Nam Yen Center Point Phuket	271 Raj-U-Thit 200 years Road, Patong, Kathu, Phuket	076-297-026
	Thanon Phra Barami Patong Beach	256 256/3 Phra Barami Road, Patong, Kathu, Phuket	076-343-454-61
	Wong Wien Karon	240 Karon Road, Karon, Muang, Phuket	076-396-088
Samut Prakan	Suvarnabhumi Arrival Hall 1 (AH1)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Hall 2 (AH2)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Hall 3 (AH3)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Hall 4 (AH4)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Lounge 1 (AL1)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Lounge 2 (AL2)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Lounge 3 (AL3)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Arrival Lounge 4 (AL4)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Hall 1 (DH1)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Hall 2 (DH2)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Hall 3 (DH3)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Hall 4 (DH4)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Hall 5 (DH5)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Departure Lounge 2 (DL2)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4

Province	Booth	Address	Telephone
<b>Samut Prakan</b>	Suvarnabhumi Domestic Baggage Claim (DB)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Gallery (GL1)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi International Baggage claim (IB)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi International Baggage claim (IB2)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi International Baggage claim (IB3)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
	Suvarnabhumi Visa On Arrival (VA1)	999 Moo 1, Nongprue, Bang Phli, Samut Prakan	02-134-1813-4
<b>Surat Thani</b>	Bo Phut Branch	25/21-22 Moo 6, Bo Phut, Koh Samui, Surat Thani	077-246-225-7
	Koh Samui Branch	67/12-13 Moo 3, Angthong, Koh Samui, Surat Thani	077-420-360-2

# Supply Chain and Business Centers

Business Center	Address	Telephone	Facsimile
<b>Chong Nonsi</b>	360/16-19 Rama 3 Road, Chong Nonsi, Yannawa, Bangkok 10120	02-285-3874	02-285-3875
<b>BC Asoke</b>	189/1 Grand Park View Building, 2nd Floor Sukhumvit 21 Road, Wattana, Bangkok 10110	02-204-2723-5	02-204-2726
<b>Krung Kasem</b>	1514 Krungkasem Road, Thepsirin, Pomprab, Bangkok 10100	02-221-1085 02-226-1598	02-221-1275
<b>Rangsit - Pathumthani</b>	42 Rangsit Pathumthani Road, Prachathipat, Thanyaburi, Pathumthani 12130	02-567-5646	02-567-5662
<b>Baromratchonnee</b>	906, 908, 910 Baromratchonnee Road, Bangbumru, Bangplad, Bangkok 10700	02-886-5435-6	02-434-1756
<b>Samut Prakan</b>	88 Moo 3, Theparak Road, Tumbon Theparak, Ampur Muang, Samut Prakan 10270	02-753-3600-1	02-753-3602
<b>Samut Sakhon</b>	824/48-52 Norrasing Road, Tumbon Mahachai, Ampur Muang, Samut Sakhon 74000	034-811-419-20	034-811-418
<b>Silom</b>	149/9-11 Surawong Road, Suriyawong, Bang Rak, Bangkok 10500	02-235-8009-10	02-235-8001
<b>Phahon Yothin</b>	3000 3rd Floor, Phahon Yothin Road, Jomphol, Jatuchak, Bangkok 10900	02-299-1429 02-299-3231 02-299-1422 02-299-1449 02-299-1111 - Ext. 5210 02-242-3708	02-242-3505
<b>Chiang Mai</b>	275/5 Chang Phueak Road, Chang Phueak, Muang Chiang Mai, Chiang Mai 50300	053-410-102	053-410-909
<b>Chiang Rai</b>	143/2 Thanalai Road, Tumbon Wiang, Ampur Muang, Chiang Rai 57000	053-719-373	053-745-108
<b>Lampang</b>	173-175 Boonwat Road, Suandok, Muang Lampang, Lampang 52100	054-322-723	054-323-661
<b>Phitsanulok</b>	90-93 Boromtrailokanat Road, Nai Muang, Muang Phitsanulok, Phitsanulok 65000	055-249-145	055-248-800
<b>Nakhon Ratchasima</b>	319 Mtiiraphap Road, Nai Muang, Muang Nakhon Ratchasima, Nakhon Ratchasima 30000	044-263-620-1	044-258-767
<b>Ubon Ratchathani</b>	130 Chayangkul Road, Nai Muang, Muang Ubon Ratchathani, Ubon Ratchathani 34000	045-284-473-5	045-254-307

Business Center	Address	Telephone	Facsimile
<b>Khon Kaen</b>	127/12 Prachasamosorn, Nai Muang, Muang Khon Kaen, Khon Kaen 40000	043-332-663-4	043-332-664
<b>Udon Thani</b>	81/1 Udon Dusadee Road, Mak Khaeng Muang Udon Thani, Udon Thani 41000	042-344-266 - Ext. 31	042-243-288
<b>Saraburi</b>	591/14 Phahon Yothin Road, Pak Preaw, Muang Saraburi, Saraburi 18000	036-213-237	036-318-541
<b>Nakhon Sawan</b>	1319/4 Moo 10, Nakhonsawantok, Muang Nakhon Sawan, Nakhon Sawan 60000	056-312-393	056-312-766
<b>Chon Buri</b>	61/9 Sukhumvit Road, Bang Plasoi, Muang Chon Buri, Chon Buri 20000	038-270-794 038-283-526	038-283-652
<b>Pattaya</b>	579 Moo 5, Pattaya-Naklua Road, Naklua, Bang Lamuan, Chon Buri 20150	038-368-126	038-367-536
<b>Rayong</b>	139/1 Sukhumvit Road, Choengneon, Muang Rayong, Rayong 21000	038-800-401 038-800-404	038-800-402
<b>Nakhon Pathom</b>	124/10 Ratchawithee Road, Phra Pathom Chedee, Muang Nakhon Pathom, Nakhon Pathom 73000	034-256-682	034-256-697
<b>Ratchaburi</b>	319/1 Srisuriyawong Road, Na Muang, Ratchaburi 70000	032-311-096	032-311-218
<b>Surat Thani</b>	57/68 Moo 2, Makham Tia, Muang Surat Thani, Surat Thani 84000	077-221-823	077-264-228
<b>Pattani</b>	72 Phiphit Road, Anoa Ru, Muang Pattani, Pattani 94000	073-311-204	073-318-205 073-310-896
<b>Trang</b>	78/1 Wisetkul Road, Thubthiang, Muang Trang, Trang 92000	075-223-686	075-223-687
<b>Phuket</b>	37/53 Montri Road, Talad Yai, Muang Phuket, Phuket 83000	076-230-083	076-230-084
<b>Hat Yai</b>	160 Nipat U Tit 2 Road, Hat Yai, Songkhla 90110	074-355-750 074-354-749	074-354-491

# Main Correspondent Banks

Country	Correspondent Bank(s)
<b>Australia</b>	Australia and New Zealand Banking Group Limited, Commonwealth Bank of Australia, Westpac Banking Corp., Sydney
<b>Canada</b>	Bank of Nova Scotia, Toronto
<b>China</b>	Agricultural Bank of China, Qingdao, Bank of China, China Construction Bank, China Minsheng Banking Corp., Ltd., Hua Xia Bank, Industrial and Commercial Bank of China
<b>Denmark</b>	Danske Bank AS
<b>England</b>	Lloyds TSB Bank
<b>Finland</b>	Nordea Bank Finland
<b>France</b>	BNP Paribas, Credit Agricole CIB, NATIXIS, Societe Generale
<b>Germany</b>	Commerz Bank AG, Deutsche Bank AG, Unicredit Bank AG
<b>Hong Kong</b>	Hong Kong and Shanghai Banking Corporation
<b>India</b>	State Bank of India, Yes Bank, India Overseas Bank, Punjab National Bank, Bank of India, Canara Bank
<b>Israel</b>	Bank Hapoalim B.M., Bank Leumi Le Israel
<b>Japan</b>	Bank of Tokyo-Mitsubishi UFJ Ltd., Mizuho Bank, Sumitomo Mitsui Banking Corporation, The Towa Bank Ltd. (Head Office)
<b>Korea</b>	Korea Exchange Bank
<b>Malaysia</b>	CIMB
<b>Netherlands</b>	ING Bank N.V.
<b>Philippines</b>	Asian Development Bank
<b>Singapore</b>	DBS Bank Ltd., Oversea-Chinese Bank Corporation Ltd., United Overseas Bank Ltd.

Country	Correspondent Bank(s)
<b>Sweden</b>	Skandaviska Enskida Banken
<b>Switzerland</b>	Credit Suisse AG, UBS AG, Zurich (Head Office)
<b>Thailand</b>	Bangkok Bank PLC, Bank for Agriculture and Agricultural Cooperative, Bank of Ayudhya PLC, Bank of Thailand, Export-Import Bank of Thailand, Government Savings Bank, Industrial and Commercial Bank of China (Thai) Ltd., Kasikorn Bank PLC, Kiatnakin Bank PLC, Krung Thai Bank PLC, Land & House Retail Bank PCL, Siam Commercial Bank PLC, Standard Chartered Bank (Thai) PLC, Thanachart Bank PLC, The Government Housing Bank, TISCO Bank PLC
<b>UK</b>	Barclays Bank Ltd., National Westminster Bank PLC, Royal Bank of Scotland PLC, Standard Chartered Bank
<b>USA</b>	Bank of America N.A. San Francisco, CA US, Bank of New York Mellon N.A. Bank of The West, Citibank N.A., JP Morgan Chase Bank N.A., Wells Fargo Bank N.A.
<b>Vietnam</b>	Bank for Investment and Development of Vietnam, Joint Stock Commercial Bank For Foreign Trade of Vietnam, Military Commercial Joint Stock Bank, Saigon Thuong Tin Commercial Joint Stock (Previous name: Sacombank, Vietnam), Vietnam Technological and Commercial Joint Stock Bank







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