

ANNUAL REPORT 2015

THANACHART CAPITAL PUBLIC COMPANY LIMITED



TOGETHER
SUCCESS



CONTENTS

002	Financial Highlights
012	Message from the Chairman
014	Message from the Chairman of the Executive Committee and Chief Executive Officer
018	Management Discussion and Analysis
045	Nature of Business Operation
069	Risk Management and Risk Factors
081	Corporate Social Responsibility
095	Management Structure
109	Corporate Governance
127	Internal Control and Risk Management
129	Board of Directors and Executives Management
166	Related Party Transactions
171	General Information
176	Shareholders and Dividend Policy
179	Report of the Nomination and Remuneration Committee
180	Report of the Audit Committee
182	Responsibilities of the Board of Directors for Financial Report
183	Independent Auditor's Report
184	Financial Statements and Notes to Financial Statements
315	Summary of Specified Items per form 56-2 in 2015 Annual Report
316	Abbreviations

FOUR STRATEGIC INTENTS FOR THE BUSINESS OPERATION IN 2016



VISION

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

BUSINESS PRINCIPLES

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

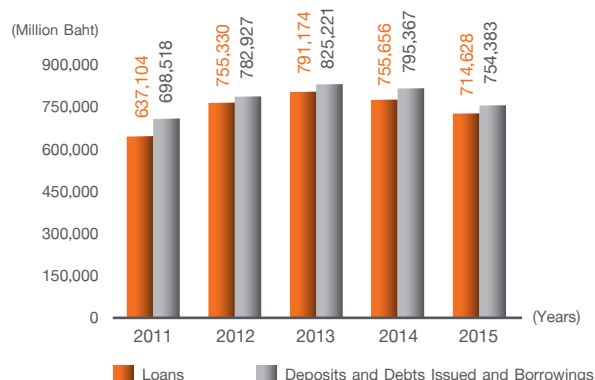


FINANCIAL HIGHLIGHTS

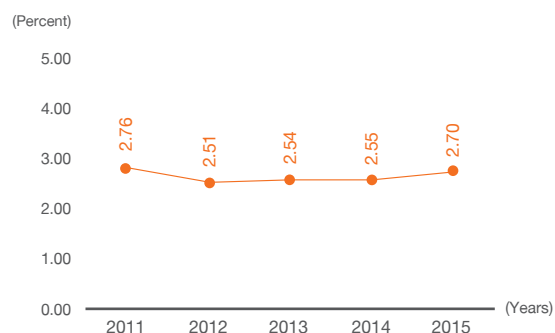
As at and for the year ended 31 December

	CONSOLIDATED				
	2015	2014	2013	2012	2011
Operating Performance (Million Baht)					
Interest Income	48,640	52,940	54,108	49,081	44,258
Interest Expenses	20,910	25,475	27,615	25,786	19,943
Net Interest Income	27,730	27,465	26,493	23,295	24,315
Non-interest Income	12,474	12,443	26,488	12,487	10,610
Net Operating Income ⁽¹⁾	40,204	39,908	52,981	35,782	34,925
Other Operating Expenses	20,319	19,830	20,624	21,896	20,940
Impairment Loss of Loans and Debt Securities	8,600	7,084	11,419	2,900	2,077
Profit before Income Tax	11,285	12,994	20,938	10,986	11,908
Income Tax	225	2,558	4,288	2,360	3,136
Profit for the Year from Continuing Operations	11,060	10,436	16,650	8,626	8,772
Profit for the Year from Discontinued Operations	-	-	354	1,212	-
Profit for the Year	11,060	10,436	17,004	9,838	8,772
Net Profit of the Company	5,436	5,120	9,231	5,509	5,002
Non-controlling Interest	5,624	5,316	7,773	4,329	3,770
Operating Performance Ratio (Percent)					
Return on Average Assets (ROAA)	1.12	1.02	1.65	1.05	1.00
Return on Average Equity ⁽²⁾ (ROAE)	10.48	10.39	20.36	13.37	13.64
Interest Spread ⁽³⁾	2.70	2.55	2.54	2.51	2.76
Credit Cost	1.12	0.89	1.36	0.36	0.31
Cost to Income Ratio ⁽⁴⁾	50.54	49.69	38.67	59.19	59.96
Financial Position (Million Baht)					
Loans	714,628	755,656	791,174	755,330	637,104
Non-performing Loans (NPLs)	22,581	33,768	37,540	34,307	40,188
Total Assets	997,581	1,025,630	1,050,914	1,026,679	897,962
Deposits and Debts issued and Borrowings	754,383	795,367	825,221	782,927	698,518
Total Liabilities	886,258	921,354	955,474	941,445	820,751
Total Equity	111,323	104,276	95,440	85,234	77,211
Equity Attributable to the Company	52,674	51,353	47,369	43,586	39,130

Loans and Deposits and Debts Issued and Borrowings



Interest Spread



Definitions and Calculation Formulas

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

⁽²⁾ Excluding Non-controlling Interests

⁽³⁾ Interest Spread = Yield - Cost of Fund

Yield = Interest Income / Average Earning Assets

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

Cost of Fund = Interest Expenses / Average Paying Liabilities

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

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

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

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

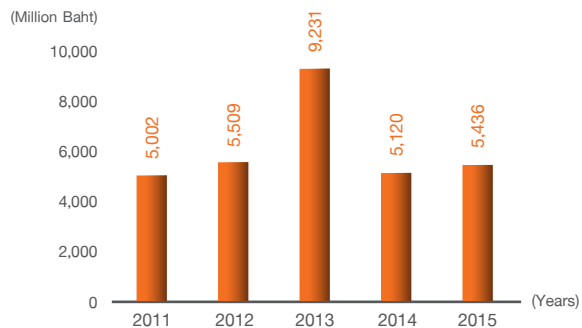
⁽⁷⁾ Dividends per Share for 2015 is Interim Rate Paid

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

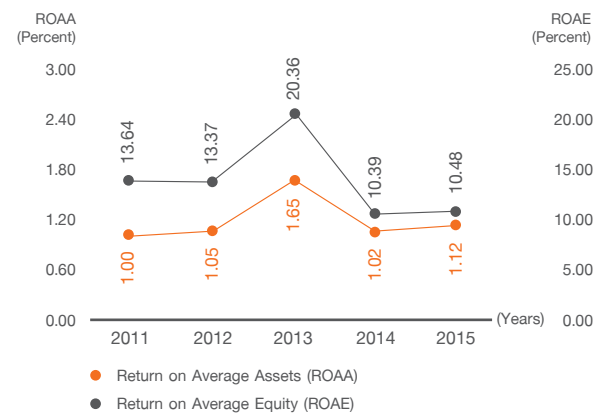
As at and for the year ended 31 December

	CONSOLIDATED				
	2015	2014	2013	2012	2011
Financial Position Quality (Percent)					
Loans to Deposits and Debts issued and Borrowings Ratio	94.73	95.01	95.87	96.48	91.21
NPL-gross to Total Loans	2.96	4.21	4.49	4.32	5.94
NPL-net to Total Loans	1.30	2.06	2.30	2.17	2.84
Coverage Ratio ⁽⁵⁾	117.16	84.89	82.61	73.19	68.38
Reserve to Required Reserve ⁽⁶⁾	157.71	132.64	127.36	124.12	107.01
Capital Adequacy					
(Consolidated Supervision of The Bank of Thailand)					
Tier I Capital Ratio (Percent)	10.29	9.37	9.07	7.50	8.48
Total Capital Ratio (Percent)	14.71	13.59	14.31	12.07	12.53
Risk Weighted Assets (Million Baht)	763,285	809,876	780,045	750,120	679,718
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	4.61	4.24	7.49	4.31	3.91
Book Value	45.21	42.56	39.26	34.11	30.62
Dividends ⁽⁷⁾	0.70	1.60	1.60	1.40	1.20
Common Share Outstanding (Million Shares)					
Average-Basic	1,179	1,206	1,232	1,278	1,278
End of Year	1,165	1,206	1,206	1,278	1,278
Share Price ⁽⁸⁾ (Baht)					
High	37.00	38.75	50.25	41.75	38.00
Low	28.25	30.00	29.75	24.60	23.50
Closing	36.50	31.75	32.25	37.75	26.75
Market Capitalization (Million Baht)	42,527	38,306	38,909	48,238	34,182
Other Information					
Employees	14,905	14,971	15,427	15,840	16,380

Net Profit of the Company



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



THE ONE

We will strive for performance excellence
within the world of financial transactions,
with a goal of being the financial advisor
everyone thinks of first.





POWER OF THE TEAM

Every success results from the power of
collaboration combined with a strong service orientation,
leading to the common goal of offering
the highest customer satisfaction.

SOLUTION EXCELLENCE

Fulfilling all financial transaction needs
conveniently, swiftly, and securely with
the support of creative digital technology.

Deposit & Investment



Protection



Borrowing



Day to day Banking





FOR THE FUTURE

The definition of sustainable success is mutually beneficial growth among businesses, society, and the environment. The value of giving will contribute endlessly to a better society.



MESSAGE FROM THE CHAIRMAN

In the past year 2015, the country's overall economy recovered slowly with better improvement than a year earlier. However, it was still adversely affected by both the internal and external factors. As a result, the loan growth of the commercial banking industry was rather limited. On the part of Thanachart Group, its overall loan growth was sluggish, mainly due to the contraction of its hire purchase loans in line with the slowdown of the automotive industry. However, **Thanachart Group has been successful in strengthening TBANK** which is the Group's core business, **in line with the established targets** as follows:

- **TBANK's Capital Adequacy Ratio (CAR)** which grew to 17.92 percent from 15.83 percent **was among the top of the commercial bank industry**. The Bank's CAR was higher than two times of the 8.50 percent minimum requirement imposed by the BOT.

- **TBANK's asset quality has improved significantly** with its NPL ratio falling from 4.09 percent to 2.84 percent while its coverage ratio increased from 85.52 percent to 119.42 percent which is at the level of more than sufficient.

- **TBANK's liquidity was at a relatively high level**, as witnessed by its ability to maintain the Basel III Liquidity Coverage Ratio (LCR) of above 100 percent, which far exceeds the minimum requirement imposed by the BOT. (The BOT imposes the minimum requirement of 60 percent at the beginning of the year 2016. The requirement is to gradually increase by 10 percent per annum until it reaches 100 percent in 2020.)

TBANK's success and developments in various areas in the past year led to a 6 percent increase of Thanachart Group's profit. As a result, the Board of Directors is confident that it is able to continue maintaining the profitable

performance of Thanachart Group at a satisfactory level in the future. In this connection, the Board of Directors would like to propose at the Annual General Meeting of Shareholders for the year 2016 that the dividend be increased from 1.60 baht per share to 1.80 baht per share.

As regards the year 2016, the Thai economy is expected to register a slightly higher growth than in 2015, mainly due to the government investment. On the other hand, the loan growth of the country's commercial banking industry will be modest when compared with the growth in 2015. However, Thanachart Group's policy in 2016 is still aimed at strengthening TBANK in a continuous manner as well as maintaining the Bank's leadership position in the auto hire purchase market. Importantly, other types of loans will be increased to achieve a more balanced loan portfolio. As well, emphasis will be placed on increasing non-interest income by developing new products and services as well as information technology, among others. This is to make shareholders feel confident that TBANK is not only well prepared in the conduct of its business affairs but it also possesses competitiveness potential and is able to achieve stronger performance in a continuous and sustainable manner.

As indicated to you earlier, the Board of Directors adopted a resolution to repurchase the Company shares, based on its observation that the prices of the Company shares had declined to relatively low levels. As a result, the share repurchases would be beneficial to shareholders as a whole. In this connection, I would like to inform you that in 2015, the Company's share repurchases were completed since August 2015 with the total number of repurchased shares amounting to 41,350,000. The Company used 1,400 million baht worth of excess liquidity to repurchase the shares at an average price of 33.86 baht per share.

In relation to good corporate governance, the Board of Directors has consistently paid close attention to all areas of corporate governance. This is reflected in the high rating scores which the Company has achieved for several consecutive years, based on the assessments undertaken by the various organizations concerned. Moreover, all the 12 member companies of Thanachart Group have participated in Thailand's Private Sector Collective Action Coalition against Corruption (CAC). As well, they have been certified as members of the Collective Action Coalition against Corruption Campaign and have also been allowed to display the CAC symbol beside their corporate names. This clearly demonstrates Thanachart Group's strong determination to fight against all forms of corruption. In this connection, the Board of Directors reaffirms its commitment to carrying out its duties related to these areas to the best of its ability.

None of the above will happen if all the executives and staff in Thanachart Group do not collaborate with one another in carrying out their duties. Noteworthy are also the continuous support and trust from customers, shareholders as well as all groups of stakeholders. On behalf of the Board of Directors, I would like to thank all of you for your valuable contribution to the success and progressive development of Thanachart Group. I do hope that we will continue to have your trust and also receive your further support as in the past.



A handwritten signature in black ink, appearing to read 'B. Tantivit'.

(Mr. Banterng Tantivit)

Chairman

Thanachart Capital Public Company Limited



MESSAGE FROM THE CHAIRMAN OF THE EXECUTIVE COMMITTEE AND CHIEF EXECUTIVE OFFICER

The overall growth of the Thai economy in 2015 was better than in the previous year, thanks to public sector spending and various economic stimulus measures as well as tourism. On the other hand, the economy was adversely affected by the slowdown of the country's trading partners, particularly China. Noteworthy were also the lack of impetus in private sector investments and the household debt levels that remained high. These were difficult and challenging situations faced by the country's commercial banking industry in the past year. The growth in loans was rather limited while the non-performing loans were increasing. However, **Thanachart Group was still able to register stronger performance and was also successful in strengthening its financial position in a continuous manner.** Thanachart Group's 2015 net profit amounted to 11,060 million baht while the Company's net profit was 5,436 million baht, up 316 million baht or 6.17 percent from the previous year. This was mainly due to the improved income structure and the decrease in loan loss provision from normal business operation, as well as effective debt collection and systematic risk management. On the other hand, the asset quality and the coverage ratio improved significantly.

As regards **TBANK and its subsidiaries** which are Thanachart Group's core businesses, TBANK made continuous progress in all areas throughout the year 2015. As the net profit grew for four consecutive quarters, the full-year net profit was 10,743 million baht, up 821 million baht or 8.27 percent from 2014. Noteworthy were the improved income structure in terms of the growth in the net interest income and non-interest income as well as the decrease in the loan loss provision from normal business operation. As the asset quality improved significantly, the non-performing loans decreased by 11,080 million baht, representing a decrease of one-third of the total non-performing loans at the end of 2014. The NPL ratio decreased from 4.09 percent to 2.84 percent while the coverage ratio increased from 85.52 percent to 119.42 percent, which was close to the commercial banking industry's average. Importantly, TBANK's Capital Adequacy Ratio (CAR) which increased from 15.83 percent to 17.92 percent was considered very high with ranking among the top in the commercial banking industry. As a result, TBANK is able to accommodate future business expansion in a stable manner.

Moreover, TBANK was able to maintain the Basel III Liquidity Coverage Ratio (LCR) of more than 100 percent, which was well above the minimum requirement of 60 percent imposed by the BOT at the beginning of 2016. The requirement is expected to be increased gradually by 10 percent per annum until it reaches 100 percent in 2020. The high LCR reflects TBANK's great potential for managing financial liquidity and builds trust and confidence of all customers of TBANK.

In 2015, there were a number of noteworthy key events related to TBANK's businesses. These included: 1) TBANK issued new ordinary shares to raise its capital, which were sold to its shareholders in proportion to their respective existing holdings. The proceeds of the capital increase were used for redeeming the Hybrid Tier I debentures held by TBANK's major shareholders including the Company and Scotiabank. The move helped strengthen TBANK's capital structure. 2) TBANK was successful in issuing and offering for sale subordinated instruments which could be counted as Tier II capital under Basel III. The issuance of the instruments helped enhance financial stability and served as a solid foundation for future business expansion. 3) SCIB Public Company Limited, a subsidiary of TBANK, already completed the registration of its business liquidation. In this connection, TBANK incurred a tax loss from investing in the subsidiary. As a result, TBANK did not have a tax burden in 2015. Almost all the tax shield received were used as additional reserve in order to strengthen TBANK's financial position.

In 2016, the loan growth of the Thai commercial banking industry is expected to be modest when compared with the growth in 2015. The contributing factor will be the growth of corporate loans which benefits from the public spending. On the other hand, retail loans are expected to slow down, mainly due to stricter measures to be imposed in order to reduce risks. Overall, the commercial banking industry will be faced with challenges in numerous areas as a result of rapid changes in technology. These include, among others, internet usage growth which leads to the rapid growth of internet banking, the increased role of non-bank financial institutions, the decrease in deposit protection limit, and, most importantly, the development of the National e-Payment Master Plan which will bring about a cashless society in the future.

In getting prepared for dealing with the above numerous challenges, Thanachart Group is determined to foster developments in all areas in order to enhance TBANK's competitiveness. Emphasis will be placed on the development of the infrastructure and work processes, ensuring that they not only are efficient but also are able to support one another in a more effective manner. TBANK will also focus on human resource development by inculcating positive attitudes in the staff members as well as raising the level of work-related knowledge and skills of the staff at all levels so that they are able to select right products and services which meet customer needs. In this connection, TBANK is in the process of developing prototype products and services to accommodate digital banking transactions. The new developments will differentiate TBANK's services from those of its competitors and enable TBANK to provide customers with great experience by delivering service excellence.

While the businesses achieve stronger performance in a continuous manner, Thanachart Group continues paying close attention to good corporate governance as well as corporate social responsibility and environmental protection so that the organizations will grow in a sustainable manner. In this connection, Thanachart Group implemented the following activities in 2015:

- Thanachart Group continued implementing its **campaign to promote Thai cultural identity and Buddhism**. Thanks to the successful campaigns, the Group received a Wattanakunathorn Award from the Ministry of Culture for its contribution to the Ministry in the fiscal year 2015 under the organization category in the area of religion, arts, and culture promotion. The Group's other campaigns included **promoting and supporting implementation of charitable activities, acting as channels for customers' donations through its 'bridge-of-merit' project and changes in work processes with an aim of reducing energy consumption and saving natural resources** as well as other numerous projects.

- Thanachart Group established a **'Rethink'** campaign program with the slogan **'Rethink, know to use money, and find happiness.'** The campaign was aimed at inculcating members of the general public with a wake-up call on the importance of changing their spending habits in order to bring their spending in line with their own income as well as the importance of creating financial discipline with money in order to live happily in a stable and sustainable manner by applying the "sufficiency economy" philosophy.

- The fact that all 12 companies of Thanachart Group received the CAC symbol from the Private Sector Collective Action Coalition against Corruption (CAC) demonstrated their firm intention to all parties concerned that the Group was committed to fighting against all forms of corruption.

The stronger performance and developments in various areas in a continuous manner are attributable to support from staff, customers, business alliances, and shareholders. I would like to thank you all for your trust and relentless support. And do hope that we shall grow together, side by side, in a stable and steady manner.



(Mr. Suphadej Poonpipat)

Chairman of the Executive Committee
and Chief Executive Officer
Thanachart Capital Public Company Limited





BOARD OF DIRECTORS THANACHART CAPITAL PUBLIC COMPANY LIMITED



1. Mr. Banterng Tantivit
Chairman



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



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



4. Mr. Somkiat Sukdheva

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

5. Mr. Tiraphot Vajrabhaya

Chairman of the Nomination
and Remuneration Committee
and Member of the Audit Committee

6. Mr. Vichit Yanamorn

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

7. Ms. Suvarnapa Suvarnaprathip

Vice Chairperson of
the Executive Committee
and Vice Chairperson of the Risk
Management Committee

8. Mr. Somjate Moosirilert

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

9. Mr. Taweesak Saksirilarp *

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

Note * Mr. Taweesak Saksirilarp retired from the Company's Director (Executive Director), effective on 1 January 2016 and was appointed as the Company's Director (Non-executive Director) since 23 February 2016.



MANAGEMENT DISCUSSION AND ANALYSIS

Thai Economic Condition, Commercial Bank Competition in 2015, and Outlook for 2016

The Thai economy grew 2.8 percent in 2015, an improvement when compared with 0.8 percent in 2014. The main contributing factors included public sector investment which expanded at a faster pace than the previous year as well as private consumption whose growth was better than a year earlier. Noteworthy was the increase in private consumption as a result of the stimulus measures implemented in the last quarter of 2015. On the other hand, the growth of private sector investment was lower than the previous year while the export sector continued to decline over the past two years, mainly due to the economic slowdown of the country's trading partners, especially China. However, the tourism still enjoyed impressive growth in 2015. Despite the fact that overall growth of the Thai economy in 2015 was better than the previous year, the growth was rather low. To stimulate the growth of the Thai economy, the BOT's Monetary Policy Committee decided to cut the policy rate two times in 2015. As a result, the benchmark rate was cut to 1.5 percent per annum from 2.00 percent per annum.

As regards loans, commercial banking loans in 2015 continued to grow but at a decreasing rate when compared to a year earlier, in line with the above-mentioned state of economy. As well, more big corporations started raising funds directly from the capital market. In addition, financial institutions remained cautious in giving loans as they were worried about the deterioration in bank asset quality. The developments were in line with the growth of deposits whose competition was less intense.

In relation to the outlook for 2016, the main factors that drive economic growth will be accelerated disbursements of public investment expenditure as well as continuous growth of tourism. As a result, the BOT's monetary policy committee expects that the economy will grow by 3.5 percent, which is close to the 2.8-3.8 percent growth forecast by the Office of the National Economic and Social Development Board (NESDB). As for loan growth in 2016, a higher growth is anticipated, thanks to a rising trend in consumer confidence in the latter part of 2015, let alone the public sector's stimulus measures which serve as a key factor that will help drive economic growth and will have positive impacts on the Thai economy. Meanwhile, the necessity to mobilize deposits is not so pressing to support the loan growth.

Financial Reporting Standards that Became Effective in the Current Accounting Year

- Financial statements of the Company and its subsidiaries have been prepared in accordance with the financial reporting standards. During the year, the Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements.

Key Events in 2015

- As the Company notified the share repurchase project in the case of repurchasing the Company's own shares for financial management purposes (Treasury Stock), the Company would repurchase its shares from the SET during 10 February 2015 to 9 August 2015. The maximum repurchasing shares allowed for this project would be 56,431,642 shares and the amount for the share repurchase would not exceed 1,400 million baht. As of 30 June 2015, the Company repurchased 41,350,000 shares or accounting for 3.24 percent of total paid-up shares with the total amount of 1,400 million baht.

- On 20 April 2015, SCIB Public Company Limited, a subsidiary company of TBANK, has registered completeness of liquidation with the Ministry of Commerce. In this connection, TBANK has had tax losses from its investment in such company but the transaction did not have any impact to accounting profit and loss. As a result, TBANK had no income tax expenses in 2015. Therefore, the Bank has decided to provide a special provision in order to enhance its strength and that did not incur any impact on the Group's normal operating profit.

Financial Position and Operating Results of the Company and Its Subsidiaries

Consolidated financial statements include operating results of the following subsidiary companies

Subsidiary companies directly held by the Company

Thanachart Bank Public Company Limited
NFS Asset Management Company Limited
MAX Asset Management Company Limited
NASSET Property Fund 6
Siam City Life Assurance Public Company Limited

Subsidiary Companies indirectly held by the Company

SCIB Public Company Limited*
Thanachart Securities Public Company Limited
Thanachart Insurance Public Company Limited
Thanachart Fund Management Company Limited
Thanachart Broker Company Limited
Thanachart Group Leasing Company Limited
Thanachart Management and Services Company Limited
Thanachart Training and Development Company Limited
TS Asset Management Company Limited
Ratchthani Leasing Public Company Limited
National Leasing Company Limited
SCIB Service Company Limited

Note: * Completed the liquidation process in 2015

Operating Results Overview

The Company is the holding company and the parent company of Thanachart Financial Business Conglomerate. Its main businesses include commercial banking business, distressed asset management business, securities business, leasing and hire purchase business, insurance business, life insurance business, fund management business, and others.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Interest Income	48,640	52,940	(4,300)	(8.12)
Interest Expenses	20,910	25,475	(4,565)	(17.92)
Net Interest Income	27,730	27,465	265	0.96
Net Fees and Service Income	5,465	5,920	(455)	(7.69)
Operating Income ⁽¹⁾	7,009	6,523	486	7.45
Net Operating Income	40,204	39,908	296	0.74
Other Operating Expenses	20,319	19,830	489	2.47
Impairment Loss of Loans and Debt Securities	8,600	7,084	1,516	21.40
Profit before Income Tax	11,285	12,994	(1,709)	(13.15)
Income Tax	225	2,558	(2,333)	(91.20)
Profit for the Year	11,060	10,436	624	5.98
Profit Attributable to the Company	5,436	5,120	316	6.17
Profit Attributable to Non-controlling Interests	5,624	5,316	308	5.79
Earnings per Share (Baht)	4.61	4.24	0.37	8.73
Weighted Average Number of Ordinary Shares (Million Shares)	1,179.37	1,206.48	(27.11)	(2.25)

Note: ⁽¹⁾ Operating income net insurance expenses

In 2015, it was a year that Thanachart Group faced with a challenging economy. However, TBANK and its subsidiaries which are the Group's main businesses still had a continuous growth in their performances from a shift in its strategies to cope with the economic slowdown by focusing more on efficiently cost of deposit and impairment loss of loans management. Moreover, TBANK's asset quality and capital fund improved significantly. As well, TBANK has successfully prepared its Liquidity Coverage Ratio (LCR) in accordance with the Basel III with the ratio at the end of 2015 higher than 100 percent, which was over the minimum requirement of the BOT. This proved clearly that the Bank and the Group had strong potential and financial improvement.

As a result, Thanachart Group still maintained its profitability and had strong growth in its operating results. The net profit of the Group in 2015 amounted to 11,060 million baht, an increase of 624 million baht or 5.98 percent from the previous year. Total income base increased and impairment loss of loans from normal business operation decreased, due to a proper risk management.

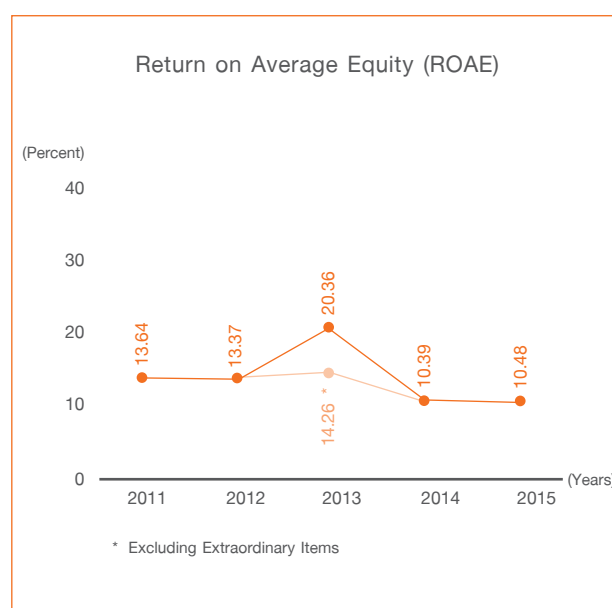
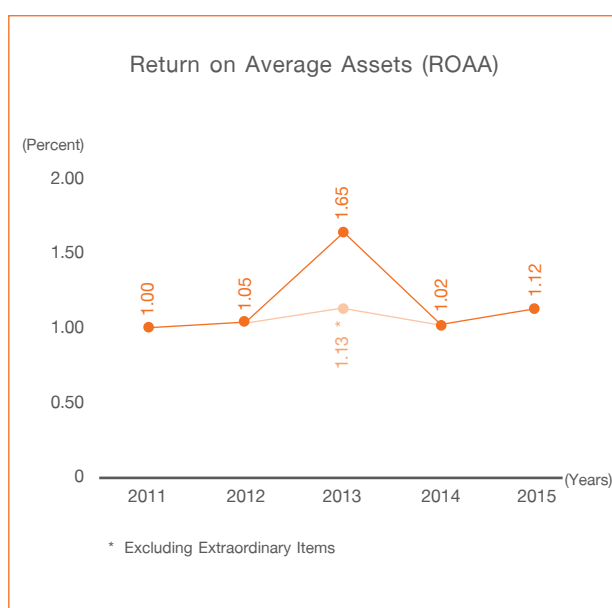
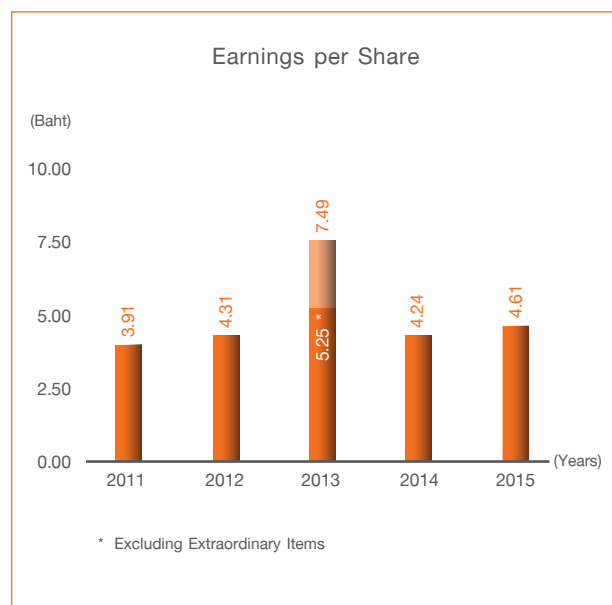
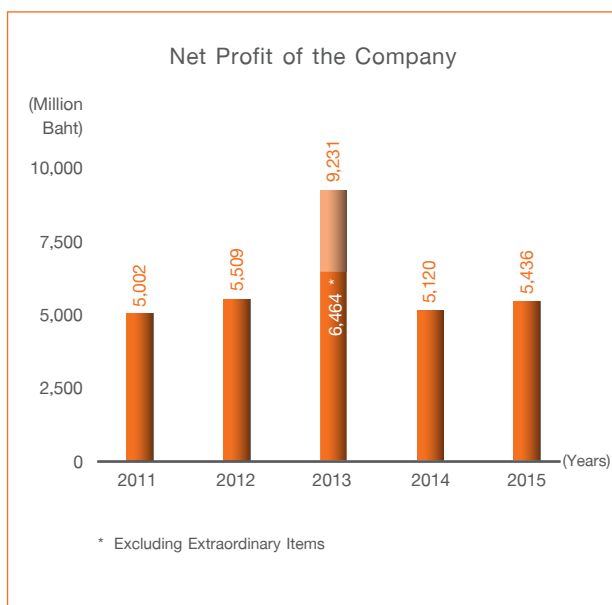
Financial position of Thanachart Group that has significantly strengthened was a result of its emphasize on NPL management systematically and continuously. Consolidated NPLs outstanding reduced significantly by 11,187 million baht or

33.13 percent, resulting in a decrease in NPL ratio to 2.96 percent while coverage ratio improved to stand at 117.16 percent. The improvements were reflected by the improvement of TBANK's NPLs.

In 2015, net profit attributable to the Company was 5,436 million baht, an increase of 316 million baht or 6.17 percent from the previous year. Earning per share (EPS) was 4.61 baht, an increase from 4.24 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.12 percent and 10.48 percent respectively.

(Unit: Million Baht)

Profit	For the Year	
	2015	2014
Profit for the Year	11,060	10,436
Profit Attributable to the Company	5,436	5,120
Profit Attributable to Non-controlling Interests	5,624	5,316
Basic Earnings per Share (Baht)	4.61	4.24



Net Interest Income

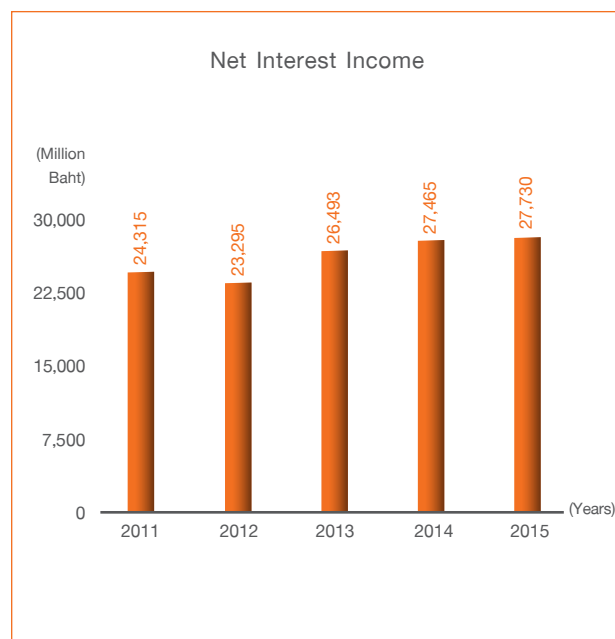
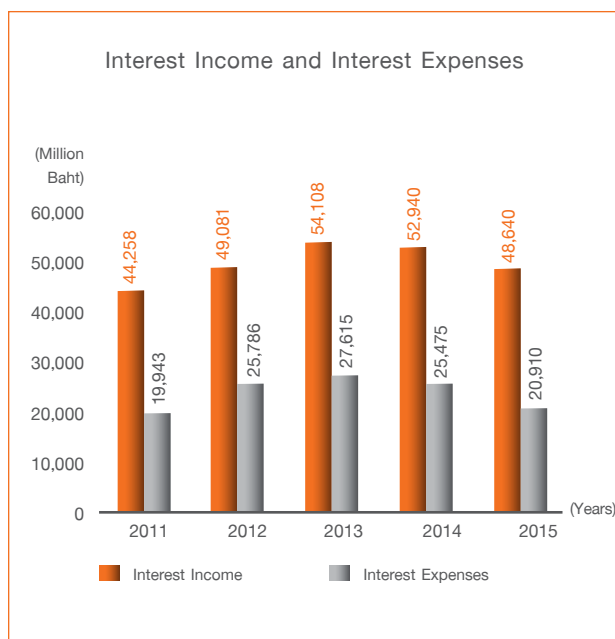
(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	1,614	1,936	(322)	(16.63)
Investments and Trading Transactions	334	464	(130)	(28.02)
Investments in Debt Securities	3,850	4,245	(395)	(9.31)
Loans to Customers	19,514	20,408	(894)	(4.38)
Hire Purchase and Financial Lease	23,328	25,887	(2,559)	(9.89)
Total Interest Income	48,640	52,940	(4,300)	(8.12)
Interest Expenses				
Deposits	12,831	16,165	(3,334)	(20.62)
Interbank and Money Market Items	958	1,091	(133)	(12.19)
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,405	3,556	(151)	(4.25)
Debts Issued and Borrowings	3,710	4,653	(943)	(20.27)
Borrowings Cost	6	10	(4)	(40.00)
Total Interest Expenses	20,910	25,475	(4,565)	(17.92)
Net Interest Income	27,730	27,465	265	0.96

In 2015, the Company and its subsidiaries had 27,730 million baht in net interest income, an increase of 265 million baht or 0.96 percent from the previous year. Interest Spread was at 2.70 percent, an increase from 2.55 percent.

- Interest income was 48,640 million baht, a decrease of 4,300 million baht or 8.12 percent. This was mainly from loans contraction as well as a decrease in yield on earning assets which was in line with the downward trend of the market interest rate.

- Interest expenses were 20,910 million baht, a decrease of 4,565 million baht or 17.92 percent. This was due mainly to the effective cost of fund management under the Bank's liquidity management strategy and the passing through an impact of policy interest rate decrease by the Monetary Policy Committee in the first six month of the year.

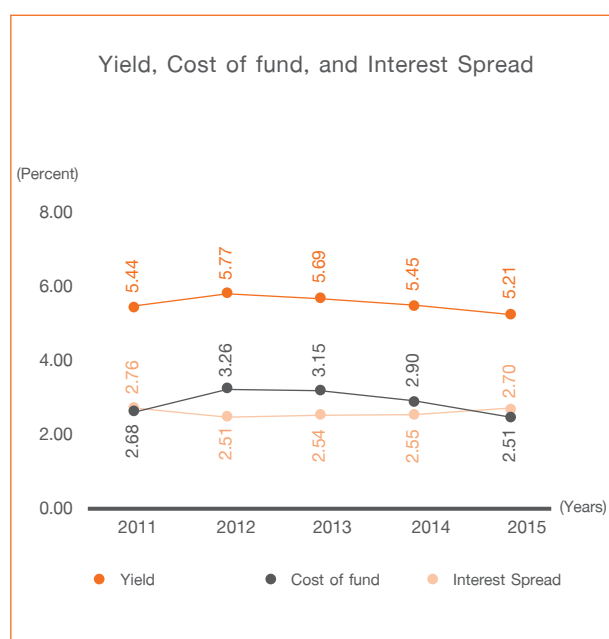


Interest Spread

(Unit: Percent)

Interest Spread	For the Year	
	2015	2014
Yield ⁽¹⁾	5.21	5.45
Cost of Fund ⁽²⁾	2.51	2.90
Interest Spread	2.70	2.55

Notes: ⁽¹⁾ Yield = Total Interest Income/(Average Interbank and Money Market Items with Interest Bearing + Average Net Investments + Average Loans to Customers)
⁽²⁾ Cost of Fund = Total Interest Expenses/(Average Deposits + Average Interbank and Money Market Items with Interest Bearing + Average Debts Issued and Borrowings)



Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Fees and Service Income	8,175	8,688	(513)	(5.90)
Fees and Service Expenses	2,710	2,768	(58)	(2.10)
Net Fees and Service Income	5,465	5,920	(455)	(7.69)
Gains on Trading and Foreign Exchange Transactions	742	1,302	(560)	(43.01)
Gains on Investments	1,956	1,098	858	78.14
Share of Profit from Investments Accounted for Under Equity Method	272	264	8	3.03
Gains on Property Foreclosed and Other Assets	310	179	131	73.18
Net Insurance/Life Insurance Income	2,043	1,711	332	19.40
Dividend Income	359	350	9	2.57
Other Operating Income	1,327	1,619	(292)	(18.04)
Operating Income	7,009	6,523	486	7.45
Total Non-interest Income	12,474	12,443	31	0.25

Non-interest income of the Company and its subsidiaries in 2015 was 12,474 million baht, an increase of 31 million baht or 0.25 percent from the previous year. This was mainly from gains on investments and net insurance/life insurance income.

Net Fees and Service Income

In 2015, the Company and its subsidiaries had net fees and service income of 5,465 million baht, a decrease of 455 million baht or 7.69 percent from the previous year. This was mainly due to a decrease in brokerage from securities business and other fees income.

Operating Income

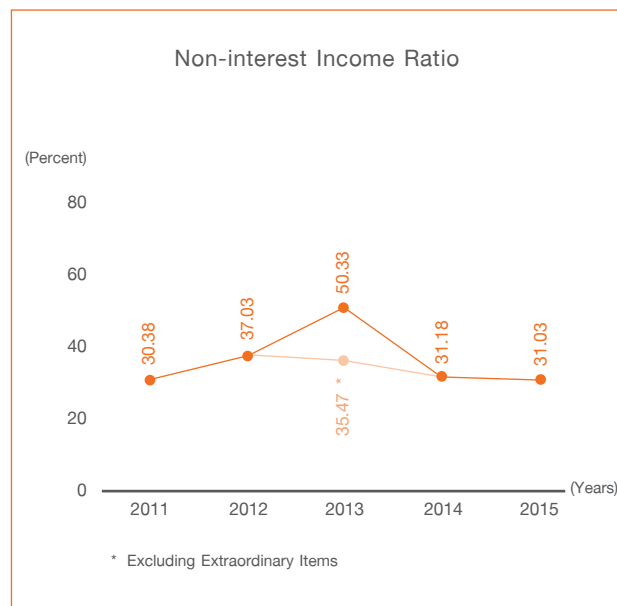
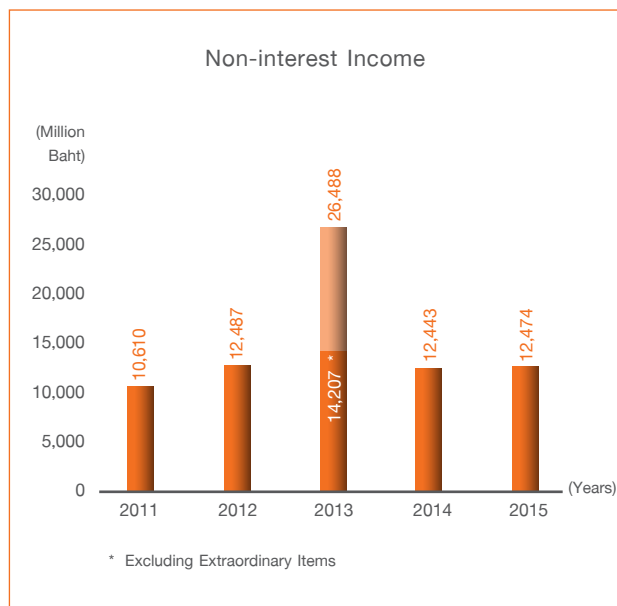
Operating income includes gains on trading and foreign exchange transactions, gains on investments, share of profit from investments accounted for under equity method, gains on property foreclosed and other assets, net insurance/life insurance income, dividend income, and other operating income.

In 2015, the Company and its subsidiaries' operating income amounted to 7,009 million baht, an increase of 486 million baht or 7.45 percent from the previous year. The main reasons were from:

- Gains on investments equaled 1,956 million baht, an increase of 858 million baht or 78.14 percent from the previous year. The increase was mainly from selling debt securities.
- Net insurance/life insurance income amounted to 2,043 million baht, an increase of 332 million baht or 19.40 percent. This was mainly from a continued growth of insurance business.

- Gains on trading and foreign exchange transactions amounted to 742 million baht, a decrease of 560 million baht or 43.01 percent. This was mainly due to lower gains on fair value revaluation of investments.

From the above reasons, non-interest income ratio of 2015 was at 31.03 percent, a decrease from 31.18 percent in the previous year.



Other Operating Expenses

(Unit: Million Baht)

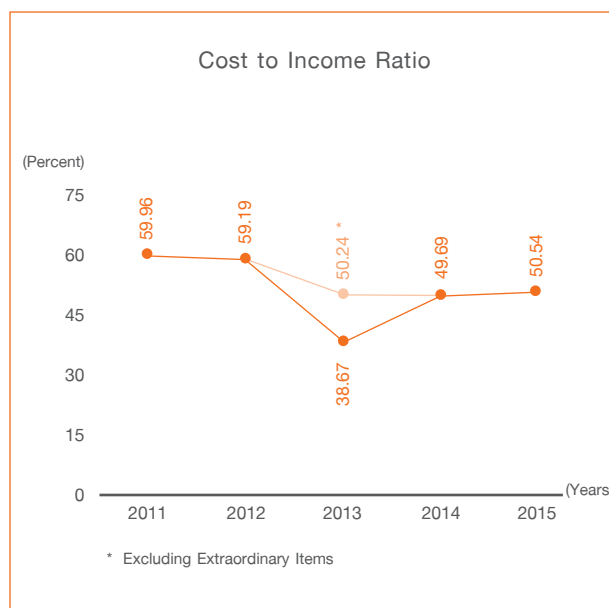
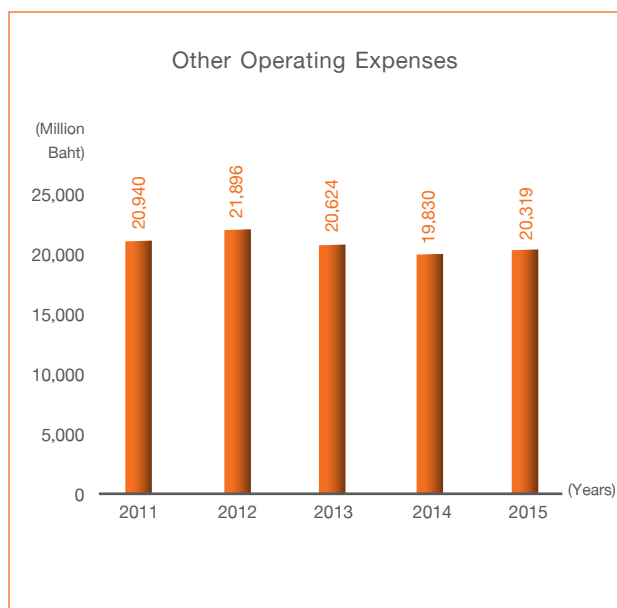
Other Operating Expenses	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Employee's Expenses	11,152	10,960	192	1.75
Directors' Remuneration	78	75	3	4.00
Premises and Equipment Expenses	3,000	2,958	42	1.42
Taxes and Duties	864	867	(3)	(0.35)
Other Expenses	5,225	4,970	255	5.13
Total Other Operating Expenses	20,319	19,830	489	2.47

In 2015, other operating expenses of the Company and its subsidiaries amounted to 20,319 million baht, an increase of 489 million baht or 2.47 percent from the previous year. Key factors included the following.

- Other expenses increased by 255 million baht or 5.13 percent due to a provision set aside for litigation for future liabilities in the first quarter of 2015.

- Employee's expenses increased by 192 million baht or 1.75 percent following the increase in compensation of employees.

As a result, cost to income ratio of 2015 stayed at 50.54 percent, an increase from the previous year of 49.69 percent.

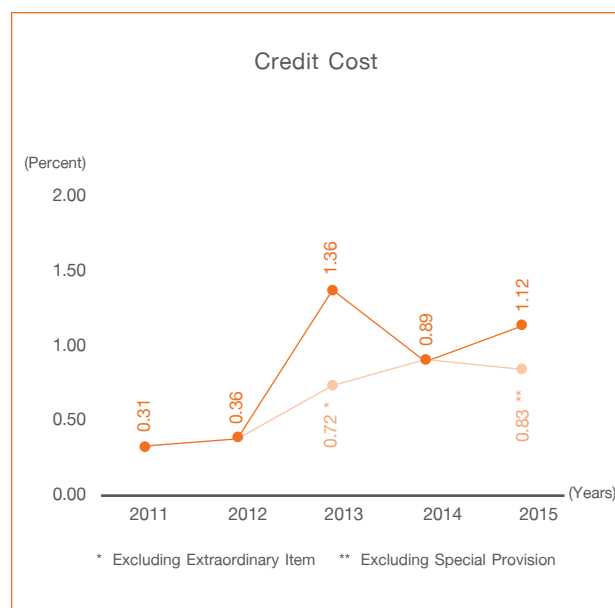
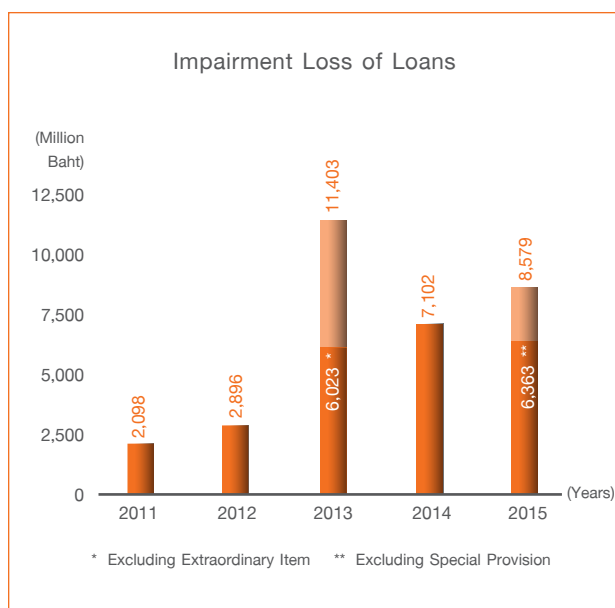


Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Impairment Loss of Loans - Normal Business Operation	6,363	7,102	(739)	(10.41)
Impairment Loss of Loans - Special Provision	2,216	-	2,216	100.00
Loss from Impairment of Debt Securities (Reveral)	21	(18)	39	216.67
Total Impairment Loss of Loans and Debt Securities	8,600	7,084	1,516	21.40
Credit Cost (Percent)	1.12	0.89	0.23	25.84
Credit Cost - Normal Business Operation (Percent)	0.83	0.89	(0.06)	(6.74)

From the effective management of NPLs, Thanachart Group's had impairment loss of loans from normal business operation in 2015 in the amount of 6,363 million baht, a decrease of 739 million baht or 10.41 percent from the previous year. Credit cost was at 0.83 percent, a decrease from 0.89 percent in a year earlier. In addition, as TBANK (a subsidiary company) did not have tax burden, TBANK has considered providing special provision in the amount of 2,216 million baht for supporting the economic volatility. Such special provision provided did not have any impact to the Group's profit. From the attempt to manage NPL of the Company and its subsidiaries, NPL ratios has been declining and coverage ratio has been improving significantly from the end of the previous year.



Income Tax

For the year 2015, the Company and its subsidiaries had income tax amounting to 225 million baht, a decrease from the previous year of 2,333 million baht. This was mainly from the fact that TBANK (a subsidiary company) did not have corporate income tax expenses, due to that it had tax losses from investment in SCIB Public Company Limited which has been completely liquidated in the second quarter. At the same time, other subsidiaries still had income tax expenses as usual.

Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Interbank and Money Market Items - net	58,138	5.83	66,038	6.44	(7,900)	(11.96)
Investments - net	184,562	18.50	162,318	15.83	22,244	13.70
Investments in Subsidiary and Associated Companies - net	2,353	0.24	2,417	0.24	(64)	(2.65)
Loans to Customers and Accrued Interest Receivables	715,295	71.70	756,444	73.75	(41,149)	(5.44)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(26,244)	(2.63)	(28,450)	(2.77)	2,206	(7.75)
Property Foreclosed - net	6,334	0.63	8,931	0.87	(2,597)	(29.08)
Intangible Assets from Business Combination - net	1,511	0.15	1,973	0.19	(462)	(23.42)
Goodwill	17,207	1.73	16,969	1.65	238	1.40
Other Assets	38,425	3.85	38,990	3.80	(565)	(1.45)
Total Assets	997,581	100.00	1,025,630	100.00	(28,049)	(2.73)
Deposits	669,454	67.11	696,949	67.95	(27,495)	(3.95)
Interbank and Money Market Items	85,600	8.58	80,139	7.81	5,461	6.81
Debts Issued and Borrowings	84,929	8.51	98,418	9.60	(13,489)	(13.71)
Other Liabilities	46,275	4.64	45,848	4.47	427	0.93
Total Liabilities	886,258	88.84	921,354	89.83	(35,096)	(3.81)
Equity Attributable to Owners of the Company	52,674	5.28	51,353	5.01	1,321	2.57
Non-controlling Interests	58,649	5.88	52,923	5.16	5,726	10.82
Total Equity	111,323	11.16	104,276	10.17	7,047	6.76
Total Liabilities and Equity	997,581	100.00	1,025,630	100.00	(28,049)	(2.73)

As of 31 December 2015, Thanachart Group's total assets amounted to 997,581 million baht, a decrease of 28,049 million baht or 2.73 percent from the end of 2014.

The details of key contributing factors were as follows:

Interbank and Money Market Items (Assets)

As of 31 December 2015, net interbank and money market items amounted to 58,138 million baht, a decrease of 7,900 million baht or 11.96 percent from the end of the previous year. This was from liquidity management.

Investments

(Unit: Million Baht)

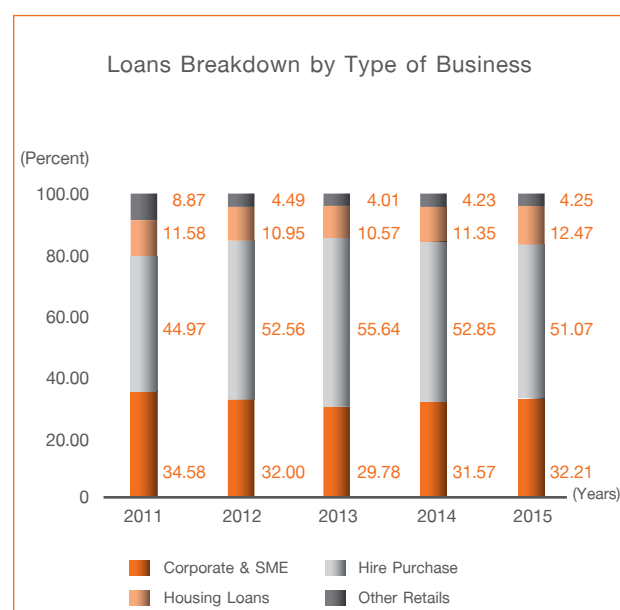
Investments Classified by Type	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Trading Securities	10,176	5.45	13,947	8.47	(3,771)	(27.04)
Available-for-sale Securities	160,527	85.88	131,849	80.04	28,678	21.75
Held-to-maturity Debt Securities	9,837	5.26	12,662	7.68	(2,825)	(22.31)
General Investments	4,022	2.15	3,860	2.34	162	4.20
Total Investments - net	184,562	98.74	162,318	98.53	22,244	13.70
Investments in Associated Companies	2,353	1.26	2,417	1.47	(64)	(2.65)
Total Investments	186,915	100.00	164,735	100.00	22,180	13.46

As of 31 December 2015, the Company and its subsidiaries had total investments of 186,915 million baht, an increase of 22,180 million baht or 13.46 percent from the end of the previous year. The increase was mainly from financial assets management following the business opportunity.

Loans to Customers

(Unit: Million Baht)

	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Agricultural and Mining	15,005	2.10	12,048	1.59	2,957	24.54
Manufacturing and Commerce	78,816	11.03	84,099	11.13	(5,283)	(6.28)
Real Estate and Construction	49,873	6.98	52,101	6.89	(2,228)	(4.28)
Public Utilities and Services	65,679	9.19	66,168	8.76	(489)	(0.74)
Personal Consuming						
Hire Purchase	364,982	51.07	399,341	52.85	(34,359)	(8.60)
Housing Loans	89,088	12.47	85,753	11.35	3,335	3.89
Securities Business	3,458	0.48	3,835	0.51	(377)	(9.83)
Others	26,967	3.77	28,141	3.72	(1,174)	(4.17)
Others	20,760	2.91	24,170	3.20	(3,410)	(14.11)
Total Loans to Customers	714,628	100.00	755,656	100.00	(41,028)	(5.43)



As of 31 December 2015, loans to customers amounted to 714,628 million baht, a decrease of 41,028 million baht or 5.43 percent from the end of last year. This was due to a decrease of hire purchase loans as a result of slowdown in automotive market as well as an effective NPL management which led to a decrease in NPL. Portion of retail loans to corporate and SME loans was 68 percent to 32 percent.

Loan Classification

Classified Loans based on the Notification of the BOT

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

(Unit: Million Baht)

	31 December 2015				31 December 2014			
	Loans and Accrued Interest	Percent	Allowance for Doubtful Accounts	Percent	Loans and Accrued Interest	Percent	Allowance for Doubtful Accounts	Percent
Normal	629,494	92.36	8,101	33.21	657,369	90.80	5,831	22.13
Special Mention	30,993	4.55	3,524	14.44	34,488	4.77	4,342	16.48
Substandard	4,119	0.60	1,819	7.46	5,809	0.80	2,421	9.19
Doubtful	3,336	0.49	1,352	5.54	4,135	0.57	1,704	6.46
Doubtful of Loss	13,595	2.00	8,096	33.19	22,154	3.06	11,760	44.62
Total	681,537	100.00	22,892	93.84	723,955	100.00	26,058	98.88
Additional Allowance for Possible Uncollectible Accounts			1,502	6.16			294	1.12
Total	681,537	100.00	24,394	100.00	723,955	100.00	26,352	100.00

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

Non-Performing Loans: NPLs

(Unit: Million Baht)

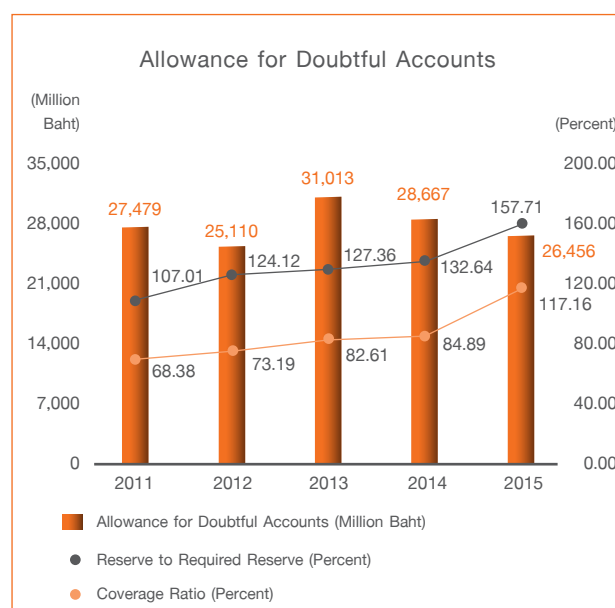
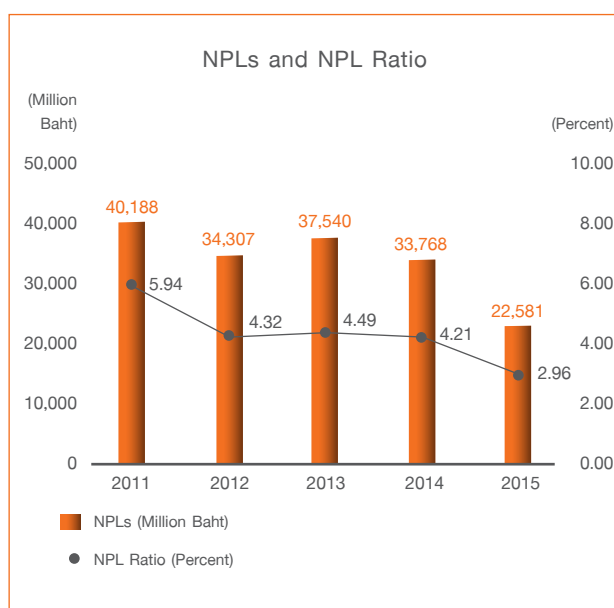
	31 December 2015	31 December 2014
NPLs	22,581	33,768
NPL-net	9,789	16,194
Total Allowance *	26,456	28,667
NPL-gross to Total Loans (Percent)	2.96	4.21
NPL-net to Total Loans (Percent)	1.30	2.06
Reserve to Reserve Required by the BOT (Percent)	157.71	132.64
Coverage Ratio (Percent)	117.16	84.89

Note: * Including revaluation allowance for debt restructuring

Although market and economic conditions slowed down and NPLs were on the uptrend across the industry, the Company and its subsidiaries managed to reduce NPLs through systematic and effective control. As a result, NPLs as of 31 December 2015 amounted to 22,581 million baht, a decrease of 11,187 million baht or 33.13 percent from the end of last year.

Non-performing loans to total loans to customers (NPL Ratio) was at 2.96 percent, a decrease from 4.21 percent at the end of previous year. Despite loans contraction, NPL ratio decreased from the effective NPL management. Non-performing loans after deducting reserve (NPL-net) amounted to 9,789 million baht while the ratio of NPL-net to total loans was at 1.30 percent.

Coverage ratio at the end of December 2015 was at 117.16 percent, an increase from 84.89 percent at the end of December 2014. The ratio of reserve to required reserve under the BOT's regulation was at 157.71 percent at the end of December 2015, an increase from 132.64 percent at the end of December 2014. Excess reserve was 9,681 million baht.



Allowance for Doubtful Accounts

As of 31 December 2015, the Company and its subsidiaries had allowance for doubtful accounts amounting to 26,456 million baht, a decrease of 2,211 million baht or 7.71 percent from the previous year. The allowance for doubtful accounts consisted of 26,240 million baht allowance for retail and corporate clients, 212 million baht allowance for financial institution clients, and 4 million baht allowance for the revaluation from debt restructuring. Total allowance for doubtful accounts of 26,456 million baht equaled 157.71 percent of the reserve required by the BOT.

Debt Restructuring

As of 31 December 2015, the Company and its subsidiaries had restructured receivables debtors who entered into debt restructuring agreements in the amount of 21,479 debtors or total outstanding balances of 17,029 million baht. The outstanding balances after collateral were 8,071 million baht. During 2015, the Company and its subsidiaries have entered into debt restructuring agreements with debtors in the total amount of 2,278 debtors whose outstanding balances before restructuring amounted to 3,926 million baht.

Property Foreclosed

As of 31 December 2015, the Company and its subsidiaries had property foreclosed stated at cost amounting to 7,719 million baht, accounting for 0.77 percent of total assets. The allowance for impairment of the property foreclosed was 1,385 million baht, accounting for 17.94 percent of total value at cost.

Capital Expenditure

As of 31 December 2015, the Company and its subsidiaries invested 1,061 million baht in land, premises, and equipment as well as intangible assets. Most of the investments were for fixtures, equipment, and computer software.

Liquidity

As of 31 December 2015, the Company and its subsidiaries had cash in the amount of 13,337 million baht. The details of the net cash flows from various activities were as follows:

- The net cash flows received from operating activities were 40,153 million baht, mainly due to 17,596 million baht in profit from operation. The key changes in operating assets and liabilities included a decrease of 7,894 million baht in interbank and money market items (asset); a decrease of 907 million baht in derivatives assets; a decrease of 3,686 million baht in investments in trading securities; a decrease of 25,567 million baht in loans to customers; a decrease of 8,725 million baht in property foreclosed; a decrease of 892 million baht in receivables from purchase and sale of securities; an increase of 2,604 million baht in other assets; a decrease of 27,494 million baht in deposits; an increase of 5,262 million baht in interbank and money market items (liabilities); an increase of 546 million baht in liability payable on demand; a decrease of 1,129 million baht in derivatives liabilities; an increase of 553 million baht in payable from purchase and sales of securities; a decrease of 16 million baht in insurance contract liabilities; and a decrease of 232 million baht in other liabilities.

- The net cash flows used in investing activities amounted to 23,259 million baht. This was mainly due to an increase of 26,571 million baht in investments in securities; 3,762 million baht received from interest; 584 million baht received from dividend; and 27 million baht received from disposal of equipment/intangible assets. On the other hand, cash payment for purchase of fixtures and equipment/intangible assets amounted to 1,061 million baht.

- The net cash flows used in financing activities amounted to 20,162 million baht. This included cash received of 63,583 million baht from debts issued and borrowings; cash payment of 77,072 million baht paid for debts issued and borrowings; cash payment of 3,968 million baht paid for interest expenses on debts issued and borrowings; cash received of 2,702 million baht from non-controlling interests for issuance of additional shares of a subsidiary company; cash payment of 2,020 million baht paid for dividend; cash payment of 1,400 million baht paid for treasury shares; and cash payment of 1,987 million baht paid for dividend to non-controlling interests.

Source of Fund

Capital Structure

The Company and its subsidiaries' sources of funds come from two sources which are liabilities and shareholders' equity. As of 31 December 2015, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 886,258 million baht and 111,323 million baht, which accounted for 88.84 percent and 11.16 percent of total sources of funds respectively. The ratio of debts to equity was at 7.96 times or in another words, debts accounted for 7.96 times over the operating capital. The important components of funds from liabilities consisted of deposits which accounted for 75.54 percent of funds from liabilities while interbank and money market items, debts issued and borrowings, and other liabilities accounted for 9.66 percent, 9.58 percent, and 5.22 percent respectively.

Liabilities

(Unit: Million Baht)

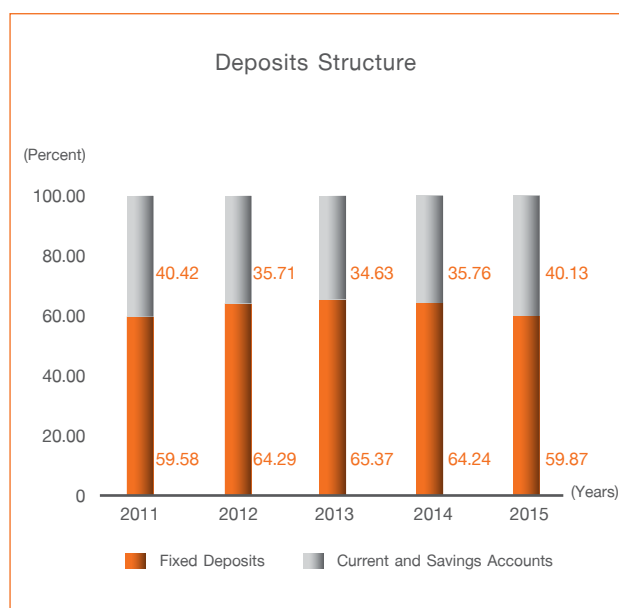
Total Liabilities	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Deposits	669,454	75.54	696,949	75.64	(27,495)	(3.95)
Interbank and Money Market Items	85,600	9.66	80,139	8.70	5,461	6.81
Debts Issued and Borrowings	84,929	9.58	98,418	10.68	(13,489)	(13.71)
Other Liabilities	46,275	5.22	45,848	4.98	427	0.93
Total Liabilities	886,258	100.00	921,354	100.00	(35,096)	(3.81)

Total liabilities of Thanachart Group as of 31 December 2015 were 886,258 million baht, a decrease of 35,096 million baht or 3.81 percent from the end of 2014. The key items were as follows:

- Deposits were 669,454 million baht, a decrease of 27,495 million baht or 3.95 percent from the end of the previous year. This was due the restructure of deposits and cost of fund management to be in line with the decline of loans.

(Unit: Million Baht)

Deposits	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Current	9,779	1.46	8,667	1.24	1,112	12.83
Saving	258,887	38.67	240,554	34.52	18,333	7.62
Certificates of Deposits	113,598	16.97	228,654	32.81	(115,056)	(50.32)
Fixed Deposits						
Less than 6 Months	38,632	5.77	64,122	9.20	(25,490)	(39.75)
6 Months and up to 1 Year	122,076	18.24	22,583	3.24	99,493	440.57
Over 1 Year	126,482	18.89	132,369	18.99	(5,887)	(4.45)
Total Fixed Deposits	287,190	42.90	219,074	31.43	68,116	31.09
Total Deposits	669,454	100.00	696,949	100.00	(27,495)	(3.95)



- The ratio of current and savings accounts to total deposits (CASA ratio) was at 40.13 percent, an increase from 35.76 percent at the end of the previous year.

- Debts issued and borrowings amounted to 84,929 million baht, a decrease of 13,489 million baht or 13.71 percent from the end of the previous year. This was mainly from the redemption of subordinated debentures and Hybrid Tier I of TBANK.

- Interbank and money market items were 85,600 million baht, an increase of 5,461 million baht or 6.81 percent from the end of last year. This was due to liquidity management.

Shareholders' Equity

Total shareholders' equity as of 31 December 2015 was 111,323 million baht, an increase of 7,047 million baht or 6.76 percent from the end of 2014, which comprised of the following:

- Equity attributable to the owners of the Company was 52,674 million baht, an increase of 1,321 million baht or 2.57 percent. This was mainly from an increase in operating profit attributable to the Company in 2015 amounting to 5,436 million baht. At the same time, there were dividend payments of 2,022 million baht as well as share repurchased for liquidity management in the amount of 1,400 million baht.

- Equity attributable to non-controlling interests amounted to 58,649 million baht, an increase of 5,726 million baht or 10.82 percent, mainly from profitable operating results of subsidiary companies.

Commitments and Contingent Liabilities

(Unit: Million Baht)

Commitment	31 December 2015	31 December 2014	Change	
			Increase/(Decrease)	Percent
Aval to Bills	1,270	256	1,014	396.09
Liabilities under Unmatured Import Bills	497	509	(12)	(2.36)
Letter of Credits	2,310	4,796	(2,486)	(51.83)
Other Obligations				
Committed (but not Drawn) Overdraft	24,506	27,400	(2,894)	(10.56)
Others	53,203	55,267	(2,064)	(3.73)
Total	81,786	88,228	(6,442)	(7.30)

As of 31 December 2015, the Company and its subsidiaries had commitment in the amount of 81,786 million baht, a decrease of 6,442 million baht or 7.30 percent from the end of 2014. This was mainly from a decrease in other obligations.

Capital Adequacy

As of 31 December 2015, the Company and its subsidiaries had legal capital in accordance with the Basel III regulations in the amount of 112,317 million baht. Of which 78,539 million baht was Tier I capital and 33,778 million baht was Tier II capital. Total capital to risk-weighted assets or capital adequacy ratio accounted for 14.71 percent which was higher than 8.50 percent minimum requirement of the BOT. The details were as follows:

(Unit: Percent)

Capital Adequacy Ratio	Basel III		
	Minimum Requirement by the BOT	2015	2014
Total Tier I to Risk-weighted Assets	6.00	10.29	9.37
Total Common Equity Tier I to Risk-weighted Assets	4.50	10.29	9.03
Total Tier II to Risk-weighted Assets	-	4.42	4.22
Total Capital to Risk-weighted Assets	8.50	14.71	13.59

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

(Unit: Million Baht)

Subsidiary Companies	Shareholding Direct / Indirect (Percent)	Profit for the Year	
		2015	2014
Thanachart Bank Public Company Limited			
Consolidated Financial Statements		10,743	9,922
Separate Financial Statements	50.96	11,452	7,918
Thanachart Securities Public Company Limited	50.96	488	561
Thanachart Fund Management Company Limited	38.22	320	290
Thanachart Insurance Public Company Limited	50.96	1,117	1,047
TS Asset Management Company Limited	50.96	(18)	320
Ratchthani Leasing Public Company Limited	33.22	749	704
NFS Asset Management Company Limited	100.00	50	58
MAX Asset Management Company Limited	83.44	69	130

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2014 and 2015 based on consolidated financial statements)

(Unit: Million Baht)

Statement of comprehensive income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Interest Income	48,217	52,445	(4,228)	(8.06)
Interest Expenses	20,536	24,884	(4,348)	(17.47)
Net Interest Income	27,681	27,561	120	0.44
Net Fees and Service Income	5,475	5,927	(452)	(7.63)
Other Operating Income ⁽¹⁾	6,725	5,823	902	15.49
Other Operating Expenses ⁽²⁾	19,964	19,515	449	2.30
Profit (Loss) before Impairment Loss of Loans and Debt Securities	19,917	19,796	121	0.61
Impairment Loss of Loans and Debt Securities - Normal Business Operation	6,376	7,122	(746)	(10.47)
Impairment Loss of Loans and Debt Securities - Special Provision	2,216	0	2,216	N.A.
Profit (Loss) before Income Tax	11,325	12,674	(1,349)	(10.64)
Income Tax	198	2,479	(2,281)	(92.01)
Net Profit	11,127	10,195	932	9.14
Net Profit Attributable to the Bank	10,743	9,922	821	8.27
Net Profit Attributable to Non-controlling Interests	384	273	111	40.66
Earnings per Share (Baht)	1.90	1.80		
Weighted Average Number of Ordinary Shares (Million Shares)	5,640.52	5,513.66		

Notes: ⁽¹⁾ Operating income deducted by underwriting expenses

⁽²⁾ Excluding underwriting expenses

Operating Results for the Year 2015

Amid challenging economic environment this year, TBANK and its subsidiaries were able to achieve continuous growth of net profit for every quarter this year. Net profit for the year 2015 totaled 10,743 million baht, an increase of 821 million baht or 8.27 percent from the previous year. The success was due to a strategic conformance suitable with economic slowdown with primary focuses on the cost of deposit and effective management in impairment loss of loan expense. Furthermore, TBANK and its subsidiaries were able to significantly strengthen the asset quality and capital adequacy position, as well as, put in place a solid liquidity coverage (LCR) ratio in preparation to meet Basel III regulation. An all-round improvement in profitability, financial ratios and positions had undoubtedly validated the potential and capability of the organization.

Asset size of TBANK and its subsidiaries experienced growth for the second consecutive quarter after a decline since the end of the previous year with loan decline at much slower rate. Asset quality continued to improve from an effective non-performing loan management and prudent credit risk policy. Total liabilities and deposits increased from the previous quarter, in line with asset growth.

Total income increased from the previous year from both net interest income and non-interest income. Net interest income grew 0.44 percent year on year with widening interest spread while non-interest income grew 3.83 percent, mainly from gains on investments. Operating expenses increased by 2.30 percent. Consequently, TBANK and its subsidiaries' pre-provision operating profit (PPOP) in 2015 totaled 19,917 million baht, an increase of 121 million baht or 0.61 percent from the previous year.

Year 2015 was clouded with a circumstance of weak economy and dampened automotive industry. TBANK focused on NPL management and prudent credit policy which resulted in a 10.47 percent reduction in impairment loss of loan expenses as compared to last year. NPLs of TBANK and its subsidiaries declined a staggering 11,080 million baht from the previous year, resulting in NPL ratio of 2.84 percent. Furthermore, coverage ratio strengthened significantly and increased to 119.42 percent.

On a Bank Only basis, NPL ratio declined to 2.20 percent with coverage ratio up to 127.41 percent. As for TBANK's capital adequacy, BIS ratio ended at 17.92 percent, a remarkable increase from 15.83 percent in the previous year.

TBANK and its subsidiaries' operating results in the year 2015 comparing with that of 2014 can be summarized as follows:

- Net interest income grew by 0.44 percent due to effective management in the cost of fund with widened interest spread to 2.84 percent.
- Non-interest income increased by 3.83 percent mainly from successful efforts in sale of securities and net insurance premium income contributed by TNI.
- Operating expenses increased by 2.30 percent from provision expense for legal cases set aside in the first quarter of 2015.
- Impairment loss of loans and debt securities from normal business operation decreased by 10.47 percent from efficient management.
- Net profit increased 8.27 percent from an increase in total income and a decrease in impairment loss of loans and debt securities from normal business operation.
- NPLs decreased by 11,080 million baht with NPL ratio decreased to 2.84 percent and coverage ratio increased to 119.42 percent.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Interest Income	48,217	52,445	(4,228)	(8.06)
Interbank and Money Market Items	1,580	1,894	(314)	(16.58)
Investments and Trading Transactions	73	238	(165)	(69.33)
Investments in Debts Securities	3,761	4,106	(345)	(8.40)
Loans	19,474	20,320	(846)	(4.16)
Hire Purchase and Financial Lease	23,329	25,887	(2,558)	(9.88)
Interest Expenses	20,536	24,884	(4,348)	(17.47)
Deposits	12,832	16,224	(3,392)	(20.91)
Interbank and Money Market Items	957	1,092	(135)	(12.36)
Fund Contributed to FIDF and DPA	3,405	3,556	(151)	(4.25)
Debts Issued and Borrowings	3,336	4,003	(667)	(16.66)
Borrowings Cost	6	9	(3)	(33.33)
Net Interest Income	27,681	27,561	120	0.44

For the year 2015, TBANK and its subsidiaries' net interest income totaled 27,681 million baht, an increase of 120 million baht or 0.44 percent from the previous year.

- Interest income decreased by 4,228 million baht or 8.06 percent, mainly due to a shrinking loan portfolio together with a declining yield on earning asset following the market rate.
- Interest expenses decreased by 4,348 million baht or 17.47 percent, a result of strategically management on the cost of deposit to enhance liquidity and policy rate reduction.

Consequently, interest spread in 2015 was at 2.84 percent, an increase from 2.68 percent in the previous year. The details are shown in the table below.

	4Q14	1Q15	2Q15	3Q15	4Q15	2014	2015
Average Policy Rate	2.00	1.94	1.58	1.50	1.50	2.06	1.63
Yield	5.48	5.50	5.47	5.31	5.16	5.57	5.36
Cost of Fund	2.83	2.76	2.61	2.43	2.29	2.89	2.52
Interest Spread	2.65	2.74	2.86	2.88	2.87	2.68	2.84

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Net Fees and Service Income	5,475	5,927	(452)	(7.63)
Gains on Trading and Foreign Exchange Transactions	658	859	(201)	(23.40)
Gains on Investments	1,533	769	764	99.35
Share of Profit from Investments Accounted for Under Equity Method	169	152	17	11.18
Gains on Property Foreclosed and Other Assets	265	240	25	10.42
Net Insurance/Life Insurance Income	2,552	2,091	461	22.05
Dividend Income	295	305	(10)	(3.28)
Other Income	1,253	1,407	(154)	(10.95)
Other Operating Income	6,725	5,823	902	15.49
Total Non-interest Income	12,200	11,750	450	3.83

Non-interest income of TBANK and its subsidiaries in the year 2015 totaled 12,200 million baht, an increase of 450 million baht or 3.83 percent from the previous year. This was particularly due to gains on investments and net insurance premium income.

- Net fees and service income totaled 5,475 million baht, a decrease of 452 million baht or 7.63 percent. This was mainly due to lower brokerage fee income and other banking fees.
- Operating income totaled 6,725 million baht, an increase of 902 million baht or 15.49 percent from the previous year. This was mainly due to gains on investments which increased by 764 million baht or 99.35 percent and net insurance premium which increased by 461 million baht or 22.05 percent.

Consequently, non-interest income ratio in the year 2015 was 30.59 percent, an increase from 29.89 percent in the previous year. The non-interest income to average asset in the year 2015 was 1.26 percent, an increase from 1.17 percent in the previous year.

Operating Expenses

(Unit: Million Baht)

Operating Expenses	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Employee's Expenses	10,952	10,780	172	1.60
Premises and Equipment Expenses	2,970	2,928	42	1.43
Taxes and Duties	837	849	(12)	(1.41)
Director's Remuneration	44	43	1	2.33
Other Expenses	5,161	4,915	246	5.01
Total Operating Expenses	19,964	19,515	449	2.30

For the year 2015, operating expenses of TBANK and its subsidiaries totaled 19,964 million baht, an increase of 449 million baht or 2.30 percent from the previous year, mainly due to the followings:

- Employee's expenses increased by 172 million baht or 1.60 percent as a result of annual salary increase.
- Other expenses increased by 246 million baht or 5.01 percent as a result of provision expenses set aside for legal cases.

Consequently, cost to income ratio in the 2015 was 50.06 percent, a slight increase from 49.64 percent in the previous year while the operating expense to average asset ratio in 2015 was at 2.06 percent, an increase from 1.94 percent last year. The increase was mainly due to provision expenses set aside for legal cases. Cost to income ratio of 2015 if exclude such provision expenses would be 49.40, a slight decrease from the previous year.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Impairment Loss of Loans - Normal Business Operation	6,376	7,122	(746)	(10.47)
Impairment Loss of Loans - Special Provision	2,216	-	2,216	-
Total Impairment Loss of Loans and Debt Securities	8,592	7,122	1,470	20.64
Credit Cost (Percent)	1.13	0.89	0.24	26.75
Credit Cost - Normal Business Operation (Percent)	0.84	0.89	(0.05)	(5.94)

In the year 2015, TBANK and its subsidiaries had 6,376 million baht in impairment losses of loans and debt securities from normal business operation, a decrease of 746 million baht or 10.47 percent from a year before. Credit cost was at 0.84 percent, a decrease from 0.89 percent in the previous year. In addition, TBANK has utilized its tax benefit to put in 2,216 million baht of special provision to be vigilant against volatile economic conditions and in anticipation for future regulation implementation. Furthermore, there was a substantial reduction in NPL ratio, and thus, the coverage ratio improved significantly. The details are included in the non-performing loans section.

Income Tax

For the year 2015, TBANK had no income tax expenses due to tax losses resulting from the liquidation of SCIB Public Company Limited which was completed in the second quarter. The financial statements of subsidiary companies incurred normal income tax expenses.

As at 31 December 2015, TBANK had tax losses totaling 25,326 million baht, equivalent to a tax benefit of 5,065 million baht, based on a 20 percent corporate income tax rate.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

Statement of Financial Position	31 December 2015	31 December 2014	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	13,337	16,605	(3,268)	(19.68)
Interbank and Money Market Items - net	57,583	65,433	(7,850)	(12.00)
Investments - net	171,782	149,609	22,173	14.82
Loans to Customers and Accrued Interest Receivables	714,124	755,149	(41,025)	(5.43)
Allowance for Doubtful Accounts and Revaluation				
Allowance for Debt Restruturing	(25,680)	(27,800)	2,120	7.63
Property Foreclosed - net	4,093	6,507	(2,414)	(37.10)
Land, Premises and Equipments - net	8,005	7,934	71	0.89
Goodwill and Intangible Assets - net	20,954	21,368	(414)	(1.94)
Other Assets	16,774	14,085	2,689	19.09
Total Assets	980,972	1,008,890	(27,918)	(2.77)

Assets

As of 31 December 2015, TBANK and its subsidiaries' total assets amounting to 980,972 million baht, a decrease of 27,918 million baht or 2.77 percent from the end of 2014. The key changes were as follows:

- Net interbank and money market items were in the amount of 57,583 million baht, a decrease of 7,850 million baht or 12.00 percent from the end of the previous year, mainly due to liquidity management.
- Net investments totaled 171,782 million baht, an increase of 22,173 million baht or 14.82 percent from the end of the previous year, mainly due to financial assets management based on opportunistic timing in the market.
- Loans and accrued interest receivables amounted to 714,124 million baht, a decrease of 41,025 million baht or 5.43 percent from the end of the previous year. This was mainly due to hire purchase loans which decreased by 8.57 percent following a slow automotive vehicles market. TBANK put a focus on NPL reduction and tightening credit approval. The proportion of retail to corporate and SME loans was 68 to 32 percent.
- Net property foreclosed totaled 4,093 million baht, a decrease of 2,414 million baht or 37.10 percent from the end of the previous year. This was mainly due to effective strategy in foreclosed assets management.

(Unit: Million Baht)

Statement of Financial Position	31 December 2015	31 December 2014	Change	
			Increase/ (Decrease)	Percent
Liabilities and Equity				
Deposits	669,504	696,992	(27,488)	(3.94)
Interbank and Money Market Items – net	85,688	80,270	5,418	6.75
Liability Payable on Demand	2,202	1,655	547	33.05
Debts Issued and Borrowings	71,641	90,198	(18,557)	(20.57)
Provisions	3,294	2,800	494	17.64
Insurance Contracts Liabilities	4,793	4,698	95	2.02
Other Liabilities	26,159	26,113	46	0.18
Total Liabilities	863,281	902,726	(39,445)	(4.37)
Equity Attributable to Owners of the Bank	116,226	104,977	11,249	10.72
Non-controlling Interests	1,465	1,187	278	23.42
Total Liabilities and Equity	980,972	1,008,890	(27,918)	(2.77)

TBANK and its subsidiaries' total liabilities as of 31 December 2015 amounted to 863,281 million baht, a decrease of 39,445 million baht or 4.37 percent from the end of 2014. The key changes were as follows:

- Deposits and debt issued and borrowings were in the amount of 741,145 million baht, a decrease of 46,045 million baht or 5.85 percent from the end of the previous year. This was due to deposit restructuring and cost of fund management following a strategic liquidity management and redemption of Subordinated Debentures Hybrid Tier 1 in the amount of 7,130 million baht.

CASA to total deposits portion was 40.14 percent, an increase from 35.76 percent at the end of the previous year.

Shareholders' equity as of 31 December 2015 was in the amount of 117,691 million baht, an increase of 11,527 million baht or 10.86 percent from the end of 2014. The details were as follows:

- TBANK's shareholders' equity was in the amount of 116,226 million baht, an increase of 11,249 million baht or 10.72 percent. This was mainly due to an increase in paid-up ordinary shares in the amount of 5,512 million baht to replace Hybrid Tier I and the profitable operating results of TBANK and its subsidiaries in the year of 2015 which totaled 10,743 million baht, partially offset with a dividend payout of 3,815 million baht.

- Equity attributable to non-controlling interests was in the amount of 1,465 million baht, an increase of 278 million baht or 23.42 percent, a result of profitable operating results of subsidiaries.

Non-performing Loans

Despite the sluggish market and economic conditions and rising trend of NPL across the industry, TBANK and its subsidiaries managed to efficiently and systematically reduce NPL, resulting in a continuous reduction of NPLs. As of 31 December 2015, NPLs, based on the consolidated financial statements, stood at 21,681 million baht, a decrease of 11,080 million baht or 33.82 percent from the end of the previous year. The NPL ratio of TBANK and its subsidiaries significantly reduced from 4.09 percent at the end of the previous year to 2.84 percent. For the Bank-only NPLs, the amount declined by 6,609 million baht from the end of the previous year, thus its NPL ratio reduced from 2.97 percent at the end of the previous year to 2.20 percent.

As of 31 December 2015, the coverage ratio of TBANK and its subsidiaries significantly improved from 85.52 percent at the end of December 2014 to 119.42 percent, and there was an excess reserve, according to the BOT's criteria, of 9,641 million baht, with an increase of the reserve to required reserve ratio from 133.38 percent at the end of December 2014 to 159.33 percent. For the Bank-only coverage ratio, it also improved from 90.64 percent at the end of December 2014 to 127.41 percent, and there was an excess reserve, according to the BOT's criteria, of 8,522 million baht, with an increase of the reserve to required reserve ratio from 138.16 percent at the end of December 2014 to 171.94 percent.

(Unit: Million Baht)

Non-performing Loans	TBANK		TBANK Consol.	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
NPLs	15,986	22,595	21,681	32,761
Total Allowance *	20,367	20,480	25,893	28,017
NPL-gross to Total Loans (Percent)	2.20	2.97	2.84	4.09
NPL-net to Total Loans (Percent)	1.15	1.61	1.26	2.02
Reserve to Reserve Required by the BOT (Percent)	171.94	138.16	159.33	133.38
Coverage Ratio (Percent)	127.41	90.64	119.42	85.52

Note: * Including revaluation allowance for debt restructuring

Maintenance of Capital Adequacy Ratio

As of 31 December 2015, TBANK's capital funds totaled 122,242 million baht, of which an amount of 82,124 million baht was Tier I capital and 40,118 million baht was Tier II capital. The capital adequacy ratio was at 17.92 percent, increased from 15.83 percent at end of 2014, comprising of 12.04 percent of Tier I capital and 5.88 percent of Tier II capital. An increase in total capital funds was due to an inclusion of profit gained from operating result in the first six months of 2015.

However, the capital adequacy ratio was well over the minimum requirement of the BOT of not below 8.50 percent. Details were as follows:

Capital Adequacy Ratio

	31 December 2015		31 December 2014	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	82,124	12.04	77,510	10.70
Total Capital	122,242	17.92	114,636	15.83

Thanachart Securities Public Company Limited

In 2015, TNS had a market share of securities trading at 4.07 percent. Average daily trading volume in 2015 was 3,275 million baht, a decrease from 3,745 million baht in 2014. The average daily trading of TNS was in line with the overall stock market condition. The trading volume could be divided into 64.48 percent of retails, 22.45 percent of institutions, and 13.07 percent of foreign investors.

Net profit for the year ended 31 December 2015 amounted to 488 million baht, a decrease of 73 million baht or 13.00 percent comparing with the previous year. Total income was 1,886 million baht, a decrease of 7.90 percent from the previous year. Main sources of income comprised of 1,438 million baht in brokerage fees, decreased by 8.62 percent and 219 million baht in interest income on margin loans, increased by 17.25 percent. Fees and service income amounted to 31 million baht, a decrease from 110 million baht in the previous year. This was a result of a decrease in financial advisory fees and service fees. Financial costs and securities expenses were 246 million baht, close to that of the previous year while operating expenses were 1,061 million baht, a decrease of 4.08 percent in line with the decrease in total income.

As of 31 December 2015, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 63.59 percent, higher than the minimum requirement regulated by the SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Fund Management Company Limited

As of 31 December 2015, TFUND had asset under management of 166,354 million baht, an increase of 2,226 million baht or 1.36 percent from the end of 2014. The increase was mainly from an increase of money market funds by 3,387 million baht or 5.68 percent. Assets under management comprised of 84.72 percent mutual funds, 7.72 percent private funds, and 7.56 percent provident funds. At the end of December 2015, mutual fund business of TFUND ranked 9 with market share of 3.49 percent. Private fund business ranked 10 with market share of 2.17 percent while provident fund business ranked 13 with market share of 1.42 percent.

For operating results of 2015, TFUND had a net profit of 320 million baht, an increase of 30 million baht or 10.34 percent from that of 2014. This was due to an increase in fund management fees.

Thanachart Insurance Public Company Limited

TNI had a net profit of 1,117 million baht in 2015, an increase of 70 million baht or 6.68 percent from 2014. This was due to an increase in insurance premium income which raised from 5,895 million baht in 2014 to 6,088 million baht in 2015 or 3.27 percent. Most of the increase in insurance premium was from car insurance. At the same time, return on investment increased from 414 million baht in 2014 to 541 million baht in 2015, representing an increase of 30.67 percent. The increase was from investments in government bonds, debentures, and equity securities.

TS Asset Management Company Limited

In 2015, TS AMC has been restructuring debts in accordance with the policy and business plan of Thanachart Group continuously. As a result, on 31 December 2015, TS AMC's total assets were 3,864 million baht, a decrease of 3,785 million baht or 49.48 percent from 2014. This was due to the effective management of its non-performing loans and assets for sale. For the operating result of 2015, TS AMC had a net loss of 18 million baht. Net interest income was 525 million baht; gains on property foreclosed was 173 million baht; non-interest income was 45 million baht; operating expenses were 170 million baht; and provision expenses provided for loans, assets for sale, and losses from debts sale amounted to 563 million baht. When comparing operating results of 2014 which TS AMC had a net profit of 320 million baht, 2015 net profit decreased by 338 million baht. However, in 2015, TS AMC has restructured 68 loan accounts and had income from debt restructuring of 514 million baht.

Ratchthani Leasing Public Company Limited

As of 31 December 2015, THANI still had a strong financial structure by having total assets of 29,505 million baht, an increase of 1,640 million baht or 5.89 percent from the end of the previous year. Moreover, it had hire purchase loans and financial leases of 28,920 million baht, an increase of 1,895 million baht or 7.01 percent. Hire purchase loans and financial leases accounted for 98.02 percent of the total assets. Total liabilities and shareholders' equity were 24,940 million baht and 4,564 million baht, respectively.

THANI's net profit for the year 2015 was 749 million baht, an increase of 45 million baht or 6.33 percent from the previous year. Total income in 2015 amounted to 2,782 million baht, an increase of 28 million baht or 1.02 percent, due to its ability to continue maintaining its market share. Interest expenses were 1,016 million baht, a decrease from the previous year of 56 million baht or 5.18 percent, which was a result of acquiring lower costs of borrowings to support the loan growth during 2015. Provision expenses amounted to 412 million baht, a decrease of 20 million baht or 4.72 percent as a result of the overall economic slowdown which led to delayed payments of some customers.

Siam City Life Assurance Public Company Limited

As of 31 December 2015, SCILIFE had total assets of 11,052 million baht, a decrease of 243 million baht or 2.15 percent from the end of 2014.

In 2015, SCILIFE had a net loss in the amount of 121 million baht, comparing to a net profit of 203 million baht. The main factors affecting the performance included a decrease in return on debt instrument investments, which led to a decrease in gains on investments and fair value adjustments of 549 million baht or 86.85 percent from 2014, and also a decrease in the zero coupon yield using to calculate GPV insurance provision, which resulted in a decrease in insurance provision of 141 million baht or 35.22 percent from 2014.

NFS Asset Management Company Limited

As of 31 December 2015, NFS AMC had total assets in the amount of 1,635 million baht, a decrease of 175 million baht or 9.67 percent from the end of 2014.

NFS AMC's net profit in 2015 amounted to 50 million baht, a decrease of 8 million baht or 13.79 percent from the previous year. This was mainly due to income from debt restructuring of 62 million baht, a decrease of 20 million baht or 24.39 percent; gains on property foreclosed of 55 million baht, a decrease of 25 million baht or 83.33 percent from unfavorable market condition; and reversal of provision in the amount of 9 million baht. Expenses in 2015 included interest expenses of 36 million baht and operating expenses of 38 million baht.

In addition, on 30 June 2015, NFS AMC has had a resolution to decrease its registered capital from 1,000 million baht to 700 million baht by reducing registered and paid-up ordinary shares of 30 million shares or 300 million baht.

MAX Asset Management Company Limited

As of 31 December 2015, MAX AMC had total assets in the amount of 812 million baht, an increase of 73 million baht or 9.88 percent from the end of 2014.

For 2015, MAX AMC's net profit was 69 million baht, a decrease of 61 million baht or 46.92 percent. This was mainly due to income from debt restructuring of 106 million baht, an increase of 23 million baht or 27.71 percent and gains on property foreclosed of 7 million baht, a decrease of 95 million baht or 93.14 percent from unfavorable market condition. Expenses in 2015 included interest expenses of 27 million baht, an increase of 25 million baht or 100 percent and operating expenses of 15 million baht, a decrease of 2 million baht or 11.76 percent.



Nature of Business Operation

Overview of Business Operation

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

Companies of Thanachart Financial Conglomerate

A) Companies in Financial Business Group

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

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

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

4. Thanachart Fund Management Company Limited is a joint venture between TBANK (holding 75 percent of the total shares) and Government Savings Bank (holding 25 percent) operating mutual fund, private fund, provident fund management businesses, and investment advisory business.

5. Thanachart Insurance Public Company Limited provides non-life insurance services including fire insurance, automobile insurance, marine and transportation insurance, miscellaneous insurance, and investment business.

6. Siam City Life Assurance Public Company Limited operates life insurance services including ordinary life insurance and group life insurance which are financial security and provide life and health protection. The service is offered to individual, institution clients, and general organizations.

7. Thanachart Group Leasing Company Limited operates hire purchase business by only maintaining its existing portfolio.

8. Ratchthani Leasing Public Company Limited operates hire purchase lending and financial leasing for both new and used car markets especially commercial vehicles such as pick-up trucks, taxis, tractor-trailers, and big trucks, etc. and passenger cars.

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

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

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

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

B) Companies in Supporting Business Group

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

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

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

4. SCIB Service Company Limited offers service business to Thanachart Group. The services include cleaning service, security service, messenger service, etc.

History, Change, and Key Development

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

Business Operation Under One Presence Policy

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

Limited to be a holding company of Thanachart Group under the name “Thanachart Capital Public Company Limited”.

Thanachart Financial Conglomerate Under Consolidated Supervision

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

Strategic Partnership with Scotiabank

Scotiabank saw potential growth and competition of TBANK and the member companies of Thanachart Group with the professional executive of Thanachart Group. Scotiabank concluded an agreement with the Company to become a shareholder of TBANK under condition of the BOT approval. In 2007, Scotiabank held 24.98 percent of TBANK total paid-up capital. In 2009, further share purchasing resulted in Scotiabank holding 49.00 percent and the Company holding 50.92 percent of TBANK total paid-up capital. Scotiabank has leveraged its knowledge and best practice in business operation, as well as, sending key personnel to be a part of TBANK management, strengthening TBANK capability and competitive advantage. On 2 November 2011, Scotia Netherlands Holding B.V. (a subsidiary of Scotiabank group) replaced Scotiabank as TBANK shareholder.

SCIB Acquisition and Entire Business Transfer

Thanachart Group has seen the synergy potential in merging with SCIB, in the aspects of human resource, information technology system, sale and service channel, and asset mix. In the beginning of 2010, TBANK participated in the bid and succeeded to purchase SCIB shares from Financial Institution Development Fund (“FIDF”) of all 47.58 percent FIDF holding. The BOT then granted for shareholding of all SCIB paid-up capital (100 percent). TBANK tender offered all

SCIB shares after the purchase from FIDF, and consequent, led to TBANK 99.95 percent shareholding of SCIB paid-up capital. The SET announced that SCIB voluntarily delisted from the SET on 13 December 2010.

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

Key Events in 2015

- On 2 April 2015, the Annual General Meeting of Shareholders of 2015 issued a resolution to approve dividend payments for shareholders of the Company at 1.00 baht per share, equivalent to 1,206 million baht. The Company has also paid interim dividend of 0.60 baht per share, equivalent to 724 million baht. In total, the Company paid 1.60 baht per share, equivalent to 1,930 million baht.
- On 2 April 2015, TBANK has early redeemed 6,000 million baht of unsecured subordinated debentures which will mature in 2020. On 11 May 2015, unsecured subordinated debentures of 5,000 million baht have matured and TBANK has issued 7,000 million baht of Basel III compliance Tier II capital subordinated unsecured instruments no. 1/2015. The instrument has fixed rate of 4.65 percent per annum and mature in 2025. TBANK has a call option to early redeem these instruments. The instrument is rated "A" by TRIS Rating. The BOT has granted the approval to count the instruments as Tier II capital. This instrument reinforces the financial stability and prepares the Bank for a strong future expansion.
- On 20 April 2015, TBANK has completed a liquidation process of its subsidiary company, SCIB Public

Company Limited. TBANK has had tax losses arising from investment in such subsidiary company, which did not have impact on the profit and loss statements. Consequently, TBANK had no income tax expenses for the year 2015, and has utilized the benefit as special provision in order to enhance TBANK's financial position going forward. This transaction however did not incur any impact on the Thanachart Group's normal operating profit.

- On 21 September 2015, the Company's Board of Directors issued a resolution for an interim dividend payment for shareholders of the Company from the operating results in the first six-month period of 2015 at 0.70 baht per share. The determination of the name of shareholders eligible for interim dividend payment was set on 5 October 2015 and the registration book was set to be closed from suspension of share transfer on 6 October 2015. The payment was made on 16 October 2015.
- TBANK has increased its capital through the rights offering of common share to the existing shareholders. The offering period was during 28 September 2015 - 5 October 2015. The transaction concluded with additional 5,512 million baht paid-up share capital, resulting in a total issued and paid-up share capital of 60,649 million baht. The registration of the new paid-up share capital had been approved by the BOT to account the additional paid-up share capital as Tier I capital. The paid-up share capital increase was intended to be counted as Tier I capital in replacement of the 7,130 million baht perpetual and non-cumulative Hybrid Tier I of the Bank No. 1/2010 ("Hybrid Tier I"). This tranche of Hybrid Tier I has been redeemed at its 5-year tenure on the interest payment date. Hybrid Tier I has been phasing out in the amount accountable as Tier I capital based on Basel III regulations as stipulated by the BOT.

Awards received in 2015

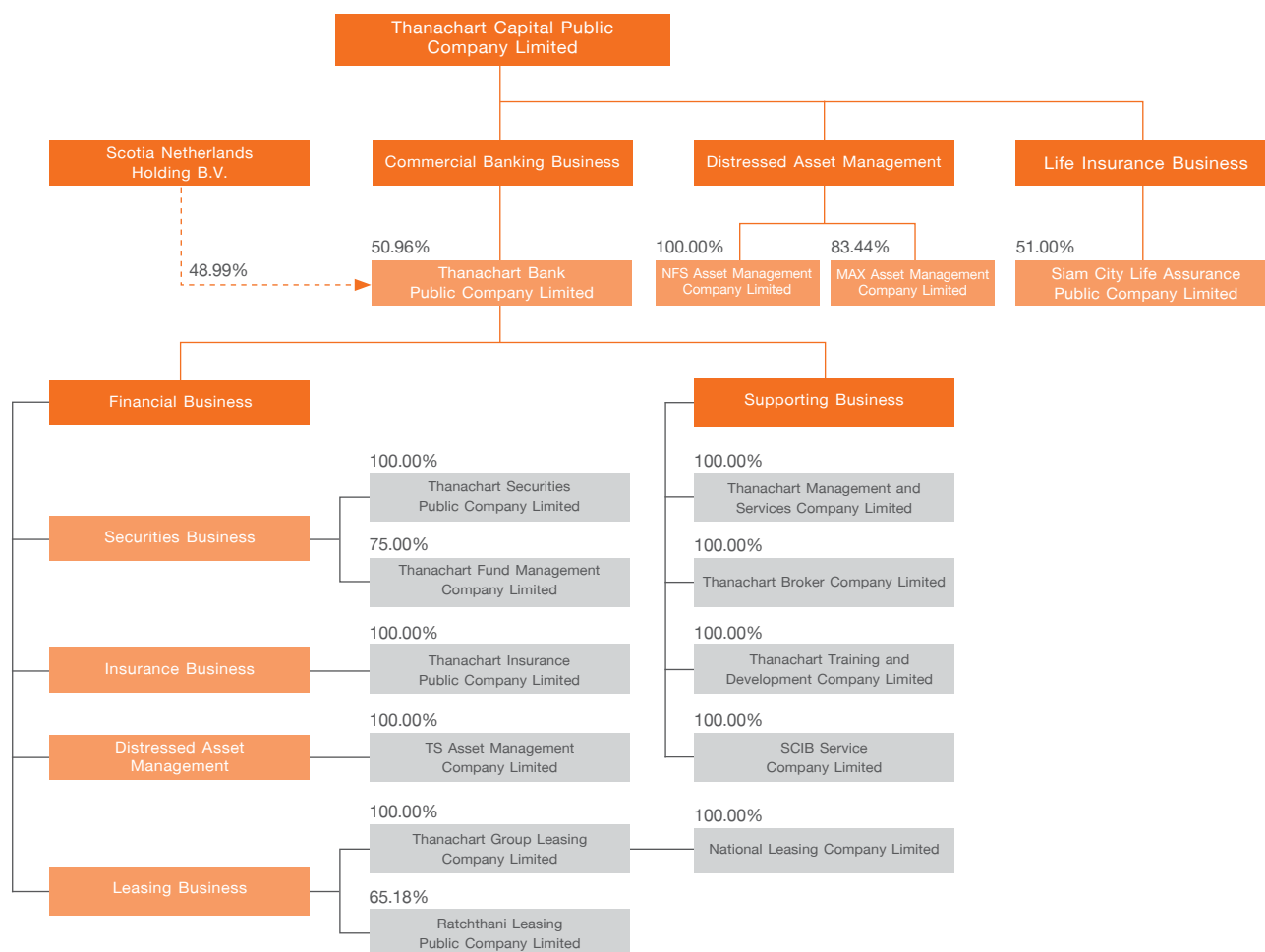
- TBANK received an honorable plaque from the Minister of the Culture Ministry for being an organization that contributed to the Culture Ministry. Outstanding contribution was the "Thanachart initiates and Fulfills Thai Identity" project which had been implemented in a continuous manner for the purpose of maintaining and preserving the Thai

identity through reading Thai texts aloud and practicing Thai manners in one's daily life.

- TBANK received a Bank of America Merrill Lynch award for making transfers of foreign currencies accurately with complete information in line with the format used for Straight Through Processing (STP) which involved an entire operational system related to money transfer. The award would be given to banks which made transfers of foreign currencies accurately in line with complete information provided by the banks' customers, resulting in efficient international money transfer with an average accuracy of over 98.5 percent. The efficiency helped cut overall expenses as a result of requiring no staff to handle the receipts of the foreign currencies at the recipient country.
- TBANK won 'The Best Mobile Payments Program' award at the MasterCard Innovation Forum 2015 in Malaysia. TBANK received the award for its cooperation and support in servicing 'WeCard by TrueMoney, which was Thailand's first stored-value debit MasterCard in the form of both a virtual card which could be used for online shopping and a plastic card which could be used for buying goods at various stores which accepted MasterCards. The award truly represented a guarantee of TBANK's leadership in online mobile payments.
- TNS won Top 3 Analysts for 2014 the Best Analyst Award' in two fields at the IAA 2014 Best Analyst Awards event organized by the Investment Analysts Association (IAA). The objective of the awards was to honor analysts and research teams with outstanding researches, taking into consideration not only the votes cast by both retail investors and institutional investors but also the decision based on the demanding criteria established by the panel of judges in screening securities researches. In this connection, the analysts of TNS received awards for two fields under the institutional investors category. In particular, Ms. Pimpaka Nijkarun won an award in the field of fundamental strategists while Ms. Sarachada Sornsong won an award in the field of financial business sector. TNS was very proud of the awards as they represented a guarantee of the quality of its analysts as well as the investor confidence.
- TNS won "A" ratings based on the assessments carried out by the SET for two consecutive years for its systems and corporate governance. The ratings reflected customer confidence that not only the company gave investment advice and looked after customers' assets in a quality manner but also adhered to the principles of good corporate governance in a continuous manner. Such good practices contributed to quality development of the securities brokerage industry in the long term.
- TFUND won two important awards including the Best Fund House: Domestic Fixed Income and the Morning Star Award for Retirement Mutual Fund - Fixed Income for the company's open-end retirement mutual fund (T-NFRMF) at the Morningstar Thailand Fund Awards for 2015. The Best Fund House for Domestic Fixed Income Awards were given to outstanding fund management companies in the area of debt instruments while the Morning Star Awards were given to outstanding retirement mutual funds. The Morningstar Thailand Fund Awards were organized by Morningstar Research (Thailand) Ltd, a subsidiary of Morningstar, Inc. (NASDAQ: MORN) which was the world's leading provider of investment research and information. In selecting the winners for the awards, TFUND made use of the same international standards as used by Morningstar in various countries globally.
- T-TSARN Fund of TFUND won an accolade for its outstanding fixed income debt instrument at Money & Banking Awards 2015 organized by Money & Banking Magazine.
- TNI won awards as "Non-Life Insurance Company with Outstanding Management" for three consecutive years. In 2015, it won the second place award from the Office of Insurance Commission (OIC). The award demonstrates that TNI is an organization with strong potential, thanks to cooperation of its executives and staff members who jointly delivered great performance and managed their responsibilities in a professional manner and by adhering to the principles of good corporate governance. Also noteworthy is the fact that TNI is able to offer products and services that meet customer needs in a timely, accurate, and complete manner, ensuring that all consumer needs are fully satisfied.

Shareholding Structure of Thanachart Group

As of 31 December 2015



- Notes:** 1) Percentage of shareholding above includes shares held by related parties.
2) The Company has voting right proportional to its shareholding.

Policies and Strategies in Business Operations of Thanachart Group

In 2016, Thanachart Group sets strategy for the organization to aim at being a universal banking equipped with a wide arrays of high quality products and services to answer to all customers' needs under the vision as follows.

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

The vision was crafted based on three key pillars, namely, to be universal banking, to be customer centric, and to enhance collaboration. The efforts and achievements in these three pillars will not only lead TBANK to have a competitive advantage as a universal banking but also will drive TBANK to be a leading bank in the Thai commercial banking industry in the next three to five years.

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

Thanachart Group led by the Company's Board of Directors and TBANK's Board of Directors will review and approve the key vision and mission statements (business strategies and directions) annually, together with communication of the established strategies to all employees at all levels and working units in order to align all intentions and actions toward the same goal and vision. To attain strategic goals, Thanachart Group set four strategic intents to align the offerings

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

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

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

1. To achieve or exceed the Financial Targets in Profitability, Loan Growth, Net Interest Income, and Cost to Income Ratio.
2. To achieve Customer Growth Initiatives through improvement in system infrastructures, work process, sale and service tools for all working teams in all channels and supportive functions in order to deliver excellent service to customers.
3. To achieve Operational Improvement through centralization of supportive functions, technological development, and work process reengineering in order to increase efficiency in service providing, risk management, and cost control.
4. To Enhance Human Capital Capabilities through delegation of responsibilities, development in leadership, and rotations in roles and functions, in order to increase employee's working knowledge and skills.

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

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

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

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

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

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

Business Policies

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

Supervision of Subsidiary Companies

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

Subsidiary Companies of TBANK

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

Member Companies of Thanachart Group

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

Centralized Support Services

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

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

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

As regards the internal audit, the Internal Audit of TBANK and the member companies of the Group is responsible

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

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

As regards the corporate governance, the Boards of Directors of the Company and the member companies

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

Risk Management

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

Income Structure of the Company and Its Subsidiaries

The Income structure of the Company and its subsidiaries based on the consolidated financial statements as of 31 December 2013-2015 was as follows:

(Unit: Million Baht)

	2015		2014		2013	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest Income						
Interbank and Money Market Items	1,614	4.01	1,936	4.85	1,877	3.54
Investments and Trading Transactions	334	0.83	464	1.16	467	0.88
Investments in Debt Securities	3,850	9.58	4,245	10.64	4,033	7.61
Loans to Customers	19,514	48.54	20,408	51.14	21,279	40.16
Hire Purchase and Financial Lease	23,328	58.02	25,887	64.87	26,452	49.93
Total Interest Income	48,640	120.98	52,940	132.66	54,106	102.12
Interest Expenses	20,910	52.01	25,475	63.84	27,615	52.12
Net Interest Income	27,730	68.97	27,465	68.82	26,493	50.00
Non-interest Income						
Net Fees and Service Income	5,465	13.59	5,920	14.83	6,112	11.54
Gains on Trading and Foreign Exchange Transactions	742	1.85	1,302	3.26	531	1.00
Gains on Investments	1,956	4.87	1,098	2.75	13,592	25.65
Share of Profit from Investments Accounted for under Equity Method	272	0.68	264	0.66	800	1.51
Gains on Property Foreclosed and Other Assets	310	0.77	179	0.45	815	1.54
Net Insurance/Life Insurance Income	2,043	5.08	1,711	4.29	2,282	4.31
Dividend Income	359	0.89	350	0.88	634	1.20
Other Operating Income	1,327	3.30	1,619	4.06	1,722	3.25
Total Non-interest Income	12,474	31.03	12,443	31.18	26,488	50.00
Net Operating Income	40,204	100.00	39,908	100.00	52,981	100.00

Commercial Banking Business

Thanachart Bank Public Company Limited

Characteristics of Products and Services

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

As of 31 December 2015, TBANK had a total of 614 branches, 49 exchange booths (25 booths in branch and 24 stand alone booths), 2,128 ATMs (Automatic Teller Machines), 2 Recycling Machines, 42 CDMs (Cash Deposit Machines), and 120 PUMs (Passbook Update Machine).

Product and Service Group

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

Group 1 Deposit Products

Characteristics of Products and Services

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

Market and Competition

In 2015, TBANK continued to focus on expanding small- and medium-sized customer group base, which includes both retail and corporate customers, by offering them a diverse array of products and services through different distribution channels and ensuring that the services are convenient, timely, and efficient. As for this year, TBANK focused on 'Transaction Account'. The objective was to increase the number of customers who would use TBANK's services mainly for their various transactions. In this connection, TBANK still placed emphasis on developing new products continuously.

At the beginning of the year, TBANK introduced two new products including a current account called 'Premium Current Plus' and another one called 'Freever-more'. They were aimed at meeting the needs of medium-sized juristic persons and retail customers who did small businesses. In addition, in July 2015, TBANK launched a new product called 'Freever-light savings account' and a marketing campaign aiming at individual customers who were provided with convenience in executing numerous transactions via ATMs and Thanachart iNet or Thanachart iBiz. In executing these transaction, customers were entitled to a waiver of various fees and there was no limit imposed on the number of transactions to be executed.

Moreover, during the second half of the year, TBANK introduced a new fixed term deposit product called 'Dok Sadung (Startling Interest)' with a term of 5 months or 10 months. The objective was to expand the Bank's individual customer base.

Group 2 Lending Products

2.1 Corporate Loans

Characteristics of Products and Services

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

1) Corporate Banking: TBANK has developed various products and services according to the needs of corporate clients, such as flexible loans; letter of guarantee to certify the bid project; agreement; work; and paying public utilities cost, etc; project finance, and trade finance. Furthermore, TBANK provides financial advisory service in order for customers to have appropriate funding options. TBANK also offers debt and capital market service, e.g. debenture issuance and fund raising through the SET. Furthermore, risk management products are offered to the customer such as Interest Rate Swap (IRS) - instrument to manage interest rate risk; forward contracts and foreign currency SWAP - instruments to manage exchange rate risk; and cash management which is offered by TBANK to provide the convenience for customer and answer the various customer's needs.

2) Commercial Banking: TBANK provides various flexible credit lines for Small and Medium Size Enterprises based on the customers' needs to each customer, e.g. top up facilities for additional credit line, overdraft (O/D) for working capital, and letter of guarantee (L/G) for corporate and individual customers who need credit line guaranteeing loans or business operation whether for government or private sectors. Moreover, TBANK also offers cash management services to commercial customers.

3) SMEs: TBANK offers SMEs loans with credit line of less than 10 million baht. The focus is given on quick approval process and sale through branch.

Market and Competition

TBANK aims to expand business in the small enterprises who has specific needs in financial support. TBANK provides the maximum credit line of 10 million baht to this type of customer. Currently, TBANK offers SMEs loans which specialized in fast approval, quick response to financial needs in investment or working capital. Furthermore, TBANK collaborated with Thai Credit Guarantee Corporation ("TCG") to support capable business owner who faced limitation in collateral assets and help them enhance liquidity through access to credit facilities. Public relations and promotional activities are organized regularly to stimulate loan growth and customer base expansion.

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

2.2 SME Auto Loans

Characteristics of Products and Services

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

Market and Competition

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

2.3 Trade Finance

Characteristics of Products and Services

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

Market and Competition

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

2.4 Hire Purchase Loans

Characteristics of Products and Services

TBANK offers three types of auto hire purchase loans including new car hire purchase loans, used car hire purchase loans, and sale-and-lease-back loans under the

product called 'Cash Your Car'. The hire purchase loans for new and used cars are offered through car sale channels which include new car dealers and used car dealers. On the other hand, the sale-and-lease-back loans are offered through TBANK's various branches. The 'Cash Your Car' loans are aimed at customers who need cash. They will be provided with a higher credit line and a longer repayment term than those of normal consumer loans. As a result, consumers are able to choose the term and the installment commensurate with their ability to repay.

Market and Competition

As the domestic new vehicle sales in the first half of 2015 fell by more than 16 percent, financial institutions offering hire purchase loans had to compete on price. In this connection, TBANK adjusted its marketing strategy by focusing on teaming with several car manufacturers in launching sales promotion campaigns. As a result, TBANK's share of the auto hire purchase market increased.

As regards used cars, TBANK adjusted its policy and credit approval process, aiming at having a better control on debt quality. In addition, TBANK focused on giving 'Cash Your Car' loans to its former customers and by making available a service point at its over 600 branches nationwide. As well, it launched a 'Cash back for good repayment track record' campaign. Emphasis was placed on giving advice on necessity of getting loans as well as the benefits to be gained from timely repayments. Those customers who had a good repayment track record would get a cash back for the full amount of interest they paid in the final year.

2.5 Secured Personal Loans

Characteristics of Products and Services

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

Market and Competition

TBANK places emphasis on efficient service delivery and fully integrated products that fulfill to all customer needs. As well, marketing promotion which is in line with the situation and competitive condition, is highlighted. The Retail & Small Business Banking Department is responsible

for developing products, terms and conditions, as well as interest rates charged. The target customers include people who need home loans and people who need multi-purpose personal loans with houses as collateral. The main distribution channel is personal sales and marketing teams that are responsible for the sales target set in the business plan. Moreover, branches are channels to advertise personal loans or new products to the customers.

2.6 Unsecured Personal Loans

Characteristics of Products and Services

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

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

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

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

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

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

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

- Cash Transfer service with the remaining line of credit in the card to be transferred into a bank account, provided that a minimum repayment of 3 percent will be made.
- Cash Advance to be made available globally around the clock with no fee charged on withdrawals, provided that a minimum repayment of 3 percent will be made.
- Smile Plan with repayments for goods and services at the stores participating in the plan, and a repayment term of up to 60 months.

3) FLASH Loan is a multi-purpose loan for general customer. Customer pays monthly installment in a specified period up to 60 months with maximum credit line of one million baht.

4) Wish-list Loan is an additional credit line of loan provided to TBANK's hire purchase customers who have good repayment record. Customers are able to pay monthly installment in a specified period up to 60 months with maximum credit line of one million baht.

5) Welfare Loan: TBANK provides this loan specifically to customers whose companies have a campaign with TBANK.

6) Scholar Loan is a loan for payment of tuition or any expenses for obtaining a master's or doctorate degree.

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

8) FLASH O/D (Unsecured FLASH O/D) is an overdraft credit line without collateral. TBANK provides FLASH O/D for privilege clients who utilize the credit line for investment purpose.

Market and Competition

Unsecured Lending Product define competitive strategies on product development, marketing campaign, distribution channel, and appropriate services to serve target customers' needs. Thus, TBANK provides a variety of products for customers to choose appropriately by life stage and life style. These products have been designed in such a way that is easily understandable and practical for everyday needs.

Group 3 Electronic Products and Services

Characteristics of Products and Services

TBANK offers electronic products and services that enable customers to make financial transactions more convenient and efficient. These services include fund transfer, Automatic Transfer Service (ATS), online settlement for financial transactions through the BOT's Automatic High-Volume Transaction Network (BAHTNET), automatic money transfers between banks (Bulk Payment System), Bill Payment service for goods and services, and a debit card. To meet the customer needs, TBANK has also developed the service system through the internet as follows:

- Thanachart iNet service
- Thanachart SMS Alert service
- Cash Back Debit Card/Debit Sure Card

Market and Competition

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

1. Internet banking services are made available for both individual customers and juristic persons who will be provided with convenient services such as checking outstanding balances of bank accounts, internal transfers between accounts, inter-bank money transfers, and also as an additional channel for payments for goods and services.
2. SMS transaction alert services to notify customers around the clock via a mobile phone registered with TBANK, of deposit account transactions including deposits, withdrawals, and transfers.
3. Customers are given unique services of TBANK's Cash Back Debit Card, which include cash back to be deposited into their accounts for every payment made through the card

and the maximum security provided for the cardholders, thanks to the advanced EMV chip technology that efficiently helps combat fraud and protect sensitive data on the card. Moreover, TBANK recently introduced the 'Debit Sure' card, using a slogan that says, 'Fear hurt no more...Sure card pays'. Apart from receiving the above-mentioned services, the cardholders are entitled to 24-hour personal accident protection coverage which includes accident medical expenses of up to 100,000 baht.

Group 4 Other Products

4.1 Foreign Exchange Services

Characteristics of Products and Services

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

Market and Competition

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

4.2 Securities Business Support Services

Characteristics of Products and Services

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

Market and Competition

In order to fully answer to customers' needs in custodian and fund supervisor services, TBANK offers Cash Management product for customers and various funds. TBANK leverages from good relationship with the customers in growing its customer base through bondholder representative, registrar and paying agent services.

Influential Factors to Business Opportunity and Operation

In 2015, the growth of the Thai economy was sluggish in line with the slowdown of the global economy. The Thai economy grew 2.8 percent, thanks to the BOT's cooperation in terms of monetary policy aiming at maintaining price stability which helped support appropriate expansion of the economy as well as the Finance Ministry's fiscal policy through disbursements and public sector investment which served as key mechanism for injecting cash into the economy. In the past year 2015, the public sector came up with stimulus measures for boosting investment in the economic system at the grassroots level, both village and sub-district. Also noteworthy were credit guarantee scheme and tax measures to support SMEs, tax measures to support new startups and ventures in order to stimulate domestic investment and employment, as well as transportation infrastructure projects to support economic expansion and linkages with ASEAN's communications network. On the other hand, the private sector lost confidence and postponed their investment as the public sector's disbursements were slow and investments in infrastructure projects had to be postponed due to a number of factors including unpreparedness and problems with procurement process. However, the key factors that drove economic growth in 2015 were accelerated disbursements of public expenditure and strong support from the tourism sector which was gradually on the rise.

The headline inflation in 2015 stood at minus 0.9 percent, down when compared with 1.89 percent in 2014, mainly due to a marked fall in energy prices, limited demand-side pressure and a deeper slump in global oil prices which put further downward pressure on domestic demand continuously. However, the external factors including changes in production structures through development of new oil drilling technologies, Shale Oil discovery, the potential position of OPEC members to maintain oil production levels as well as the lifting of the sanctions against Iran by the United States and the European Union in line with the nuclear deal will have significant impacts on energy demand in 2016. The oil market is expected to drown in oversupply. On the other hand, the internal factors including the declining fuel tariff (Ft) charges as a result of falling natural gas prices across the world and the public sector's measures to reduce people's cost of living will cause the inflation rate to fall continuously. Overall, the inflation rate throughout the year will remain low, being still within the relaxing framework based on the BOT's target for this

year and the medium term at 2.5 percent, with a range of 1.5 percentage points either way.

In this connection, at the meetings of the BOT's Monetary Policy Committee since the beginning of the year 2015, the Monetary Policy Committee adopted resolutions to cut its policy interest rate two times: the first during the first quarter and the second during the second quarter. The cuts followed the decline of the global economy and the monetary policies adopted by central banks of major industrial countries. The policy interest rate was reduced from 2.00 percent per annum to 1.75 percent per annum at its meeting on 11 March 2015 and was further cut to 1.50 percent per annum at its meeting on 29 April 2015. Most recently at its meeting on 3 February 2016, the Monetary Policy Committee unanimously adopted a resolution maintaining the policy interest rate at 1.50 percent per annum. In the light of the state of the Thai economy during the last two quarters of the year 2015, the economic growth remained sluggish and the overall economic recovery for the whole year was rather fragile. However, the main factors that drove economic growth included state budget disbursements and continuous public investment in small construction projects. Household spending on durable goods still recovered slowly and was limited to necessity goods, partly due to low income of the agricultural sector, particularly rubber and also rice production as a result of drought, as well as household debt levels that remained elevated. However, consumption was supported by income outside the agricultural sector, which remained stable while the inflation rate and the crude oil prices continued to stay at the low levels. The tourism sector slowed down, due to the bombings in Bangkok during the period from 17-18 August 2015, but recovered in the fourth quarter. Overall for the whole year, travelers from China and Malaysia accounted for as high as 26.55 percent and 11.46 percent of total foreign visitors to Thailand respectively. Meanwhile, the private consumption expanded especially in necessity goods and services. On the other hand, usage of the Internet for access to information was on a rising trend while the sales of commercial vehicles grew before the anticipated introduction of a new excise tax on vehicles in 2016. Private investment grew slowly only in some businesses. Noteworthy was the fact that the production sector was faced with massive excess capacity and investment in machinery was rather subdued. Export sector contracted as a result of declining prices and softening demand of trading partners, especially China and Asia. However, the number of risk factors, both

external and internal, increased. The external factors included China's slowing consumption, mainly due to the country's economic restructuring as well as its revolution in monetary and fiscal policies, which affected global production and export sectors. Other important external factors were the cut of the European Union's generalized scheme of preferences (GSP) and the revision of country sovereign ranking as Thailand was involved in illegal fishing according to the EU regulation. On the other hand, the internal factors included declining purchasing power and investment slowdown as well as drought which hard hit agricultural products and agriculture.

In view of the economic uncertainties, TBANK worked out a plan for closely monitoring and reviewing the economic and industrial landscape, especially changes in prices of commodities, gold and crude oil as well as prices of agricultural products, changes in consumer behavior, trend growth of G20 economies, the contracting export sector as a result of the economic slowdown of China which was Thailand's main trading partner, as well as geopolitical risks which affected confidence and consumption of Eurozone countries through the above risk factors. These factors had a direct impact on the money supply and liquidity of the commercial banking industry, exchange rate volatility and the change of the BOT's policy interest rate.

In 2016, the Thai economy is expected to recover. In this connection, the BOT forecasts that the economy will grow about 3.5 percent, thanks to measures on accelerated state budget disbursements and public sector investment as well as additional stimulus measures that could be implemented. The economic expansion is expected to be close to the previous year with domestic demand being a key factor. On the other hand, the external factors still pose a risk. These include the economic recovery of the country's main trading partners, the changing structure of world trade, prices of commodities which remain low, and the directions of the major industrialized countries' monetary policies which will have impact on capital flows and exchange rate. The Commerce Ministry forecasts that the inflation will be 1.0-2.0 percent. The forecast is based on the assumption that the economy recovers and global crude oil prices rise gradually. The domestic factors that drive economic growth in 2016 will be private consumption, private investment as well as public sector investment which will continue boosting the economic growth from the previous year. As well, the tourism sector is expected to grow further, thanks to visitors from China, while the ex-

port of capital goods is expected to be stable. However, the Commerce Ministry has adjusted its plan to boost export in 2016 by 5 percent, taking into account the income from six service businesses including health services, entertainment and content, logistics, education, hospitality and professional services, taking into account risk factors arising from the global export trends.

In monitoring the rising business opportunities in 2016, the official establishment of the ASEAN Economic Community (AEC) gives rise to free flows of capital and labor. In addition, trade with neighboring countries including Cambodia, Laos, Myanmar and Vietnam (CLMV) in particular will grow continuously. The enhanced political stability in the region will also boost border trade, let alone the government's unchanged policy aiming at making Thailand as logistics hub for ASEAN. Noteworthy is the continuous implementation of the country's policy in relation to the establishment of Special Economic Zone at six locations along the border, including Mukdahan Province, Tak Province, Trat Province, Songkhla Province, Sa Kaeo Province and Nong Khai Province. Offering trade and investment incentives will build investor confidence and encourage investors to invest in those provinces. As a result, the neighboring countries represent strong potential markets for the country's export sector. Importantly, the proposed road and railroad network project namely the East-West Economic Corridor has become more concrete, giving rise to new business opportunities including access to and introduction of financial services to consumers and entrepreneurs at locations where cross-border trade is promoted. The consumers and entrepreneurs could be provided with support in the areas of capital requirements, services and financial advisory services. Moreover, Thailand's economic structure is being transformed into a digital economy. The transformation arises from changes in communication behavior, consumption of goods and services, as well as increased usage of Internet to access to information. The country's recent fourth-generation (4G) spectrum auction organized in the latter part of the year 2015 provides small, medium-sized and large businesses with opportunities to expand their distribution channels through the internet and mobile phones. The recent wave of the financial innovation related to financial technology (also known as FinTech) is particularly notable. It uses internet

technology to attract consumers into the financial market or financial services in an efficient manner. The technology supports the developments of new business models as well as developments of financial products related to investment, fund mobilization and payments. The innovation which represents both opportunities and threats to the financial sector needs to be monitored closely.

Industry conditions and competition trends

In view of the financial performance of the commercial banking industry¹ in 2015, it was found that the net profit of commercial banks amounted to 192,325 million baht, down 14.09 percent from the year 2014. Net profit of the commercial banks registered in Thailand declined by 12.46 percent while net profit of the foreign banks' branch offices declined by 33.00 percent. This reflected the ability of the commercial banking group in dealing with changes caused by economic turbulence and political volatility. In 2015, one of key competitive strategies adopted by large commercial banks registered in Thailand was to place emphasis on becoming a universal banking. Other key strategies were to focus on customer centricity and to become a leader in digital banking by using modern technology to reach customers through internet banking and mobile banking so that their services were made available at any place at any time for any financial need. Emphasis was also placed on expansion of branches and currency exchange booths which were well prepared to give services to members of the general public and business persons in the response to the establishment of the ASEAN Economic Community. These new branches and currency exchange booths would be located in all target areas, particularly those places which had strong potential for cross-border trade. In addition, thanks to the state's stimulus measures to boost private sector investment, special attention should be paid to border special economic zones as well as cluster-based special economic zones. Also important was the establishment of the banks' full service branches or branch offices in CLMV countries which included Cambodia, Laos, Myanmar and Vietnam. Another key strategy was to support customers who expanded their business and investment in the ASEAN Economic Community Plus Three (AEC+3), which included China, Japan and South Korea as well.

¹ The commercial banking system means 30 banks which include commercial banks registered in Thailand and foreign banks' branch offices.

The total loans of the commercial banking system as at the end of 2015 amounted to 13,218,274 million baht, up 2.68 percent or about 345,411 million baht from the year 2014. In this connection, the loans of the commercial banks registered in Thailand increased by 5.22 percent while the loans of foreign banks' branch offices decreased by 24.33 percent. However, the overall loans grew slightly, mainly due to the slow economic recovery and household debt which remained high. Commercial banks expanded the customer base related to business loans, SME loans and retail loans in a cautious manner. Strict standards were used in credit approval policy, particularly housing and hire purchase loans. This reflected the fact that financial institutions were always careful in credit approval policy.

TBANK's achievements in 2015

- TBANK recognized the importance of restructuring its loan portfolio in order to strike a right balance by adopting a strategy aiming at expanding loans other than hire purchase loans through offering of a diverse array of loan products including loans for large corporations, SME, housing and retail loans. In particular, TBANK adjusted its strategy to focus on loans that generate a high rate of return by continuously developing new SME loans, credit card loans and personal loans. In this connection, in 2015 TBANK was successful in establishing relationships with its customers. As a result, the cross-sell ratio as well as the number of customers, both corporate and individual, using 1 The commercial banking system means 30 banks which include commercial banks registered in Thailand and foreign banks' branch offices. mainly services of TBANK, increased from the previous year. TBANK placed strong emphasis on offering and developing its products together with those of its subsidiaries. Customers were introduced to TBANK's innovative new products together with the products of its subsidiaries, such as life insurance, non-life insurance, securities products, unit trusts, among others. As regards life insurance, TBANK entered into a business alliance with Prudential Life Assurance (Thailand) Public Company Limited. The alliance brought about innovative new products that effectively satisfied diverse customer needs. Customers also felt assured that they received the products that fully answered their needs. Importantly, the products were developed by the world-class leading financial institution.

- TBANK developed its infrastructure systems continuously, ensuring that its operations were more efficient. These included, among others, streamlining work processes so that they were more efficient and more accurate, debt collection systems used for controlling non-performing loans and providing loan loss provision, customer relationship management systems used as a tool for supporting staff not only in looking after customers, both corporate and individual, but also in offering products and services that matched the actual customer needs as much as possible. Taking advantage of business alliance between Thanachart Group and Scotiabank, Thanachart Group made use of Scotiabank's expertise and innovations in modernizing its work processes on a continuous basis. These included, among others, loan origination system which was a modern loan application process system. TBANK made use of the system in raising the quality of approving all types of TBANK's retail loans such as housing loan, personal loan, credit card loans and debit cards. The system brought about accuracy and efficiency and helped reduced the risk of non-performing loans by using reliable scoring information, apart from giving quick responses and providing customers with satisfaction. The system also enhanced efficiency in customer relationship management, which in turn led to customer satisfaction and good experience as well as increase in the purchase of the products and higher income for TBANK.

- TBANK fully recognized that its human resources were the organization's most important assets. In the past year, TBANK run a staff segmentation program for all its work units. The program enabled executives to truly understand capabilities, weaknesses and strengths of their own staff. The knowledge and the acquired information would be used for designing appropriate training courses for enhancing knowledge and skills of the staff. These included, among others, coaching through various training activities and leadership development. The objective was to ensure that the staff acquired knowledge and skills in carrying out their duties and that they possessed appropriate leadership. Moreover, in enhancing their expertise, staff were subject to job rotation, the purpose of which was to streamline operations and enhance efficiency.

- TBANK aims to become a leading business organization which is successful in creating long-term value for its shareholders and stakeholders. In order to achieve the aim, TBANK is determined to operate its business by

adhering to the principles of good corporate governance and by paying close attention to the business ethics. In this connection, TBANK has been publicizing its code of conduct through e-learning systems. The policy serves as a behavior framework that reflects the organization's values. The key objective is not only to enable staff at all levels to develop themselves and to become well aware their own responsibilities in performing their duties in a manner that shows high moral and ethical standards, but also to enable the Directors, executives and staff of TBANK to properly put the framework into practice by adhering to virtue, honesty, integrity and by complying with all the laws concerned. TBANK is confident that good corporate governance and the business ethics are key factors that will help the Bank reach its highest business potential possible, which will in turn earn the confidence of society and reflect TBANK's positive image.

- TBANK strongly urged their executives in all areas to recognize the importance of internal communication through various channels, ensuring that staff at all levels understand the targets which TBANK is determined to go far and that the understanding is transformed into delivery of customer services in a professional manner. In this connection, in 2015 there were transmissions of information to persons or entities outside the Bank, aiming at creating memories and impressions via various media such as social media in order to access to lifestyles of today's customers through the implementation of Corporate Social Responsibility (CSR) activities in a continuous manner.

In 2015, TBANK as well as Thanachart Group were successful not only in developing products and achieving technological developments but also in implementing activities related to corporate governance and the business ethics, as witnessed and well recognized by customers, external organizations and members of the general public, in the form of various awards received in 2015.

Competitive Capabilities of TBANK in Comparison to Peer Group

In comparison to other commercial banks, TBANK is considered to have long-term growth potential. In 2015, TBANK's total assets amounted 980,978 million baht, equivalent to 5.67 percent of the registered commercial bank industry in Thailand. Total loans amounted 713,466 million baht, equivalent to 5.40 percent of the registered

commercial bank industry in Thailand. Although loans have decreased slightly from last year, a strategy to restructure portfolio diversifying from hire purchase loans resulted in a 9.7 percent drop in hire purchase loans while other loans experienced growth, i.e. housing loans with 5.34 percent respectively. Loan diversification created a better balance and strengthened portfolio structure in the long run. In 2015, TBANK had 741,145 million baht in deposits and borrowings. Deposit customer grew in saving account with expansion in retail customer base. TBANK's total deposits was 5.44 percent of the total deposits of the registered commercial bank industry in Thailand.

Moreover, TBANK still paid close attention to NPL management continuously, as witnessed by the decrease of NPL Ratio from 4.09 percent to 2.84 percent. At the same time, the coverage ratio increased from 85.52 percent to 119.42 percent at the end of 2015. In addition, the Bank made preparations for dealing with liquidity crisis situations by maintaining high Liquidity Coverage Ratio (LCR) and complying with Basel III capital requirements. TBANK's Capital Adequacy Ratio (CAR Ratio) rose to 17.92 percent, not only ranking 2nd among the commercial bank industry and higher than the industry's average of 17.28 percent, but also well above the minimum requirement of 8.50 percent imposed by the BOT. This reflected TBANK's potential that it was well prepared and strong enough for operation and business expansion.

Besides aiming at providing outstanding financial products and services for customers, TBANK intends to develop service quality at various service channels for customers, whether in its 614 branches, ranking number 6 in the commercial bank industry with 8.70 percent of all commercial bank branch network, or in a digital banking platform via more than 2,100 ATMs, Thanachart iNet, Interactive Voice Response (IVR) and Mobile Banking which will serve customers in the third quarter of 2016. People development is also the key to provide quality services and financial advice to customers. TBANK, being a strategic partner with Scotiabank, utilizes and applies the knowhow and best practices in order to create innovation in technology, product and services with a world class quality. Branch network with Scotiabank's branches in the ASEAN and Asian regions will serve customers in all AEC regions, strengthening TBANK competitive advantage as compared to its peers.

Products of Securities Business and Fund Management Business

Securities Business is provided to customers through TNS. TNS was granted a full license to operate a full range of securities businesses including securities brokerage (inside and outside Thailand), securities underwriting, investment advisory service, securities borrowing and lending service, financial advisory service, mutual fund management, private fund management, venture capital management, securities registrar, and derivative business Sor 1 (Full Services), which includes forward contract broker and forward contract buyer. As for Fund Management Business, this service is provided through TFUND who operates mutual funds, private funds, provident fund management business, and investment advisory businesses.

Securities Business

Thanachart Securities Public Company Limited

Characteristics of Products and Services

TNS operates two key areas of business - brokerage business and investment banking and advisory business. As of 31 December 2015, TNS had 40 branches and offered the following services:

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

TNS started foreign securities brokerage since the year 2009 in order to offer investment alternative with efficient risk diversification for individual, retail, and institutional customers. TNS used Direct Market Access (DMA) System to directly purchase securities in foreign countries worldwide as follows:

Asia: Australia, Hong Kong, Singapore, Malaysia, Japan, Philippines, Indonesia, South Korea, Taiwan, China, and Vietnam.

America: United States of America and Canada

Europe: Netherland, Belgium, Portugal, France, Germany, United Kingdom, Italy, Denmark, Finland, Sweden, Norway, Spain, Switzerland, Poland, Austria, and Czech Republic.

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

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

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

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

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

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

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

Market and Competition

1. During the year 2015, the state of economies and politics, both domestic and overseas, posed great challenges to the SET as a whole, in terms of both trading volume and SET Index.

There are three external factors that have material impacts on the SET. They are as follows: 1) The U.S. Federal Reserve Bank (Fed) sent out a signal that the process of raising interest rates was likely to proceed gradually, thanks to an index of key U.S. economic indicators which advanced by more than expected and also to its strengthening labor market. 2) Concern about the overall economy of China which is Thailand's key trading partner. Flagging demand dragged China's manufacturing sector into its sharpest contraction in 6 years. In response to the domestic economic troubles,

China announced the implementation of quantitative easing measures in a continuous manner, which included, among others, cuts of its policy interest rate and reduction in banks' reserve-requirement ratios. Most recently, China disclosed that the overall profit of companies listed on its stock market in 2015 fell by 9.50 percent when compared with the same period in 2014. 3) The EU economy gradually recovers. In this connection, the European Union has shown that, based on the economic indicators of the eurozone in 2015, the necessity to introduce more QE measures is less pressing. The above factors as well as the one related energy prices have significant impacts on Thailand's imports and exports. In particular, the country's export sector in November 2015 fell by 6.6 percent after China and ASEAN were hit by economic downturn. The prices of products for export, which were related to oil prices also fell. As well, the import value contracted by 8.5 percent, mainly due to falling energy prices.

Overall, since the beginning of 2015, there were signals showing that the Thai economy gradually recovered, thanks to the tourism sector that helped drive economic growth, improved state disbursements of public sector as well as private consumption after the government's announcement that the car tax would be raised in 2016. According to the information disclosed by the BOT through its Notification 63/2015, the country's tourism recovered in a continuous manner after the bomb blasts in Bangkok. The BOT indicated that the number of foreign travelers visiting Thailand was continuously on the rise. As regards public sector disbursements and private consumption, the state disbursements increased by 17 percent when compared with the year 2014, mainly due to investment in transportation and irrigation. There was also a positive factor contributed by the private sector, as witnessed by the increase in the income outside farm sector, which had a continuous positive impact on purchasing power of household. As a bird eye's view of the country's domestic economy, the SET is faced with a pressing challenge as a result of slower economic recovery than expected. Investors keep monitoring the various stimulus measures which include stimulus package aiming at encouraging spending to increase domestic consumption and investment as well as restoring investor confidence.

According to the SET, the funds mobilized by companies listed on the SET during the period from January 2015 to September 2015 (end of the third quarter) amounted to

214,069 million baht, up 22.90 percent when compared to the same period in 2014. Most of the funds were mobilized in the primary market. As of the end of September 2015, the market capitalization of the SET amounted to 12.76 trillion baht, down 7.90 percent from the end of 2014. On the other hand, the market capitalization on the Market for Alternative Investment (MAI) amounted to 346,316 million baht, down 9.60 percent from the end of 2014.

TNS' share accounted for 4.07 percent of the market, ranking seventh among 36 securities company. In 2015, the competition became more intensified with retail investors as main target of securities companies which were newly established in 2014. These companies included AEC Securities Public Company Limited (AEC), Apple Wealth Securities Company Limited (Apple Wealth) and Land and Houses Securities Public Company Limited (LHSEC). They had been actively vying for more customers, as witnessed by an increasingly larger market share won by them. As well, there were two more securities companies which were newly established in 2015, namely ASL Securities Company Limited (ASL) and SBI Thai Online Securities Company Limited (SBITO). Noteworthy was the fact that, in the securities brokerage industry, investment consultants constantly changed their employers. In addition, competition placed emphasis on new innovations which were offered to investors. These included, among others, software package which provided customers with information related to both fundamental and technical factors as well as introduction of new trading systems such as Algo Trading and other trading platforms which gave additional channels to investors for placing their orders. Apart from internal competition among Thai securities brokerage houses, the industry faced stiff foreign competition with foreign securities firms snatching a larger market share. There was also more cooperation in various forms between banks and securities brokerage houses which were the banks' subsidiaries.

2. Currently, Thailand Futures Exchange (TFEX) has 42 full license members. In 2015, its total trading volume amounted to 48.2 million contracts. On average, its daily trading volume amounted to 199,749 contracts. TNS' share accounted for 2.80 percent of the total market, ranking 13th among all TFEX members.

3. In financial advisory and securities underwriting services, competition was aggressive, especially in mergers

& acquisitions, IPOs, and fund raising. Though competition focuses on price, the key competitive factor, thus, remains on service quality, expertise on providing a customer with relevant advice and solutions to a problem, having a wide network, as well as product innovation, which can create value-added and greater benefits to customers of TNS.

Fund Management Business

Thanachart Fund Management Company Limited

Characteristics of Products and Services

TFUND puts importance and emphasis on a great range of mutual funds products, in order to fully cover all needs of investors in every group and level. The company utilizes many types of distribution channels for sales, such as TBANK's branches and other investment unit distributors licensed by the SEC. TFUND's staff was legally qualified and was strictly required to adhere to related laws and regulations.

Market and Competition

As the end of 2015, there were a total of 20 fund management companies, with total assets under management of 3,760,599 million baht (excluding Vayupak Fund, Foreign Funds, Property Fund for Resolving Financial Institution Problem, and Property and Loan Fund), an increase of 11.3 percent from 2014. During 2015, there were 646 newly issued funds, accounting for 1,169,798 million baht of net assets. Among the newly issued funds, 428 were fixed-income funds investing in domestic and foreign debt securities, which accounted for 1,052,695 million baht of net assets or 89.99 percent of total net assets of the newly issued funds during 2015. For TFUND, the newly issued funds were 72.91 percent fixed-income fund in line with the market trend.

As of 31 December 2015, TFUND had 166,354 million baht assets under management, an increase of 2,226 million baht or 1.36 percent from 2014. The increase of assets under management was mainly from a total of 4,484 million baht or 3.2 percent mutual fund for public offering. Asset under management comprised of 84.72 percent mutual funds, 7.72 percent private funds, and 7.56 percent provident funds.

Insurance Business

The Insurance business of Thanachart Group can be divided into two key areas, namely non-life insurance operated

by TNI, which offers all types of non-life insurance services, and life insurance operated by SCILIFE, which offers life insurance services to institutional, corporate, and individual customers.

Non-life Insurance Business

Thanachart Insurance Public Company Limited

Characteristics of Products and Services

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

Market and Competition

From January to October of 2015, Thai non-life insurance business experienced a growth of 0.92 percent compared to 2014. Total insurance premium amounted 171,894 million baht. The composition of the non-life insurance market during January to October 2015 was 57 percent automobile insurance, continuing to be the highest portion of the market, 35 percent miscellaneous insurance, 5 percent fire insurance and 3 percent marine and transportation insurance.

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

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

revenue. In addition, this service is only offered to domestic customers.

Thai General Insurance Association predicted non-life insurance market from an estimate direct premium to grow 2 percent with total insurance premium of 200,350 million baht in 2016.

Life Insurance Business

Siam City Life Assurance Public Company Limited

Characteristics of Products and Services

SCILIFE provides individual and group life insurance services, mainly focuses on saving product, life, and health insurance for individual, institutional, and corporate customers.

Individual life insurance products of SCILIFE are as follows:

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

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

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

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

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

- **Healthy Max** A policy coverage of five years with 5-year premium payment, which can claim death benefit from all causes whether from illness or accident. Policy also covers medical expense for both illness and accident. Death benefit claim is up to 100,000 baht and medical expense claim up to 200,000 baht per claim.

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

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

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

Market and Competition

Target Customer

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

Channel Distribution

SCILIFE operates its business through various sale channels in order to satisfy the various needs of customers and better serve all customer groups. The main distribution channels include telesales, broker (not including TBANK's channel)

Asset Management Business

NFS Asset management Company Limited and MAX Asset Management Company Limited

Characteristics of Products and Services

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

Market and Competition

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

TS Asset Management Company Limited

Characteristics of Products and Services

TS AMC is directly held by TBANK and operates the asset management business particularly for non-performing loans and foreclosed assets of SCIB. TS AMC manages and sells foreclosed assets to the third party. Trouble debt restructuring effort focuses on the real debt service capacity and turning non-performing loan to performing loan.

Market and Competition

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

Leasing Business

Ratchthani Leasing Public Company Limited

Characteristics of Products and Services

THANI offers hire purchase and financial leasing services for a particular car market, i.e. old and new cars for commercial transportation, or in another word, pick-up car, taxi, crane, large-size vehicle, etc as well as individual car. New car to used car proportion is 55 to 45 percent of the loan outstanding. Truck to other vehicle type proportion is 75 to 25 percent.

Used car hire purchase is relatively more risky than new car. In addition, the risk is mainly from car for commercial transportation which is sensitive to the domestic economy. THANI has taken into consideration various factors in loan approval, such as car condition, market price, substantial documentation, car registration, etc. The team has high experience and specific expertise on the condition evaluation and used car market price.

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

Market and Competition

In 2015, global economy faced constant volatility. Although USA economy experienced an easing inflation from the previous year as well as a better economic outlook, the countries of Europe, Japan and especially China clearly faced a slowdown. Thailand was dealing with a sluggish growth from the economic slowdown of the country's trading partners. Overall, competition in leasing and hire purchase business was high. Financial institutions, for example, Commercial Banks, as well as, the car manufacturers and dealers were trying to acquire the market share in new car hire purchase loans. Used car hire purchase loan were also pursued for both personal and commercial uses to attain growth and market share. However, THANI executed a plan to acquire hire purchase for commercial-use vehicles that THANI has expertise in, especially in new and used semi-truck. Amidst intense competition, THANI targeted the portion of such vehicles to be 70-75 percent of the portfolio as this customer group is expected to expand and provide high yield. The risk for such vehicle is also lower in comparison to compact car. Furthermore, this market represent an opportunity where competition is less aggressive with a large financial institution who has advantage in low operating cost.

From years of experience and expertise in this business segment, THANI was able to provide superior service to the customers, maintain good relationship with used car dealer. As a result, THANI maintains competitive edge and retains its market share amid intensified market competition.

Funding of Products and Services

(1) Sources of Fund

One source of TBANK and its subsidiaries fund is the capital, comprising of issued and paid-up capital. The total capital at the end of 2015 amounted to 60,648.62 million baht, including legal reserve and retained earnings. There are other two key sources of fund which are

1. Deposits which by the end of the year 2015 were in the amount of 669,504 million baht.

2. Borrowings in the amount of 71,641 million baht could be divided into 32,516 million baht of subordinated debentures, 15,071 million baht of unsubordinated debentures, 22,900 million of short-term debentures, 1,149 million baht of bills of exchange, and 5 million baht of others.

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

At the end of 2015, TBANK gave loans to its parent company, subsidiary, and related companies in Thanachart Group. TBANK gave loans, of which 691 million baht was loans for TS AMC for NPL management and 1,210 million baht was loans for THANI for business operation in accordance with Thanachart Group policy. As a result, the outstanding loan balance was 1,901 million baht, a decrease of 1,001 million baht from the end of 2014 at 2,902 million baht.

The outstanding loan balance of Thanachart Group accounted for 0.28 percent of total outstanding loan balance in 2015. All lending and borrowing activities were transacted under the permission of the BOT.



RISK MANAGEMENT AND RISK FACTORS

Overview of Risk Management

The growth of the Thai economy in 2015 was better than the previous year, thanks to government investment which expanded a faster pace than the previous year and the continuous government stimulus measures as well as stronger growth of the tourism. However, the economy was affected not only by the external factor including the slowdown of the country's trading partners, especially China, but also by the internal factors including the export sector which continued to decline throughout the year, falling private sector investment as well as the household debt which remained high.

The commercial bank loans continued to grow in 2015 but at a decreasing rate when compared to the previous year, mainly due to the country's slow economic recovery. However, commercial banks remained cautious in the conduct of their business affairs and applied stricter lending standards in approving loans, particularly mortgage and auto finance.

As for 2016, the Thai economy is expected to recover further with disbursements of public investment expenditure playing a major role of driving the economic growth. However, the growth remains fragile and there are several risk factors that need to be monitored closely. These factors may have negative impacts on risks in various areas including, among others, marketing risk, credit risk, and liquidity risk.

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

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

The Company's Risk Management Structure

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

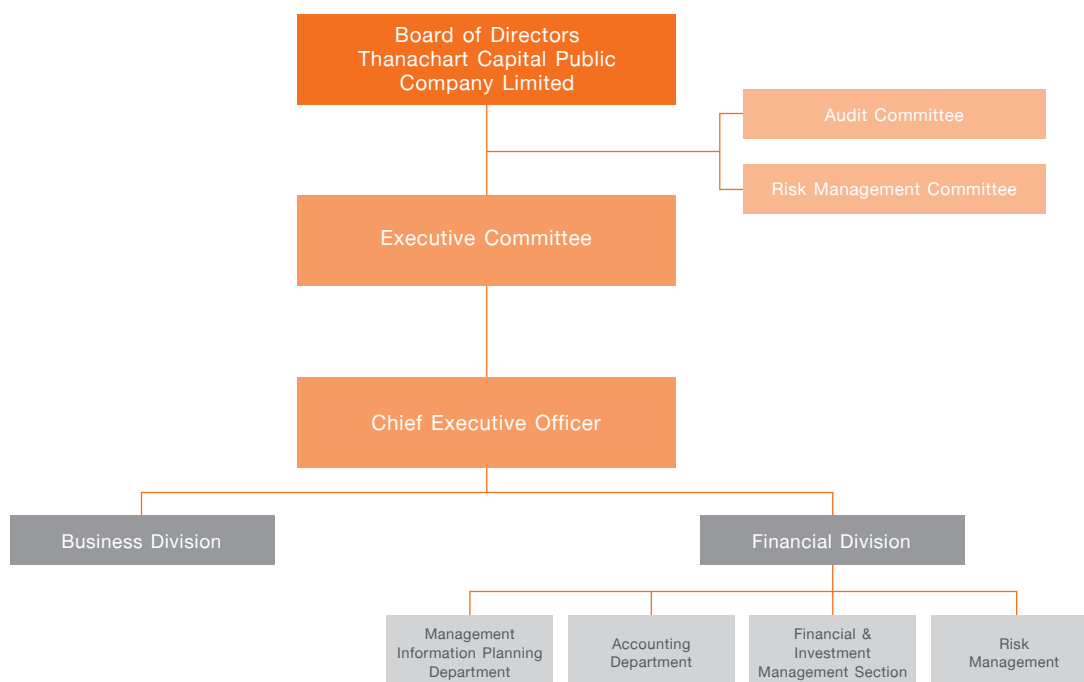
Executive Committee has a role in considering and approving all activities to be in line with the Company's risk management policies, as well as, assessing the business continuity management of Thanachart Group to present to the Company's Board of Directors for approval.

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

Audit Committee has a role in determining the supervisory guidelines for the operation to comply with measures of related authorities as well as assessing the effectiveness and competency of the overall Group's risk management process and internal control system.

The Company's Risk Management Structure Chart

As of 31 December 2015



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

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

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

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

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

Key Risk Categories

1. Credit Risk

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

Under its credit risk management policies and guidelines, the Company and its subsidiaries have successfully established a credit culture. To start with, the credit risk of the borrowers or counterparties or issuers of debt instruments will be independently assessed by the model developed specifically to each type of borrowers or counterparties by the Credit Analysis Unit. At this juncture, authorized Credit Committee would then consider and determine the level of credit risk of borrowers or counterparties, appropriate credit lines and investment budget, as well as terms and conditions on loans or other obligations. The Committee also controls the overall risk status by appropriately diversifying credit risk into various business sectors and groups of customers within the established

risk ceilings. In addition, the Committee closely monitors the quality of loans to ensure proper and vigilant management by emphasizing on business capability and repayment ability under the supervision of an independent risk control unit - ensuring that credit transactions are in line with the policies and guidelines of credit risk management. Apart from the aforementioned units, there is also an Internal Audit Division to verify that the credit transactions are in compliance with the BOT's guidelines.

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

Key Credit Risk Factors

1.1 Credit Concentration Risk

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

Credit Status as of 31 December 2015 and 31 December 2014 Classified by Business Types

Business Type	2015		2014	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	15,005	2.10	12,048	1.59
Manufacturing and Commerce	78,816	11.03	84,099	11.13
Real Estate and Construction	49,873	6.98	52,101	6.89
Public Utilities and Services	65,679	9.19	66,168	8.76
Personal Consuming				
Housing Loans	89,088	12.47	85,753	11.35
Securities Business	3,458	0.48	3,835	0.51
Hire Purchase	364,982	51.07	399,341	52.85
Others	26,967	3.77	28,141	3.72
Others	20,760	2.91	24,170	3.20
Total loans	714,628	100.00	755,656	100.00

The overall credit data revealed that the Company and its subsidiaries' lending concentration on hire purchase business declined from 52.85 percent in 2014 to 51.07 percent in 2015. Most of the hire purchase loans were provided to retail customers whose credit line was relatively small and with a large number of customers, such risk therefore was well diversified.

1.2 Risk of Non-performing Loans

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

NPL Ratio of the Company and Its Subsidiaries that are Financial Institutions

As of 31 December 2015 and 31 December 2014

Loan Classification	2015		2014	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Substandard	4,118	19.56	5,808	18.11
Doubtful	3,336	15.85	4,135	12.89
Doubtful of Loss	13,595	64.59	22,127	69.00
Total	21,049	100.00	32,070	100.00

Non-performing loans of the Company and its subsidiaries that are financial institutions decreased from 32,070 million baht in December 2014 to 21,049 million baht in December 2015. From credit overview, non-performing loans accounted for 2.95 percent of total loans and accrued interest receivables, a decrease from 4.24 percent as of 31 December 2014.

Non-performing Loans Classified by Types of Business (Excluding Accrued Interest Receivables)

Business Type	2015		2014	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	416	1.98	497	1.55
Manufacturing and Commerce	5,821	27.65	10,289	32.08
Real Estate and Construction	1,548	7.35	2,431	7.58
Public Utilities and Services	1,450	6.89	3,355	10.46
Personal Consuming				
Housing Loans	2,140	10.17	3,494	10.89
Securities Business	-	-	-	-
Hire Purchase	7,961	37.82	9,724	30.32
Others	1,361	6.47	1,733	5.40
Others	352	1.67	547	1.72
Total NPLs	21,049	100.00	32,070	100.00

Trouble Debt Restructuring

(Unit: Million Baht)

	2015	2014
Number of Debtors (Persons)	21,479	33,066
Outstanding Principal and Accrued Interest Receivables	17,029	23,780
Loan not Fully Covered by Collateral	8,071	11,643
Revaluation Allowance for Debt Restructuring	4	103
Total Loans and Accrued Interest Receivables	715,295	756,444
Restructured Debt to Total Loans (Percent)	2.38	3.14

The risk on debt restructuring arises from re-entry of the substandard debtors, i.e. after the debt restructuring, the debtors again default on their repayments, and hence re-enter the non-performing status. The problem poses adverse effects on debt-restructuring performance of the Company and its subsidiaries. As of 31 December 2015, the outstanding principal and the accrued interest receivables of the restructured debt amounted to 17,029 million baht or 2.38 percent of total loans and accrued interest receivables. The net restructured debt (less collateral) amounted to approximately 8,071 million baht.

1.3 Risk from Collaterals

For collateralized loans, the Company and its subsidiaries carefully assess and classify quality of each type of collateral by taking into account the liquidity and overall risk from that collateral. The assessment result is one of the important factors applied in the classification of each credit exposure. In this regard, the collateral, both in the form of immovable and movable whose value could be appraised, is subject to appraisal or valuation complying with the BOT's regulation. The Company and its subsidiaries significant types of collaterals are deposits and bills of exchange, marketable equity securities, non-listed equity securities, commercial immovable property, immovable property from housing, vehicles, machinery, etc. The Company and its subsidiaries have determined guidelines, standards, and frequency of appraisal and valuation of each type of collateral. Furthermore, a report of the appraisal and valuation is made which includes clear and sufficient data and analysis to determine the price. In case that it cannot be specified whether the collateral price has decreased or declined over time, the impairment of the asset must be considered by an official.

Hire purchase loans are the Company and its subsidiaries' main business. The ownership of collateralized car belongs to the Company, and in case of default, the Company is eligible to immediately repossess the collateral for the purpose of reselling in the used car market. As a result, the Company might be exposed to risk from the inability to repossess the car or from recovering the incurred loss by reselling the assets. Such conditions risk factors, for instance, the conditions of the used car market and the repossessed car itself. TBANK used statistic information to calculate the possible incurred loss that may happen when default called Loss Given Default ("LGD"). The LGD rate used is 38 percent and TBANK provides higher than the LGD to cover possible loan loss.

1.4 Risk from Impairment of Property Foreclosed

As of 31 December 2015, the Company and its subsidiaries had 6,334 million baht in NPA book value net impairment, equivalent to 0.63 percent of total assets. Impairment totaled 1,385 million baht, equivalent to 17.94 percent of book value.

1.5 Risks from Guarantees and Avals

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

As of 31 December 2015, the Company and its subsidiaries obligations in the form of avals, guarantees for loans, and other obligations amounted to 57,280 million baht or 5.74 percent of total assets.

2. Market Risk

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

2.1 Price Risk

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

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

As of 31 December 2015, the Company and Its Subsidiaries' Trading Investments and Available-for-sale Securities Classified by Types of Investments

(Unit: Million Baht)

	Fair Value	
	2015	2014
Investments		
Trading Investments		
Government and State-owned Enterprise Securities	6,286	8,319
Private Debt Securities	3,785	5,434
Foreign Debt Securities	-	-
Domestic Marketable Equity Securities	105	194
Available-for-sale Investments		
Government and State-owned Enterprise Securities	118,341	68,985
Private Debt Securities	26,832	46,226
Foreign Debt Securities	10,068	11,827
Domestic Marketable Equity Securities	5,286	4,811
Total Trading and Available-for-sale Investments	170,703	145,796

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

2.2 Interest Rate Risk

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

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

Details of Financial Assets and Liabilities as of 31 December 2015 Classified by the Period when the Interest Rate would be Repriced in Accordance with Contract Related to Financial Assets and Liabilities of the Company and Its Subsidiaries

(Unit: Million Baht)

Items	Period of Interest Rate Repricing or Due Date						
	Floating Interest Rate	0-3 Months	3-12 Months	1-5 Years	Over 5 Years	No Interest	Total
Financial Assets							
Cash	-	-	-	-	-	13,337	13,337
Interbank and Money Market Items	559	52,068	511	1,000	-	4,195	58,333
Derivative Assets	-	-	-	-	-	5,447	5,447
Investments	1,462	18,019	38,469	108,685	7,122	9,099	182,856
Loans	247,411	46,255	23,877	289,675	107,015	445	714,678
Receivables from Purchase and Sale of Securities	-	-	-	-	-	912	912
Receivables from Clearing House	-	-	-	-	-	1,101	1,101
Total Financial Assets	249,432	116,342	62,857	399,360	114,137	34,536	976,664
Financial Liabilities							
Deposits	267,461	88,832	299,467	7,182	-	6,512	669,454
Interbank and Money Market Items	17,367	39,352	21,522	5,107	735	1,517	85,600
Liabilities Payable on Demand	-	-	-	-	-	2,202	2,202
Derivative Liabilities	-	-	-	-	-	6,758	6,758
Debts Issued and Borrowings	1,207	10,600	18,800	16,576	37,746	-	84,929
Payables from Purchase and Sale of Securities	-	-	-	-	-	2,073	2,073
Payables to Clearing House	-	-	-	-	-	-	-
Total Financial Liabilities	286,035	138,784	339,789	28,865	38,481	19,062	851,016

2.3 Exchange Rate Risk

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

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

As of 31 December 2015, the Company and its subsidiaries faced with relatively low exchange rate risk as most of the assets in foreign currencies have been hedged by forward contracts.

3. Liquidity Risk

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

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

The Structure of the Company and Its Subsidiaries’ Capital Fund Classified by Source of Fund and Maturity

Capital Funds Classified by Source of Fund

	2015		2014	
	Million Baht	Percent	Million Baht	Percent
Deposits	669,454	79.70	696,949	79.61
Interbank and Money Market Items	85,600	10.19	80,139	9.15
Debts Issued and Borrowings	84,929	10.11	98,418	11.24
Total	839,983	100.00	875,506	100.00

Capital Fund Classified by Maturity

	2015		2014	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	770,890	91.77	776,623	88.71
More than 1 Year	69,093	8.23	98,883	11.29
Total	839,983	100.00	875,506	100.00

As of 31 December 2015, deposits and debts issued and borrowings of the Company and its subsidiaries were 839,983 million baht, where sources of funds were mostly from public deposits with maturity less than 1 year. This is considered a common structure of the financial institutions. Nevertheless, the Company and its subsidiaries also offered various products such as certificates of deposit (NCD) and debentures in order to increase the saving alternatives for their customers.

Financial Assets and Liabilities as of 31 December 2015 Classified by Maturity Date

(Unit: Million Baht)

Items	Maturity Date of Financial Instruments				
	At Call	Less than 1 Year	More than 1 Year	Not Specified	Total
Financial Assets					
Cash	13,337	-	-	-	13,337
Interbank and Money Market Items	4,754	52,579	1,000	-	58,333
Derivatives	-	1,548	3,899	-	5,447
Investments	1,462	61,303	111,016	9,075	182,856
Loans	43,092	115,449	556,137	-	714,678
Receivables from Purchase and Sale Securities	-	912	-	-	912
Receivables from Clearing House	-	1,101	-	-	1,101
Total Financial Assets	62,645	232,892	672,052	9,075	976,664
Financial Liabilities					
Deposits	268,820	391,705	8,929	-	669,454
Interbank and Money Market Items	18,884	60,874	5,842	-	85,600
Liabilities Payable on Demand	2,202	-	-	-	2,202
Derivative Liabilities	-	1,639	5,119	-	6,758
Debts Issued and Borrowings	1,149	29,458	54,322	-	84,929
Payables from Purchase and Sale Securities	-	2,073	-	-	2,073
Payables to Clearing House	-	-	-	-	-
Total Financial Liabilities	291,055	485,749	74,212	-	851,016
Off-balance Sheet Items					
Aval to Bills and Guarantee of Loans	278	868	124	-	1,270
Obligation under Unmatured Import Bills	19	478	-	-	497
Letter of Credits	615	1,690	5	-	2,310
Other Commitments	36,968	39,165	1,576	-	77,709
Total Off-balance Sheet Items	37,880	42,201	1,705	-	81,786

4. Operational Risk

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

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

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

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

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

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

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

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

The Company and its subsidiaries also employ the services of the third party to operate some group activities as per the direction of the work operations of financial institutions as present and in the future. The Company and its subsidiaries determine policies in order to manage the risk

that may occur from outsourcing. These policies have to also be subject to regulations of the BOT and must be beneficial to the internal control of the Company and its subsidiaries as well.

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

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

5. Strategic Risk

This type of risk arises from the inappropriate formulation of strategies, business planning, and implementation which are

not compatible with internal setups and external environment, resulting in an adverse impact on earnings, capital or the existence of the Company and its subsidiaries. In managing the strategic risk, the formulation of strategies of the Company and its subsidiaries will be considered over the three years ahead, with the review required annually or in the case of an external event that may impact the achievement of the Company's business goals. The Executive Committee is responsible for regular monitoring and evaluating the performance of the work units upon the established targets stated in the annual operation plan.

6. Regulatory Risk

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

Thanachart Group has a Compliance Department under TBANK. It reports directly to the Audit Committee of TBANK. The department ensures that the Company

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

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



CORPORATE SOCIAL RESPONSIBILITY

Actions Taken by Thanachart Group in Relation to Corporate Social Responsibility

Thanachart Group is a business organization which is determined to offer a full range of integrated financial services, aiming at successfully fulfilling and meeting all customer needs at each stage of their life cycle. In this connection, the Group is determined to operate its businesses for profit under the policy framework which demonstrates Corporate Social Responsibility (CSR) and places strong emphasis on its code of business ethics, corporate governance and compliance, transparency of operations and accountability. The objective is to create, develop, and fulfill the society while achieving a sustainable balance between economy, society, and environment. In establishing a guideline for demonstrating Thanachart Group's corporate social responsibility, the Group supports implementation of CSR activities related to both in process (CSR in Process) and after process (CSR after Process). Emphasis is placed on covering as many key areas as possible, which are related to Thanachart Group's operations. These areas include, among others, the following:

1. Anti-fraud and anti-corruption,
2. Fair and equitable treatment in the workplace,
3. Conduct of business affairs in a fair and ethical manner,
4. Responsibility towards consumers,
5. Participation in social development and environmental protection.

Apart from the key issue related to the implementation of CSR activities, Thanachart Group takes into account all groups of stakeholders whom the Group pays special attention to. In formulating plans that represent CSR, the Group focuses on all groups of stakeholders, regardless of whether they are shareholders, lenders, directors, executives, employees, customers, trading partners, competitors, the public sector, or even the society and the environment. The Group ensures that all the groups of stakeholders are treated equitably and fairly. In 2015, Thanachart Group initiated a number of projects which could be part of the Group's operations and also served all groups of stakeholders. These projects include, among others, the following:



- 1 - 2 "Rethink" Campaign Program
3 - 4 "Drive DD United" Project

1. “Rethink” Campaign Program

Recognizing the importance of sharing knowledge and creating discipline with money which serves as a key foundation for living, Thanachart Group has established a ‘Rethink’ campaign program with the slogan ‘Rethink, know to use money, and find happiness.’ The campaign is aimed at inculcating members of the general public with a wake-up call and the importance of changing their spending habits in order to bring their spending in line with their own income as well as the importance of creating discipline with money in order to live happily in a stable and sustainable manner. One could apply the “sufficiency economy” philosophy to their personal financial management for wealth creation, which include moderation in spending, rational spending, and risk management with discipline. Those who will benefit from the program include all groups of stakeholders which include staff, shareholders, executives, customers and member of the general public. As a major part of the campaign, the Group created a 3-minute video clip titled ‘A rich man’s sons’. It was about a story of a family consisting of a father and his two sons. While he was just a very ordinary person, they were a very happy family. He inculcated positive attitudes and perspective of self-sufficient lifestyle in his children by raising them with love, teaching them to apply positive thinking to things around them, teaching them not to be extravagant with money, to save, to be careful in spending, and to make best use of what they have. As a result, the children did not feel that their family was poorer than others. The campaign also publicized thought-provoking infographic clips and articles, the purpose of which was to share financial knowledge through social media including TBANK’s Facebook pages, youtube.com, and www.thanachartcsr.com.

The financial knowledge was divided into four topics including 1) Know how to save and how to invest, 2) know how to borrow, 3) know how to plan, and (4) know how to spend money. In addition, the Group organized a number of activities related to spending and saving with discipline for interested members of general public and mass media representatives. Currently, the video clip has gone viral with more than 1,400,000 views. As well, TBANK regularly shared the clip with its customers via its internal TVs networks which covered its over 680 branches and offices nationwide.

2. “Drive DD United” Project

The ‘Drive DD United’ Project was one of the activities implemented under a program titled “Thanachart Insurance – Yes, We Safe”. The Project was organized with the intention that, as a result of the campaign, members of the general public will pay close attention to and become conscious of safe driving in order to reduce rates of traffic accidents caused by drink driving and using cell phone while driving. Beneficiaries of this project included all groups of stakeholders including staff, shareholders, customers, and members of the general public. The project’s main activity was to organize a contest of video clips “Anti-drink driving and refraining from using cell phone while driving”. The contest provided students with an opportunity to use their ability to produce video clips that promoted safe driving. Students were encouraged to submit their video clips for the contest via the Facebook fan page: Drive DD United. The students were required to form a team of not more than three members and submit video clips based on one of the two available topics including ‘Anti-drink driving’ and ‘Refraining from using mobile phone while driving’. The videos submitted had to be at least one and a half minutes in length but not more than three minutes.



5 - 6 “Thanachart...power of ants in reducing global warming” Project

The contest attracted a lot of viewers with the total number of likes amounting to 23,307 on the Facebook fan page: Drive DD United. And there were over 100 teams participating in the contest.

3. “Thanachart...power of ants in reducing global warming” Project

Thanachart Group recognizes the importance of protecting the environment which may be indirectly impacted by the business operations via consumption of energy and natural resources. The consumption may affect all groups of stakeholders. As a result, it encouraged TBANK’s Petchburi Building and Suanmali Building to be registered as energy control buildings in line with the Energy Conservation Promotion Act B.E. 2535. The initiative led to the establishment of a policy to conserve energy and to promote use of resources in the most efficient and manner possible. The Bank not only encouraged participation of employees and various work units in energy conservation but also inculcated energy conservation awareness in them. Later, the ‘Thanachart... power of ants in reducing global warming’ project was established in 2012. A committee was also set up to manage the energy, with representatives from various units within TBANK serving as committee members. The committee was responsible for considering various policies and measures related to efficient energy management. In this connection, the following five energy conservation measures were established.

1. Launching campaigns aiming at setting air conditioner thermostat at 25°C (turning on standalone air conditions only when necessary)
2. Launching campaigns aiming at turning off computer screens when they are not used, under a slogan “Turning off screens while waiting and press shutdown before going home”.
3. Launching campaigns aiming at turning off lights on different floors in areas which are not used during lunch break or after office hours. The light will be turned on only when deemed necessary.
4. Launching campaigns aiming at encouraging use of stairs between one or two floors instead of elevators.
5. Launching campaigns aiming at refraining from keeping the doors or windows open and closing curtains in order to prevent heat and sunlight from entering the buildings.

The efforts to implement energy conservation measures in the buildings of the headquarters and branches both in Bangkok and in the provinces during the period from 2012 to 2015 helped save 22.1 million baht in electricity costs. To promote efficient energy use and provide the staff with related knowledge and understanding as well as opportunities for them to participate in energy conservation, in 2015 TBANK implemented the following activities:

1. Making requests for all office buildings of TBANK (including Ratchada Building, Petchburi Building, Wongsawang Building, Rama VII Building, MBK Tower Building, The Nine Tower Building, and Bangpu Building) to participate in energy conservation practice and also to implement the related work plan together with TBANK’s Petchburi Building and Suanmali Building which served as prototypes for energy conservation.
2. Organizing 28 training courses for executives and staff at Suanmali Building, aiming at providing them with knowledge and understanding about energy conservation.
3. Launching promotion campaigns aiming at urging staff to recognize the importance of energy saving.
4. Organizing field visits to observe energy conservation work at Phayathai 2 Hospital and Mitsubishi Electric Kan Yong Watana Company Limited. (prototype buildings).
5. Mangrove forest planting in Samut Songkram Province.

Furthermore, TBANK encouraged its staff to use paper in an appropriate manner, aiming at reducing paper consumption in the operations. This represented an indirect way to protect the environment. Several related activities were implemented. These included, among others, the following:

- Use of electronic systems in operations and at meetings organization-wide. The practices greatly reduced paper use at meetings or as support documents for meetings.
- Giving information services or sending customers’ transactions via emails instead of sending papers. The practices considerably reduced paper consumption in business operations processes. On the other hand, customers received information efficiently through electronic channels as agreed.
- Launching promotion campaigns urging staff to recognize the importance of reducing paper consumption so that they changed their behavior to minimize paper use. As one of the campaigns, staff were encouraged to make use of recycled papers in their respective work units.

Process in Preparing Thanachart Group’s CSR Report

The standards adopted by Thanachart Group in developing practice guidelines and preparing CSR reports are based on the SET’s Approach to Social Responsibility Implementation for Corporations, which are widely recognized by organizations and practitioners working in the field of corporate social responsibility. Adopting the SET’s approach represents a good start for the Group in developing its reports and in preparing itself for sustainability reporting in the future as the sustainability report will have to include all the key aspects that need to be reported, both at the national and international levels.

Priority Areas in Implementing CSR Activities

Having analyzed the impacts on the stakeholders and the business performance, Thanachart Group deems it appropriate to prioritize key areas in relation to the CSR activities. In 2015, the practice guidelines for each key area could be summarized as follows:

1. Anti-fraud and Anti-corruption

The details of which are given in the section related to the disclosure of prevention of corruption involvement.'

2. Respect human rights and treat labor with fairness

Priority areas	Practice guidelines
Employment	<ul style="list-style-type: none"> - Strictly observe Labor Protection Act B.E. 2541 and Labor Relations Act B.E. 2518 as well as other related laws and regulations. - Establish guidelines and rules related to recruitment, employment, and state of employment in a clear, transparent, and accountable manner. - Put in place a systematic recruitment and selection process.
Welfare and staff care	<ul style="list-style-type: none"> - Set up welfare committees for various buildings in the business establishment. The committees represent the staff in discussing with and giving comments to the Company and its subsidiaries on matters pertaining to the staff welfare. - Develop clear personnel policy manual and employee handbook, with focus given to impartiality. Also specifying clearly the employee benefits to be received. - Conduct a voice of the employee (VOE) survey to get feedback from employees so that executives learn about problems and issues that need to be addressed or improved. The inputs to be received will be included in the development plan that meets employee needs and improve the employees' quality of work life.
Human resource development and enhancement of employee potential	<ul style="list-style-type: none"> - Focus on creating a learning organization by supporting the development of employee potential in an appropriate and continuous manner. - Develop an employee performance appraisal system which is efficient, transparent, fair, and verifiable. - Organize various training courses aiming at developing and enhancing work-related potential of Thanachart Group's employees in the areas of services, product knowledge, compliance with laws, and the code of ethics, among others. In 2015, 82.30 percent or 11,678 out of Thanachart Group's total employees (14,188) participated in training activities. The employees attended 22.69 hours per year of training on average.
Encourage employee participation	<ul style="list-style-type: none"> - Encourage employees to participate in both the planning and implementation of CSR activities. - Provide all employees with ample opportunities to give their opinions and suggestions through various channels available in an appropriate manner.

3. Conduct of business affairs in a fair and ethical manner

Priority areas	Practice guidelines
Code of Conduct	<ul style="list-style-type: none"> - Establish a Code of Business Conduct for the Directors, executives, and employees of the Group. The Code of Conduct serves as a handbook of guidelines in relation to good practice examples in performing one's duties in a fair manner and with responsibility towards oneself as well as one's colleagues, supervisors, subordinates, and also all groups of stakeholders. - Establish a Code of Conduct for the Directors, executives, and employees in practice guidelines related to the Company's Code of Business Conduct clearly. - Ensure observance of the Code of Conduct which also includes prevention of conflicts of interest as well as anti-money laundering, among others. - In 2015, Thanachart Group took the following actions in relation to the Code of Conduct: <ol style="list-style-type: none"> 1) Revise the Code of Conduct, ensuring that it is in line with Thanachart Group's Anti-corruption Policy. 2) Require the member companies of Thanachart Group to revise the related handbook, ensuring that it follows the same practice guidelines. 3) Organize continuous trainings for new staff members at all levels on the handbook of the Code of Conduct with the trainees putting their signature in acknowledgement of the handbook. As well, educational and mental development trainings are provided for current staff members. 4) Develop Corporate Governance (CG) E-learning and distribute it through the Intranet in order to enable the employees to study it on their own. 5) Arrange for all executives and employees at all levels to sign a declaration vowing to perform their duties in line with the handbook of the Code of Conduct and also to sign a declaration vowing to refrain from any action that can result in a conflict of interest with Thanachart Group. 6) Prepare an appraisal form for all employees of Thanachart Group at all levels in order to test and assess the level of their knowledge and understanding in relation to the compliance with the principles of good corporate governance and the Code of Conduct twice a year.
Support trading partners that are socially responsible	<ul style="list-style-type: none"> - Adopt a clear policy not to do business with any trading partners that are not socially responsible, such as violation of human rights by using child labor or engagement in illegal or immoral business activities.

4. Responsibility towards consumers

Priority areas	Practice guidelines
Give clear information about products and services to consumers	<ul style="list-style-type: none"> - Publicize products and services, providing all customers and members of the general public with detailed product information and the related supporting manuals which are clear and easy to understand.
Protect consumer rights	<ul style="list-style-type: none"> - Deliver high quality services that meet professional standards. - Require employees to strictly safeguard the confidentiality of customer information and refrain from disclosing any customer information to any third party. - Refrain from an inappropriate use of the information for the benefit or advantage of the Company and other related parties, unless required by law. - Establish systems or channels through which customers can give opinions or file complaints about services. Take corrective actions and inform the customers in a timely manner. The provided channels comprises of the Company's website (www.thanachart.co.th), Thanachart Contact Center 1770 and Thanachart Facebook (www.facebook.com/thanachartbank).
Educate consumers for the knowledge and financial discipline	<ul style="list-style-type: none"> - As aforementioned of "Rethink" Project.

5. Participation in social development and environmental protection

Priority areas	Practice guidelines
Support and promote social development in collaboration with all the organizations concerned, both in the public and private sectors, as well as non-profit organizations	<ul style="list-style-type: none"> - Participate in the planning and implementation of activities related to social and community development in collaboration with organizations both in the public and private sectors as well as non-profit organizations. These activities include, among others, financial coaching education, promotion and conservation of Thai culture, environmental protection as well as civil society strengthening.
Promote energy conservation and environmental protection	<ul style="list-style-type: none"> - Establish clear policies on energy conservation. - Establish energy conservation measures. - Launch campaigns aiming at promoting and encouraging employees to participate in the energy conservation and the environmental protection in an enthusiastic and sustainable manner.

CSR after Process

This type of CSR covers any activities other than those undertaken in the ordinary course of its business. Thanachart Group has been involved in this type of activities for a long time since the beginning of its business operations. Later, as the commercial banking services became one of Thanachart Group's main businesses with an extensive branch network nationwide, the CSR activities have been implemented by regional hubs with cooperation from the staff members of Thanachart Group. Their customers, business counterparts, and people living in communities are also invited to participate in the activities. In 2015, the Group took part in the following CSR activities in order to promote and develop social as follows:

1. Campaigns and promotion of Thai cultural identity and Buddhism: Thanachart Group participated in promoting activities related to Thai cultural identity, local traditions, and Buddhism, with participation of people living in the communities, employees, and members of the general public.

2. Promotion and support of implementation of activities for charity: As part of its CSR, Thanachart Group participated in social development by giving support to the activities implemented by various charitable organizations which were involved in strengthening society and making it sustainable. The activities covered all target groups, regardless of whether they are patients, children, youth, women or the underprivileged.

3. Promotion of education and educational development: Thanachart Group participated in the activities aiming at filling in education gaps as well as developing and streamlining the country's educational systems so that they

not only could produce quality children and youth but also raised their potential to the levels on a par with international standards. They were also provided with opportunities to enhance their competitiveness. The efforts laid a strong foundation for the country's educational development.

4. Environmental protection: As part of its determination to implement activities which help reduce indirect impacts on the environment created by its business operations, Thanachart Group promoted education and understanding in using energy in the most efficient manner. It also participated in campaigns aiming at inculcating energy conservation culture in both executives and employees.

Moreover, Thanachart Group has established the **Thanachart Foundation for Thai Society** which serves as a key mechanism in driving the implementation of the Group's CSR activities. Most of the Foundation's activities focus on building a sound and sustainable society as well as social development. The main aim is to build a prototype model for developing communities and society in various ways. Emphasis is placed on the knowledge in developing, improving, and changing oneself, including right attitudes and values suitable for making a living. Focus is also given on improvements of one's livelihood based on His Majesty the King's concept of the 'sufficiency economy'. Importantly, Thanachart Group has established coordination networks for giving social assistance and services in case of unfortunate events.

1. Campaigns and Promotion of Thai Cultural Identity and Buddhism

Presentation of Royal Krathin Robes in 2015

Thanachart Group regularly hosts the presentation of Royal Krathin Robes. The first presentation took place in



7 - 8 Presentation of Royal Krathin Robes in 2015

2006 at Wat Kaew Kro Waram Temple in Krabi Province. Since then, the Group has been organizing the activity annually. The activity is aimed at maintaining and preserving Buddhism, royal temples, and Buddhist places of worship so that they continue to exist as long as Thailand does.

In 2015, Thanachart Group was graciously bestowed by His Majesty the King to offer the Royal Robes at Wat Matchimawat (Wat Klang) which was a royal temple, in Amphoe Muang, Songkhla Province. In this connection, member companies of Thanachart Group, their customers, trading partners, executives, and staff members as well as members of the general public jointly donated 9,345,380.21 baht in good faith to the temple as part of the funds to be used for constructing a museum that housed antiques, near the Songkhla National Museum, Wat Matchimawat. Not less importantly, another objective was for the museum to pass on valuable local wisdom back to the society. In addition, 30 scholarships were awarded to needy students with good academic records and good behavior. Donations were also given to three charitable organizations in Songkhla Province, which included Ban Songkhla Home for Children, Home for Children and Families in Songkhla Province as well as Home for Mentally Retarded Children in the South, Songkhla Province.

“Thanachart Initiates and Fulfills Thai Identity” Project

The main objective of the Project is to maintain and preserve Thai identity including reading aloud Thai and using Thai manners in daily life. The project not only helps preserve the unique identity and prevent its disintegration over time, but also strike a balance between social values which have been increasingly affected by foreign cultures. Moreover, the project helps inspire and inculcate in Thai youth the love of Thai culture. The love makes them cherish the culture and helps keep it as part of Thai society forever. Both Thai

language and Thai manners are widely recognized as unique characteristics of Thai identity. The project consists of two main activities including reading aloud contests and Thai manners contests. Representing their educational institutions, students from Prathomsuksa 1 to the university level are provided with an opportunity to participate in the contests to compete for Her Royal Highness Princess Maha Chakri Sirindhorn’s Cups, honorable shields and certificates of honor, as well as scholarships. In 2015 which was the 44th year of the project, over 3,000 students of educational institutions from all regions of the country participated in the contest. In addition, TBANK recognizes the importance of promoting and supporting children with hearing impaired so that they have opportunities to participate in various social activities and are able to lead dignified lives as normal people. As well, these children with hearing loss should be provided with opportunities to show their determination, intention, and potential for participating in the activities related to the maintenance and preservation of Thai identity by practicing Thai manners properly. As a result, in 2015 TBANK organized the first Thai manners contest for children with hearing impaired. In this connection, the Bank humbly requested for royal trophies from Her Royal Highness Princess Maha Chakri Sirindhorn, which were awarded to contest winners at two educational levels including Prathom Suksa and Mathayom Suksa.

Moreover, in 2015, in order to demonstrate its commitment to maintaining and preserving unique Thai identity and culture, TBANK participated in the “Aspiring for decency, for the auspicious years, starting with our hearts” project which was organized by the Office of the Permanent Secretary, Prime Minister’s Office. The objective of the project was for members of the general public and various organizations to express their loyalty in honor of both His Majesty the King and Her Majesty the Queen, as well as the Royal Family during the period from 2015 to 2017, which



9 - 10 The winners of Thai manners contests and reading aloud contents under “Thanachart Initiates and Fulfills Thai Identity” Project received trophies from Her Royal Highness Princess Maha Chakri Sirindhorn

were considered the most auspicious years for the monarchy institution. In this connection, participants could aspire and be determined to do good deeds which would benefit themselves and the society. Participating in the project, TBANK expressed its aspiration ‘to jointly preserve and support use of Thai language and Thai manners, ensuring that they are properly used and practiced so that their beauty will last as long as the Thai society’. Thanks to Thanachart Group’s determination to continuously keep supporting the ‘Thanachart Initiates and Fulfills Thai Identity Project’, TBANK also received a Wattanakunathorn Award from the Ministry of Culture for its contribution to the Ministry in the fiscal year 2015 under the organization category in the area of religion, arts, and culture promotion.

Garuda Museum by TBANK

“The Garuda Museum by TBANK” is considered the first and only Garuda museum in ASEAN. Its establishment could be traced back to the event on 1 October 2011 in which TBANK acquired SCIB. Before the acquisition, SCIB had been operating for over 70 years and the Royal Garuda Emblems had been graciously bestowed by His Majesty the King upon SCIB for display at its headquarters and branches since 1941. After the merger with TBANK in 2011, it was necessary to dismount Garuda Emblem in compliance with the Garuda Emblem Act (No. 2) B.E. 2535 (1992). TBANK recognized the value and the importance of the Royal Garuda Emblem which Thai people have a great faith in and a strong relationship with. The Emblem is also a symbol representing His Majesty the King of Thailand. As a result, TBANK respectfully relocated the Emblems from the headquarters and branches to its Bangpu Training Center in the municipal area of Tambon Bangpu, Samut Prakan Province. This was followed by the founding of the Garuda Museum. The Museum showcases various stories of Garuda in a multimedia format. The stories

are principally based on Thai people’s basic understanding about Garuda and Buddhism beliefs. It is designed and created so that visitors could learn about the origin of Garuda according to the legend from the viewpoints of both Buddhism and Brahmanism. Importantly, an area in the museum has been set aside for exhibiting the Emblems which are respectfully relocated from SCIB’s branches. One of the objectives of the exhibition is to reflect the Royal Garuda Emblem’s relationship with the country’s three fundamental institutions, namely the Nation, Religion, and Monarchy. In addition, the museum serves as a resourceful place for children, youth, and interested members of the general public to learn about the history.

Activities Related to Sustenance and Preservation of Local Traditions

TBANK recognizes the value of Thai identities, customs, and traditions in various localities throughout the country, which reflect ways of living, folk wisdom, and cultural growth. The heritages which have been passed from one generation to the next represent unique identities which no other country could imitate. They are invaluable and worthy of preservation. As a result, the activities related to “sustenance and preservation of local traditions” have been conceived. In this connection, TBANK’s network hubs which are located nationwide are responsible for implementing these activities and cooperating with communities as a member of their respective localities. This leads to cooperation among the employees, customers, members of the public as well as various institutes and agencies, both in the public and private sectors. The activities also include regional tourism promotion and public relations. In 2015, the activities related to the sustenance and preservation of local traditions were organized as follows:



11 - 12 Thai manners contests and reading aloud contests under “Thanachart Initiates and Fulfills Thai Identity” Project

1. Chinatown Chinese New Year Celebration in Bangkok,
2. Chinese New Year Festival in Pak Nam Pho, Nakhon Sawan Province,
3. The Buddha Angkeeros bathing rite in Rayong Province,
4. Songkran festival, Phra Pradaeng in Samut Prakan Province,
5. Candle festival for the Buddhist Lent in 2015 in Ubon Ratchathani Province,
6. Traditional long-tailed boat racing festival in 2015 in Phitsanulok Province,
7. Lotus throwing festival (held on the 14th day of 11th lunar month) in Samut Prakan Province,
8. Merit making festival for giving Look Yon boiled rice to monks at Wat Phra Puttachai, Saraburi Province,
9. Annual boat race in Pak Phanang, Nakhon Si Thammarat Province,
10. Conservation of Phuket vegetarian festival in Phuket Province,
11. Conservation of Yi Peng festival in Chiang Mai Province,
12. Ayutthaya World Heritage Fair 2015 in Phra Nakhon Si Ayutthaya Province.

2. Promotion and Support of Implementation of Activities for Charity

Annual Red Cross Fair

TBANK participated in the sale of Red Cross lottery tickets as well as the Red Cross Fair which was held annually. The participation in the annual fair could be traced back to the year 1976 when Bangkok Metropolitan Bank was the only commercial bank which was invited to join the Red Cross Fair, at which the bank used the name of “Bangkok Metropolitan Bank’s Red Cross Booth”. Later in 2001, when Bangkok Metropolitan Bank merged with SICB, SICB participated

in the fair, using the name of “Siam City Bank’s Red Cross Booth”. In 2011 when SCIB merged with TBANK, the name at the fair was changed to Thanachart Bank’s Red Cross Booth”. Today, it is still the only commercial bank with a booth at the Annual Red Cross Fair in Suan Amporn Park.

In 2015 when the 39th anniversary fair was held, TBANK participated in the fair from 30 March 2015 to 7 April 2015. The Bank decorated its store as if it were a town of books, using a concept called “Merit power is the cost of thinking power”. After the closure of the fair, TBANK gave book cabinets and over 600 books to the two schools namely Wat Ruchaiwittayakarn School and Wat Tagoo School in Phra Nakhon Si Ayutthaya province, which TBANK helped since they were hard hit by great floods. As well, TBANK would humbly present the proceeds worth 6,000,000 baht from its sales of Red Cross lottery tickets for the year 2015 and from its participation in the fair to Her Royal Highness Princess Maha Chakri Sirindhorn, Executive Vice-President of the Council of the Thai Red Cross Society, for charity at the discretion of Her Royal Highness as partial financial support to the Council.

Bridge-of-merit Project

In its determination to play a part in supporting the work of charitable organizations in a sustainable manner, Thanachart Group established the bridge-of-merit project. The project could be traced back to the ‘Thanachart Initiates and Fulfills..Merit Saving Exposition’ project implemented in 2009. Charitable organizations were invited to participate in the exposition, open their booths and publicize the work of their organizations. The implementation of the project received good responses from customers, members of the public, and charitable organizations. As a result, in 2011 TBANK decided to establish a project called ‘the bridge-of-merit’ to



13 - 14 Joining the Red Cross Fair under the name “Thanachart Bank’s Red Cross Booth”

15 - 16 TBANK gave book cabinets and books to the two schools namely Wat Ruchaiwittayakarn School and Wat Tagoo School from opening Thanachart Bank’s Red Cross Booth in 2015

carry on its support to the work of charitable organizations in a sustainable manner. The main objectives of the project were to fill the gaps between givers and recipients and to serve as the bridge linking givers and recipients. In this connection, customers and members of the general public could make donations to the charitable organizations through ATMs, bank counters, Automatic Deposit Machines (ADMs) or through the Internet without any service fee to be charged. The charitable organizations wish to participate in the project must have the main objectives of helping different groups of the underprivileged and of addressing social problems. Importantly, their work in the past must be well received by the public. Currently, there are 18 charitable organizations participating in the 'bridge-of-merit' project. These organizations include the following:

1. Association for the Promotion of the Status of Women
2. Baan Nokkamin Foundation
3. Cardiac Children Foundation of Thailand Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra
4. Foundation for Children with Disability
5. Foundation for Slum Child Care Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra
6. Ramathibodi Foundation
7. Thammasat University
8. Princess Mother's Medical Volunteer Foundation
9. Foundation for the Family Welfare of War Veterans Under the Royal Patronage of Her Royal Highness the Princess Mother
10. Sai Jai Thai Foundation Under the Royal Patronage
11. Srithanya Hospital Foundation
12. Phradabos Foundation
13. Phrakhruba Noi Khemmapunyo Foundation
14. Khum Klao Foundation Under the Royal Patronage

15. Soka Gakkai Thailand
16. Phra Mahathat Napaphol Phumsiri Foundation
17. The King's Scholarship for Thai Monks
18. Queen Sirikit Center for Breast Cancer Foundation

Relief and rehabilitation for Nepal earthquake victims

TBANK jointly served as a channel for mobilizing cash donations from staff, customers, and members of the general public for the relief and rehabilitation of Nepal earthquake victims. The Bank provided the staff, customers, and members of the general public with opportunities to join hands making donations through the Bank's various channels including its Automated Teller Machines (ATMs), bank branches, Cash Deposit Machines (CDMs) as well as via internet transactions, to which TBANK did not charge any fee. In this connection, TBANK delivered 2,500,000 baht of cash donations for the relief and rehabilitation of Nepal earthquake victims through the Thai Red Cross Society.

Support to Chakri Naruebodindra Medical Institute, Ramathibodi Foundation

Recognizing the importance of participation in the development of public health service systems and in the opening up of opportunities for people to have access to health care as well as treatment and protection against diseases, the Company, TBANK, and TNI jointly donated cash in the amount of 1,750,000 baht as a partial support to the project of Chakri Naruebodindra Medical Institute, Ramathibodi Foundation. The objectives were to build a medical institute and a hospital with 400 beds for treating patients at all levels in an integrated manner as well as promoting health, rehabilitation, protection against disease, health care, and public health services with high standards. Apart from being a center for medical studies, the Institute places emphasis



17 - 18 Blood Donation in Honor of the Royal Father and Mother

on establishing learning networks and providing academic services in relation to health promotion for people living in the country's eastern region.

Blood Donation in Honor of the Royal Father and Mother

The activity has been implemented by the Network Hub 2 of the northeastern region (Khon Kaen) for 11 consecutive years. The main objective of the activity is to encourage members of the public in Khon Kaen Province, Roi Et Province, Kalasin Province, and Maha Sarakham Province as well as staff members to donate blood in honor of His Majesty the King and Her Majesty Queen Sirikit for charity. Donating blood not only helped save the lives of victims of emergent accidents but also alleviated blood shortage during treatment. The activity was always well supported by the Faculty of Medicine, Khon Kaen University, which facilitated the blood donation. Moreover, TBANK also gave financial health check-up to those who participated in the activity. In 2015, 829 people donated 331,600 cc of blood to the Thai Red Cross Society.

3. Promotion of Education and Educational Development

"Things Used by Elders Transferred to Juniors" Project

The project was conceived as a result of the determination to promote and develop Thailand's education. The concept was based on reuse of office equipment and supplies which were no longer used and were still in a good condition. The equipment and supplies were made available as a result of renovation of TBANK's branches and headquarters. They were given to various government agencies, associations, foundations, and schools. The purpose was to make use of the office equipment and supplies again. In 2015, Thanachart Group gave 2,802 items of office equipment and supplies such as tables, cabinets, chairs, and computers to 65 recipients including government agencies, associations, foundations, and schools nationwide.

4. Environmental protection

"Thanachart...power of ant in reducing global warming" Project

(Details are given in the first part of the implementation of activities related to Thanachart Group's corporate social responsibility.)

Thanachart Group's implementation of activities related to society and environment was not limited to only four areas including campaigns and promotion of Thai identity, culture and Buddhism, promotion and support of implementation of

charitable activities, educational support and development, and also environmental protection as mentioned above. As well, Thanachart Group's executives and staff volunteered to implement activities related to social development and assistance to many groups of the disadvantaged. These activities included, among others, the following:

1. Cash donations to support the work of charitable organizations and educational institutions.

2. Donation of safe drinking water to the Government's project called "Sharing drinking water with Thai brothers and sisters hit by drought" for assisting victims hard hit by drought in Phitsanulok Province.

3. Donation of blankets to victims hit by cold weather in Chiang Mai Province and Bueng Kan Province. The activity was a collaboration between TBANK and TNN 24 Thai news network and also Thai Public Broadcasting Service (Thai PBS) television station.

4. Donations of fitness equipment "Exercise rubber band for health" to patients staying in hospitals and the elderly living in slums, who continuously lacked financial support. In the past year, donations were given to Veterans General Hospital and Phramongkutklao Hospital.

5. Giving computers to Frigate II fleet, Royal Thai Fleet, Thai Navy, Amphoe Sattahip, Chon Buri Province. The computers would be used for study and collection information for developing potential and having more access to useful information via information technology. As well, computers were given to schools which lacked computers and accessories.

Disclosure of Prevention of Corruption Involvement

Thanachart Group recognizes that corruption is not only the root cause of evils and an obstacle to the country's social and economic development, but also leads to unfair business practices. As a result, it has joined with both the private and public sectors in the program called "Private Section Collective Action Coalition Against Corruption (CAC)" by signing an agreement confirming its commitment to the coalition.

In 2014, Thanachart Group adopted an "Anti-corruption Policy" and established measures as well as the related operational practices and procedures. They served as guidelines that all employees of the Group are requested to adhere to. The details of which are as follows:

1. The Boards of Directors of the Company and companies of Thanachart Group adopted resolutions approving the Anti-corruption Policy. The policy clearly defines 'corruption' and various forms of corruption. The policy basically requires that Directors, executives, and employees must not be involved in or accept any corruption in any form, directly or indirectly, for the benefit of the organization, themselves,

families, friends or acquaintance. They are required to serve as role models complying with the Anti-corruption Policy. As well, the executives of Thanachart Group are not only responsible for looking after and supporting the implementation of the policy, but also for reviewing the various measures, ensuring that they are appropriate and in line with business changes as well as laws and regulations.

2. Thanachart Group has established the Anti-corruption as one of the organization's core values. This core value known as 'C3SIP' serves as a guideline to which all employees of Thanachart Group are required to adhere. The key components of C3SIP are as follows:

- **C**ustomer focus - meeting the customer needs, Collaboration - working as a team,
- **C**ommitment - fulfilling one's duties until goals are achieved,
- **S**pirit - devotion to one's work,
- **I**ntegrity - adhering to integrity and Anti-corruption, and
- **P**rofessional - possessing adequate knowledge and ability to perform one's duties.

3. As regards the corruption risk assessment, member companies of Thanachart Group have adopted the principles and methodology based on the Risk and Control Self-Assessment (RCSA) which is one of the tools used for operational risk management. Thanachart Group will conduct the assessment every three years and also monitor the progress of the action plans as well as the implementation of the risk control measures whenever the risk factors are changed significantly to the extent that they have a material impact on the operational processes. The assessment reports will be submitted to the Risk Management Committee for information which will be used as inputs for managing the risks at a later stage.

4. Thanachart Group has established Anti-corruption measures, to which the employees of Thanachart Group are required to adhere. The measures are based on the internal control principles which are in line with the corruption risk and the Anti-corruption Policy. These measures will be reviewed annually, ensuring that they are appropriate and in line with the risks. As well, the Group has established disciplinary actions to be taken against employees who are involved in any corrupt act.

5. Thanachart Group places emphasis on all forms of corruption, particularly in relation to giving or accepting presents or gifts, throwing parties, and giving or accepting any other benefits. These are issues, to which the Group pays special attention as they could easily lead to corruption. As a result, they have been included in the Code of Business Conduct as well as the rules and regulation which cover all operational and control procedures. The employees are required to notify their supervisors of their acceptance or

provision of presents. Violation or failure to implement the Anti-corruption measures as well as any action supporting, facilitating or being involved in corruption are considered wrongdoings and the involved employees will be subject to disciplinary actions.

6. To make the Anti-corruption measures more efficient, Thanachart Group requires that each member company adopts the related rules, operational procedures, and guidelines, particularly about notification of corruption clues as well as handling of complaints about fraud and corruption. The member companies are also required to establish safe channels, through which any members of the general public or any employees of Thanachart Group who come across any suspicious fraudulent or corrupt activity could report clues or file their complaints. The information provided by whistleblowers will be sent to the head of the internal audit unit. In this connection, the information will be kept confidential and presented to the Audit Committee who will, in turn, report it to the Board of Directors. As well, Thanachart Group has adopted a policy aiming at treating fairly and protecting those employees who refuse to get involved in corruption although such refusal may cause the organization to lose a business opportunity.

7. Thanachart Group has made arrangements for all Directors, executives, and employees to sign an agreement confirming that they will strictly adhere to the Anti-corruption Policy as well as the Anti-corruption measures and other related rules.

8. Thanachart Group communicates with employees and develops them so that they are aware of and understand the guidelines on the implementation of the important policy, measures, and operational procedures related to Anti-corruption through the Group's various channels and media. These include, among others, messages from the Chief Executive Officer to employees on Anti-corruption, organization of trainings on "Anti-Corruption for Executives" for Directors and high-ranking executives, inclusion of the topic on 'Anti-corruption' as part of the new staff orientation curriculum, preparation of self-appraisal forms for executives and employees which are made available through E-learning and Intranet systems. The self-appraisal will be conducted every six months. As well, the Group makes use of easily accessible presentations such as VTR short films by coordinating with the Office of National Counter Corruption Commission (NCCC) and the Anti-Money Laundering Office (AMLO) in relation to topics such as communication and understanding enhancement about Anti-corruption as well as the knowledge about money laundering.

9. Thanachart Group publicizes its Anti-corruption campaigns through the e-mails sent to trading partners and business representatives, requesting for their cooperation

and support. In particular, they are requested to refrain from giving presents to executives or employees of Thanachart Group, regardless of any festivals or any other occasions. As regards the customers, the Group asks for their cooperation on this matter through printed media such as invoices, receipts, payment vouchers, and tax invoices as well as through the websites of the Company (www.thanachart.co.th).

10. In appraising the performance related to the implementation of the Anti-corruption Policy and the related measures, the Audit Committee will be responsible for reviewing and ensuring that the member companies of Thanachart Group have put in place adequate internal control measures and that the conduct of business affairs are in line with the Anti-corruption Policy. The reviewing exercise is included in the annual work plan.

In this connection, in order to make the public aware of Thanachart Group's intent in relation to Anti-corruption, Thanachart Group has brought its Anti-corruption Policy to the public notice by making it available through the website of each member companies of the Group. On the part of the Company, it makes the policy available through its website (www.thanachart.co.th).

Thanachart Group has been certified as members of the Collective Action Coalition against Corruption Project ("the Project") by the committee of Thailand's CAC. In 2014, 10 companies of Thanachart Group were certified as members of the Project while in 2015, two more companies were certified as members. Overall, altogether 12 companies of Thanachart Group were certified as members.

In 2015, Thanachart Group took actions related to fraud and corruption prevention in line with the established policy. These included, among others, the following: Reviewing the anti-corruption policy annually, Signing an agreement to strictly adhere to the anti-corruption policy/measures and all the related regulations, Communicating with staff for their information, Training staff so that they acquired knowledge and understood how to implement the policy/measures and key operating procedures which were related to anti-corruption, through training and self evaluation, Publicizing anti-corruption information through Thanachart Group's

various media channels on a continuous basis, Publicizing anti-corruption information via emails sent to trading partners and business representatives for their information, and Asking for cooperation in supporting the anti-corruption campaign projects. Moreover, there were further developments and additional implementation as follows:

1. The CAC Project gave golden CAC logo to 12 companies of Thanachart Group which were the Project's members. This represented a symbol of their participation in the collective action coalition against corruption. In this connection, Thanachart Group has established "implementation guidelines on the usage of golden CAC logo of Thanachart Group", which had to be in line with the Project's requirements. In addition, the CAC logo was publicized through the Company's intranet systems and website.

2. Thanachart Group represented by the 12 companies which were certified as members of the CAC Project signed a document acknowledging "a disclaimer of the committee of Thailand's Private Sector Collective Action Coalition against Corruption (CAC disclaimer)".

3. Developing a training course on "Join hands to drive ahead in unison in a transparency manner and without corruption" for Thanachart Group's staff.

4. Developing anti-corruption e-learning and publicizing it via intranet systems so that staff could study and learn about it on their own.

5. Giving advice and serving as resource persons for external organizations on 'Request for certification as member of the Project by the CAC. In 2015, the staff of Thanachart Group served as resource persons for MBK Public Company Limited. In this connection, Thanachart Group planned to continue serving as resource persons on such matter in 2016. The Group also plans to organize a seminar on the collective action coalition against corruption for trading partners and business representatives. As well, it plans to organize activities for youths and groups of teachers in relation to "Raising consciousness, living in the present, and doing good deeds".



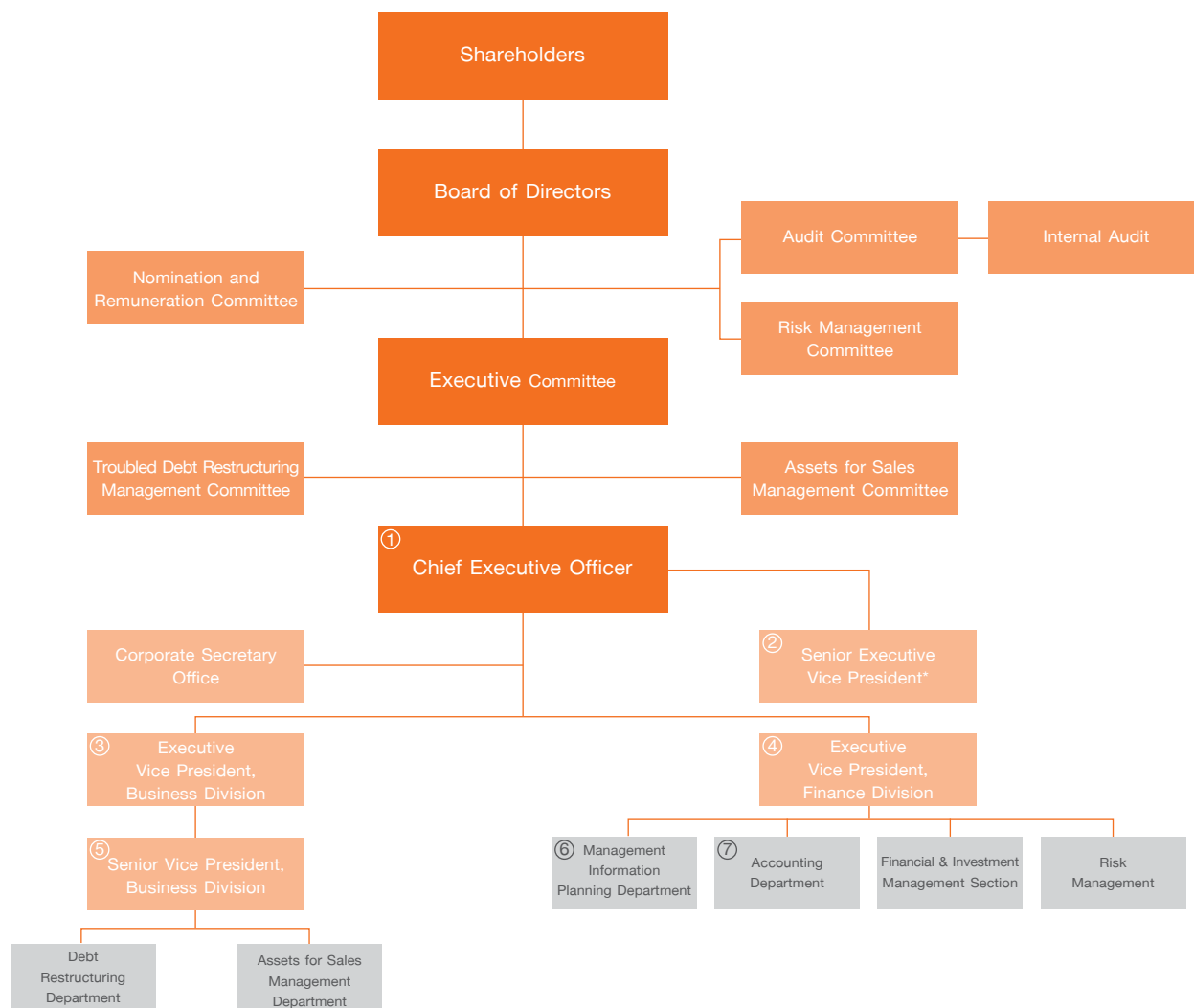
MANAGEMENT STRUCTURE

Thanachart Capital Public Company Limited

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

Organizational Structure of Thanachart Capital Public Company Limited

As of 31 December 2015



- Notes:**
- 1)* Mr. Somjate Moosirilert, Senior Executive Vice President, was assigned as the Chief Executive Officer and President of TBANK
 - 2) ①-⑦ are executives at the managerial level and the first four executives after the managerial level according to the regulations of the SEC.

Board of Directors and Executives of the Company

Board of Directors of the Company

The Company's Board of Directors Meeting

The Company has set the schedule of the Board of Directors' Meeting for a whole year in advance. The meeting is scheduled monthly. There could be the case of special meeting as deemed necessary. Following the considerations by the Chief Executive Officer, the Chairman of the Company's Board of Directors will review and approve the meeting agendas. The meeting agendas are to be clearly specified and informed in advance, including agendas for acknowledgement, agendas for consideration, agendas for approval, agendas of follow-up matters, agendas from the sub-committees consideration and approval, agendas of good corporate governance, and agendas of risk management matters. The Company's corporate secretary is responsible in preparing the meeting notice and putting together the meeting documents in order to submit to the Directors prior to the meeting with sufficient time for the Directors to study and evaluate the information. Each meeting is approximately three hours long. There were a total of 12 meetings in 2015.

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

The Board of Directors' structure is in accordance with the BOT Notification No. SorNorSor. 13/2009 Re: Governance of Financial Institution dated 9 July 2009 and the Capital Market Supervisory Board Notification No. TorJor 28/2008 Re: Approval for Issuance and Offering of New Shares dated 15 December 2008. As of 31 December 2015, the Company had nine Directors. One-third of Directors were represented by three Independent Directors and two were Non-executive Directors. Consequently, 55.55 percent of the Board of Directors was represented by Independent and Non-executive Directors.

The List of the Company's Directors and the Meeting Attendance in 2015

List of Company's Directors	Position	Board of Directors (Total of 12 Meetings)	Audit Committee (Total of 16 Meetings)	Nomination and Remuneration Committee (Total of 4 Meetings)	Executive Committee (Total of 14 Meetings)	Risk Management Committee (Total of 12 Meetings)
1. Mr. Banterng Tantivit	Chairman of the Board of Directors (Non-executive Director)	12/12	-	-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman, Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer (Executive Director)	12/12	-	-	14/14	12/12
3. Mrs. Siripen Sitasuwan	Chairperson of the Audit Committee and Member of the Nomination and Remuneration Committee (Independent Director)	11/12	16/16	4/4	-	-
4. Mr. Somkiat Sukdheva	Member of the Audit Committee and Member of the Risk Management Committee (Independent Director)	12/12	16/16	-	-	12/12
5. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee (Independent Director)	11/12	12/16	4/4	-	-
6. Mr. Vichit Yanamorn	Member of the Nomination and Remuneration Committee and Member of the Risk Management Committee (Non-executive Director)	10/10	-	2/2	-	10/10
7. Ms. Suvarnapha Suvarnaprathip	Vice Chairperson of the Executive Committee, Vice Chairperson of the Risk Management Committee (Executive Director)	12/12	-	-	14/14	12/12
8. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Management Committee, and Senior Executive Vice President (Executive Director)	12/12	-	-	14/14	12/12
9. Mr. Taweesak Saksirilarp	Member of the Executive Committee, Member of the Risk Management Committee, and Executive Vice President (Executive Director)	12/12	-	-	13/14	12/12

- Notes:**
- 1) Mr. Vichit Yanamorn was appointed as the Company's Director, the Member of the Nomination and Remuneration Committee, and the Member of the Risk Management Committee, effective on 25 February 2015.
 - 2) Authorized signatories of the Company include Mr. Suphadej Poonpipat, Ms. Suvarnapha Suvarnaprathip, Mr. Somjate Moosirilert, and Mr. Taweesak Saksirilarp. Any two out of four authorized signatories can jointly sign with the Company's seal affixed. Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As of 31 December 2015, the Company's executives at the managerial level and the first four executives after the managerial level and the head of accounting or finance department at the managerial level or above, according to the SEC, included the following:

1. Mr. Suphadej	Poonpipat	Chief Executive Officer
2. Mr. Somjate	Moosirilert	Senior Executive Vice President
3. Mr. Taweesak	Saksirilarp	Executive Vice President, Business Division
4. Mr. Kamtorn	Tantisirivat	Executive Vice President, Finance Division
5. Mr. Watchara	Permphithak	Senior Vice President, Business Division
6. Ms. Rommanee	Jenpinit	First Vice President, Management Information Planning Department
7. Mrs. Thanawan	Chaisithikarnkha	First Vice President, Accounting Department

Note: Profiles of Directors and executives are disclosed in this Annual Report.

Company Secretary

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

Duties, Roles and Responsibilities of the Company Secretary

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

6. Preparing and keeping the register book of the Directors, notifications of the meetings of the Board of Directors, minutes of the meeting of the Board of Directors, reports on the conflict of interest of the Directors and executives, annual reports of the Company, notifications of the meetings of shareholders, and minutes of the meetings of shareholders.

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

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

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

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

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

Note: Profile of the Company Secretary is disclosed in this Annual Report.

Remuneration of Directors and Executives of the Company

Financial Remuneration

In 2015, the Company paid remuneration for four committees, including the Company's Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Risk Management Committee. Total remuneration was 31,666,675.25 baht. The remuneration is in the forms of monthly compensation, meeting stipends, and performance allowance (based on the performance of 2014) which can be summarized as follows:

1. The remuneration payments made in 2015 to the Company's Board of Directors were as follows:

List of Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng	Tantivit	1,200,000.00	600,000.00	4,040,158.53	5,840,158.53
2. Mr. Suphadej	Poonpipat	600,000.00	300,000.00	2,020,079.29	2,920,079.29
3. Mrs. Siripen	Sitasuwan	600,000.00	275,000.00	2,020,079.29	2,895,079.29
4. Mr. Somkiat	Sukdheva	600,000.00	300,000.00	2,020,079.29	2,920,079.29
5. Mr. Tiraphot	Vajrabhaya	600,000.00	275,000.00	1,510,908.62	2,385,908.62
6. Mr. Vichit	Yanamorn	507,142.86	250,000.00	0.00	757,142.86
7. Ms. Suvarnapha	Suvarnaprathip	600,000.00	300,000.00	2,020,079.29	2,920,079.29
8. Mr. Somjate	Moosirilert	600,000.00	300,000.00	2,020,079.29	2,920,079.29
9. Mr. Taweesak	Saksirilarp	600,000.00	300,000.00	2,020,079.29	2,920,079.29
<u>Directors retired from positions in 2014</u>					
1. Mrs. Puntip	Surathin	0.00	0.00	304,395.51	304,395.51
2. Mr. Veerathai	Santiprabhob	0.00	0.00	1,322,736.85	1,322,736.85
Total		5,907,142.86	2,900,000.00	19,298,675.25	28,105,818.11

Notes:

- The Annual General Meeting of Shareholders for the year 2015 dated 2 April 2015 had a resolution to approve the payment of performance allowance for the directorship in 2014. Directors retired before the payment date were also entitled to the performance allowance.
 - Mrs. Puntip Surathin retired from the director position effective on 25 February 2014.
 - Mr. Veerathai Santiprabhob retired from the director position effective on 28 August 2014.
- The Company's Board of Directors Meeting No.1/2015 held on 26 January 2015 had a resolution to approve the appointment of Mr. Vichit Yanamorn as the Member of the Company's Director (Non-executive Director), effective on 25 February 2015.

2. The remuneration payments made in 2015 to the Audit Committee were as follows:

List of the Audit Committee Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Mrs. Siripen	Sitasuwan	600,000.00	400,000.00	1,000,000.00
2. Mr. Somkiat	Sukdheva	360,000.00	320,000.00	680,000.00
3. Mr. Tiraphot	Vajrabhaya	360,000.00	240,000.00	600,000.00
Total		1,320,000.00	960,000.00	2,280,000.00

3. The remuneration payments made in 2015 to the Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members		Meeting Stipends (Baht Per Year)
1. Mr. Tiraphot	Vajrabhaya	200,000.00
2. Mrs. Siripen	Sitasuwan	132,000.00
3. Mr. Vichit	Yanamorn	66,000.00
Total		398,000.00

Notes: The Company's Board of Directors Meeting No. 1/2015 held on 26 January 2015 had a resolution to approve the appointment of Mr. Vichit Yanamorn as the Member of the Nomination and Remuneration Committee, effective on 25 February 2015.

4. The remuneration payments made in 2015 to the Risk Management Committee were as follows:

List of the Risk Management Committee Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Mr. Suphadej	Poonpipat*	0.00	0.00	0.00
2. Ms. Suvarnapa	Suvarnaprathip*	0.00	0.00	0.00
3. Mr. Somjate	Moosirilert*	0.00	0.00	0.00
4. Mr. Taweesak	Saksirilarp*	0.00	0.00	0.00
5. Mr. Somkiat	Sukdheva	240,000.00	240,000.00	480,000.00
6. Mr. Vichit	Yanamorn	202,857.14	200,000.00	402,857.14
7. Mr. Kamtorn	Tantisirivat*	0.00	0.00	0.00
Total		442,857.14	440,000.00	882,857.14

Notes: 1) * Executive Directors do not receive the remuneration.
2) The Company's Board of Directors Meeting No.1/2015 held on 26 January 2015 had a resolution to approve the appointment of Mr. Vichit Yanamorn as the Member of the Risk Management Committee, effective on 25 February 2015.

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

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

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

There was no remuneration made to the Executive Committee.

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

The remuneration paid to five executives of the Company who are at the level of managerial level and the first four executives after the managerial level excluding the head of accounting or finance department. The remuneration is in the forms of salaries, allowances, and provident fund contribution. The total payments were 50,261,936.00 baht.

Other Remuneration

1. Other remuneration for the Company's Directors

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

2. Other remuneration for executives

The Company has provided a provident fund for the executives, which the Company pays in the portion of 3 percent, 5 percent, 7 percent or 10 percent of their salaries depending on the period of employment of each executive. In 2015, the Company contributed 3,119,897.00 baht to the provident fund for five executives.

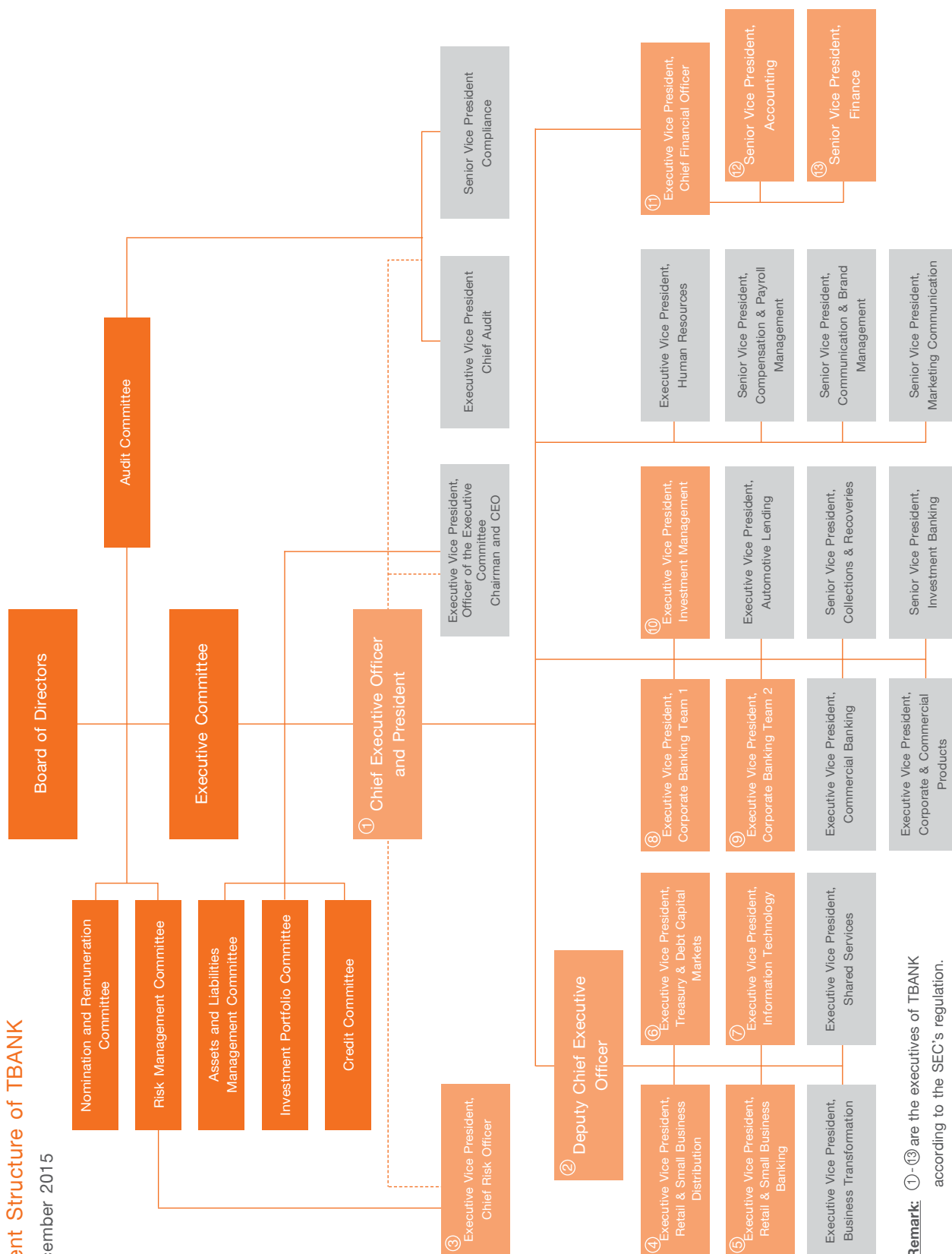
Total Sum and Type of Remuneration for Employees

In 2015, the Company paid a total of 122,367,730.30 baht in the remuneration payment made to employees in forms of salaries, bonus, social security contribution, provident fund contribution, etc.

Thanachart Bank Public Company Limited

Management Structure of TBANK

as at 31 December 2015



Remark: ①-⑬ are the executives of TBANK according to the SEC's regulation.

Directors and Executives of TBANK

Board of Directors of TBANK

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

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

Members of TBANK's Board of Directors as of 31 December 2015 were as follows:

List of TBANK's Board of Directors			Position	Executive Director	Non-executive Director	Independent Director
1.	Mr. Banerng	Tantivit	Chairman	-	✓	-
2.	Mr. Suphadej	Poonpipat	Vice Chairman	✓	-	-
3.	Mr. Kietisak	Meecharoen	Director	-	-	✓
4.	Mr. Narong	Chivangkur	Director	-	-	✓
5.	Mr. Sataporn	Jinachitra	Director	-	-	✓
6.	Assoc. Prof. Somjai	Phagaphasvivat	Director	-	-	✓
7.	Mr. Alberto	Jaramillo	Director	-	✓	-
8.	Mr. Rod	Michael Reynolds	Director	-	✓	-
9.	Mr. Walter	Tas	Director	-	✓	-
10.	Ms. Suvamapha	Suvarnaprathip	Director	✓	-	-
11.	Mr. Peter	Clifford Bessey	Director	✓	-	-
12.	Mr. Somjate	Moosirilert	Director	✓	-	-
<u>Director retired from position in 2015</u>						
	Mr. Kobsak	Duangdee	Director	-	✓	-

Notes:

- 1) Mr. Kobsak Duangdee resigned from his directorship on 1 March 2015.
- 2) Mr. Walter Tas has assumed his directorship since 1 March 2015.
- 3) TBANK's directors who are authorized signatories representing the Bank include Mr. Suphadej Poonpipat, Ms. Suvamapha Suvarnaprathip, Mr. Peter Clifford Bessey, and Mr. Somjate Moosirilert. Any two out of the four can jointly sign and stamp TBANK's seal.

TBANK's Board of Directors Meeting

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

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

TBANK's Board of Directors convenes its meeting regularly in the last week of each month. It may also hold additional meetings as deemed appropriate. The meeting's agendas are to be clearly established in advance including regular agendas such as performance reports, approval of operating transactions, and risk management. The Office of the Chairman of Executive Committee and the CEO is responsible for sending meeting invitations to the Directors along with the agendas as well as supporting documents in advance to allow the Directors to have sufficient time to study data and information before attending the meetings. In 2015, the Board of Directors convened 13 general meetings.

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

The List of TBANK's Directors and Meeting Attendance in 2015

List of TBANK's Board of Directors		Board of Directors (13 Meetings)	Executive Committee (54 Meetings)	Audit Committee (11 Meetings)	Nomination and Remuneration Committee (10 Meetings)	Risk Management Committee (12 Meetings)
1. Mr. Banterng	Tantivit	13/13	-	-	-	-
2. Mr. Suphadej	Poonpipat	13/13	51/54	-	-	-
3. Mr. Kiattisak	Meecharoen	13/13	-	11/11	-	-
4. Mr. Narong	Chivangkur	13/13	-	-	10/10	-
5. Mr. Sataporn	Jinachitra	13/13	-	11/11	10/10	-
6. Assoc. Prof. Somjai	Phagaphasvivat	13/13	-	11/11	-	-
7. Mr. Alberto	Jaramillo	11/13	-	-	-	-
8. Mr. Rod	Michael Reynolds	6/13	-	-	6/10	-
9. Mr. Walter	Tas	8/11	-	-	-	-
10. Ms. Suvarnapha	Suvarnaprathip	12/13	52/54	-	-	-
11. Mr. Peter	Clifford Bessey	13/13	51/54	-	-	9/12
12. Mr. Somjate	Moosirilert	13/13	54/54	-	-	11/12
<u>Director retired from position in 2015</u>						
Mr. Kobsak	Duangdee	1/2	-	-	-	-

Notes: 1) Mr. Kobsak Duangdee resigned from his directorship on 1 March 2015.
2) Mr. Walter Tas has assumed his directorship since 1 March 2015.

The profiles of Directors and Executives of TBANK are included in this Annual Report and appear in the "Board of Directors and Executive Management" section.

Executives of TBANK

As of 31 December 2015, TBANK's executives in the level of manager and executive, including person with management power, according to the SEC regulations and section 4 and 25 of the Financial Institution Act B.E. 2551 include the following:

1. Mr. Suphadej Poonpipat
Chairman of the Executive Committee
2. Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
Chief Executive Officer and President
4. Mr. Peter Clifford Bessey
Deputy Chief Executive Officer
5. Mrs. Noossara Roonsamran
Executive Vice President - Corporate Banking Team 1
6. Mr. Piyaphong Artmangkorn
Executive Vice President - Investment Management
7. Mr. Anuwat Luengtawekul
Executive Vice President - Chief Financial Officer
8. Mr. Ajay Pratap Mundkur
Executive Vice President - Retail and Small Business Banking
9. Mr. Enghug Nontikarn
Executive Vice President - Treasury and Debt Capital Markets
10. Mr. Sanong Khumnuch
Executive Vice President - Retail and Small Business Distribution
11. Mr. Ziad El-Hoss
Executive Vice President - Chief Risk Officer
12. Ms. Wisarnsri Nilodom
Executive Vice President - Corporate Banking Team 2
13. Mr. Boonlerd Sinsombat
Executive Vice President - Information Technology
14. Mr. Praphan Anupongongarch
Executive Vice President - Automotive Lending
15. Mrs. Sasima Taweekulchai
Executive Vice President - Special Asset Management
16. Mr. Ricky Jon Yakabowich
Executive Vice President - Shared Services
17. Mrs. Angkana Swasdipoon
Executive Vice President - Office of Executive Committee Chairman and CEO
18. Mr. Wuttichai Suraratchai
Executive Vice President - Credit Risk Management
19. Ms. Kanoksri Rojmeta
Executive Vice President - Retail and Small Business Distribution 3 (North)

20. Mrs. Vijitra Thumpothong
Executive Vice President - Chief Audit
21. Mr. Kriangkrai Phurivitvattana
Executive Vice President - Business Transformation
22. Mr. Wichak Praditvanij
Executive Vice President - Retail and Small Business Strategic Management
23. Dr. Sutut Chitmonkongsuk
Executive Vice President - Commercial Banking
24. Mr. Songwut Chaowalit
Executive Vice President - Retail and Small Business Distribution 1 (BKK1)
25. Mr. Pompert Rasanon
Executive Vice President - Sales Network - Automotive Lending
26. Mr. Lalit Dodampe Gamage Dharmasiri
Executive Vice President - Head Treasury
27. Mr. Wisoot Tangadulrat
Executive Vice President - Corporate Banking Sales 1
28. Mr. Wathanyu Nithyayon
Executive Vice President - Corporate Banking Sales 2
29. Mr. Noel Singh
Executive Vice President - Corporate & Commercial Product
30. Mrs. Anisa Choocharn
Executive Vice President - Non-Branch Channels
31. Mrs. Pittimart Sanguansook
Senior Vice President - Non-Branch Channels
32. Mrs. Teranuj Koomsap
Senior Vice President - Finance

- Notes:**
- 1) Numbers 3-13 are executives at managerial level and numbers 31-32 are the first four executives after the managerial level according to the regulations of the SEC.
 - 2) Numbers 1-30 are executives with managing authority under section 4 and 25 of the Financial Institution Business Act B.E. 2551.
 - 3) The changes during 2015 were as follows:
 - 3.1) Mr. Watchara Permpithak, Senior Vice President - Asset Development, has ended his duty at TBANK, effective on 1 March 2015.
 - 3.2) Mrs. Kjitphan Chunharit, Executive Vice President - Information Technology, has early retired, effective on 16 May 2015.
 - 3.3) Mr. Boonlerd Sinsombat has been appointed as Executive Vice President - Information Technology since 1 April 2015. (Being appointed as Head of Information Technology to replace Mrs. Kjitphan Chunharit, effective on 16 May 2015)
 - 3.4) Mr. Kalyanaraman Sivaramakrishnan, Executive Vice President - Retail Risk Management, has resigned, effective on 20 May 2015.
 - 3.5) Mr. Vivek Chandra, Executive Vice President, has ended his duty at TBANK, effective on 17 June 2015.
 - 3.6) Ms. Abhiradee Sukhajoti, Executive Vice President - Human Resources, has early retired, effective on 15 August 2015.
 - 3.7) Mr. Noel Singh has been appointed as Executive Vice President - Corporate & Commercial Products, effective on 15 August 2015.
 - 3.8) Mrs. Anisa Choocharn has been appointed as Executive Vice President - Non-Branch Channels, effective on 20 November 2015.

Company Secretary (TBANK)

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

Remuneration of Directors and Executives of TBANK

Financial remuneration

As of 31 December 2015, the Bank has remunerated 3 panels of the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee totaling 34,244,193.65 baht. The remuneration was paid in the forms of monthly compensation, meeting stipend, and performance allowance (based on the performance in 2014), which can be summarized as follows:

1. The remuneration payments made in 2015 to TBANK's Board of Directors were as follows:

List of Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance allowance	Total
1.	Mr. Banterng Tantivit	1,200,000.00	650,000.00	3,053,722.10	4,903,722.10
2.	Mr. Suphadej Poonpipat	600,000.00	325,000.00	1,526,861.05	2,451,861.05
3.	Mr. Kiettisak Meecharoen	600,000.00	325,000.00	1,526,861.05	2,451,861.05
4.	Mr. Narong Chivangkur	600,000.00	325,000.00	1,526,861.05	2,451,861.05
5.	Mr. Sataporn Jinachitra	600,000.00	325,000.00	1,526,861.05	2,451,861.05
6.	Assoc. Prof. Somjai Phagaphasvivat	600,000.00	325,000.00	1,526,861.05	2,451,861.05
7.	Mr. Alberto Jaramillo	600,000.00	275,000.00	1,526,861.05	2,401,861.05
8.	Mr. Rod Michael Reynolds	600,000.00	150,000.00	1,526,861.05	2,276,861.05
9.	Mr. Walter Tas	500,000.00	200,000.00	0.00	700,000.00
10.	Ms. Suvarnapha Suvarnaprathip	600,000.00	300,000.00	1,526,861.05	2,426,861.05
11.	Mr. Peter Clifford Bessey	600,000.00	325,000.00	510,348.08	1,435,348.08
12.	Mr. Somjate Moosirilert	600,000.00	325,000.00	1,526,861.05	2,451,861.05
<u>Directors retired from positions in 2015</u>					
	Mr. Kobsak Duangdee	100,000.00	25,000.00	1,526,861.05	1,651,861.05
<u>Directors retired from position in 2014</u>					
	Mr. Brendan George John King	0.00	0.00	1,016,512.97	1,016,512.97
Total		7,800,000.00	3,875,000.00	19,849,193.65	31,524,193.65

- Notes:**
- 1) Mr. Brendan George John King resigned from his directorship on 1 September 2014.
 - 2) Mr. Peter Clifford Bessey has assumed his directorship since 1 September 2014.
 - 3) Mr. Kobsak Duangdee resigned from his directorship on 1 March 2015.
 - 4) Mr. Walter Tas has assumed his directorship since 1 March 2015.

2. The remuneration payments made in 2015 to TBANK's Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Kiattisak Meecharoen	540,000.00	330,000.00	870,000.00
2. Mr. Sataporn Jinachitra	360,000.00	165,000.00	525,000.00
3. Assoc. Prof. Somjai Phagaphasvivat	360,000.00	165,000.00	525,000.00
Total	1,260,000.00	660,000.00	1,920,000.00

3. The remuneration payments made in 2015 to the Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Meeting Stipends (Baht Per Year)
1. Mr. Narong Chivangkur	400,000.00
2. Mr. Sataporn Jinachitra	250,000.00
3. Mr. Rod Michael Reynolds	150,000.00
Total	800,000.00

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

None of the Bank's Independent Director sits as an Independent Director of any subsidiary company.

5. In 2015, remuneration was paid in the form of salary, allowances, provident fund, etc. to Executive Directors and executives in accordance with the regulations as follows:

- By the SEC's definition, total remuneration of 94,901,672.00 baht was paid to 13 executives.
- With reference to the BOT's guideline, which is in accordance with section 4 and 25 of the Financial Institution Business Act B.E. 2551, total remuneration of 201,907,062.00 baht was paid to 35 executives (including five executives whose positions have been changed during the years).

Other Remuneration

1. Other remuneration of Directors

TBANK did not pay other remuneration to the Directors.

2. Other remuneration of Executive Directors and executives

TBANK provides provident fund to executives at the rates of 3 or 5 or 7 or 10 percent of their salaries depending on years of service of each executive. In 2015, provident fund was paid in compliance with the regulations as follows:

- By the SEC's definition, total remuneration of 3,721,606.00 baht was paid to 13 executives.
- With reference to the BOT's guideline, which is in accordance with section 4 and 25 of the Financial Institution Business Act B.E. 2551, total remuneration of 8,278,435.00 baht was paid to 35 executives (including five executives whose positions have been changed during the year).

Succession Plan of Thanachart Group

Thanachart Group realizes the importance of personnel development in all ranks and levels. Development infrastructure has been put in place in order to enhance the development of people, starting with orientation, training for each function, product knowledge and service education, infrastructure system skills and compliance to governmental regulations, and ethics of profession. This will help nurture personnel with capability and competency who can grow with the organization, in line with the strategy of the organization. In 2015, human resource development measures included the following:

1. Training activities have been organized, aiming at raising customer service standards so that customers will receive financial services in line with their needs as well as their risk appetite and tolerance. The focus on customers is in alignment with the Group's strategic vision and in compliance with the requirements and regulations established by the authorities concerned in terms of appropriateness and transparency.

- Product knowledge training courses have been organized, aiming at providing staff with knowledge and understanding of various products and services which are subject to a continual improvement process. The objective is to ensure that staff are able to provide customers with advice on appropriate products and services that meet each customer group's actual needs effectively.

- Sales and service training courses have been developed, based on Scotiabank's standard courses. The objective is to enhance the efficiency of branch staff in selling and giving services. This will lead to more use of products and services by customers as well as the maximum level of customer satisfaction.

- PBO Academy training courses have been organized, aiming at developing a knowledge base and preparing marketing staff in all key areas. The objective is to enable the staff to identify customer needs and offer financial services that meet the customer needs, based on the standards of accuracy, efficiency and effectiveness.

- Training courses on infrastructure of various work systems have been organized to ensure that the customer services are accurate, timely and efficient. These include, among others, the training course on the T-Advisor System which has been designed to offer financial services suitable

to customers, the training course on the LOS System which has been designed to enable customers to check the status of their personal loan applications in a timely manner, and the training course on the Sale Ordering System which has been designed to deliver products and services to customers in an efficient manner.

- A number of training courses on the regulations of the authorities concerned have been organized. The objective is to provide all executives and staff with knowledge and understanding of the various regulations. As a result, they will be able to manage and carry out their duties effectively in compliance with the established regulations. To determine whether the training goals are achieved, assessments are carried out after completion of each training. The courses include, among others, the Money Laundering Prevention and Suppression Act, the Terrorism Financing Prevention and Suppression Act, the Ministerial Regulation Prescribing Rules and Procedures for Customer Due Diligence (CDD), and Corporate Governance (CG) and Anti-corruption. The courses have been carried out in close collaboration with the public sector to promote the code of business conduct and ethics, which in turn will affect the country's social and economic development.

2. Executive leadership development programs

- A branch manager school has been established for preparing branch managers for their future responsibilities. The objective is to accommodate the business expansion of TBANK.

- Training courses have been developed for executives at the managerial level and above, who belong to the talent group. These include, among others, the Talent Q course.

- Leadership development courses have been implemented for executives at various levels, with emphasis placed on high-ranking executives. Moreover, they are encouraged to attend external seminars as well, such as those organized by the Capital Market Academy (CMA). The objective is for them to establish relationships with the networks of other organizations, both local and overseas.

3. Establishment of blended learning organization

A blended learning organization program has been developed with emphasis placed on making available a diverse array of channels for learning. The objective is to use them for maximizing the effectiveness of human resource development. The available channels include the following:

- Coaching sessions given by supervisors who not only give advice and suggestions but also share work experiences with their subordinates, ensuring that the latter are able to put the advice and suggestions into practice in an efficient manner.

- On the Job Training whereby the staff concerned will be provided with opportunities to share their experiences and work together to find solutions to various problems. The training will be facilitated by experts who not only will give recommendations but will also ensure that joint learning is achieved and that the staff work together in harmony and contribute to the well-being of the organization.

- Educational television through the Group's Thanachart Channel with education programs being broadcast at appropriate intervals so that they will not have any impact on customer service.

- E-learning via intranet within Thanachart Group
- In 2015, there were altogether 23 training courses available in the system for self-directed learning. In measuring the efficiency of self-directed learning, systematic assessments were carried out both before and after training.

- In relation to Knowledge Management, Thanachart Group has been accumulating knowledge useful to staff. This includes knowledge and skills necessary for operations at different levels. In this connection, operational manuals on related work systems, regulations and staff welfare have been prepared. Importantly, the knowledge base which is categorized into sections in Thanachart Knowledge Management (T-KM) systems has also been established in the areas of health care, both physical and mental, as well as balanced living. In 2015, there were altogether 22 sections in the systems.

- Training via VDO Conference has also been implemented. The objectives are to save time and expenses and also to reduce the trainees' risks arising from travels.



CORPORATE GOVERNANCE

Report on Corporate Governance Compliance

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

The Company's Board of Directors has put in place written the Corporate Government Policies ("the Policies") since 2003. The Policies are reviewed on a regular basis to ensure its compliance to the Corporate Governance Report of the Thai Institute of Directors Association (IOD: CGR) and the corporate governance principle of the SET. The Company has reported the practice to be in line with the principle of good corporate governance. The business ethics as well as the code of conduct for the Directors, executives, and staff have been improved in order to establish a framework for all personnel.

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

In 2015, the Company has completed the following activities in supporting good corporate governance:

1. Updating the Policies and the code of conduct to be in line with the Company's Anti-corruption policy.
2. Mandating the member companies in Thanachart Group to update their Policies to be in line with the Company's.
3. Organizing training courses on the Policies and the code of conduct for new personnel in all levels and the training course on "Join hands to drive ahead in unison in a transparency manner and without corruption" have been organized for current staff members.
4. Mandating executives and staff at all levels to sign an acknowledgement of the Policies and the code of conduct to commit in no exploitation which may cause a conflict of interest to Thanachart Group.
5. Organizing evaluation for staff of Thanachart Group at all levels to test the knowledge and understanding on the good corporate governance twice a year.
6. Developing Corporate Governance (CG) E-learning on the intranet for staff to be able to study and self learning.

Furthermore, Thanachart Group promoted good corporate governance practices, as well as, corporate social responsibility project (CG & CSR Project) through its corporate policies and by offering a range of regular activities for staff of Thanachart Group, ensuring all business units recognize the importance of adhering to the principle of good corporate governance. In this connection, Thanachart Group provided various channels through its internal communication under the Project "Thanachart Can do, Good Dharma...CG Initiates and Fulfill Dharma" to enhance staff's knowledge and understanding on the Policies and the code of conduct, and to design work practice based on morals, ethics, and the code of professional conduct in a form of VTR short film. The Company coordinated with Office of Anti-corruption Commission ("NACC") and the Anti-Money Laundering Office ("AMLO") in creating the learning materials about corruption and money laundering under the television program "Dharma Sawaddee" and "Guru Good Governance". Moreover, the Company arranged for meditation practice program in Bangkok, vicinity, and upcountry regions for staff so they have the mental management guidelines for their work and daily lives. As well, Thanachart Group and its staff participated in social activities. These include, among others, serving as resource persons to propagate and foster the principles of good corporate governance for external organizations as well as serving as a director of the "Good Governance Award Ceremony for Outstanding SMEs Project" jointly run by the Puey Ungpakorn Foundation, the BOT, the Thai Bankers' Association, and the Institute for Small and Medium Enterprises Development.

The Company's Business Conducts According to Good Corporate Governance Principles in 2015 Include

1. Shareholders' Right

1.1 Shareholders' Basic Right

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

1.2 Shareholders' Meeting

The Company's Board of Directors consider and treat every shareholder equally in basic rights and encourage all shareholders to attend and participate in the Shareholders' Meeting, including institution shareholders. The Company also has policies regards basic and equal rights in Shareholders' Meeting, voting rights, proposing an agenda, nominating Directors, adequacy in Notice of the Annual General Meeting of Shareholders, disclosure of information, as well as, venue, date, and time of the meeting as in accordance with the good corporate governance policies. Thai Investor Association, an independent association, has evaluated the Shareholders' Meetings of the listed companies and has given the Company the highest score of 100 for six consecutive years (2010-2015).

In 2015, the Company held the Annual General Meeting of Shareholders on 2 April 2015. The meeting was conducted according to laws, regulations, and corporate governance guidelines as follows:

Prior to the Shareholders' Meeting

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

News through the SET System

The resolutions of the Board of Directors' Meeting regarding the Annual General Meeting of Shareholders for the year 2015 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 23 February 2015.

The Company's Website (www.thanachart.co.th)

The information was published on the website 30 days prior to the meeting and composed of the Notice of Shareholders' Meeting and related information including; date, time, meeting venue, meeting agendas, complete details of each agenda, guideline for proxy appointment, registration process, identification documents for attending the meeting, meeting rules, vote casting procedures, as well as proxy statement. The information has been disclosed to public on 2 March 2015 and the documents have been mailed to each shareholder. In addition, the Annual Report was also provided to shareholders before the meeting day.

Delivered by Mail

Meeting notice, meeting documents, and annual report in form of CD-ROM were delivered to all shareholders at least 14 days prior to the meeting. Meeting notice was advertised in both Thai and English in daily newspapers for three consecutive days, seven days prior to the meeting day.

Newspaper Advertisement

The Company provided the following opportunities to the Company's shareholders to raise issues via the Company's website ("www.thanachart.co.th"):

1. Issues for consideration as additional item of meeting agenda as well as other business-related issues were provided three months prior to the meeting day, from 15 September 2014 to 14 December 2014.

2. Nominating the candidate for Director was provided two months prior to the meeting day, from 15 September 2014 to 14 November 2014.

This was provided in Thai and English in order to accommodate both Thai and Foreign shareholders. In addition, rules, procedures, and channels for raising such issues were available on the Company's website and the results were informed at the shareholders' meeting.

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

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

The Day of Annual General Meeting of Shareholders (2 April 2015)

The Company arranged the Meeting at a hotel on Wireless Road which offered various transportation alternatives for the convenience of shareholders, i.e. public bus, BTS or by car. The Company also arranged for various accommodations, such as venue, reception staff, and barcode system for registration and voting resulting in supporting fast operation and accurate evaluation. Moreover, the Company provided printed ballot papers for each meeting agenda item for shareholders' convenience during the registration. The shareholders could also register in advance within two hours prior to the meeting time.

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

The total number of shareholders attending the meeting in person and by proxy were 2,153 shareholders.

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

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

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

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

Post Annual General Meeting of Shareholders

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

The Company took minutes of the meeting whereby the number of Directors attended, voting procedure for each type of share, voting results, and questions and answers for each agenda were recorded. The numbers of votes for approval, disapproval and that which were abstained are clearly verified in the minutes, including all other important information. The drafted minutes of the 2015 Annual General Meeting of Shareholders has been submitted to the SET and also made available on the Company's website (www.thanachart.co.th) within 14 days after the meeting day.

2. Equal Treatment to Shareholders

The Board of Directors arranged the Shareholder Meeting in such manners that all shareholders have equal

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

2.1 Measures for Controlling the Use of Inside Information

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

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

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

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

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

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

4. The regulatory notification on the rules governing the trading of securities issued by the Company stipulates a

silent period prohibiting the following persons from trading the securities, starting 15 days prior to the end of each quarter and lasting until the second day after the disclosure of financial statements and information about financial positions to the SET.

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

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

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

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

2.2 Measures Addressing Conflicts of Interest

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

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

2. The Company has established the risk management policy for Thanachart Group as well as policies governing related party transactions among member companies of Thanachart Group. The Company has established policies governing the Company's transactions, those transactions between member companies of the Group with (1) Directors or persons with managing authority or parties related to Thanachart Group and (2) major shareholders or businesses

which have related interests. It has also adopted policies on the use of services from parties outside Thanachart Group, the use of services between member companies of Thanachart Group, the use of services from major shareholders, the Directors, persons with managing authority in member companies of Thanachart Group, and parties who are related to the above groups. The principles are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

3. Roles of Stakeholders

Thanachart Group has established written practice guideline on stakeholders; including shareholders/investors, employees, customers, trading partners/lenders, competitors, society and environment, community, and public sector in Good Corporate Governance Policy, business ethics, and code of conduct of the Directors, executives, staff, and investor relation officers. All the information in the guideline is disseminated through the internal communication channels, so that the Directors, executives, and staff at all levels can strictly adhere to. The information has also been publicized via the Company's website (www.thanachart.co.th) to enhance stakeholders' confidence on their rights that they are well taken care of all the time. Consideration to the stakeholders' benefit is the priority, ensuring that no right is violated and that compliance to laws and regulations are in accordance with corporate governance. The procedures regarding the use of service and the exercise of stakeholders' rights are completely stated and sufficiently disclosed for stakeholders' acknowledgement. The details on the treatment of various groups of stakeholder are as follows:

3.1 Shareholders/Investors

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

3.2 Employees

Thanachart Group embraces the principle of treating employees fairly and equitably. The employees are provided with opportunities to apply their knowledge and skills in carrying out their responsibilities, with adequate comprehensible system in managing and evaluating performance via Key Performance Indicators (KPIs). Importantly, they are provided with appropriate remuneration in line with their individual performance and on par with the industry.

3.3 Customers

Thanachart Group is determined to develop financial products and services that could accommodate all financial needs of the customers, provide high quality and professional services, and keep customer information confidential. Fees are fairly charged and the Group aims to provide the customers with complete and sufficient information of products and services before the customers' decision is reached.

3.4 Trading Partners/Lenders

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

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

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

3.5 Competitors

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

3.6 Society and Environment

Thanachart Group has taken a responsible attitude towards society. Business operation not only strictly adheres to the relevant laws but also creates the advantages for society and public sector including economy, culture, tradition,

and environment. The senior management of the Group has played an important role in promoting the principles of social responsibility.

3.7 Public Sector

The Company conducts its business in adherence to laws, rules and regulations of the authorities as well as provides effective cooperation according to government policies. Moreover, the Company will not involve or operate business with any illegal organizations or individuals.

Mechanism of Stakeholders' Participation

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

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

4. Disclosure and Transparency of Information

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

The Company ensures sufficient disclosure of important information in the notes to the Company's financial statements. In addition to the quarterly and yearly financial statements, the Company submits the management discussion and analysis (MD&A) of the business performance, a practice of which has started since the accounting period for the first half of the year ended 30 June 2003. Furthermore, the Company disclosed to the public any key event or suspected transaction sufficiently and strictly compliance with the agency's regulations.

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

1. SET
 - Management Discussion & Analysis: MD&A
 - Annual Registration Statement Form 56-1
 - Financial Statements and Annual Report
 - Board of Directors' resolutions, shareholders' meeting resolutions, and other information
2. SEC
3. Department of Business Development, Ministry of Commerce
4. The Company's website www.thanachart.co.th
5. Press, printing media, and other medias
6. Analyst Meeting
7. Company Visit/One-on-One Meeting
8. Roadshow/Conference
9. Notification to shareholders by mail

In 2015, the Company's senior management and Investor Relations Unit paid a visit and provided information to related parties in various occasions, including One-on-One Meetings, Conference Calls, Group Analyst Meetings and Investor Conference.

5. Responsibilities of the Board of Directors

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

The Company's Board of Directors

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

In 2015, the Company's Board of Directors comprised of nine Directors, of which included three Independent Directors, two Non-executive Directors and four Executive Directors. All Directors brought in a wide array of knowledge and capability which useful to the Company's businesses allowing the Board to perform its roles effectively. The composition of the Company's Board of Directors is set in policies stipulating the diversity of experiences and the tenure of the directorship which is disclosed in the Annual Report and the Company's website (www.thanachart.co.th).

The Company's Board of Directors structure is complied with the Notification of the Capital Market Supervisory Board No. Thor Chor 28/2008, Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 15 December 2008 and the BOT's Notification No. Sor Nor Sor 13/2009, Re: Governance of Financial Institutions, dated 9 July 2009.

Tenure of Directorship

The tenure of directorship of the Board of Directors has been stated clearly by the Company's Articles of Association and the Good Corporate Governance Policy. At each Annual General Meeting of Shareholders, one-third, or nearest number but do not exceed one third, of the members of the Board of Directors must retire.

The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied.

In the retirement of such case, a Director can be reappoint for the directorship position.

Independent Directors

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

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

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

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

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

5. Is not now and never has been an auditor of the Company, subsidiary company, associated company, major

shareholder or controlling person. Not being a significant shareholder, controlling person or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

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

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

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

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

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

The Company's Board of Directors arranges a meeting particularly for only Non-executive Directors (including Independent Directors) once a year as an opportunity for Non-executive Directors to express and discuss freely any issues in regards meeting issues, without presence or participation

of Executive Directors. The meeting minutes of Non-executive Directors is presented to the Company's Board of Directors to consider and act upon as deem appropriate. In 2015, there has been one Non-executive Directors' Meeting dated 21 September 2015.

Directors Involved in Management or Executive Directors

1. Directors involved in management of the Company in accordance with the Notification of the Capital Market Supervisory Board No. Thor Chor 28/2008, Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 15 December 2008 means any Director who holds an executive position, or any Director who is in charge of any actions deemed to be taken by executive, and including any authorized Director with full signatory authority except the case where it can be demonstrated that such authorized Director signs on transactions which have been approved by the Board of Directors and jointly with other Directors.

2. Executive Director means

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

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

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

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

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

As representatives of the shareholders, the Board of Directors is authorized and responsible for overseeing the conduct of the Company's business with integrity in line with corporate regulations and avoiding problems that may give rise to conflicts of interest. The objective is to protect the

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

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

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

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

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

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

6. The Board of Directors ensures that the Company puts in place audit processes, internal control systems, risk management, and corporate governance which are appropriate and adequate in view of the current business situations.

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

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

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

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

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

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

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

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

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

Segregation of Duties

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

Assumption of Directorship in Other Companies by Directors and Senior Executives

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

Sub-committees

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

Executive Committee

The Company's Board of Directors has appointed the Executive Committee, which consisted of four Directors as of 31 December 2015 as follows:

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

Notes: Mr. Taweesak Saksirilarp retired from the director position effective on 1 January 2016.

Roles, Duties, and Responsibilities of the Executive Committee

1. The Executive Committee is responsible for implementing the policies, targets, budgets, and plans which

are established by the Board of Directors, subject to the laws, regulations, and notifications of the regulators concerned.

2. The Executive Committee is responsible for managing risks.

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

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

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

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

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

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

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

Audit Committee

The Company's Board of Directors approved the establishment of the Audit Committee. The Audit Committee consists of three Independent Directors with special knowledge, understanding, and experience in accounting and/or finance. To strengthen the Company's internal control, credibility, and maximum benefits of all parties including shareholders, the Audit Committee is an important tool for the Board of Directors to ensure good corporate governance, transparency, and compliance to the regulation and the Company's Code of Conduct. The members of the Audit Committee are as follows:

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

Roles, Duties, and Responsibilities of the Audit Committee

1. Financial report

- To review and disclose the Company's financial statements, as well as assess the appropriate use of key accounting policies.
- To review the consistency of financial statements key issues, complication or any abnormality and use good judgment in assessing them.

2. Internal control and risk management

- To review internal control systems, ensuring that the Company has internal control system and internal control of information technology systems, as well as sufficient anti-corruption measures. Also, the Committee review the communication of essence of the Company's internal control and risk management.
- To review the correction and application by the management of the recommendations made by internal auditors and external auditors.
- To review the adequacy in internal control policy and functions related to risk management of the Company.

3. Internal audit

- To review and approve of Internal Audit Charter, annual plan, and appropriate use of personnel and other resource.
- To review audit results and recommendations made by the internal auditors and follow up on the correcting measures to such recommendations.
- To ensure that the internal audit complies with all internal audit standards.
- To assess the independence of internal audit unit.

4. Supervision of subsidiary companies and subsidiaries of subsidiary companies

- To supervise work operation of the subsidiary companies and their subsidiaries to adhere to the policies of Thanachart Group. The audit committees of subsidiary companies and their subsidiaries assigned internal audit of TBANK to evaluate and summarize the business operation overview of the subsidiary companies and their subsidiaries. The Audit Committee, representing the parent company, was aware in detailed report of the key issues, such as violation to law, fidelity, corruption, and issues which impact the financial position and reputation of the Company.

5. Compliance to regulations

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

6. External auditors

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

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

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

8. Report of the Audit Committee

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

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

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

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

8.4 Opinion on the compliance to procedures and government regulations.

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

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

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

9. Other responsibilities

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

- 1) Transactions that may lead to a conflict of interest

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

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

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

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

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

Nomination and Remuneration Committee

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

1. Mr. Tiraphot Vajrabhaya

Chairman of the Nomination and Remuneration Committee

2. Mrs. Siripen Sitasuwan

Member of the Nomination and Remuneration Committee

3. Mr. Vichit Yanamorn

Member of the Nomination and Remuneration Committee

Mr. Panupan Tuangthong

Secretary of the Nomination and Remuneration Committee

Note: Mr. Vichit Yanamorn was appointed by the Company's Board of Directors effective on 25 February 2015.

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

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

2. Seek and select candidates from the following:

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

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

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

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

3. Consider the following qualifications in selecting suitable candidates:

- 3.1 Select and nominate persons with appropriate qualifications who are strictly not against the laws or official regulations.

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

- 3.3 Select and nominate persons who do not have a conflict of interest with the Company.

- 3.4 Select and nominate persons with integrity, good morality, and honesty.

- 3.5 Select and nominate persons who can dedicate time and effort for such roles and responsibilities.

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

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

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

In 2015, the Nomination and Remuneration Committee proposed the Board of Directors to review and identify board skill matrix in order to analyze and ensure knowledge and competence required in managing businesses in good corporate governance principles.

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

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

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

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

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

3.1 Comparing with companies in peer or similar industry.

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

3.3 Being at a level that is fair to shareholders.

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

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

Risk Management Committee

In the past, the Company delegated risk management responsibilities in controlling, overseeing, and assessing the Company's business activities to the Executive Committee. In carrying out its responsibilities, the Risk Management Committee also needs to consider various risk related to the business activities.

As of 23 September 2013, the Company's Board of Directors approved the establishment of the Risk Management Committee. In 2015, there were seven members of the Risk Management Committee including Executives Directors, Independent Directors, Non-executives Directors, an executive responsible for risk management. The name list is as follows:

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

Note: 1. Mr. Vichit Yanamorn was appointed by the Company's Board of Directors effective on 25 February 2015.
2. Mr. Taweesak Saksirilarp retired from the director position effective on 1 January 2016.

Roles, Duties, and Responsibilities of the Risk Management Committee

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

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

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

4. To set the Company's risk management measures to protect the Company from any liability or damage that may happen.

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

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

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

Corporate Governance Committee

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

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

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

Nomination and Appointment of Directors and Other Committees

Procedures in Appointing the Company's Board of Directors

The Company has not specified the maximum number of Directors. However, according to the Company's Articles of Association, the minimum number of Directors shall be five. The Company has already established the Nomination and Remuneration Committee which is responsible for selecting and proposing candidates with proper qualifications to the Company's directorships. There are two cases that the Directors

can be appointed which are: 1) Appointment of Directors to replace those retiring which needs a resolution from the shareholders' meeting. 2) Appointment of Directors to fill the positions which becomes vacant in the interim period. In case 2, the Board of Directors can approve of the Director appointment with exception to the case that directorship has less than two month tenure. As regards Independent Directors, their election must comply with the requirements imposed by the SET and the Capital Market Supervisory Board.

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

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

1. One share represents one vote.

2. Vote casting can be conducted individually or in terms of a group of individuals or by any other procedures as deemed appropriate by the shareholders. However, in each resolution, all shareholders must cast all votes they have in (1). They cannot split their votes. In practice in the past, shareholders cast their votes for each individual Director.

3. The resolutions are adopted by a majority vote. In the case when the votes are equal, the ultimate decision is upon the Chairman of the meeting.

Procedures in Appointing the Executive Committee

The Company's Board of Directors may appoint a number of persons as it deems appropriate to form the Executive Committee. One of the members of the Executive Committee shall serve as Chairman, with the Executive Committee being authorized to manage and conduct the Company's business affairs as assigned by the Company's Board of Directors. Chief Executive Officer will be ex-officio member of the Executive Committee.

Procedures in Appointing the Audit Committee

The Nomination and Remuneration Committee may appoint at least three Independent Directors who meet the Company's qualifications to assume the directorship in the Audit Committee. The Committee is responsible for undertaking responsibilities as specified in the Charter of the Audit Committee in compliance with the guidelines of the authorities.

The Committee is fully independent to perform their duties and has a direct reporting line to the Board of Directors.

Procedures in Appointing the Nomination and Remuneration Committee

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

Development of Directors and Executives

It is the Company's policy to encourage and make arrangements for the Directors, executives, company secretary, and personnel supporting the work of the corporate secretary as well as the staff concerned with the Company's corporate governance, to participate in various training courses and seminars. The objective is to enhance their knowledge in various areas relating to their roles and responsibilities in line with the good principles of corporate governance. As a result, the Members of the Board of Directors, members of committees, and executives will be able to carry out their duties more efficiently. In this connection, the company secretary is responsible for checking available training courses and seminars. He regularly provides the Directors and executives in advance with information on the training courses and seminars organized by the IOD, the SET, the SEC, as well as other leading training institutions. In 2015, the Directors attended the following training courses and seminars:

Mr. Vichit Yanamorn

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

- Certificate in Role of the Nomination and Governance Committee (RNG) Class 7/2015
- Certificate in Role of the Compensation Committee (RCC) Class 20/2015, the IOD

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

Evaluation of the Board of Directors and Management Team's Performances

The Company has conducted the evaluation of the Board of Directors' performance every year, including the Director and high-level executives as follows:

Evaluation of the Company's Board of Directors and Sub-Committees

Assessment of the Board of Directors' performance as a whole

The Board of Directors made an arrangement for assessing the performance of the Board as a whole on an annual basis. The form used for the appraisal of the Board of Directors' performance in 2015 took into consideration the sample form for self-assessment of Board of Directors which was prepared and disclosed by the SET in 2015. The sample form was adjusted to suit the Company by ensuring that the roles and responsibilities of the Board of Directors in all areas were covered in the assessment. These include (1) structure and qualifications of the Board of Directors, (2) roles, duties, and responsibilities of the Board of Directors, (3) the meetings of the Board of Directors, (4) the Board of Directors' performance of duties, (5) the Board of Directors' relationship with the Executive Committee, and (6) Self-development of the Board of Directors as well as development of executives.

Based on the criteria used for assessing each item, there were 5 scoring levels of assessment as follows:

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted.

In the assessing process, the Board of Directors were required to assess the performance based on such assessment form, taking into account the performance of the Board of Directors as a whole. The Corporate Secretary Office was responsible for collecting the completed forms and preparing a summary to be submitted to the Board of Directors. In 2015, the average score of the assessment summary was 3.79 or 94.64 percent.

Assessment of individual Director's performance

In addition, an arrangement was made for individual performance assessment for each Member of the Board of Directors. The assessment form consisted of three sections including (1) the structure of qualifications of the Board of Directors, (2) meetings of the Board of Directors, and (3) roles, duties, and responsibilities of the Board of Directors. In this connection, the 5 scoring levels of assessment were the same as those used for assessing the Board of Directors as a whole. Each member of the Board was required to assess their own performance, taking into account the performance of their duties in line with the assigned roles and responsibilities. In 2015, the average score of the assessment summary was 3.71 or 92.68 percent.

Assessment of various committees' performance

In 2015, an arrangement was made for assessing the performance of various committees including the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Risk Management Committee. The form used for the appraisal of the various committees' performance took into consideration the sample form for self-assessment which was prepared and disclosed by the SET in 2015. The sample form was adjusted to suit each committee. The assessment form consisted of three sections including (1) the structure of qualifications of the committee, (2) meetings of the committee, and (3) roles, duties, and responsibilities of the committee. In this connection, the 5 scoring levels of assessment were the same as those used for assessing the Board of Directors as a whole. The members of each committee were required to assess their committee's performance, taking into consideration the performance of the committee as a whole. The completed forms were collected by the secretary of each committee, who prepared the assessment summary and submitted it to each respective committee as well as the Board of Directors.

Evaluation of Chief Executive Officer and High-Level Executives

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

1. The evaluation of the Chief Executive Officer is set in guidelines by the Nomination and Remuneration Committee and conducted by the Non-executive Directors.

2. The evaluation of the executives with ranks of and above the executive vice president (excluding Chief Executive Officer) is conducted by the Nomination and Remuneration Committee.

Succession Plan

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

The Orientation for Newly Appointed Directors and Executives

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

1. The Company's annual report, which contains visions, strategies, and goals of the Company.
2. The schedule of the Company's Board of Directors meetings and sub-committees meetings as well as the monthly meeting agendas and special meeting agendas.
3. The Director and executive's manual which includes qualifications and profile prohibited by laws related to financial institutions, the relevant Acts and notifications, key policies of Thanachart Group, such as, Good Corporate Governance Policies, Anti-corruption Policies, risk management policies of Thanachart Group, policies in using outsourcing services, etc.

Appointment of the External Auditors and Considering the Auditor Fees

The Audit Committee is responsible for selecting an independent person to be the Company's external auditor and considering the audit fees to propose to the Annual General Meeting of Shareholders for approval. The Audit Committee is also responsible for informing the Company's Board of Directors in case of there is a consideration to dismissal of employment of the external auditor. On 2 April 2015, the shareholders considered and approved of the auditors of EY Office Limited as the Company's external auditor which included the following:

1. Ms. Rungrapa Lertsuwankul
Certified Auditor No. 3516, and/or
2. Ms. Ratana Jala
Certified Auditor No. 3734, and/or
3. Ms. Somjai Khunapasut
Certified Auditor No. 4499

The BOT and the SEC considered the qualification of the three aforementioned auditors and granted their approval for the appointment of auditors.

During 2015, the remuneration paid to the auditor of EY Office Limited which was the audit firm of the Company and its subsidiaries with Ms. Rattana Jala, Certified Auditor No. 3734 being the Company's auditor was as follows:

1. Audit Fees

- 1.1 Audit fee of the Company equaled 900,000 baht.
- 1.2 Audit fee of the Company's 17 subsidiaries equaled 17,995,000 baht.

2. Non-audit Fees

In the year 2015, the Company's subsidiaries paid the following Non-audit fees to EY Office Limited including special audit, audit of the electronic funds transfer system to confer with the BOT regulations, review of the capital adequacy report in accordance with the risk level required by the OIC, audit for specific purposes and business advisory other than accounting issues. The fees paid during 2015 accounting year were 2,630,000 baht.



INTERNAL CONTROL AND RISK MANAGEMENT

The Company places strong emphasis on the establishment of effective and consistent internal control system. Strong internal control would help the Company to enhance effective business operation, steer the Company toward its goals, and protect the Company from operational error and from illicit exploitation from executives and staff. Furthermore, the Company takes into consideration the use of suggestions given by the auditors and the BOT in streamlining the internal control system. Internal control system can be summarized as follows:

1. Organization and Environment

The Company sets the structure in supporting the achievement of the organization's objective. The Company properly specifies in writing the limitation of authorities and roles and responsibilities of staff and executives. It also puts in place the effective internal control system. The scopes of responsibility of the operational staff, approval authority, control and supervision function, and evaluation function are separate in order to avoid conflict of interest, create check and balance, and conduct business operation under the principal of good corporate governance. The Company has put in writing the policies, working procedures, and working manuals. The Audit Committee is assigned to assess the effectiveness of the internal control system with various sub-committees assigned to consider and make a decision on various matters efficiently.

The Company's Board of Directors sets clear business targets which can be measured and monitored. Good Corporate Governance, Code of Conduct, Anti-corruption policies and measures, and related announcement are set for the Directors, executives, and staff to adhere to in practice. Self-evaluation in CG & Anti-corruption is conducted for staff every year to create awareness and consciousness. Systems or channels are provided for customers and employees to state their opinions or complaints and to whistle-blow regarding frauds and corruptions through the provided channels. A security and protection measures are provided for the whistleblower and the accused with justice and fairness.

All personnel is trained to reinforce the work knowledge and skills. The Company gives appropriate return and benefit for all personnel to retain them for succession plan and for competent and consistent results.

2. Risk Management

The Company appointed the Risk Management Committee and also assigned the Risk Management Department of TBANK to consider, monitor, and supervise various risks in line with business objectives. Policies and risk management guidelines are clearly set in writings and are disclosed in the Intranet of the Company for the Directors, executives, and staff to cohere to as a habitude. Also, external risk factors that may affect business operations, internal control, and financial statements are assessed. Responsive measure to each change is evaluate adequately. Furthermore, the concerned risk report is presented to the Audit Committee and the Company's Board of Directors monthly and quarterly.

3. Supervision of Operational Management

The Company delegates approval authority, clearly separating approval function from operational function. Accounting function, IT function and custodian function are all separated from each other for check and balance system, preventing any misrepresentation. The Company sets policies for the Directors, executives, and staff which discourage and disapprove of corruptions in any shape or form, directly or indirectly. All personnel shall not ignore, neglect or be indifferent on the matters of corruptions and are obliged to report through the provided channel. Policies of Good Corporate Governance are also set for

the matters of related parties to prevent conflict of interest. The approval shall not be done by the related parties, e.g., lending or investment. The policy is set for lending to major shareholders or any company that has related interest (Related Lending) and also investment in any company that has related interest shall be done under the regulations stipulated by the BOT. The Company has delegated the IT department of TBANK to monitor and supervise all working systems of IT. The standard to control IT usage, the procedure, policy, and IT security as well as the standard to control the development and maintenance of IT system are implemented for work control and IT security standard of the Company.

In case the Company invests in its subsidiaries, the Company will appoint its representatives to sit on the Board of the subsidiaries to develop the policies and also to give directions for them. As well, arrangements have been made that the representatives give a monthly report of the subsidiaries to the Company.

4. Information Technology and Communication

The Company has put in place the process of information preparation and the guideline of information disclosure. The disclosed information has to be accurate, current, and sufficient to all related parties, i.e. Directors, executives, staff, shareholders, clients, and other stakeholders in order to efficiently support their decision making. Communication channels are provided for both internal and external parties to report on frauds and corruptions through whistle-blower hotline.

5. Auditing and Monitoring

The Company has put in place a system for monitoring business performance and presenting a report comparing the actual performance with the established goals of the Company and its subsidiaries to the Executive Committee and the Board of Directors on a monthly basis. In this connection, the goals will be reviewed every six months.

Internal Audit reports to the Audit Committee who is responsible for auditing and assessing work units and work procedures in order to evaluate the internal control and risk

management systems. They are also responsible in reviewing End-to-end process, reporting any transgression and reporting progress of correction to the Audit Committee quarterly, for continuous improvement in work process.

Furthermore, the Company uses the service of the Compliance Department of TBANK to monitor the adherence to the Code of Conduct and the avoidance of any conflict of interest and report to the Audit Committee, the Executive Committee, and the Company's Board of Directors every sixth month.

In the Company's Board of Directors Meeting No. 2/2015 dated 23 February 2015, the Board of Directors concluded that the internal control system of the Company was appropriate and adequate to conduct business operation in line with the auditor's opinion.

Head of Internal Audit

The Company, a holding company, has assigned Mrs. Vijitra Thumpothong as an Executive Vice President, Audit Department of TBANK, a subsidiary of Thanachart Group. She also serves as the Head of Internal Audit of the Company. She is well experienced in the internal audit field in the businesses similar to the Company and its subsidiaries. With more than 10 years of experiences and profound knowledge in the business activities and operations of the Company, she is most suitable for the roles and responsibilities. The consideration to evaluate, remove, transfer or dismissal of employment of the Company's Head of Internal Audit must be consented by the Audit Committee. Profiles of the Directors and executives are disclosed in the section of Board of Directors and Executives Management of the Company.

Head of Compliance

The Company uses the service of the Compliance Department of TBANK under the centralized support service policy. In effect, Ms. Kavita Boonpochanasoontorn serves as the Head of the Compliance Department of TBANK. She is responsible for monitoring the Company's operation assuring that it is in compliance with the regulations of the authority concerned. Her profiles are disclosed in the section of Board of Directors and Executives Management of the Company.



BOARD OF DIRECTORS AND EXECUTIVES

Board of Directors and Executives Management of the Company

The Board of Directors

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

Date of Appointment	30 October 1980 (35 Years)
Age	71 Years
Education	<ul style="list-style-type: none"> • Master of Science (Finance) in Management, Massachusetts Institute of Technology, USA • Bachelor of Science in Electrical Engineering, Massachusetts Institute of Technology, USA
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 25/2004
Position in Other Listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director, Dusit Thani Public Company Limited
1989 - Present	<ul style="list-style-type: none"> • Chairman of the Executive Committee, MBK Public Company Limited • Chairman, MBK Public Company Limited (2006 - Present)
Position in Other Non-listed Company	
2006 - Present	<ul style="list-style-type: none"> • Director, Siam Piwat Holding Company Limited
2003 - Present	<ul style="list-style-type: none"> • Chairman, MBK Resort Public Company Limited • Director, Siam Piwat Company Limited • Director, B.V. Holding Company Limited
2002 - Present	<ul style="list-style-type: none"> • Chairman, Thanachart Bank Public Company Limited
1987 - Present	<ul style="list-style-type: none"> • Director, Deebuk Company Limited • Director, Thai Farming Company Limited
Experience in the Past 5 Years	
2012 - 2014	<ul style="list-style-type: none"> • Chairman, Thanachart Insurance Public Company Limited • Vice Chairman, Thanachart Insurance Public Company Limited (2006 - 2012)
2010 - 2011	<ul style="list-style-type: none"> • Chairman, Siam City Bank Public Company Limited
2006 - 2010	<ul style="list-style-type: none"> • Director, Arsom Silp Institution of the Arts Council
2005 - 2013	<ul style="list-style-type: none"> • Chairman, Thanachart Life Assurance Public Company Limited
2003 - 2015	<ul style="list-style-type: none"> • Chairman, Plan Estate Company Limited
2001 - 2015	<ul style="list-style-type: none"> • Advisor, Dusit Thani Public Company Limited • Advisor, Patum Ricemill and Granary Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Suphadej Poonpipat

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

Date of Appointment	23 May 1983 (32 Years)
Age	65 Years
Education	<ul style="list-style-type: none">• Master of Science, University of Wisconsin, USA• Bachelor of Business Administration and Accounting, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Role of the Compensation Committee (RCC), Class 15/2012• Certificate, Role of the Chairman Program (RCP), Class 28/2012• Certificate, Financial Institutions Governance Program (FGP), Class 4/2012• Certificate, Director Accreditation Program (DAP), Class 8/2004 <u>Capital Market Academy, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 8/2009
Position in Other Listed Company	
2011 - Present	<ul style="list-style-type: none">• Chairman of the Executive Committee, Patum Ricemill and Granary Public Company Limited• Chairman, Patum Ricemill and Granary Public Company Limited (2012 - Present)
2007 - Present	<ul style="list-style-type: none">• Director, Royal Orchid Hotel (Thailand) Public Company Limited
1989 - Present	<ul style="list-style-type: none">• Director, MBK Public Company Limited• Member of the Compensation and the Nomination Committee, MBK Public Company Limited (2002 - Present)• Vice Chairman of the Executive Committee, MBK Public Company Limited (2003 - Present)• Vice Chairman, MBK Public Company Limited (2006 - Present)
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none">• Chairman, DMS Property Investment Private Limited
2014 - Present	<ul style="list-style-type: none">• Chairman, Siam City Life Assurance Public Company Limited
2007 - Present	<ul style="list-style-type: none">• Director, Thai Royal Orchid Real Estate Company Limited
2006 - Present	<ul style="list-style-type: none">• Director, Siam Piwat Holding Company Limited
2005 - Present	<ul style="list-style-type: none">• Vice Chairman and Chairman of the Executive Committee, Thanachart Bank Public Company Limited• Chairman of the Executive Committee, Thanachart Insurance Public Company Limited• Chairman, Thanachart Insurance Public Company Limited (2014 - Present)• Director, MBK Resort Public Company Limited• Director, Siam Piwat Company Limited
2003 - Present	
Experience in the Past 5 Years	
2012 - 2014	<ul style="list-style-type: none">• Vice Chairman, Thanachart Insurance Public Company Limited
2011 - 2015	<ul style="list-style-type: none">• Director, DMS Property Investment Private Limited
2011 - 2012	<ul style="list-style-type: none">• Vice Chairman, Patum Ricemill and Granary Public Company Limited
2010 - 2011	<ul style="list-style-type: none">• Vice Chairman, Siam City Bank Public Company Limited
2005 - 2010	<ul style="list-style-type: none">• Chief Executive Officer, Thanachart Bank Public Company Limited
2003 - 2013	<ul style="list-style-type: none">• Director, Thanachart Life Assurance Public Company Limited• Chairman of the Executive Committee, Thanachart Life Assurance Public Company Limited (2005 - 2013)
2003 - 2015	<ul style="list-style-type: none">• Director, Plan Estate Company Limited
2000 - 2011	<ul style="list-style-type: none">• Advisor, Patum Ricemill and Granary Public Company Limited
1992 - 2010	<ul style="list-style-type: none">• Director, Advance Info Service Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Siripen Sitasuwan**Chairperson of the Audit Committee and Member of the Nomination and Remuneration Committee (Independent Director)**

Date of Appointment	23 May 2000 (15 Years)
Age	67 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Wichita State University, Kansas, USA• Bachelor of Art (Commerce), Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Audit Committee Program (ACP), Class 32/2010• Certificate, Role of the Compensation Committee (RCC), Class 4/2007• Certificate, Director Certification Program (DCP), Class 33/2003
Position in Other Listed Company	
2013 - Present	<ul style="list-style-type: none">• Chairperson of the Audit Committee, Thai Solar Energy Public Company Limited• Member of the Audit Committee, Sermasuk Public Company Limited• Member of the Risk Management Committee, Sermasuk Public Company Limited (2015 - Present)
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none">• Member of the Remuneration Committee, Fraser and Neave, Limited (Singapore)• Chairperson of the Audit Committee and Member of the Nomination Committee, Fraser and Neave, Limited (Singapore) (2014 - Present)
2008 - Present	<ul style="list-style-type: none">• Chairperson, Solaris Asset Management Company Limited
Experience in the Past 5 Years	
2013 - 2014	<ul style="list-style-type: none">• Member of the Audit Committee and Member of the Remuneration Committee, Frasers Centrepoint Limited (Singapore)
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Somkiat Sukdheva

**Member of the Audit Committee and Member of the Risk Management Committee
(Independent Director)**

Date of Appointment	23 May 2000 (15 Years)
Age	71 Years
Education	<ul style="list-style-type: none">• Master of Management, Sasun Graduate Institute of Business Administration of Chulalongkorn University• Bachelor of Economics, Thammasart University
Directorship and Executive Training Program	<p><u>Sloan School M.I.T., USA</u></p> <ul style="list-style-type: none">• Senior Executive Program (SEP) <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Special Seminar 2/2013 “Risk Resilience: How the company’s directors should deal with the issues of Enterprise Risk Management?”• Thai Directors Compensation Survey 2012• New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability 2012• Anti-Corruption Seminar 2012• Certificate, Advance Audit Committee Program (AACP), Class 7/2012• Certificate, Monitoring the System of Internal Control and Risk Management (MIR), Class 12/2012• Certificate, Role of the Nomination and Governance Committee (RNG), Class 1/2011• Certificate, Financial Institutions Governance Program (FGP), Class 3/2011• Certificate, Monitoring Fraud Risk Management (MFM), Class 6/2011• Certificate, Monitoring the Internal Audit Function (MIA), Class 11/2011• Certificate, Monitoring the Quality of Financial Reporting (MFR), Class 13/2011• Certificate, Role of the Chairman Program (RCP), Class 25/2011• Certificate, Successful Formulation & Execution of Strategy (SFE), Class 3/2009• Certificate, Role of the Compensation Committee (RCC), Class 6/2008• Certificate, Audit Committee Program (ACP), Class 3/2004• Certificate, Director Certification Program (DCP), Class 40/2004• Certificate, Finance for Non-Finance Director (FND), Class 8/2004 <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 6/2008
Position in Other Listed Company	
2011 - Present	<ul style="list-style-type: none">• Chairman of the Audit Committee, Energy Earth Public Company Limited
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none">• Director, Eco Energy Group Corporation Company Limited• Director and Advisor, Thaimart Corporation Company Limited• Director, Korvac (Thailand) Company Limited
2005 - Present	
Experience in the Past 5 Years	
2014 - 2015	<ul style="list-style-type: none">• Chairman of the Executive Committee, Thaimart Corporation Company Limited• Chairman, Thaimart Corporation Company Limited (2009 - 2014)
2009 - 2014	<ul style="list-style-type: none">• Chairman of the Remuneration Committee and Chairman of the Nomination Committee, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Tiraphot Vajrabhaya

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

Date of Appointment	3 April 2014 (1 Year)
Age	62 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Boston University, USA• B.A in Economics and Commerce, University of Melbourne, Australia
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 197/2014• Certificate, Role of the Compensation Committee (RCC), Class 19/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
1997 - Present	<ul style="list-style-type: none">• Director, U.S.P.N. Company Limited• Director, U.V.S.P. Company Limited
1984 - Present	<ul style="list-style-type: none">• Managing Director, T.V.V. Enterprise Company Limited
Experience in the Past 5 Years	
1997 - 2014	<ul style="list-style-type: none">• Director, Thanu Chana Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Vichit Yanamorn

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

Date of Appointment	25 February 2015 (10 Months)
Age	69 Years
Education	<ul style="list-style-type: none">• Master of Science (Computer Science), University of Iowa, USA• Bachelor of Commerce and Accountancy (Statistics), Second Class Honors, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Role of the Nomination and Governance Committee (RNG) Class 7/2015• Certificate, Role of the Compensation Committee (RCC) Class 20/2015• Certificate, Audit Committee Program (ACP), Class 18/2007• Certificate, Director Accreditation Program (DAP), Class 34/2005
Position in Other Listed Company	
2012 - Present	<ul style="list-style-type: none">• Information Technology Advisor, MBK Public Company Limited
2004 - Present	<ul style="list-style-type: none">• Member of the Audit Committee, IT City Public Company Limited
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none">• Member of the Audit Committee, Netbay Public Company Limited• Information Technology Advisor, Thanachart Insurance Public Company Limited
2010 - Present	<ul style="list-style-type: none">• Director, The Grand UB Company Limited
2002 - Present	<ul style="list-style-type: none">• Director, New Continent Company Limited
2001 - Present	<ul style="list-style-type: none">• Sub-Committee, Public Sector Audit Evaluation Sub-Committee of Social Development and Human Security
1991 - Present	<ul style="list-style-type: none">• Director, Acerts Company Limited
Experience in the Past 5 Years	
2007 - 2013	<ul style="list-style-type: none">• Information Technology Advisor, Thanachart Bank Public Company Limited• Director, Thanachart Bank Public Company Limited (2005 - 2009)
2004 - 2015	<ul style="list-style-type: none">• Director, Thai Feed Mills Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	0.00548 Percent (70,000 Shares)

Ms. Suvarnapha Suvarnaprathip

Vice Chairperson of the Executive Committee and Vice Chairperson of the Risk Management Committee (Executive Director)

Date of Appointment	1 September 2005 (10 Years)
Age	70 Years
Education	Bachelor of Economics, Monash University, Australia
Directorship and Executive Training Program	<u>Banker Trust, New York, USA</u> <ul style="list-style-type: none">• Corporate Finance Training Program <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 20/2004
Position in Other Listed Company	None
Position in Other Non-listed Company	
2002 - Present	<ul style="list-style-type: none">• Director, Thanachart Bank Public Company Limited• Vice Chairperson of the Executive Committee, Thanachart Bank Public Company Limited (2006 - Present)
1991 - Present	<ul style="list-style-type: none">• Director, Seacon Development Public Company Limited
Experience in the Past 5 Years	
2010 - 2011	<ul style="list-style-type: none">• Director and Vice Chairperson of the Executive Committee, Siam City Bank Public Company Limited
2005 - 2013	<ul style="list-style-type: none">• Director and Member of the Executive Committee, Thanachart Life Assurance Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Somjate Moosirilert

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

Date of Appointment	2 March 2009 (6 Years)
Age	59 Years
Education	<ul style="list-style-type: none">• Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University• Bachelor of Business Administration, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Role of the Chairman Program (RCP), Class 5/2001 <u>Thai Listed Companies Association, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, TLCA Leadership Development Program (LDP)/2012 <u>Capital Market Academy, The Stock Exchange of Thailand</u> <ul style="list-style-type: none">• Certificate, Capital Market Academy Leadership Program, Class 5/2007 <u>Judicial Training Institute, Courts of Justice</u> <ul style="list-style-type: none">• Certificate, The Program for Senior Executives on Justice Administration, Class 9/2005
Position in Other Listed Company	None
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none">• Vice Chairman Advisor, Thai Listed Companies Association
2014 - Present	<ul style="list-style-type: none">• Director, Sasin Graduate Institute of Business Administration of Chulalongkorn University
2011 - Present	<ul style="list-style-type: none">• Chairman, TS Asset Management Company Limited• Executive Director, The Thai Bankers' Association
2010 - Present	<ul style="list-style-type: none">• Director, Thanachart Fund Management Company Limited• Chairman of the Executive Committee, Thanachart Fund Management Company Limited (2011 - Present)• Chairman, Thanachart Fund Management Company Limited (2013 - Present)• Director and Member of the Executive Committee, Thanachart Insurance Public Company Limited• Vice Chairman of the Executive Committee, Thanachart Insurance Public Company Limited (2013 - Present)• Vice Chairman, Thanachart Insurance Public Company Limited (2014 - Present)
2009 - Present	<ul style="list-style-type: none">• Advisor, Association of Securities Companies• Director and Member of the Executive Committee, Thanachart Bank Public Company Limited• Chief Executive Officer and President, Thanachart Bank Public Company Limited (2011 - Present)• Chairman, Thanachart Securities Public Company Limited• Chairman of the Executive Committee, Thanachart Securities Public Company Limited (2013 - Present)
Experience in the Past 5 Years	
2011 - 2015	<ul style="list-style-type: none">• Director and Vice Chairman, Thai Listed Company Association
2010 - 2014	<ul style="list-style-type: none">• Chairman and Chairman of the Executive Committee, Siam City Life Assurance Public Company Limited
2010 - 2011	<ul style="list-style-type: none">• Chairman, Siam City Asset Management Company Limited• Chairman, Siam City Securities Company Limited• Chairman, Thanachart Fund Management Company Limited• Director and Chairman of the Executive Committee, Siam City Bank Public Company Limited• Chief Executive Officer and President, Siam City Bank Public Company Limited (2011)• Chief Executive Officer, Thanachart Bank Public Company Limited• Senior Executive Vice President, Thanachart Bank Public Company Limited (2009 - 2010)
2010	<ul style="list-style-type: none">• Director, Thanachart Life Assurance Public Company Limited
2009 - 2012	<ul style="list-style-type: none">• Governor, The Stock Exchange of Thailand• Vice Chairman, The Stock Exchange of Thailand (2009 - 2011)
2009 - 2011	<ul style="list-style-type: none">• Director, Thai Capital Market Development Committee
2009 - 2010	<ul style="list-style-type: none">• Chief Executive Officer, Thanachart Capital Public Company Limited• Director, TSFC Securities Public Company Limited• Executive Director, Association of Securities Companies
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Taweesak Saksirilarp

Member of the Executive Committee, Member of the Risk Management Committee,
and Executive Vice President (Executive Director)

Date of Appointment	24 July 2007 (8 Years)
Age	61 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, National Institution of Development Administration• Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 94/2007 <u>SG Asia Credit Public Company Limited</u> <ul style="list-style-type: none">• Trouble Debt Restructuring
Position in Other Listed Company	None
Position in Other Non-listed Company	
2007 - 31 December 2015	<ul style="list-style-type: none">• Chairman, MAX Asset Management Company Limited
2000 - 31 December 2015	<ul style="list-style-type: none">• Chairman, NFS Asset Management Company Limited• Chairman of the Executive Committee, NFS Asset Management Company Limited (2001 - 31 December 2015)
Experience in the Past 5 Years	
2011 - 2015	<ul style="list-style-type: none">• Director, TS Asset Management Company Limited
2010 - 2011	<ul style="list-style-type: none">• Executive, SMEs Business Groups, Siam City Bank Public Company Limited
2009 - 2011	<ul style="list-style-type: none">• Director, Fuel Pipeline Transportation Limited
2003 - 2015	<ul style="list-style-type: none">• Investment Committee, NASSET Property Fund 6
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Executives

Mr. Kamtorn Tantisirivat

Member of the Risk Management Committee and Executive Vice President, Financial Division

Age	53 Years
Education	<ul style="list-style-type: none">• M.B.A. in Finance, The University of Michigan at Ann Arbor, USA• M.S. in Computer Science, The University of Texas at Austin, USA• Bachelor of Engineering, Chulalongkorn University
Directorship and Executive Training Program	<u>CFA Institute</u> <ul style="list-style-type: none">• CFA Program/2001
Position in Other Listed Company	None
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none">• Member of the Executive Committee and Member of the Risk Management Committee, Siam City Life Assurance Public Company Limited
Experience in the Past 5 Years	
2007 - 2013	<ul style="list-style-type: none">• Senior Vice President, Risk Policy and Capital Markets Unit, Thanachart Bank Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Watchara Permiphithak

Senior Vice President, Business Division

Age	54 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, National Institution of Development Administration• Bachelor of Engineering (Electrical), Kasetsart University
Directorship and Executive Training Program	None
Position in Other Listed Company	None
Position in Other Non-listed Company	
2007 - Present	<ul style="list-style-type: none">• Director, MAX Asset Management Company Limited
2006 - Present	<ul style="list-style-type: none">• Director and Vice Chairman of the Executive Committee, NFS Asset Management Company Limited
Experience in the Past 5 Years	
2012 - 2015	<ul style="list-style-type: none">• Senior Vice President, Asset Development, Thanachart Bank Public Company Limited
2012 - 2013	<ul style="list-style-type: none">• Director, Owendelle Company Limited
2011 - 2015	<ul style="list-style-type: none">• Director, TS Asset Management Company Limited
2007 - 2015	<ul style="list-style-type: none">• Investment Committee, NASSET Property Fund 6
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Ms. Rommanee Jenpinit
First Vice President, Management Information Planning Department

Age	55 Years
Education	<ul style="list-style-type: none"> • Bachelor of Business Administration, Sukhothai Thammathirat Open University
Directorship and Executive Training Program	<u>Thai Institute of Banking and Finance Association</u> <ul style="list-style-type: none"> • Modern Banking Executive Development Program
Position in Other Listed Company	None
Position in Other Non-listed Company	None
Experience in the Past 5 Years	None
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Thanawan Chaisithikarnkha
First Vice President, Accounting Department

Age	50 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration Program in Entrepreneurship Management, King Mongkut's University of Technology Thonburi • MINI MBA, Chulalongkorn University • Bachelor of Business (Accounting), Ramkhamhaeng University
Directorship and Executive Training Program	<u>Thai Institute of Banking and Finance Association</u> <ul style="list-style-type: none"> • Young Bankers' Executive Development Program (YOBEX) <u>NIDA Business School/The Stock Exchange of Thailand/Market for Alternative Investment (MAI) and The Federation of Thai Industries</u> • CFO Professional Program
Position in Other Listed Company	None
Position in Other Non-listed Company	
2010 - Present	<ul style="list-style-type: none"> • Director, Siam City Life Assurance Public Company Limited
Experience in the Past 5 Years	
2002 - 2012	<ul style="list-style-type: none"> • Vice President, Accounting Department, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Company Secretary

Mr. Panupan Tuangthong

Company Secretary, Secretary to the Board of Directors, Secretary to the Executive Committee, Secretary to the Nomination and Remuneration Committee, and Vice President to the Corporate Secretary Office

Age	52 Years
Education	<ul style="list-style-type: none">• Bachelor of Law, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 150/2011• Certificate, Financial Institutions Governance Program (FGP), Class 2/2011• Certificate, Effective Minute Taking (EMT), Class 8/2007• Certificate, Company Secretary Program (CSP), Class 4/2003
Position in Other Listed Company	None
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none">• Director, Thai Company Secretary Club, Thai Listed Companies Association
Experience in the Past 5 Years	
2007 - 2014	<ul style="list-style-type: none">• Secretary to the Nomination Committee, Thanachart Capital Public Company Limited
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Details of the Company's Head of Internal Audit and Head of Compliance

The Company's Head of Internal Audit

Mrs. Vijitra Thumpothong

Executive Vice President, Chief Auditor, TBANK

Age	53 Years
Education	<ul style="list-style-type: none"> • Master of Science (Accounting), Thammasart University • Bachelor of Accounting, First Class Honor, Thammasart University • Certified Public Accountant (CPA)
Training Program related to Roles and Responsibilities and Competencies of Head of Internal Audit	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • New Certification Process Anti Corruption 2015 • Certificate, Director Certification Program (DCP), Class 171/2013 • Certificate, Financial Institutions Governance Program (FGP), Class 6/2013 <p><u>The Thai Institute of Banking and Finance Association</u></p> <ul style="list-style-type: none"> • Enterprise Risk Management Class 10/2010 <p><u>Thai Listed Companies Association</u></p> <ul style="list-style-type: none"> • TLCA Annual Risk Management Conference (2012) <p><u>The Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none"> • Audit Change from Internal Auditor to Consultant (2013) • Audit Committee Effectiveness Seminar (2012) • Asian Confederation of Institute of Internal Auditors Conference (2012) <p><u>The Institute of Internal Auditors</u></p> <ul style="list-style-type: none"> • Internal Audit International Conference (2008) <p><u>Berkeley-Nanyang, Singapore - USA</u></p> <ul style="list-style-type: none"> • Berkeley-Nanyang Advanced Management Program (2010) <p><u>The Asia Business Forum</u></p> <ul style="list-style-type: none"> • Detecting & Preventing Corporate Fraud (2007) • Strategic Change Management (2007) <p><u>PacRim Group</u></p> <ul style="list-style-type: none"> • LEADERSHIP GREATNESS; Great Leaders, Great Teams, Great Results Program Class 1/2013
Holding Directorship in Other Company	None
Experience in the Past 5 Years	
2011	<ul style="list-style-type: none"> • FSVP, Head of Corporate Administration, Siam Commercial Bank Public Company Limited
2007 - 2011	<ul style="list-style-type: none"> • FSVP, Audit Division Head, Siam Commercial Bank Public Company Limited
Family Relationship with Management	None
No. of TCAP Share Held	None

The Company's Head of Compliance

Miss Kavita Boonpochanasoontorn

Senior Vice President, Compliance Department, TBANK

Age	48 Years
Education	<ul style="list-style-type: none">• Barrister-at-Law, Thai Bar Association, The Institute of Legal Education• Master of Laws (International Business Laws) – International Program, Chulalongkorn University in partnership with University of British Columbia, University of Victoria and Kyushu University• Master of Business Administration (Finance), Saginaw Valley State University, Michigan, USA• Bachelor of Law (Business Law), Chulalongkorn University• Chartered Financial Analyst Candidate, Association for Investment and Research, the Institute of Chartered Financial Analysts, USA
Training Program related to Roles and Responsibilities and Competencies of Head of Compliance	<ul style="list-style-type: none">• BASEL framework - Risk Management and Capital Reserve of Banking, the Bank of Thailand• Certification of Compliance Officer in Banking Business, Chulalongkorn University, Class 8/2015• Anti-money Laundering & Combating the Financing of Terrorism (AML&CFT) Acts Seminar, the Anti-Money Laundering Office, 2003 - 2014• Asia Future Leader, Allianz, Singapore, China 2008• Certified Compliance Officer, Allianz, Germany 2008• Certified Operational Excellence (OPEX) Blue Belt, Allianz's Six Sigma 2007 <p><u>The Thai Institute of Banking and Finance Association</u></p> <ul style="list-style-type: none">• Financial Action Task Force (FATF) framework• Credit Risk Management <p><u>The Securities and Exchange Commission</u></p> <ul style="list-style-type: none">• Securities & Fund Compliance of the Management in charge of the Compliance Department, 2015 <p><u>The Thai Chamber of Commerce and The Institute of Internal Auditor</u></p> <ul style="list-style-type: none">• The Business Collateral Act <p><u>The Asia Business Forum</u></p> <ul style="list-style-type: none">• Corporate Legal Counsel Asia, Singapore• Thai Tax Forum, Thailand <p><u>PacRim Group</u></p> <ul style="list-style-type: none">• Leadership Greatness• The 7 Habits of Highly Effective People Forum• The 4 Roles of Leadership <p><u>Marcus Evans</u></p> <ul style="list-style-type: none">• Blue Ocean – Developing New Approach to Tackle Competition, Thailand• Operational Risk Managements, Singapore
Holding Directorship in Other Company	None
Experience in the Past 5 Years 2007 - 2014	<ul style="list-style-type: none">• Head of Legal & Compliance and Internal Audit, Allianz Ayudhya Life Public Company Limited
Family Relationship with Management	None
No. of TCAP Share Held	None

Report on Changes in Shareholding of the Company's Directors and Executives in 2014 to 2015

(Information as at 31 December 2015)

No.	Name	Position	Number of Share(s) held as at 31 December 2015	Number of Share(s) held as at 31 December 2014	Increase (Decrease)	Percentage of Shareholding (Percent)
1.	Mr. Banterng Tantivit Spouse and minor children	Chairman	- -	- -	- -	- -
2.	Mr. Suphadej Poonpipat Spouse and minor children	Vice Chairman, and Chief Executive Officer	- -	- -	- -	- -
3.	Mrs. Siripen Sitasuwan Spouse and minor children	Director	- -	- -	- -	- -
4.	Mr. Somkiat Sukdheva Spouse and minor children	Director	- -	- -	- -	- -
5.	Mr. Tiraphot Vajrabhaya Spouse and minor children	Director	- -	- -	- -	- -
6.	Mr. Vichit Yanamorn Spouse and minor children	Director	70,000 -	70,000 -	- -	0.00548 -
7.	Ms. Suvarnapha Suvarnaprathip Spouse and minor children	Director	- -	- -	- -	- -
8.	Mr. Somjate Moosirilert Spouse and minor children	Director, and Senior Executive Vice President	- -	- -	- -	- -
9.	Mr. Taweesak Saksirilarp Spouse and minor children	Director, and Executive Vice President	- -	- -	- -	- -
10.	Mr. Kamtorn Tantisirivat Spouse and minor children	Executive Vice President, Financial Division	- -	- -	- -	- -
11.	Mr. Watchara Permiphithak Spouse and minor children	Senior Vice President, Business Division	- -	- -	- -	- -
12.	Ms. Rommanee Jenpinit Spouse and minor children	First Vice President, Management Information Planning Department	- -	- -	- -	- -
13.	Mrs. Thanawan Chaisithikarnkha Spouse and minor children	First Vice President, Accounting Department	- -	- -	- -	- -

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

(Information as at 31 December 2015)

Name		TCAP	Subsidiary Companies								Associated Companies		Related Companies																																		
			1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37								
Mr. Banerng	Tantivit	xxx							xxx ///	xxx	x	x	x	x	x	x	x																														
Mr. Suphadej	Poonpipat	xx /// B		xxx ///			xxx		xx //	x	x	x						xxx ///	x	x	xxx																										
Mrs. Siripen	Sitasuwan	x																				xxx	x	x	x																						
Mr. Somkiat	Sukdheva	x																									x	x	x																		
Mr. Tiraphot	Vajrabhaya	x																																													
Mr. Vichit	Yanamorn	x																																													
Ms. Suvarnapha	Suvarnaprathip	x //																																													
Mr. Somjate	Moosiriert	x / C	xxx ///	xxx ///	xx //			xxx																																							
Mr. Taweesak	Saksirilarp	x / D				xxx ///	xxx																																								
Mr. Kamtorn	Tantisirivat	D						x /																																							
Mr. Watchara	Permiphithak	E					x //	x																																							
Ms. Rommanee	Jenpinit	F																																													
Mrs. Thanawan	Chaisithikamkha	F																																													

Notes: XXX Chairman XX Vice Chairman X Director

/// Chairman of the Executive Committee // Vice Chairman of the Executive Committee / Executive Committee

A CEO & President B CEO C Senior Executive Vice President

D Executive Vice President E Senior Vice President F First Vice President

List of Subsidiary, Associated, and Related Company

(Information as at 31 December 2015)

Subsidiary Companies

1. Thanachart Bank Public Company Limited
2. Thanachart Securities Public Company Limited
3. Thanachart Fund Management Company Limited
4. Thanachart Insurance Public Company Limited
5. NFS Asset Management Company Limited
6. MAX Asset Management Company Limited
7. Siam City Life Assurance Public Company Limited
8. TS Asset Management Company Limited

Associated Companies

9. MBK Public Company Limited

Related Companies

10. MBK Resort Public Company Limited
11. Siam Piwat Holding Company Limited
12. Siam Piwat Company Limited
13. Deebuk Company Limited
14. Thai Farming Company Limited
15. B.V. Holding Company Limited
16. Dusit Thani Public Company Limited
17. Patum Ricemill and Granary Public Company Limited
18. Royal Orchid Hotel (Thailand) Public Company Limited
19. Thai Royal Orchid Real Estate Company Limited
20. DMS Property Investment Private Limited
21. Solaris Asset Management Company Limited
22. Fraser and Neave, Limited (Singapore)
23. Thai Solar Energy Public Company Limited
24. Sermsuk Public Company Limited
25. Korvac (Thailand) Company Limited
26. Energy Earth Public Company Limited
27. Eco Energy Group Corporation Company Limited
28. Thaimart Corporation Company Limited
29. T.V.V. Enterprise Company Limited
30. U.S.P.N. Company Limited
31. U.V.S.P. Company Limited
32. Netbay Public Company Limited
33. IT City Public Company Limited
34. The Grand UB Company Limited
35. New Continent Company Limited
36. Acerts Company Limited
37. Seacon Development Public Company Limited

Details Related to Directors of Subsidiary Company as of 31 December 2015

Subsidiary Companies that significantly generated income more than 10 percent of total income in consolidated comprehensive income statements of the latest accounting year were Thanachart Bank Public Company Limited and Thanachart Insurance Public Company Limited

Name		TBANK	TNI
1. Mr. Banterng	Tantivit	XXX	
2. Mr. Suphadej	Poonpipat	XX ///	XXX ///
3. Mr. Kietisak	Meecharoen	X	
4. Mr. Narong	Chivangkur	X	
5. Mr. Sataporn	Jinachitra	X	
6. Assoc. Prof. Dr. Somjai	Phagaphasvivat	X	
7. Mr. Alberto	Jaramillo	X	
8. Mr. Rod	Michael Reynolds	X	
9. Mr. Walter	Tas	X	
10. Ms. Suvarnapha	Suvarnaprathip	X //	
11. Mr. Peter	Clifford Bessey	X // B	X
12. Mr. Somjate	Moosirilert	X / A	XX //
13. Mrs. Noossara	Roonsamrarn		X
14. Mr. Praphan	Anupongongarch		X
15. Mr. Perapart	Meksingvee		X
16. Mr. Chulasingh	Vasantasingh		X
17. Mr. Wichian	Mektrakarn		X
18. Mr. Pirus	Pradithavanij		X
Retiring Director in 2015			
Mr. Kobsak	Duangdee	X	

Notes: XXX Chairman
 /// Chairman of the Executive Committee
 A CEO & President
 XX Vice Chairman
 // Vice Chairman of the Executive Committee
 B Deputy Chief Executive Officer
 X Director
 / Executive Committee

Board of Directors and Executives Management of TBANK
(Subsidiary Company that is the Company's Main Business)

The Board of Directors of TBANK

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

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

Mr. Suphadej Poonpipat
Vice Chairman and Chairman of the Executive Committee
(Executive Director)

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

Mr. Kiattisak Meecharoen
Chairman of the Audit Committee
(Independent Director)

Date of Appointment	22 April 2002
Age	69 Years
Education	<ul style="list-style-type: none"> • Master of Arts in Theoretical Economics, Keio University, Tokyo, Japan • Bachelor of Science in Finance, Hitotsubashi University, Kunitachi, Tokyo, Japan
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 40/2005 • Certificate, Audit Committee Program (ACP), Class 10/2005 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executive, Class 1/2014 <p><u>World Bank</u></p> <ul style="list-style-type: none"> • Futures Exchange (1995) <p><u>Merrill Lynch, New York</u></p> <ul style="list-style-type: none"> • Portfolio Investment (1994) <p><u>JP Morgan, New York</u></p> <ul style="list-style-type: none"> • Management Reserves (1993) <p><u>Harvard Institute for International Development, Harvard University</u></p> <ul style="list-style-type: none"> • Banking and Monetary Policy in Developing Countries (1988)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2000 - 2013	<ul style="list-style-type: none"> • Independent Director, Thanachart Life Assurance Public Company Limited
2010 - 2011	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Siam City Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2005 - Present	<ul style="list-style-type: none"> • Independent Director, Tararom Enterprise Public Company Limited
2000 - Present	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Safety Insurance Public Company Limited

Mr. Narong Chivangkur
Chairman of the Nomination and Remuneration Committee
(Independent Director)

Date of Appointment	22 April 2002
Age	71 Years
Education	<ul style="list-style-type: none"> Higher Diploma in Business and Marketing, Assumption Commercial College
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> Certificate, Anti-Corruption for Executive Program (ACEP), Class 3/2011 Certificate, Role of the Nomination and Governance Committee (RNG), Class 1/2011 Certificate, Financial Institutions Governance Program (FGP), Class 2/2011 Certificate, Audit Committee Program (ACP), Class 32/2010 Certificate, Financial Statement for Director (FSD), Class 4/2009 Certificate, Successful Formulation and Execution of Strategy (SFE), Class 2/2008 Certificate, Role of the Compensation Committee (RCC), Class 4/2007 Certificate, Chartered Director Class (CDC), Class 1/2007 Certificate, Corporate Social Responsibility (CSR), Class 1/2007 Certificate, Director Certification Program (DCP), Class 34/2003 Certificate, Director Examination, Class 11/2003 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> Anti Corruption for Executive, Class 1/2014 <p><u>Pennsylvania State University</u></p> <ul style="list-style-type: none"> Advanced Executive Development Program (1987) <p><u>Rochester Institute of Technology, New York, USA</u></p> <ul style="list-style-type: none"> Financial Management Program (1986) <p><u>Asian Institute of Management, Philippines</u></p> <ul style="list-style-type: none"> Management Development Program (1982)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2005 - 2014	<ul style="list-style-type: none"> Director, Momchailai Development Company Limited
2003 - 2012	<ul style="list-style-type: none"> Director, Momentum IM Company Limited
2010 - 2011	<ul style="list-style-type: none"> Independent Director and Chairman of the Nomination and Remuneration Committee, Siam City Bank Public Company Limited
2004 - 2011	<ul style="list-style-type: none"> Director, Momentum Sale and Distribution Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2000 - Present	<ul style="list-style-type: none"> Director, Momentum BBS Company Limited

Mr. Sataporn Jinachitra

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

Date of Appointment	19 July 2007
Age	67 Years
Education	<ul style="list-style-type: none">● Master of Science (Econometrics), The London School of Economics and Political Science (University of London), England● Bachelor of Science (Economics) (Upper Second Class Honours), University College London, England● Bachelor of Art (Law), Sukhothai Thammathiraj Open University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">● Certificate, Anti-Corruption for Executive Program (ACEP), Class 4/2012● Certificate, the Executive Director Course (EDC), Class 1/2012● Certificate, Role of the Chairman Program (RCP), Class 24/2010● Certificate, Role of the Compensation Committee (RCC), Class 10/2010● Certificate, Successful Formulation and Execution of Strategy (SFE), Class 4/2009● Certificate, Corporate Social Responsibility (CSR), Class 1/2007● Certificate, Chartered Director Class (CDC), Class 1/2007● Certificate, DCP Refresher Course, Class 2/2006● Certificate, Director Certification Program (DCP), Class 0/2000● The Thailand's 5th National Conference on Collective Action against Corruption, under the theme of Tackling Corruption through Public-Private Collaboration <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">● Anti Corruption for Executive, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2010 - 2011	<ul style="list-style-type: none">● Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee, Siam City Bank Public Company Limited
2006 - 2011	<ul style="list-style-type: none">● Dispute Resolution Committee, Interconnection Institution, NTC
1999 - 2011	<ul style="list-style-type: none">● Director, Thai Institute of Directors Association
Position in Other Listed Company	None
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none">● Managing Partner, Kulab Daeng Partnership

Assoc. Prof. Dr. Somjai Phagaphasvivat
Member of the Audit Committee
(Independent Director)

Date of Appointment	26 March 2009
Age	69 Years
Education	<ul style="list-style-type: none"> • Doctorado de Estado, Facultad de Ciencia Política, Universidad Complutense de Madrid, Spain • Diplome d'Etudes Supérieures (Economic Integration), Université de Nancy, France • Licenciatura, Facultad de Ciencia Política y Económica, Universidad Complutense de Madrid, Spain • Bachelor of Arts, Chulalongkorn University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 34/2005
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2006 - 2013	<ul style="list-style-type: none"> • Chairman of the Audit Committee, SEAFCO Public Company Limited
1996 - 2013	<ul style="list-style-type: none"> • Member of the Audit Committee, Amarin Printing and Publishing Public Company Limited
2010 - 2011	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Siam City Bank Public Company Limited
Position in Other Listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director, Supalai Public Company Limited
2013 - Present	<ul style="list-style-type: none"> • Chairman, SEAFCO Public Company Limited • Chairman of the Audit Committee, Amarin Printing and Publishing Public Company Limited
2007 - Present	<ul style="list-style-type: none"> • Independent Director and Chairman of the Audit Committee, Lee Feed Mill Public Company Limited
2006 - Present	<ul style="list-style-type: none"> • Independent Director, SEAFCO Public Company Limited
1996 - Present	<ul style="list-style-type: none"> • Independent Director, Amarin Printing and Publishing Public Company Limited
Position in Other Non-listed Company	
2007 - Present	<ul style="list-style-type: none"> • Director and Chairman of the Audit Committee, The Krungthep Thanakom Company Limited • Director and Chairman of the Audit Committee, Thai Hua Rubber Public Company Limited *

Notes: * Assoc. Prof. Dr. Somjai Phagaphasvivat resigned from his directorship and Chairman of the Audit Committee of Thai Hua Rubber Public Company Limited, effective on 7 January 2016.

Mr. Alberto Jaramillo
Director
(Non-executive Director)

Date of Appointment	27 September 2011
Age	44 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Universite de Montreal Ecole des Hautes Etudes Commerciales, Canada • Diploma of Business Administrator, Instituto Colombiano de Estudios Superiores de Incolda, Colombia
Directorship and Executive Training Program	<u>CFA Institute</u> <ul style="list-style-type: none"> • Chartered Financial Analyst (CFA)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2011	<ul style="list-style-type: none"> • Director, Siam City Bank Limited Liability Company
2005 - 2011	<ul style="list-style-type: none"> • Treasurer, The Bank of Nova Scotia Inverlat, Mexico
Position in Other Listed Company	None
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none"> • Manager, Cga Arkad Investments Limited Liability Company
2011 - Present	<ul style="list-style-type: none"> • Director, The Bank of Nova Scotia Asia Limited, Singapore * • Director, Scotiabank (Hong Kong) Limited, Hong Kong * • Vice President and Regional Treasurer, The Bank of Nova Scotia, Pacific Regional Office, Hong Kong **

Notes: * Mr. Alberto Jaramillo resigned from his directorship of The Bank of Nova Scotia Asia Limited, Singapore and Scotiabank (Hong Kong) Limited, Hong Kong, with effect from 1 March 2016.

**Mr. Alberto Jaramillo has already been repatriated to take the position as Vice President, Structural Cost Transformation at The Bank of Nova Scotia, Toronto, in replacement of the former position as Vice President and Regional Treasurer at Scotiabank Asia-Pacific, Hong Kong, with effect from 8 February 2016.

Mr. Rod Michael Reynolds
Member of the Nomination and Remuneration Committee
(Non-executive Director)

Date of Appointment	15 January 2013
Age	58 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, York University, Toronto, Canada • Bachelor of Science in Engineering, Queen's University, Ontario, Canada
Directorship and Executive Training Program	<u>Euromoney Training</u> <ul style="list-style-type: none"> • Euromoney Asia Corporate Governance Program (2012)
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2012 - 2015	<ul style="list-style-type: none"> • Senior Independent Director, C.H. Bailey Public Company Limited
2009 - 2013	<ul style="list-style-type: none"> • Director, Tulsa Inspection Resources Limited Liability Company
Position in Other Listed Company	None
Position in Other Non-listed Company	
2009 - Present	<ul style="list-style-type: none"> • Director, Logarithmics Limited
1983 - Present	<ul style="list-style-type: none"> • Various positions currently President, Asia Pacific, The Bank of Nova Scotia

Mr. Walter Tas
Director
(Non-executive Director)

Date of Appointment	1 March 2015
Age	44 Years
Education	<ul style="list-style-type: none">• Master of Arts, Economics and Business Administration, Vrije Universiteit Amsterdam, The Netherlands• Bachelor of Commerce - Economics, Hogeschool voor Economische Studies, Amsterdam, The Netherlands
Directorship and Executive Training Program	None
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2011 - 2014	<ul style="list-style-type: none">• Vice President, The Bank of Nova Scotia – Strategic Transactions and Review
2007 - 2011	<ul style="list-style-type: none">• Director, The Bank of Nova Scotia – Strategic Transactions and Review
Position in Other Listed Company	None
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none">• Vice President, Chief Financial Officer and Corporate Development, The Bank of Nova Scotia – Asia Pacific• Director, Scotiabank (Hong Kong) Limited, Hong Kong

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

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

Mr. Peter Clifford Bessey
Vice Chairman of the Executive Committee and Deputy Chief Executive Officer
(Executive Director)

Date of Appointment	1 September 2014
Age	55 Years
Education	<ul style="list-style-type: none"> • Bachelor of Business Administration, University of New Brunswick, Canada
Directorship and Executive Training Program	<u>Ivey Executive Program</u> <ul style="list-style-type: none"> • Richard Ivey School of Business <u>Investment Funds in Canada</u> <ul style="list-style-type: none"> • Institute of Canadian Bankers <u>Associate of the Institute of Canadian Bankers</u> <ul style="list-style-type: none"> • Institute of Canadian Bankers
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2011 - 2014	<ul style="list-style-type: none"> • President and Chief Executive Officer, Scotiabank de Puerto Rico
2008 - 2011	<ul style="list-style-type: none"> • Senior Vice President, Retail and Small Business Banking Atlantic Region, Halifax, The Bank of Nova Scotia, Canada
Position in Other Listed Company	None
Position in Other Non-listed Company	
2014 - Present	<ul style="list-style-type: none"> • Director, Thanachart Insurance Public Company Limited

Mr. Somjate Moosirilert
Member of the Executive Committee and Chief Executive Officer and President
(Executive Director)

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

Mrs. Noossara Roonsamrarn
Executive Vice President, Corporate Banking Team 1

Date of Appointment	22 April 2002
Age	57 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, National Institute of Development Administration• Bachelor of Political Science, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Certificate, DCP Refresher Course, Class 4/2007• Certificate, Director Certification Program (DCP), Class 19/2002 <p><u>Harvard Business School</u></p> <ul style="list-style-type: none">• Certificate in Advanced Management Program (AMP 168) <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none">• Certificate, Leadership Program, Class 7 (CMA 7) <p><u>The National Defence College</u></p> <ul style="list-style-type: none">• Diploma, National Defence College, The Joint-State-Private Sectors Course, Class 22
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
1997 - 2014	<ul style="list-style-type: none">• Member of the Audit Committee, Thanachart Insurance Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
1997 - Present	<ul style="list-style-type: none">• Director, Thanachart Insurance Public Company Limited

Mr. Piyaphong Artmangkorn
Executive Vice President, Investment Management

Date of Appointment	1 September 2005
Age	58 Years
Education	<ul style="list-style-type: none">• Master of Public Administration (Taxation), University of Southern California, USA• Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 8/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	None
Position in Other Listed Company	
2006 - Present	<ul style="list-style-type: none">• Executive Committee, MBK Public Company Limited
1998 - Present	<ul style="list-style-type: none">• Director, MBK Public Company Limited
Position in Other Non-listed Company	None

Mr. Anuwat Luengtaweekul
Executive Vice President, Chief Financial Officer

Date of Appointment	1 June 2009
Age	52 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Rangsit University• Bachelor of Science (Accounting), Kasetsart University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• How to Measure the Success of Corporate Strategy (HMS), Class 4/2014• Certificate, Successful Formulation and Execution of Strategy (SFE), Class 3/2009• Certificate, Director Certification Program (DCP), Class 24/2002• Certificate, Board and Performance Evaluation Program <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014 <p><u>Association of Finance Companies</u></p> <ul style="list-style-type: none">• Financers' Executive Development Program, Class 9/1994
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	None
Position in Other listed Company	
2012 - Present	<ul style="list-style-type: none">• Member of the Nomination and Remuneration Committee, Ratchthani Leasing Public Company Limited
2010 - Present	<ul style="list-style-type: none">• Director, Ratchthani Leasing Public Company Limited
Position in Other Non-listed Company	None

Mr. Ajay Pratap Mundkur
Executive Vice President, Retail and Small Business Banking

Date of Appointment	23 June 2009
Age	51 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, John M. Olin School of Business, Washington University, St. Louis, USA• Post Graduate Diploma in Financial Management, Symbiosis Institute of Business Management, Pune, India• Bachelor of Commerce (Accounting and Auditing), University of Pune, India
Directorship and Executive Training Program	None
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2005 - 2012	<ul style="list-style-type: none">• Vice President, Retail Banking, Asia – Pacific Region, The Bank of Nova Scotia
Position in Other Listed Company	None
Position in Other Non-listed Company	
2012 - Present	<ul style="list-style-type: none">• Senior Vice President, International Banking, The Bank of Nova Scotia

Mr. Enghug Nontikarn
Executive Vice President, Treasury and Debt Capital Markets

Date of Appointment	1 June 2011
Age	59 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Thammasat University• Bachelor of Economics, Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 25/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2006 - 2011	<ul style="list-style-type: none">• Senior Executive Vice President, Siam City Bank Public Company Limited
Position in Other Listed Company	
1995 - Present	<ul style="list-style-type: none">• Independent Director, Member of the Audit Committee, and Member of the Nomination Committee, Srithai Superware Public Company Limited
Position in Other Non-listed Company	
2013 - Present	<ul style="list-style-type: none">• Director, TRIS Corporation Limited
2014 - Present	<ul style="list-style-type: none">• Director and Chairman of the Risk Management Committee, Thanachart Fund Management Company Limited• Member of the Nomination Committee, TRIS Corporation Limited

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

Date of Appointment	12 February 2015
Age	54 Years
Education	<ul style="list-style-type: none">• Master of Business Administration (Finance), University of the Thai Chamber of Commerce• Bachelor of Laws, Sukhothai Thammathirat Open University• Bachelor of Accountancy, Ramkhamhaeng University
Directorship and Executive Training Program	<p><u>Association of Investment Management Companies</u></p> <ul style="list-style-type: none">• Securities Investment Consultant Tutoring <p><u>PacRim Group</u></p> <ul style="list-style-type: none">• Leadership Greatness <p><u>The Bank of Thailand</u></p> <ul style="list-style-type: none">• Anti-Corruption for Executives <p><u>Grid Business Solutions Limited</u></p> <ul style="list-style-type: none">• The Leadership Grid <p><u>The Continuing Education Center Chulalongkorn University</u></p> <ul style="list-style-type: none">• Psychology of Leadership for Executives
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2010 - 2015	<ul style="list-style-type: none">• Executive Vice President, Thanachart Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mr. Ziad El-Hoss
Executive Vice President, Chief Risk Officer

Date of Appointment	12 February 2015
Age	60 Years
Education	<ul style="list-style-type: none">● Master of Business Administration, The American University of Beirut, USA
Directorship and Executive Training Program	Canadian Securities Course <u>The Bank of Nova Scotia</u> <ul style="list-style-type: none">● Advanced Anti-Corruption training● Anti-Corruption Doing Business The Right Way● Understand Global Sanctions
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2013 - 2015	<ul style="list-style-type: none">● Executive Vice President, Chief Risk Officer, Thanachart Bank Public Company Limited
2008 - 2013	<ul style="list-style-type: none">● Vice President, The Bank of Nova Scotia
Position in Other Listed Company	None
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none">● Vice Chairman, TS Asset Management Company Limited

Ms. Wisarnsri Nilodom
Executive Vice President, Corporate Banking Team 2

Date of Appointment	12 February 2015
Age	52 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, SASIN Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Accountancy, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Leadership Program, Class 21 (CMA 21) <p><u>The National Defence College</u></p> <ul style="list-style-type: none"> • Diploma, Advanced Security Management Program (ASMP 5) <p><u>The Bank of Thailand</u></p> <ul style="list-style-type: none"> • Anti-Corruption for Executives, Class 1/2014 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Security officials in the executive management Course, Class 2/2014 • Bank Guarantee and Stand by L/C and International Regulations, Class 3/2013 • Knowledge of the Money Laundering Act and the Terrorism Financing Act for Branch Executives
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
2013 - 2015	<ul style="list-style-type: none"> • Executive Vice President, Thanachart Bank Public Company Limited
1999 - 2013	<ul style="list-style-type: none"> • Executive Vice President, Standard Chartered Bank (Thai) Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	
2015 - Present	<ul style="list-style-type: none"> • Director, Partners CSR (Thailand) Company Limited • Director, Money M Company Limited

Mr. Boonlerd Sinsombat
Executive Vice President, Information Technology

Date of Appointment	1 April 2015
Age	48 Years
Education	<ul style="list-style-type: none"> • Master of Science (Computer & Engineering Management), Assumption University • Bachelor of Science (Mathematics), King Mongkut's Institute of Technology Thonburi
Directorship and Executive Training Program	<u>PacRim</u> <ul style="list-style-type: none"> • Leadership Great Leader Great Team Great Result • <u>GE Capital</u> • Executive Information Leadership Program – USA • <u>Thai Banking Association</u> • Banker Managerial Training
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 1998 - 2015	<ul style="list-style-type: none"> • Executive Vice President, KGCP Information Technology, Ayudhya Capital Services Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mrs. Pittimart Sanguansook
Senior Vice President, Accounting

Date of Appointment	1 January 2014
Age	51 Years
Education	<ul style="list-style-type: none"> • Bachelor of Accounting, Thammasat University • High Diploma in Auditing, Thammasat University
Directorship and Executive Training Program	<ul style="list-style-type: none"> • Seminar IFRS, Toronto, Canada • Seminar Fundamental Practice for CFO
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2008 - 2013	<ul style="list-style-type: none"> • Vice President, Citibank
Position in Other Listed Company	None
Position in Other Non-listed Company	None

Mrs. Teranuj Koomsap
Senior Vice President, Finance

Date of Appointment	14 November 2012
Age	42 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Smeal College of Business, Pennsylvania State University, University Park, USA• Bachelor of Science (Accounting-1st class honor), Thammasat University
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 10/2004
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years 2010 - 2012	<ul style="list-style-type: none">• Senior Vice President, Siam Commercial Bank Public Company Limited
Position in Other Listed Company	None
Position in Other Non-listed Company	None



RELATED PARTY TRANSACTIONS

Related party transactions may give rise to a conflict of interest. The “related parties” means any of the following:

- (a) Directors or executives of the Company,
- (b) Major shareholders of the Company,
- (c) Persons with power of control over the Company,
- (d) Persons with relationship by blood, by marriage or by registration under law with the persons under (a), (b) or (c); namely fathers, mothers, spouses, brothers, sisters, children, including spouses of children.
- (e) Any juristic persons in which the persons under (a), (b) or (c) hold shares or have power to control or have other material interest, whether directly or indirectly.

Measures or procedures related to approval of related party transactions

The Company has put in place a policy and regulations related to the execution of related party transactions and connected transactions in compliance with the requirements imposed by the SET. The objective is to prevent conflicts of interest. In this connection, the Company has announced the regulations, to which both its staff and executives are required to adhere to. The regulations cover the transactions between the Company and parties who may have a conflict of interest in accordance with the criteria established by the SEC. In addition, the regulations cover internal transactions within Thanachart Group as well as transactions with related parties, based on the regulations of the BOT.

In considering the execution of related party transactions, the Company uses the same procedures as applied to customers or business counterparts in general. It also follows the properly established normal processes as it deems necessary to support the Company’s operations. In executing related party transactions, to prevent a conflict of interest, the Company not only has adopted the practice of using a fair and appropriate price but it also complies with the regulatory requirements, taking into consideration mainly the maximum benefit to be gained by the Company and its shareholders.

The execution of any related party transaction is subject to approval of the Board of Directors or parties authorized by the Board of Directors, the clear policy or rules of which have been announced. The Company’s directors or senior executives having a conflict of interest in the transaction are prohibited from participating in the discussion and from voting on the agenda item concerned. Importantly, the approval of the transaction has to be within the power and credit line established by the Company and also in compliance with the regulatory requirements. As well, the Company is required to disclose such transaction in accordance with the regulatory requirements, financial disclosure standards as well as the Company’s regulations.

Policies and trends on related party transactions in the future

Related party transactions between the Company and its subsidiaries and parties having a possible conflict of interest shall arise from normal business transactions or transactions that support various business operations. In this connection, the Company has established clear standards and approval procedures and it is the Company’s policy to follow the same normal practices as well as terms and conditions of trade as applied to customers in general.

Information disclosure

Apart from disclosing information about related party transactions in this Annual Report, the Company discloses major related party transactions in the notes to financial statements under the topic titled ‘Related party transactions’. In this connection, during the period from 1 January 2015 to 31 December 2015, there were significant transactions with related parties which may have a conflict of interest, as follows:

1. MBK Public Company Limited (MBK) and its subsidiaries

Nature of relationship	List of related directors
MBK is a business whose equity stake is jointly held by the Company and its subsidiaries in the amount of 19.90%.	1. Mr. Banterng Tantivit 2. Mr. Suphadej Poonpipat 3. Mr. Piyaphong Artmangkorn

Related party transactions

1.1 Property lease between ‘the Company and its subsidiaries (lessees)’ and ‘MBK and its subsidiaries (lessors)’

Nature and value of transactions

The objectives of the property lease during the period from 1 January 2015 to 31 December 2015 between the Company and its subsidiaries’ and ‘MBK and its subsidiaries’ were as follows:

(Unit: Million Baht)

Lessees	Objectives	Amount
The Company	Lease of property being used as headquarters	10.16
TBANK	Lease of property being used as headquarters, branches, foreign exchange offices, as well as locations for ATMs and billboards for advertising products and services	128.43
TNS, TNI, NFS AMC, MAX AMC, TBROKE, and TGL	Lease of property being used as headquarters and branches	64.76

Necessity and rationale of transactions

The property was leased for the purpose of conducting normal business affairs. The rental rate was based on fair market rates charged for adjoining or neighboring properties. Each company’s board of directors was responsible for approving such transactions which were subject to the Audit Committees’ agreement. Parties related to the transactions did not participate in the consideration and approval of the transactions.

1.2 Fees for managing the properties foreclosed, which ‘the Company and its subsidiaries’ (the employers) paid to Plan Estate Co., Ltd, a subsidiary of MBK (the service provider)

Nature and value of the transactions

During the period from 1 January 2015 to 31 December 2015, the Company and its subsidiaries employed Plan Estate Co., Ltd. to manage properties foreclosed. The related transaction values were as follows:

(Unit: Million Baht)

Clients	Amount
1. The Company	13.37
2. NFS AMC	9.42
3. MAX AMC	3.72
4. TBANK	22.69
5. TS AMC	10.53

Necessity and rationale of transactions

In order to ensure that the properties foreclosed were in good condition for sale, the Company and its subsidiaries employed providers of foreclosed property management services. In this connection, the service fees charged by Plan Estate Co., Ltd. were based on the cost-plus pricing. Each company's board of directors was responsible for approving such transactions, subject to the agreement of the Audit Committees. As well, parties related to the transactions did not participate in the consideration and approval of the transactions.

1.3 Cash rewards which the Company and its subsidiaries paid to Plan Estate Co., Ltd., a subsidiary of MBK, for selling properties foreclosed

Nature and value of the transactions

During the period from 1 January 2015 to 31 December 2015, the Company and its subsidiaries paid cash rewards to Plan Estate Co., Ltd. for selling their foreclosed properties. The cash rewards which were calculated as a percentage of the selling prices were as follows:

(Unit: Million Baht)

Companies paying cash rewards for selling	Amount
1. The Company	1.78
2. NFS AMC	1.77
3. MAX AMC	0.75
4. TBANK	17.31
5. TS AMC	19.11

Necessity and rationale of transactions

As an incentive for assistance in selling their foreclosed properties, the Company and its subsidiaries came up with a cash rewards program for third parties. The payments of cash rewards for selling the foreclosed properties were in line with the rates and conditions which were announced and disclosed to members of the general public for their referral of buyers of the Company and its subsidiaries' foreclosed assets. The cash rewards were calculated as a percentage of the selling prices. Each company's board of directors was responsible for approving such transactions, subject to the agreement of the Audit Committees. As well, parties related to the transactions did not participate in the consideration and approval of the transactions.

1.4 Agreements to purchase life and accident insurance between SCILIFE (the insurer), a subsidiary of the Company, and member companies of MBK Group (the insured)

Nature and value of the transactions

These were the agreements to purchase life and accident insurance for employees of the member companies of MBK Group. The purchases were divided into two phases as follows:

- **Insurance policies with protection coverage remaining valid in 2015** were purchased for subsidiaries of MBK. The premiums as of 31 December 2014 amounted to 0.95 million baht.
- **Insurance policies with protection coverage starting in 2015** were purchased for MBK and its subsidiaries. The premiums as of 31 December 2015 amounted to 18.97 million baht.

Necessity and rationale of transactions

These were normal business transactions of SCILIFE. The premiums charged were at the same rates as applied to members of the general public.

1.5 Agreements to purchase auto insurance between TNI (the insurer), a subsidiary of the Company, and member companies of MBK Group (the insured)

Nature and value of the transactions

These were the agreements to purchase auto insurance for member companies of MBK Group. The purchases were divided into two phases as follows:

- **Auto insurance policies with protection coverage remaining valid in 2015** were purchased for MBK and its subsidiaries. The premiums as of 31 December 2014 amounted to 0.58 million baht.

- **Auto insurance policies with protection coverage starting in 2015** were purchased for MBK's subsidiaries. The premiums as of 31 December 2015 amounted to 1.88 million baht.

Necessity and rationale of transactions

These were normal business transactions of TNI. The protection coverage terms and conditions as well as premiums were the same as those applied to other parties.

1.6 Agreements for inventory management services and auction of repossessed vehicles between the Company's subsidiaries (the Employers) and Apple Auto Auction (Thailand) Co., Ltd. (the service provider), a subsidiary of MBK

Nature and value of the transactions

TBANK and TGL, subsidiaries of the Company, employed Apple Auto Auction (Thailand) Co., Ltd. to manage inventories and organize auctions of their repossessed vehicles. The total values of the related transactions as of 31 December 2015 amounted to 19.06 million baht and 0.01 million baht respectively.

Necessity and rationale of transactions

Services were required for managing inventories and auctioning the vehicles which were repossessed in the ordinary course of business. As a result, it was necessary to select an appropriate service provider which offered a maximum rate of cash back. In this connection, the selection went through a regular approval process. Each company's board of directors was responsible for approving such transactions, subject to the agreement of the Audit Committees. As well, parties related to the transactions did not participate in the consideration and approval of the transactions.

1.7 Selling of the Company's equity stake in SCILIFE to MBK

Nature and value of the transaction

The Company sold the equity stake amounting to 1,7500,000 shares it held in SCILIFE, its subsidiary, to MBK on 5 January 2015 at a price of 12.86 baht per share or 23 million baht in total. The shares accounted for 2.5 percent of the paid-up capital.

Necessity and rationale of transaction

The sale of the equity stake in SCILIFE was to fulfill the remaining obligations under the agreement between the Company and MBK whereby the equity stakes held by the Company and MBK would amount to 51 percent and 49 percent respectively. The shareholdings in the ratio of 51 to 49 were established since the beginning. The selling price was fair and in the line with the opinion given earlier by an independent financial advisor that the price was appropriate. The transaction already received approval at the Company's shareholders meeting as well as the BOT's approval.

1.8 Sale of loan of TBANK, a subsidiary of the Company, to MBK

Nature and value of the transaction

During the year 2015, TBANK sold one loan account to MBK. The borrower was a tenant of MBK Center, the details of which were as follows:

(Unit: Million Baht)

	Outstanding debts	Value of remaining lease term	Selling price	Profit (Loss)
1. Gemini Co., Ltd.	1.73	1.73	1.73	-

Necessity and rationale of transaction

The transaction was related to sale of the loan extended to the tenant of MBK Center to MBK. The selling price was in line with the Memorandum of Understanding which TBANK signed with MBK. The selling price amounted to the remaining loan principal plus the outstanding interest on the principal balance but not exceeding the remaining lease hold value as of the month in which the transfer of TBANK's loan to MBK became effective.

2. Executives and parties related to executives

Related party transactions

Credit extension and deposit taking

Nature and value of the transactions

- TBANK, a subsidiary of the Company, had loans given to the executives of companies of Thanachart Group as well as their related parties. As of 31 December 2015, the outstanding balance of these loans amounted to 84 million baht.
- TBANK, a subsidiary of the Company, took deposits of the executives of companies of Thanachart Group as well as their related parties. As of 31 December 2015, the outstanding balance of these deposits amounted to 768 million baht.
- TBANK, a subsidiary of the Company, took deposits of MBK. As of 31 December 2015, the outstanding balance of these deposits amounted to 63 million baht.

Necessity and rationale of transactions

Giving loans and taking deposits were normal financial services of TBANK. The terms and conditions as well as the interest rates applied to these transactions were the same as those applied to members of the general public whose risks were at the same level. The practices were in compliance with the laws and the notifications issued by the BOT.

3. Major shareholders of TBANK, a subsidiary of the Company

Credit extension

Nature and value of the transactions

One of TBANK's major shareholders is Scotiabank which held a 49% equity stake in TBANK and TBANK extended credit to Scotiabank. As of 31 December 2015, there were altogether 8 credit-related items including various commitments: Derivative (CCS), (FX), (IRS), (Gold), LG, Risk Participation, Settlement and loans: Export Bill Discount/Bank line, MM, Placement, Trade Finance. The total credit lines amounted to 17,250 million baht. In this connection, the outstanding balance in the form of commitments as disclosed in the notes to financial statements as of 31 December 2015 amounted to 625 million baht.

Necessity and rationale of transactions

The credit extension/commitments as well as interbank items were normal business transactions. Being subject to general terms and conditions, these transactions did not contain any special terms and conditions. As well, they were approved unanimously by TBANK's Board of Directors which was not a related party. In this connection, the interest rates as well as the terms and conditions applied to the transactions were the same as those applied to customers in general, taking into account the prices applied to customers in general, with similar risk levels.



GENERAL INFORMATION

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	A holding company which is authorized to operate the following businesses: 1. Making investments and loans to member companies of its own financial business group. 2. Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the Bank of Thailand.
Head Office	:	444 MBK Tower, 16 th -17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330, THAILAND
Registration No.	:	0107536000510
Registered Capital	:	12,778,297,030 baht
Paid-up Capital	:	12,778,297,030 baht
Ordinary Shares	:	1,277,816,427 shares at 10 baht per share
Preferred Shares	:	13,276 shares at 10 baht per share
Website	:	www.thanachart.co.th
E-mail	:	tcap_ir@thanachart.co.th
Tel.	:	+66 (0) 2217 8000, 2217 8160
Fax	:	+66 (0) 2217 8312
Contact Center	:	1770

- Notes:**
- 1) Preferred shareholders have right to convert preferred shares into ordinary shares at the ratio of 1 : 1 without any costs, and can subscribe conversion on every 15th of February, May, August, and November of every year.
 - 2) Ordinary shareholders and preferred shareholders have equal right for gaining dividend, attending the meeting, and voting in shareholder's meeting and other rights. Voting right equals one share per one vote.
 - 3) The aforementioned ordinary shares include the repurchased shares amounting to 112,700,000 shares under the Treasury Stock Project, of which 71,350,000 shares was the Treasury Stock Project from 11 December 2012 to 10 June 2013 and 41,350,000 shares was the Treasury Stock Project from 10 February 2015 to 9 August 2015.

Investments of the Thanachart Capital Public Company Limited in Other Companies

As of 31 December 2015, the Company had investments in other companies by holding at least 10 percent of their issued and paid-up shares as follows:

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
Thanachart Bank Public Company Limited 444 MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8333	Banking	Ordinary	99,136,649,030	60,648,621,700	6,064,862,170	3,090,699,234	50.96
NFS Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8289	Asset Management	Ordinary	700,000,010	700,000,010	70,000,001	69,999,995	100.00
MAX Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2611 9494	Asset Management	Ordinary	143,000,010	143,000,010	14,300,001	11,931,919	83.44
Siam City Life Assurance Public Company Limited 231 SCI Life Building, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2252 5070 Fax : +66 (0) 2252 7155	Life Assurance	Ordinary	1,000,000,000	700,000,000	70,000,000	35,699,997	51.00
Bangkok Home Company Limited 444 MBK Tower, 10 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000	Being Liquidated	Ordinary	15,000,000	15,000,000	1,000,000	998,679	99.87
HTR Corporation Limited 32/46, Shino-Thai Tower, 18 th Floor, Sukhumvit 21 Road (Asoke), North Klongtoey, Wattana, Bangkok 10110 Tel. : +66 (0) 2259 8911-6 Fax : +66 (0) 2259 8919	Office Building & Property Development	Ordinary	500,000,000	500,000,000	50,000,000	5,000,000	10.00

Notes: Percentage of share(s) held including shareholding by related persons.

Reference's Information

Securities	:	Ordinary Shares and Preferred Shares
Securities Registrar	:	Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Din Daeng, Bangkok 10400, THAILAND Tel.: +66 (0) 2009 9000 Fax: +66 (0) 2009 9991 Call Center: +66 (0) 2009 9999 Website: www.set.or.th/tsd
Debt Securities	:	<ul style="list-style-type: none"> Senior debentures of Thanachart Capital Public Company Limited No. 1/2012 due 2022 (TCAP22NA) Senior debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2023 (TCAP238A) Senior debentures of Thanachart Capital Public Company Limited No. 1/2013 due 2025 (TCAP258A) Senior debentures of Thanachart Capital Public Company Limited No. 2/2013 due 2023 (TCAP23OA) Senior debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2018 (TCAP18NA) Senior debentures of Thanachart Capital Public Company Limited No. 3/2013 due 2020 (TCAP20NA) Senior debentures of Thanachart Capital Public Company Limited No. 1/2014 due 2015 (TCAP15NA) Senior debentures of Thanachart Capital Public Company Limited No. 1/2015 due 2016 (TCAP161A) Senior debentures of Thanachart Capital Public Company Limited No. 2/2015 due 2016 (TCAP165A) Senior debentures of Thanachart Capital Public Company Limited No. 3/2015 due 2017 (TCAP179A) Senior debentures of Thanachart Capital Public Company Limited No. 4/2015 due 2018 (TCAP181A)
Representatives of Debenture Registrar	:	Thanachart Bank Public Company Limited 1101 Petchburi Building, 2 nd Floor, Petchburitatmai Road, Makkasan, Ratchathewi, Bangkok 10400, THAILAND Tel.: +66 (0) 2208 5000 Ext. 4519 Fax: +66 (0) 2651 7899 Website: www.thanachartbank.co.th
Audit Firm	:	EY Office Limited 193/136-137 Lake Rajada Office Complex, 33 rd Floor, Ratchadapisek Road, Klongtoey, Bangkok 10110, THAILAND Tel.: +66 (0) 2264 9090 Fax: +66 (0) 2264 0789 - 90
Auditor's Name	:	Ms. Ratana Jala, Certified Public Accountant (Thailand) No. 3734
Legal Advisor	:	None
Frequently Contacted Financial Institutions	:	Thanachart Bank Public Company Limited and The Government Saving Bank

Companies in Thanachart Group

Thanachart Capital Public Company Limited

444 MBK Tower, 16th-17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0107536000510
Website : www.thanachart.co.th

NFS Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8289
Registration No. : 0105540086022
Website : None

MAX Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2611 9494
Registration No. : 0105540093282
Website : None

Siam City Life Assurance Public Company Limited

231 SCI Life Building, Ratchadamri Road,
Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2252 5070
Fax : +66 (0) 2252 7155
Registration No. : 0107555000481
Website : www.scilife.co.th

Thanachart Bank Public Company Limited

444 MBK Tower, Phayathai Road,
Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8333
Registration No. : 0107536001401
Website : www.thanachartbank.co.th

Thanachart Securities Public Company Limited

444 MBK Tower, 14th, 18th and 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8888
Fax : +66 (0) 2217 9642
Registration No. : 0107547000591
Website : www.tnsitrade.com

Thanachart Fund Management Company Limited

231 SCI Life Building, 5th-7th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2126 8300
Fax : +66 (0) 2126 8398
Registration No. : 0105535049696
Website : www.thanachartfund.com

Thanachart Insurance Public Company Limited

999/1 The Nine Tower,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2308 9300
Fax : +66 (0) 2308 9333
Registration No. : 0107555000473
Website : www.thanachartinsurance.co.th

TS Asset Management Company Limited

1101 Petchburi Building, 9th Floor,
Petchburitatmai Road, Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 6662
Fax : +66 (0) 2253 6130
Registration No. : 0105554031624
Website : www.thanachartnpa.com

Ratchthani Leasing Public Company Limited

77/35-36 Sinsathorn Tower, 11th UP Floor,
Krunghthonburi Road, Khlongtonsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9000
Fax : +66 (0) 2431 9095
Registration No. : 0107545000209
Website : www.ratchthani.com

Thanachart Group Leasing Company Limited

444 MBK Tower, 9th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8098
Registration No. : 0105538045861
Website : None

National Leasing Company Limited

444 MBK Tower, 9th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8098
Registration No. : 0105532078407
Website : None

Thanachart Broker Company Limited

999/3, 999/4 The Nine Tower, D, E, F Building, 4th Floor,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2685 0200, 2685 0300
Fax : +66 (0) 2716 7901, 2716 7902
Registration No. : 0105540075314
Website : None

Thanachart Management and Service Company Limited

2 Thanachart Suanmali Building, 2nd Floor,
Chaloemkhet 4 Road, Wat Thep Sirin, Pom Prap
Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2522
Registration No. : 0105533119077
Website : None

Thanachart Training and Development Company Limited

2 Thanachart Tower, M Floor,
Chaloemkhet 4, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2171
Fax : +66 (0) 2220 2300
Registration No. : 0105550042966
Website : None

SCIB Seviles Company Limited

1091/230 Petchburitatmai Road,
Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5060, 2208 5031
Fax : +66 (0) 2253 4748
Registration No. : 0105534009895
Website : None



SHAREHOLDERS AND DIVIDEND POLICY

Shareholders

Structure of Major Shareholders of the Company

Below is the list of the Company's top ten shareholders/group of shareholders holding ordinary and preferred shares.

Name of Shareholders/Group of Shareholders	Ordinary Shares	Preferred Shares	Total Shares	Percentage of Shareholding
1. Thai NVDR Company Limited	162,004,799	-	162,004,799	12.678
2. MBK Public Company Limited	129,914,400	-	129,914,400	10.167
3. Thanachart Capital Public Company Limited	112,700,000	-	112,700,000	8.820
4. CHASE NOMINEES LIMITED	62,618,729	-	62,618,729	4.900
5. STATE STREET BANK EUROPE LIMITED	46,779,921	-	46,779,921	3.661
6. STATE STREET BANK AND TRUST COMPANY	26,948,439	-	26,948,439	2.109
7. Krungsri Dividend Stock LTF	26,673,300	-	26,673,300	2.087
8. NORTRUST NOMINEES LTD-CL AC	25,268,700	-	25,268,700	1.977
9. Ms. Atinuj Tantivit	18,254,972	-	18,254,972	1.429
10. THE BANK OF NEW YORK MELLON	13,780,400	-	13,780,400	1.078
Other Shareholders	652,872,767	13,276	652,886,043	51.093
Issued and Paid-up Shares	1,277,816,427	13,276	1,277,829,703	100.000
Thai Shareholders	942,632,308	13,216	942,645,524	73.769
Foreign Shareholders	335,184,119	60	335,184,179	26.231

Source: Report of the Company's Major Shareholders as at 6 October 2015 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes: 1) The second largest shareholder (MBK Public Company Limited) operates shopping mall and property development. Their top ten shareholders as at 22 October 2015 (the most recent closing date of the register book) were as follows:

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Patum Rice Mill and Granary Public Company Limited	474,249,530	25.142
2. Thanachart Capital Public Company Limited	188,562,090	9.996
3. MBK Public Company Limited	178,331,000	9.454
4. Thanachart Bank Public Company Limited	76,842,000	4.074
5. Thanachart Securities Public Company Limited	75,603,000	4.008
6. Mr. Yongsak Kanathanavanich	48,264,000	2.559
7. NORTRUST NOMINEES LIMITED – THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	43,188,944	2.290
8. Thai NVDR Company Limited	42,176,451	2.236
9. Krungsri Dividend Stock LTF	40,072,000	2.124
10. DBS BANK LTD	36,170,000	1.918
Other Shareholders	682,831,985	36.200
Issued and Paid-up Shares	1,886,291,000	100.000
Thai Shareholders	1,632,571,717	86.549
Foreign Shareholders	253,719,283	13.451

MBK and Primacy Elegance Investment Limited hold the Company's shares in the total amount of 133,314,400 shares or 10.433 percent of total paid-up shares (It is the case that they received a permission to hold the Company's shares more than 10 percent of total paid-up shares).

- 2) The third largest shareholder (Thanachart Capital Public Company Limited) repurchased its shares under the Treasury Stock Project during 11 December 2012 to 10 June 2013 and during 10 February 2015 to 9 August 2015.
- 3) The major shareholders no. 4 - 6, 8 and 10 are Nominee Accounts that cannot identify real shareholders.

Major Shareholders whose Behavior Exhibits Significant Influence over Management Policy Setting

- None -

Structure of Major Shareholders of Thanachart Bank Public Company Limited

1. The list of top ten shareholders/group of shareholders were as follows:

Name of Shareholders	Total Shares	Percentage of Shareholding
1. Thanachart Capital Public Company Limited	3,090,699,234	50.961
2. Scotia Netherlands Holdings B.V.	2,971,739,163	48.999
3. Mr. Thung-ngern Pum-ngern	460,309	0.008
4. Ms. Kittima Tolieng	173,278	0.003
5. Mr. Sathit Mujarintangkur	121,360	0.002
6. Ms. Piengjai Hanphanit	96,665	0.002
7. Mr. Kobchai Chirathivat	84,809	0.001
8. Mr. Thanawat Chareonthassanont	70,000	0.001
9. Mr. Pinit Laosoontorn	69,926	0.001
10. Mr. Somyos Jittipralangsri	60,000	0.001
By receivership of Legal Execution Department of Thai Finance and Securities PCL.		
Other Shareholders	1,287,426	0.021
Issued and Paid-up Shares	6,064,862,170	100.000
Thai Shareholders	3,093,079,707	51.000
Foreign Shareholders	2,971,782,463	49.000

Source: Report of the TBANK's Major Shareholders as at 4 January 2016 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes: 1) The first largest shareholder (Thanachart Capital Public Company Limited) is a holding company which is authorized to operate the following businesses:

- 1) Making investments and loans to member companies of its own Financial Business Group.
- 2) Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the BOT.
- 2) The second largest shareholder (Scotia Netherlands Holdings B.V.) is a juristic person registered in the Netherlands. The BOT permitted Scotiabank to change its shareholding in TBANK by holding 48.999 percent of the total paid-up shares of TBANK through Scotia Netherlands Holding B.V. on 9 May 2011.

2. Groups of major shareholders who have significant influence over the formulation of management policies or TBANK's operation include Thanachart Capital Public Company Limited (TCAP) and the Scotia Netherlands Holding B.V., which holds 50.961 percent and 48.999 percent of the total paid-up shares respectively. The Company does not have any major shareholders which have significant influence over its management policies or its operation.

Shareholders' Agreement

The Company and Scotiabank hold an agreement between the shareholders namely Shareholders' Agreement. The important agreement is to send representatives to participate in the management in the director and executive level as well as the director in major subsidiary companies. Moreover, any resolution made by the Board of Directors of TBANK and its shareholders' meeting on the significant issues shall comply with TBANK's Articles of Association. Such agreement is put in place for the TBANK's management to achieve the goals of shareholders from both parties.

Shareholders' Agreement Affected to Newly Offered and Issued Securities

- None -

Dividend Policy

Dividend Policy of the Company

In considering dividend payments, the Company takes into consideration its performance and the long-term benefits to its shareholders, as well as its capital adequacy. The dividend payments must also receive approval at the shareholders' meeting. However, the Board of Directors may pay an interim dividend to shareholders occasionally when it considers that the Company has an adequate profit and deems appropriate to make the payment. The Board of Directors is required to report the dividend payment to the shareholders at its next shareholders' meeting.

Dividend Payments in the Past Five Years

Operating Performance	2014	2013	2012	2011	2010
Earnings per share (Baht)	1.37	1.77	2.24	1.28	2.21
Dividend per share (Baht)	1.60	1.60	1.40	1.20	1.20
Dividend Payout Ratio (Separate Financial Statements) (Percent)	116.81	88.53	62.57	93.78	54.42
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	37.70	20.91	32.47	30.65	27.19

Note: On 16 October 2015, the Company made interim dividend payment for the year 2015 at the rate of 0.70 baht per share.

Dividend Payment Policy of Subsidiary Companies Made to the Company

The Company has not specified the dividend payout ratio made to the Company by its subsidiary companies. However, the dividend payment of each subsidiary company depends on its performance.

Each subsidiary company's dividend payment policy is to pay a dividend when it has made profit. In order to make the dividend payments, it has to take into account the excess cash for business operation, the capital adequacy for supporting the business, and legal reserve, depending on the business of each subsidiary company. Any subsidiary company may pay an interim dividend occasionally to the Company when it considers that it has an adequate profit and deems appropriate to make the payment. After making the interim dividend payment, it is required to report the dividend payment to the shareholders at its next shareholders' meeting.



REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors has established the Nomination and Remuneration Committee which consists of three members, of whom two are Independent Directors and one is Non-executive Director. Their names are as follows:

1. Mr. Tiraphot	Vajrabhaya	Chairman	(Independent Director)
2. Mrs. Siripen	Sitasuwan	Member	(Independent Director)
3. Mr. Vichit	Yanamorn	Member	(Non-executive Director)

The Nomination and Remuneration Committee has carried out the duties assigned by the Board of Directors in a careful and cautious manner as well as in line with the Committee's policies and Code of Conduct established by the Board of Directors in the best interests of the Company's operations, the details of which are as follows:

- Recruiting and selecting candidates with a diverse range of knowledge, ability, experience, and expertise, who meet all eligibility requirements of the law and possess no prohibited characteristics established by the law or stipulated in the official announcements. Also, proposing them for appointment as the Company's Directors, the members of various sub-committees, chief executive officer, or executives at the executive vice president level and higher. As well, ensuring that the number, structure, qualifications, knowledge, and expertise of the Directors are appropriate in line with the Company's corporate governance.
- Determining remuneration and the rates of remuneration applicable to Members of the Board of Directors, the members of various sub-committees, chief executive officer, and executives at the executive vice president level and higher, ensuring that they are not only at the levels appropriate to their duties and responsibilities and comparable to the remuneration of those industry peers but also at the levels which are fair to shareholders. In addition, proposing performance appraisal of the Board of Directors and various sub-committees as well as assessing the performance of chief executive officer and executives at the executive vice president level and higher.

In 2015, the Nomination and Remuneration Committee held four meetings in total to carry out the following important matters:

1. Considering the selection of a candidate to be proposed for appointment as a Director replacing Dr. Veerathai Santiprabhob.
2. Considering and reviewing the remuneration paid to the Board of Directors and the sub-committees.
3. Considering the allocation of the performance allowance for the Board of Directors, taking into account the 2014 performance.
4. Assessing the 2014 performance. In addition, considering salary increase and special incentives of chief executive officer as well as high-ranking executives (from the executive vice president level and higher).
5. Considering to provide shareholders with an opportunity to propose candidates for election as the Company's Director and to propose agenda items for the Annual General Meeting of Shareholders for the Year 2016.
6. Considering the contract renewal of chief executive officer.
7. Considering and examining annual qualifications of Directors and executives.
8. Considering and reviewing the board skills matrix which includes each Director's level of experience in specific areas.
9. Considering the performance appraisal of the Board of Directors and sub-committees in the year 2015.

In this connection, the nomination and remuneration policy and the details of the nomination and remuneration process have been disclosed in this annual report.

(Mr. Tiraphot Vajrabhaya)
Chairman of the Nomination
and Remuneration Committee



REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company consists of three members. Each member is an Independent Director, qualified in the field of accounting and finance, and experienced with financial institutions and large organizations. The members are as follows:

- | | | |
|-----------------|------------|-------------|
| 1. Mrs. Siripen | Sitasuwan | Chairperson |
| 2. Mr. Somkiat | Sukdheva | Member |
| 3. Mr. Tiraphot | Vajrabhaya | Member |

The Committee appointed Mrs. Vijitra Thumpothong, Executive Vice President, Audit Department acting as the Secretary of the Audit Committee.

The Audit Committee has carried out the duties and responsibilities as assigned by the Company's Board of Directors, which are in line with the regulations of the SEC and the notifications of the SET and the BOT which are specified in the Charter approved by the Company's Board of Directors.

In 2015, the Audit Committee held 16 meetings with management, high-ranking executives from related work functions, and the auditors. Of the total meetings, 12 were regular meetings and 4 were extraordinary meetings. The meetings were held to acknowledge and consider various related matters as follows:

- Financial Reports

The Committee reviewed quarterly financial statements, and annual financial statements, and consolidated financial statements of the Company and its subsidiaries by conferring with the auditors and the management of Accounting Department of the Company for ensuring that the financial statements were in accordance with the Generally Accepted Accounting Principles and the disclosed information was sufficient, complete, and reliable. The Committee also considered accounting policies and important changes. Moreover, the Committee arranged the meetings with the auditors without the management participation for conferring about independent work and opinion of the auditors.

- Internal Control and Internal Audit

The Committee ensured that the Company has an efficient internal control system and efficient internal audit as well as appropriate anti-corruption measures. The Committee also ensured that the Company has whistle-blowing procedures and considers the procedures independently by protecting the confidentiality of a whistleblower to ensure the whistleblower does not get into trouble and the accused person is fairly treated. The Committee conferred with the internal auditors in strategizing and approving annual audit process plans, evaluating the sufficiency and suitability of the personnel, and independence of internal audit work process. The Committee monitored and evaluated the performance quarterly including evaluation of staff knowledge and competency in order to develop knowledge and efficiency of auditing. The Committee also considered the BOT audit report and the report of the auditors in order to evaluate the adequacy of internal control system.

- Compliance

The Committee closely monitored the enforcement of rules and regulations so as the Company may operate in accordance with the regulations of authorities such as the SEC, the SET, and the BOT, in order to acknowledge changing regulations that have effect to the Company's performance to be able to adjust, resolve, and closely monitor.

- Risk Management

To manage risks, the Committee gave precedence to risk management, acknowledging the impact of the current economic situation, political climate, and social issues on the Company's strategy in handling risks. The Committee arranged the meetings with executives of risk management to acknowledge risk management report in all aspects. This was to ensure that the Company has a comprehensive risk management system that is substantial and sufficient.

- The Charter of the Audit Committee

The Committee ensured that the Charter of the Audit Committee is regularly revised at least once a year and approved the revision of the Charter of the Audit Department and ensured that they were up-to-date and most appropriate. The performance of the Audit Committee was also assessed and it was concluded that the Committee functioned in accordance with the Charter and yielded good and appropriate results that helped achieve good corporate governance.

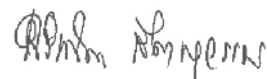
- Auditor

The Committee gave advice for selecting the auditors by considering from qualification, experienced personal, independence, performance in the past, and the fairness in remuneration for the auditors in accordance with their responsibilities. The results were reported to the Company's Board of Directors for proposing to the Annual General Meeting of Shareholders for appointing the auditors and approving the audit fees.

- Related Party Transaction and Conflict of Interest

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

The Audit Committee independently acts on its duties with cautiousness and gives frankly opinion for the benefits of the Company without limitation in data and cooperation from executives and staff of the Company. Finally, the Audit Committee is of the opinion that the financial reports were correctly prepared and the financial information was sufficiently and properly disclosed in accordance with the Generally Accepted Accounting Principle. The internal control system and internal audit are appropriate and efficient. As well the Company's risk management system and risk control are efficient. The Company operates strictly abiding by the laws and regulations of the authorities. The external auditors are independent in carrying out their duties. In addition, related party transactions or transactions that may lead to a conflict of interest are reasonable and considered as normal business operations with sufficient disclosure.



(Mrs. Siripen Sitasuwan)

Chairperson of the Audit Committee



RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR THE FINANCIAL REPORT

Thanachart Capital's Board of Directors is responsible for the Company's separated and consolidated financial statements and for financial information presented in this annual report. The aforementioned financial statements were prepared in accordance with standards of financial report, applying appropriate and consistent accounting policies along with careful judgments and reasonable estimates. Important information is fully disclosed to shareholders and other investors in the notes to financial statements reflecting the Company's accurate financial status and performance and its commitment to transparency.

The Board of Directors has established and maintained appropriate and effective risk management and internal control systems in order to guarantee that the accounting information is accurately, completely, and adequately recorded and insuring there is sufficient risk protection in every field to sustain Thanachart Capital's assets, as well as to prevent any material irregularity in its operations and/or fraud.

Thanachart Capital's Board of Directors has appointed an Audit Committee comprising Independent Directors who have knowledge and expertise in finance and accounting. They are responsible for revision of accounting policies and the quality of the Company's financial statements, internal controls, internal audits, as well as the disclosure of related transactions or transactions that may lead to a conflict of interest. The Committee's comments on these issues are included in the Audit Committee Report in this annual report.

Thanachart Capital's separated and consolidated financial statements were independently audited by the Certified Public Accountant of EY Office Limited. The Board of Directors provided the auditing team with all information and support documents in order to ensure that the auditing team would be able to complete their task to the highest auditing standards. The Auditor is of the opinion that the Company's financial statements are fairly presented in all material respects in accordance with standards of financial report. The opinion is included in the Report of Independent Auditor in this annual report.

Thanachart Capital's Board of Directors is of the opinion that the Company's overall internal controls are both adequate and appropriate and ensure the reliability of its separated and consolidated financial statements for the year ended 31 December 2015. Those controls are complete in compliance with standards of financial report and rules and regulations.

(Mr. Banterng Tantivit)
Chairman

(Mr. Suphadej Poonpipat)
Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thanachart Capital Public Company Limited

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Thanachart Capital 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 Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

(Ratana Jala)

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 23 February 2016



STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Cash		13,337,367	16,605,432	-	-
Interbank and money market items - net	7	58,138,243	66,037,890	24,515	21,076
Derivatives assets	8	5,446,810	4,389,463	-	-
Investments - net	9	184,561,830	162,318,264	2,711,809	6,039,651
Investments in subsidiary and associated companies - net	10	2,352,901	2,416,988	33,888,940	31,435,390
Loans to customers and accrued interest receivables	11				
Loans to customers		765,167,097	811,443,114	1,165,322	541,675
Accrued interest receivables		666,969	787,822	1	12
Total loans to customers and accrued interest receivables		765,834,066	812,230,936	1,165,323	541,687
Less: Deferred revenue		(50,539,098)	(55,786,980)	(2,619)	(2,712)
Allowance for doubtful accounts	12	(26,240,283)	(28,347,084)	(90,455)	(149,939)
Revaluation allowance for debt restructuring	13	(4,080)	(103,222)	-	-
Net loans to customers and accrued interest receivables		689,050,605	727,993,650	1,072,249	389,036
Customers' liability under acceptances		9,944	48,217	-	-
Property foreclosed - net	15	6,333,674	8,930,622	752,634	885,924
Land, premises and equipment - net	16	8,046,760	7,981,567	35,331	43,390
Intangible assets - net	17	3,010,856	3,426,976	1,084	2,081
Goodwill	18	17,207,128	16,968,935	-	-
Deferred tax assets	19	1,174,867	1,167,662	54,751	61,000
Receivables from purchase and sale of securities	20	912,328	1,804,740	-	-
Accrued interest and dividend receivables	21	1,094,012	1,111,511	682,250	76,886
Other assets - net	22	6,903,518	4,428,454	94,576	97,370
Total assets		997,580,843	1,025,630,371	39,318,139	39,051,804

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and equity					
Deposits	23	669,454,481	696,948,507	-	-
Interbank and money market items	24	85,600,192	80,138,910	-	5
Liability payable on demand		2,201,580	1,655,381	-	-
Derivatives liabilities	8	6,757,528	5,200,037	-	-
Debts issued and borrowings	25	84,928,883	98,417,715	13,700,000	12,200,000
Bank's liability under acceptances		9,944	48,217	-	-
Provisions	26	3,350,858	2,850,552	48,755	46,406
Deferred tax liabilities	19	1,023,679	1,825,834	-	-
Accrued interest payables	27	3,064,362	4,069,972	103,070	95,161
Insurance contracts liabilities	28	14,594,566	14,610,121	-	-
Other liabilities	29	15,271,660	15,589,508	99,536	91,130
Total liabilities		886,257,733	921,354,754	13,951,361	12,432,702

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Equity					
Share capital	30				
Registered, issued and paid-up					
13,276 preferred shares of Baht 10 each		133	133	133	133
1,277,816,427 common shares of Baht 10 each		12,778,164	12,778,164	12,778,164	12,778,164
		12,778,297	12,778,297	12,778,297	12,778,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Premium on treasury share		165,742	165,742	165,742	165,742
Other components of equity	31	1,920,203	2,516,445	461,190	486,802
Retained earnings					
Appropriated - statutory reserve	32	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		4,798,369	3,398,455	4,798,369	3,398,455
Unappropriated		34,466,039	32,549,037	8,618,074	9,844,786
Less: Treasury shares - common shares	30	(4,798,369)	(3,398,455)	(4,798,369)	(3,398,455)
Equity attributable to owners of the Company		52,673,756	51,352,996	25,366,778	26,619,102
Non-controlling interests		58,649,354	52,922,621	-	-
Total equity		111,323,110	104,275,617	25,366,778	26,619,102
Total liabilities and equity		997,580,843	1,025,630,371	39,318,139	39,051,804

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



STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit or loss					
Interest income	35	48,639,855	52,940,248	293,444	502,851
Interest expenses	36	(20,909,612)	(25,475,248)	(599,215)	(947,669)
Net interest income		27,730,243	27,465,000	(305,771)	(444,818)
Fees and service income		8,175,226	8,688,130	347	581
Fees and service expenses		(2,710,335)	(2,768,395)	(684)	(699)
Net fees and service income	37	5,464,891	5,919,735	(337)	(118)
Gains on trading and foreign exchange transactions	38	741,854	1,302,276	636	10,698
Gains on investments	39	1,956,373	1,098,385	63,559	239,243
Share of profit from investments accounted for under equity method	10.6	272,387	264,442	-	-
Gains (losses) on property foreclosed and other assets		310,015	178,543	(19,725)	(200,023)
Insurance/Life insurance income		6,723,064	6,448,279	-	-
Dividend income		359,280	350,052	2,679,512	2,096,967
Other operating income		1,326,298	1,619,005	63,589	149,113
Total operating income		44,884,405	44,645,717	2,481,463	1,851,062
Insurance expenses		(4,679,726)	(4,737,358)	-	-
Net operating income		40,204,679	39,908,359	2,481,463	1,851,062
Other operating expenses					
Employee's expenses		11,151,449	10,959,604	122,368	134,490
Directors' remuneration	40	78,413	75,322	31,667	31,590
Premises and equipment expenses		2,999,920	2,957,959	29,377	28,822
Taxes and duties		864,128	867,300	1,589	1,099
Other expenses		5,225,042	4,970,172	65,838	66,509
Total other operating expenses		20,318,952	19,830,357	250,839	262,510
Impairment loss of loans and debt securities (reversal)	41	8,600,150	7,083,955	24,076	(29,767)
Profit before income tax		11,285,577	12,994,047	2,206,548	1,618,319
Income tax	19.2	(225,099)	(2,557,837)	(12,725)	34,296
Profit for the year		11,060,478	10,436,210	2,193,823	1,652,615

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



STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Other comprehensive income	42				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale securities		(1,317,443)	1,781,449	(32,015)	145,995
Share of other comprehensive income (loss) of an associate		(42,178)	10,992	-	-
Income tax relating to components of other comprehensive income (loss)		261,522	(356,254)	6,403	(29,199)
		(1,098,099)	1,436,187	(25,612)	116,796
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Actuarial losses		(215,871)	-	(359)	-
Income tax relating to components of other comprehensive income (loss)		41,749	-	72	-
		(174,122)	-	(287)	-
Total other comprehensive income (loss)		(1,272,221)	1,436,187	(25,899)	116,796
Total comprehensive income		9,788,257	11,872,397	2,167,924	1,769,411
Profit attributable to					
The Company		5,436,577	5,120,204	2,193,823	1,652,615
Non-controlling interests		5,623,901	5,316,006	-	-
		11,060,478	10,436,210	2,193,823	1,652,615
Total comprehensive income attributable to					
The Company		4,751,640	5,913,574	2,167,924	1,769,411
Non-controlling interests		5,036,617	5,958,823	-	-
		9,788,257	11,872,397	2,167,924	1,769,411
Earnings per share of the Company	43				
Basic earnings per share (Baht per share)		4.61	4.24	1.86	1.37
Diluted earnings per share (Baht per share)		4.61	4.24	1.86	1.37

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



STATEMENT OF CHANGES IN EQUITY

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements													
	Equity attributable to the Company's shareholders													
	Other components of equity													
	Issued and paid-up share capital		Premium on common share	Premium on treasury shares	Amount by which the value of investment in subsidiary lower than attributable net book value			Share of other comprehensive income (losses) of associate	Retained earnings			Treasury shares	Non-controlling interests	Total
	Preferred shares	Common shares			Share premium of a subsidiary		Revaluation surplus on investments - net		Statutory reserve	Treasury shares reserve	Unappropriated			
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	714,616	6,185	1,277,830	3,398,455	29,358,306	(3,398,455)	48,070,531	95,439,426
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	-	-	(1,930,367)	-	-	(1,930,367)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	894	-	-	894
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(1,106,733)	(1,106,733)
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,120,204	-	5,316,006	10,436,210
Other comprehensive income for the year	-	-	-	-	-	-	785,340	8,030	-	-	-	-	642,817	1,436,187
Balance as at 31 December 2014	133	12,778,164	2,065,645	165,742	775,814	226,460	1,499,956	14,215	1,277,830	3,398,455	32,549,037	(3,398,455)	52,922,621	104,275,617
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	1,499,956	14,215	1,277,830	3,398,455	32,549,037	(3,398,455)	52,922,621	104,275,617
Cumulative effect of change in accounting policy for fair value measurement (Note 3)	-	-	-	-	-	-	-	-	-	-	(10,632)	-	(10,232)	(20,864)
Dividend paid (Note 34)	-	-	-	-	-	-	-	-	-	-	(2,021,570)	-	-	(2,021,570)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,236	-	-	1,236
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	700,348	700,348
Cash payment for treasury shares (Note 30)	-	-	-	-	-	-	-	-	-	-	-	(1,399,914)	-	(1,399,914)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	1,399,914	(1,399,914)	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	5,436,577	-	5,623,901	11,060,478
Other comprehensive income for the year (loss)	-	-	-	-	-	-	(566,739)	(29,503)	-	-	(88,695)	-	(587,284)	(1,272,221)
Balance as at 31 December 2015	133	12,778,164	2,065,645	165,742	775,814	226,460	933,217	(15,288)	1,277,830	4,798,369	34,466,039	(4,798,369)	58,649,354	111,323,110

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



STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Separate financial statements									
	Other components					Retained earnings				
	Issued and paid-up share capital				of equity -	Appropriated				
	Preferred	Common	Premium on	Premium on	surplus on	Statutory	Treasury shares	Unappropriated	Treasury shares	Total
	shares	shares	common share	treasury shares	investments - net	reserve	reserve			
Balance as at 1 January 2014	133	12,778,164	2,065,645	165,742	370,006	1,277,830	3,398,455	10,121,644	(3,398,455)	26,779,164
Dividend paid (Note 34)	-	-	-	-	-	-	-	(1,930,367)	-	(1,930,367)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	894	-	894
Profit for the year	-	-	-	-	-	-	-	1,652,615	-	1,652,615
Other comprehensive income for the year	-	-	-	-	116,796	-	-	-	-	116,796
Balance as at 31 December 2014	133	12,778,164	2,065,645	165,742	486,802	1,277,830	3,398,455	9,844,786	(3,398,455)	26,619,102
Balance as at 1 January 2015	133	12,778,164	2,065,645	165,742	486,802	1,277,830	3,398,455	9,844,786	(3,398,455)	26,619,102
Dividend paid (Note 34)	-	-	-	-	-	-	-	(2,021,570)	-	(2,021,570)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,236	-	1,236
Cash payment for treasury shares (Note 30)	-	-	-	-	-	-	-	-	(1,399,914)	(1,399,914)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	1,399,914	(1,399,914)	-	-
Profit for the year	-	-	-	-	-	-	-	2,193,823	-	2,193,823
Other comprehensive income for the year (loss)	-	-	-	-	(25,612)	-	-	(287)	-	(25,899)
Balance as at 31 December 2015	133	12,778,164	2,065,645	165,742	461,190	1,277,830	4,798,369	8,618,074	(4,798,369)	25,366,778

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



STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax	11,285,577	12,994,047	2,206,548	1,618,319
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(272,387)	(264,442)	-	-
Depreciation and amortisation	1,496,885	1,447,431	23,012	22,235
Impairment loss of loans and debt securities (reversal)	8,600,150	7,083,955	24,076	(29,767)
Increase in provisions	996,470	328,936	1,990	6,211
Increase in allowance for impairment of property foreclosed	272,946	260,441	54,438	225,879
Increase (decrease) in allowance for impairment of equipment/other assets	(26,683)	(107,511)	(533)	24
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	71,805	(528,696)	(10,576)	14
Unrealised gain on exchange	(1,557,526)	(84,656)	-	-
Gain from disposal of/capital return from investments in subsidiary companies	(228,445)	(243,298)	(1,234)	(97,828)
Loss (gain) on disposal of equipment	(10,989)	10,294	88	(2)
Other income	-	(72,413)	-	(72,413)
Decrease (increase) in accrued other income receivable	(47,293)	(83,179)	5,019	(5,032)
	20,580,510	20,740,909	2,302,828	1,667,640
Net interest income	(27,730,243)	(27,465,000)	305,771	444,818
Dividend income	(359,280)	(350,052)	(2,679,512)	(2,096,967)
Cash received from interest on operating activities	44,905,940	48,929,744	67,330	113,153
Cash paid for interest on operating activities	(18,024,481)	(21,040,229)	(181)	(52)
Cash received from corporate income tax refundable	-	75,357	-	75,357
Cash paid for income tax	(1,776,522)	(2,939,628)	(6,962)	(9,302)
Income from operating activities before changes in operating assets and liabilities (loss)	17,595,924	17,951,101	(10,726)	194,647

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	7,893,550	4,161,754	(3,439)	3,511,599
Derivatives assets	906,728	(335,954)	-	-
Investments in trading securities	3,685,800	(2,598,791)	600	1,600
Loans to customers	25,566,797	17,755,585	(682,155)	(283,076)
Property foreclosed	8,724,933	8,404,765	81,053	150,461
Receivables from purchase and sale of securities	892,413	(159,073)	-	-
Other assets	(2,603,736)	1,517,662	(9,326)	11,074
Increase (decrease) in operating liabilities				
Deposits	(27,494,026)	(18,982,639)	-	-
Interbank and money market items	5,262,160	(1,093,538)	(5)	(8)
Liability payable on demand	546,199	(1,563,285)	-	-
Derivatives liabilities	(1,129,263)	(603,470)	-	-
Payable from purchase and sales of securities	552,817	52,977	-	-
Insurance contract liabilities	(15,555)	(408,932)	-	-
Other liabilities	(231,914)	(579,629)	8,466	(30,450)
Net cash flows from (used in) operating activities	40,152,827	23,518,533	(615,532)	3,555,847
Cash flows from investing activities				
Decrease (increase) in investments in securities	(26,571,406)	(9,436,816)	3,282,267	5,171,354
Cash paid for purchase of investments in subsidiary	-	-	(2,809,727)	(482,119)
Cash received from interest	3,761,892	4,238,930	299,104	410,530
Cash received from dividend	584,496	575,333	1,999,558	2,096,967
Cash received from disposal of/capital return from subsidiary companies	-	-	355,210	689,462
Cash paid for purchase of land and equipment/intangible assets	(1,061,077)	(1,107,995)	(2,650)	(8,200)
Cash received from disposal of equipment/intangible assets	26,757	19,403	1,531	2
Net cash flows from (used in) investing activities	(23,259,338)	(5,711,145)	3,125,293	7,877,996

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from financing activities				
Cash received from debts issued and borrowings	63,582,824	97,095,899	2,000,000	500,000
Cash paid for debts issued and borrowings	(77,071,655)	(107,968,630)	(500,000)	(9,000,000)
Cash paid for interest expenses on debts issued and borrowings	(3,967,967)	(4,879,116)	(589,513)	(1,004,370)
Cash received from non-controlling interests for issuance additional shares of a subsidiary company	2,702,246	-	-	-
Cash paid for capital return to non-controlling interests for decrease shares capital of subsidiary companies	(362)	(71,494)	-	-
Cash paid for dividend	(2,020,334)	(1,929,473)	(2,020,334)	(1,929,473)
Cash paid for treasury shares	(1,399,914)	-	(1,399,914)	-
Cash paid for dividend to non-controlling interests	(1,986,392)	(1,389,251)	-	-
Net cash flows used in financing activities	(20,161,554)	(19,142,065)	(2,509,761)	(11,433,843)
Net decrease in cash	(3,268,065)	(1,334,677)	-	-
Cash at beginning of the year	16,605,432	17,940,109	-	-
Cash at end of the year	13,337,367	16,605,432	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	6,389,979	8,556,142	-	30
Property foreclosed received from capital returned from a subsidiary company	-	-	2,200	7,320
Bad debt written off/hair-cut loans from debt restructuring	7,850,780	7,639,812	-	11,260
Payable from purchase of assets	155,815	100,342	61	121

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



NOTES TO FINANCIAL STATEMENTS

Thanachart Capital Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2015

1. General information

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

2. Basis of preparation of the financial statements

- 2.1** These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

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

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

2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Company and the following subsidiary companies. (“the subsidiaries”).

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2015	2014	2015	2014
<u>Subsidiaries directly held by the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	In liquidation process	99.80	99.80	0.06	0.06
Siam City Life Assurance Plc.	Life insurance	51.00	53.50	-	-
<u>Subsidiaries indirectly held by the Company</u>					
SCIB Plc.	Liquidated	-	-	-	99.98
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Non-life insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd.	Leasing business	-	-	100.00	100.00
SCIB Service Co., Ltd.	Service	-	-	100.00	100.00

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2015 and 2014 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the years	
	2015	2014	2015	2014
Thanachart Bank Plc.	929,037	954,801	31,973	31,752
Siam City Life Assurance Plc.	10,491	10,762	(7)	325
Thanachart Insurance Plc.	10,676	10,331	3,097	2,813
Thanachart Securities Plc.	7,139	7,412	1,640	1,784
TS Asset Management Co., Ltd.	4,295	8,179	492	594
Ratchthani Leasing Plc.	28,848	27,050	1,724	1,626
NFS Asset Management Co., Ltd.	1,604	1,776	124	162

- c) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- d) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiary and associated companies under the cost method.

3. Financial reporting standards that became effective in the current accounting year

During the year, the Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which became effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current year from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current year's transactions but did not restate the prior year's financial statements presented as comparative information, since the managements of the Company and its subsidiaries consider that the change did not have a significant impact to the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgment when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. The Company and its subsidiaries are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The Company and its subsidiaries are required to measure the fair value in accordance with the guidance of this standard and recognised prospectively, except for the effect of credit risk on the fair value measurement of derivatives, with the subsidiary electing to adjust the effect of credit risks on fair value against retained earnings as of 1 January 2015, as allowed in the transition provision under Thai Financial Reporting Standards. The change has the effect of decreasing the beginning balance of retained earnings for 2015 of the Company and its subsidiaries by Baht 21 million. The cumulative effect of changes in accounting policy has been separately presented in the statement of changes in equity.

4. Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's and its subsidiaries' management believe that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied except for TFRS 4 Insurance Contracts for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.

5. Significant accounting policies

5.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the year.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission (“SEC”).

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised on an accrual basis. When the Company and its subsidiaries provide loyalty programmes to customers, they apportion compensation received from such services based on the fair value of accumulated reward points and realise it as deferred revenue. This deferred revenue is recorded under “other liabilities” in the statement of financial position. The Company and its subsidiaries then realise it as revenue through the statement of comprehensive income when the customers claim a reward and the Company and its subsidiaries have fulfilled their commitment to provide such reward.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage period.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the year-end date.

5.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

5.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The fair value of embedded derivatives investments for which there is no active market or no available market value, is determined using a Black-Scholes Model, a universal theory that is widely used in estimating fair value. Gain/losses arising from revaluation are recognised in profit or loss in the statements of comprehensive income. This method of measurement is in compliance with the principles stipulated by the BOT.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

5.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans to customers and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

5.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

5.6 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as “Receivables from purchase and sale of securities”.

5.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.

- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.
- e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

5.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

5.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

5.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

5.11 Land, premises and equipment and depreciation

- a) Land and assets under installation are stated at cost, and depreciation is not provided.
- b) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30 years
Buildings improvement	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

- c) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.

5.12 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

5.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

5.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

5.15 Receivable from/payable to Clearing House

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

5.16 Securities purchased under resale agreements/ securities sold under repurchase agreements

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of “Interbank and money market items” or “Loans to customers”, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of “Interbank and money market items” in the statements of financial position and the underlying securities are treated as collateral.

5.17 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period.

5.18 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable for reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.
- b) Amounts due to reinsurers are stated at the outstanding balances payable from reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

5.19 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprises unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

- | | |
|--|---|
| Transportation (cargo), travelling
accident with coverage periods
of not over six-months | - 100% of premium as from the date policy is
effective, throughout the period of insurance
coverage |
| Other | - Monthly average basis (the one-twenty fourth
basis) |

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

During the current year, the subsidiary changed its accounting policy regarding provision for life insurance, from the higher of Net Level Premium Valuation (NPV) or Gross Premium Valuation (GPV) to GPV only. The subsidiary's management believes that the GPV reflects the fair value of the provision and is more appropriate and consistent with the fact that the investments of the subsidiary are measured primarily at fair value. In addition, the GPV approach is consistent with the guidelines of the Office of Insurance Commission.

Life insurance premium reserve under NPV method is a type of actuarial method with the main assumptions used relating to mortality rate, morbidity rate, longevity and discount rates.

Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission ("OIC") regarding valuation of assets and liabilities of life insurance company.

The change had no effect on the comparative financial statements because the provision formerly recorded and presented in the comparative financial statements was determined based on GPV, which was higher than the amount of provision determined based on NPV.

5.20 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary's management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

5.21 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

5.22 Financial derivatives

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors, adjusted to reflect counterparty credit risk.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation (if any) recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

5.23 Related party transactions

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

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

5.24 Impairment of assets

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined in case that no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

5.25 Structured notes

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission (SEC), and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

5.26 Employee benefits

a) Short-term employee benefits

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

During the current year, the Company and its subsidiaries have changed the recognition of actuarial gains and losses from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current year's transactions but did not restate the prior year's financial statements presented as comparative information, since the managements of the Company and its subsidiaries consider that the change did not have a significant impact to the financial statements.

5.27 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading or translation of foreign currencies are included in determining income.

5.28 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

5.29 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.30 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market
- Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

6.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

6.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

6.3 Allowance for impairment of investments in securities

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

6.4 Assessment of investment funds as structured entities

In determining whether the funds to which a subsidiary provides asset management services are structured entities, the management is required to use judgment, taking into consideration the voting rights and other similar rights afforded to other parties, including the rights to remove the subsidiary as fund manager, liquidate the funds, or redeem holdings in the funds, and determining whether such rights are the dominant factor when deciding who controls the funds.

6.5 Fair value of financial instruments

In determining the fair value of financial instruments, which are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

6.6 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.7 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the year when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

6.8 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

6.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

6.10 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

6.11 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

6.12 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

6.13 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

6.14 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

7. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2015			2014		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	2,985	3,000	5,985	6,189	7,500	13,689
Commercial banks	418	28,651	29,069	1,072	25,090	26,162
Specialised financial institutions	1	211	212	46	90	136
Other financial institutions	28	21,469	21,497	94	21,179	21,273
Total	3,432	53,331	56,763	7,401	53,859	61,260
Add: Accrued interest receivables	-	17	17	2	20	22
Less: Allowance for doubtful accounts	(1)	(208)	(209)	-	(207)	(207)
Total domestic items	3,431	53,140	56,571	7,403	53,672	61,075
Foreign						
US Dollar	1,066	246	1,312	940	3,716	4,656
Euro	53	3	56	61	1	62
Others	202	-	202	250	-	250
Total	1,321	249	1,570	1,251	3,717	4,968
Add: Accrued interest receivables	-	-	-	-	5	5
Less: Deferred revenues	-	-	-	-	(1)	(1)
Less: Allowance for doubtful accounts	-	(3)	(3)	-	(9)	(9)
Total foreign items	1,321	246	1,567	1,251	3,712	4,963
Total	4,752	53,386	58,138	8,654	57,384	66,038

(Unit: Million Baht)

	Separate financial statements					
	2015			2014		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	25	-	25	21	-	21
Add: Accrued interest receivables	-	-	-	-	-	-
Total domestic items	25	-	25	21	-	21

As at 31 December 2015, the Company had deposits with a subsidiary company of Baht 24 million in the separate financial statements (2014: Baht 17 million).

8. Derivatives

As at 31 December 2015 and 2014, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	2015			2014		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	1,282	1,160	86,309	411	319	72,468
Derivatives for banking book	3	56	4,661	9	87	7,796
Interest rate						
Derivatives for trading	3,749	3,712	345,178	3,896	3,856	352,184
Derivatives for banking book	-	-	3,000	-	-	16,100
Foreign exchange rate and interest rate						
Derivatives for trading	395	342	8,570	19	6	2,792
Derivatives for banking book	18	1,484	11,129	54	930	12,770
Others						
Derivatives for trading	-	4	432	-	2	299
Total	5,447	6,758	459,279	4,389	5,200	464,409

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as receivables and payables in other assets/other liabilities.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2015 and 2014.

Counterparty	Consolidated financial statements	
	2015	2014
	Percent	Percent
Financial institutions	94.42	95.03
Third parties	5.58	4.97
Total	100.00	100.00

9. Investments

9.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2015		2014		2015		2014	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	6,251	6,286	8,221	8,319	-	-	-	-
Private debt securities	3,542	3,785	5,169	5,434	-	-	1	1
Domestic marketable equity securities	109	105	198	194	-	-	-	-
	9,902	10,176	13,588	13,947	-	-	1	1
Add: Allowance for change in value	274		359		-		-	
Net	10,176		13,947		-		1	
Available-for-sale securities								
Government and state enterprises securities	117,806	118,341	68,156	68,985	280	280	-	-
Private debt securities	26,082	26,832	45,325	46,226	447	463	731	755
Foreign debt securities	10,006	10,068	11,766	11,827	-	-	-	-
Domestic marketable equity securities	4,341	4,762	3,281	4,552	261	821	127	711
Unit trusts	524	524	256	259	514	514	241	241
	158,759	160,527	128,784	131,849	1,502	2,078	1,099	1,707
Add: Allowance for change in value	1,768		3,065		576		608	
Net	160,527		131,849		2,078		1,707	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2015		2014		2015		2014	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	8,666	8,852	11,157	11,473	-	-	-	-
Private debt securities	205	247	466	501	-	-	3,636	3,631
Investment in receivables purchased	1,199	2,189	1,293	1,039	694	1,131	708	620
	10,070	11,288	12,916	13,013	694	1,131	4,344	4,251
Less: Allowance for impairment	(233)		(254)		(111)		(88)	
Net	9,837		12,662		583		4,256	
General investment								
Domestic non-marketable equity securities	3,831		3,879		76		112	
Foreign non-marketable equity securities	39		39		-		-	
Unit trusts	254		58		-		-	
	4,124		3,976		76		112	
Less: Allowance for impairment	(102)		(116)		(25)		(36)	
Net	4,022		3,860		51		76	
Total investments - net	184,562		162,318		2,712		6,040	

9.2 Classified by remaining period of debt securities

(Unit: Million Baht)

Consolidated financial statements										
2015						2014				
Due within						Due within				
Less						Less				
than						than				
1 - 5						1 - 5				
Over						Over				
At call	1 year	years	5 years	Total		At call	1 year	years	5 years	Total
Available-for-sale securities										
Government and state enterprises securities										
	263	37,641	79,143	759	117,806	-	14,253	53,413	490	68,156
Private debt securities	-	3,917	19,050	3,115	26,082	-	15,872	25,876	3,577	45,325
Foreign debt securities	-	1,313	8,329	364	10,006	-	-	11,434	332	11,766
Total	263	42,871	106,522	4,238	153,894	-	30,125	90,723	4,399	125,247
Add: Allowance for change in value	-	83	1,058	206	1,347	-	114	1,472	205	1,791
Total	263	42,954	107,580	4,444	155,241	-	30,239	92,195	4,604	127,038
Held-to-maturity debt securities										
Government and state enterprises securities										
	-	8,624	-	42	8,666	-	2,696	8,419	42	11,157
Private debt securities	-	15	40	150	205	-	107	209	150	466
Investments in receivables purchased ⁽¹⁾	1,199	-	-	-	1,199	1,293	-	-	-	1,293
Total	1,199	8,639	40	192	10,070	1,293	2,803	8,628	192	12,916
Less: Allowance for impairment	(233)	-	-	-	(233)	(254)	-	-	-	(254)
Total	966	8,639	40	192	9,837	1,039	2,803	8,628	192	12,662
Total debt securities	1,229	51,593	107,620	4,636	165,078	1,039	33,042	100,823	4,796	139,700

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

(Unit: Million Baht)

Separate financial statements

	2015					2014				
	Due within					Due within				
	Less					Less				
	At call	than 1 year	1 - 5 years	Over 5 years	Total	At call	than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities	-	280	-	-	280	-	-	-	-	-
Private debt securities	-	-	447	-	447	-	-	650	81	731
Total	-	280	447	-	727	-	-	650	81	731
Add: Allowance for change in value	-	-	16	-	16	-	-	21	3	24
Total	-	280	463	-	743	-	-	671	84	755
Held-to-maturity debt securities										
Private debt securities	-	-	-	-	-	-	-	-	3,636	3,636
Investments in receivables purchased ⁽¹⁾	694	-	-	-	694	708	-	-	-	708
Total	694	-	-	-	694	708	-	-	3,636	4,344
Less: Allowance for impairment	(111)	-	-	-	(111)	(88)	-	-	-	(88)
Total	583	-	-	-	583	620	-	-	3,636	4,256
Total debt securities	583	280	463	-	1,326	620	-	671	3,720	5,011

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

9.3 As at 31 December 2014, the Company has investments of Baht 3,636 million in perpetual non-cumulative subordinated hybrid bonds (Hybrid Tier I). These debentures are unsecured and non-convertible and will be redeemed only upon the dissolution of Thanachart Bank or when specified conditions are met. The debentures bear interest at a rate equal to the highest rate for Thanachart Bank's six-month fixed deposit plus 6 percent per annum, payable semi-annually. During the fourth quarter of 2015, Thanachart Bank had early redeemed these debentures.

9.4 Investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 31 December 2015 and 2014, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiary or associated companies, separated by industry as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Manufacturing and commerce	1,408	1,431	699	711
Banking and finance sector	4	4	-	-
Real estate and construction	21	21	20	20

9.5 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 December 2015 and 2014 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Investments in receivables purchased	1,199	1,293	694	708
Less: Allowance for impairment	(233)	(254)	(111)	(88)
Investments in receivables purchased - net	966	1,039	583	620

	2015				2014			
	Number	Balance			Number	Balance		
	of	per	Purchase	Yield	of	per	Purchase	Yield
	debtors	agreement	price		debtors	agreement	price	
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<u>Consolidated financial statements</u>								
Total accumulated investments								
in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	325	8,632	1,199		510	9,875	1,293	
<u>Separate financial statements</u>								
Total accumulated investments								
in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in								
receivables purchased as at								
the end of the year	199	4,842	694		202	4,850	708	

During the years 2015 and 2014, the Company and its subsidiaries have entered into debt restructuring agreements with its investments in receivables purchased, by means of various types of restructuring, as summarised below.

Type of restructuring	Consolidated financial statements				
	Number of	Outstanding	Outstanding	Type of assets to	Fair value of
	debtors	balances before	balances after		assets to be
		restructuring	restructuring	be transferred	transferred under
		Million Baht	Million Baht		agreement
<u>2015</u>					
Modification of repayment conditions	3	3	3		
Total	3	3	3		
<u>2014</u>					
Modification of repayment conditions	2	4	4		
Transfer of assets	1	6	6	Land and	17
				premise thereon	
Total	3	10	10		

Type of restructuring	Separate financial statements		
	Number of debtors	Outstanding balances before restructuring	Outstanding balances after restructuring
		Million Baht	Million Baht
<u>2015</u>			
Modification of repayment conditions	3	3	3
Total	3	3	3
<u>2014</u>			
Modification of repayment conditions	-	-	-
Total	-	-	-

The remaining periods to maturity of the restructured debts of the Company and its subsidiaries, counting from the end of the years are as follows:

Periods	Consolidated financial statements			
	2015		2014	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	3	3	3	10
Total	3	3	3	10

Periods	Separate financial statements			
	2015		2014	
	Number of receivables	Outstanding balances after restructuring	Number of receivables	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	3	3	-	-
Total	3	3	-	-

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 December 2015 and 2014, there was no outstanding restructured receivables in the investments in receivables purchased account.

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

As at 31 December 2015 and 2014, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

Consolidated financial statements

	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2015	2014	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>								
1. Closed financial institutions	6	7	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial position to listed companies vulnerable to delisting from the SET	-	1	-	3	-	-	-	3
3. Companies which have loan settlement problems or have defaulted on the repayment	127	169	929	994	1,429	1,456	155	178

Separate financial statements

	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2015	2014	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
<u>Investments in receivables purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	68	69	537	547	918	921	59	59

10. Investments in subsidiary and associated companies

10.1 Separate financial statements

As at 31 December 2015 and 2014, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the years	
	2015	2014	2015	2014	2015	2014	2015	2014
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	55,137	50.96	50.96	31,866	29,056	1,944	1,264
NFS Asset Management Co., Ltd.	700	1,000	100.00	100.00	700	1,000	585	350
Siam City Life Assurance Plc.	700	700	51.00	53.50	460	482	-	-
Max Asset Management Co., Ltd.	143	143	83.44	83.44	117	117	-	327
NASSET Property Fund 6	121	122	99.80	99.80	88	122	-	4
<u>Associated company</u>								
MBK Plc.	1,886	1,886	10.00	10.00	658	658	113	113
Total investments in subsidiary and associated companies					33,889	31,435	2,642	2,058

On 2 June 2014, the Company purchased 37,450,000 ordinary shares of Siam City Life Assurance Plc. from Thanachart Bank Plc. totaling Baht 482 million, and on 5 January 2015, the Company sold its investment in 1,750,000 ordinary shares of Siam City Life Assurance Plc., to MBK Plc. for Baht 23 million.

During the year 2014, Max Asset Management Co., Ltd. decreased its registered shares capital and returned of Baht 358 million to the Company, based on the par value. The Company therefore recorded a gain on capital return of Baht 6 million in the separate financial statements. This gain has been eliminated in the consolidated financial statements.

On 5 October 2015, the Company purchased 280,972,659 new ordinary shares of Thanachart Bank Plc. at Baht 10 each, totaling Baht 2,810 million, and the Company's shareholding remains at 50.96%.

During the year 2015, NFS Asset Management Co., Ltd. decreased its registered shares capital and returned Baht 300 million to the Company, based on the par value. However, the Company had no gain on the capital return.

During the year 2015, NASSET Property Fund 6 returned capital of Baht 34 million to the Company. On the first occasion, it returned Baht 2 million as a result of the reduction in the number of registered units, based on the net asset value on the date it announced the capital return to the unit holders. The Company recorded a gain on capital return of Baht 1 million in the separate financial statements and this was eliminated in the consolidated financial statements. The second occasion was the return of Baht 32 million as a result of liquidation, since the Fund matured on 31 August 2015 (2014: capital returned of Baht 337 million with gain of Baht 92 million).

10.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years		Profit allocated to non-controlling interests during the years		Other comprehensive income allocated to non-controlling interests during the years	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	(%)	(%)								
Thanachart Bank Plc. and its subsidiaries	49.04	49.04	58,122	52,371	1,986	1,307	5,634	5,141	(551)	626
Siam City Life Assurance Plc.	49.00	46.50	481	516	-	-	(22)	140	(36)	17

10.3 Summarised financial information of subsidiaries that have material non-controlling interests based on amounts before inter-company elimination

Summarised information about financial position

(Unit: Million Baht)

	Thanachart Bank Plc. and its subsidiaries		Siam City Life Assurance Plc.	
	2015	2014	2015	2014
Total assets	980,972	1,008,890	11,052	11,294
Total liabilities	863,282	902,725	9,886	9,931

Summarised information about comprehensive income

(Unit: Million Baht)

	Thanachart Bank Plc. and its subsidiaries		Siam City Life Assurance Plc.	
	2015	2014	2015	2014
Net operating income	39,881	39,311	(19)	357
Profit for the year (loss)	11,126	10,195	(123)	202
Other comprehensive income (loss)	(1,170)	1,318	(75)	37
Total comprehensive income (loss)	9,956	11,513	(198)	239

Summarised information about cash flow

(Unit: Million Baht)

	Thanachart Bank Plc. and its subsidiaries		Siam City Life Assurance Plc.	
	2015	2014	2015	2014
Cash flow from operating activities	38,450	16,157	681	2,294
Cash flow used in investing activities	(22,412)	(8,689)	(681)	(2,294)
Cash flow used in financing activities	(19,306)	(8,803)	-	-
Net decrease in cash	(3,268)	(1,335)	-	-

10.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2015	2014	2015	2014	2015	2014
Cash flows from operating activities						
Profit before income tax (loss)	58	82	73	171	(83)	960
Adjustments to reconcile profit (losses) before income tax to net cash provided by (paid for) operating activities						
Gain on assets transferred for debt settlement	-	(8)	(37)	(13)	-	-
Loss on impairment of property foreclosed (reversal)	(27)	(65)	6	(8)	134	24
Reversal of impairment loss of loans and debt securities	(9)	(1)	(2)	-	(811)	(645)
Others	(1)	(4)	-	1	1	2
	21	4	40	151	(759)	341

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2015	2014	2015	2014	2015	2014
Interest income	25	(42)	21	(37)	(346)	(355)
Dividend income	(3)	(3)	-	-	-	-
Cash received from interest	10	39	6	34	409	482
Cash paid for income tax	(10)	(18)	(2)	(51)	(73)	(153)
Income from operating activities before changes in operating assets and liabilities (loss)	43	(20)	65	97	(769)	315
Decrease (increase) in operating assets						
Current investments	94	10	(134)	270	-	-
Investments in receivables purchased	26	(2)	15	41	-	-
Loans to customers	27	72	25	35	3,630	1,079
Property foreclosed	59	173	50	(129)	920	428
Other assets	(2)	34	2	15	(4)	(6)
Increase (decrease) in operating liabilities						
Interbank and money market items	-	-	-	-	(2,211)	(1,653)
Provisions	-	-	-	-	(8)	(1)
Other liabilities	21	(15)	(40)	146	(5)	(50)
Net cash flows from (used in) operating activities	268	252	(17)	475	1,553	112
Cash flows from investing activities						
Cash received from dividend	3	3	-	-	-	-
Net cash flows from investing activities	3	3	-	-	-	-
Cash flows from financing activities						
Cash received from debts issued and borrowings	650	-	45	349	-	-
Cash paid for capital returned	(300)	-	-	(429)	-	-
Cash paid for interest on debts issued and borrowings	(36)	-	(27)	(1)	(52)	(119)
Cash paid for dividend	(585)	(350)	-	(392)	(1,500)	-
Net cash flows from (used in) financing activities	(271)	(350)	18	(473)	(1,552)	(119)
Net increase (decrease) in cash and cash equivalents	-	(95)	1	2	1	(7)
Cash and cash equivalents at the beginning of the year	14	109	11	9	54	61
Cash and cash equivalents at the end of the year	14	14	12	11	55	54

10.5 During the year 2014, Thanachart SPV 01 Co., Ltd. registered its dissolution and completed its liquidation process.

10.6 Investment in an associated company in the consolidated financial statements

As at 31 December 2015 and 2014, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income during the years		Share of profit during the years		Share of other comprehensive income (loss) during the years	
					Cost method		Equity method							
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
MBK Plc. (operating in property rental, hotel and services businesses)	1,886	1,886	19.90	19.90	948	948	2,353	2,417	225	225	272	264	(42)	11
Total investment in an associated company					948	948	2,353	2,417	225	225	272	264	(42)	11

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

10.7 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2015 and 2014 and for the years then ended are as follows:

Summarised information about financial position

(Unit: Million Baht)

	30 September 2015	30 September 2014
Total assets	39,487	37,799
Total liabilities	(22,173)	(20,561)
Other equity items of an associated company	1,810	1,743
Net assets	19,124	18,981
Shareholding percentage (%)	19.90	19.90
Share of net assets	3,806	3,777
Elimination entries	(1,510)	(1,417)
Goodwill	57	57
Carrying amounts of associate based on equity method	2,353	2,417

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 30 September ⁽¹⁾	
	2015	2014
Revenue	10,812	10,001
Profit for the year	1,408	1,323
Other comprehensive income	(795)	448
Total comprehensive income for the year	613	1,771

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2015 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2015 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the year ended 30 September 2015 is not materially different from the income for the year ended 31 December 2015.

b) Fair value of investment in an associated company

As at 31 December 2015 and 2014, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
MBK Plc.	5,293	5,443	2,659	2,734

11. Loans to customers and accrued interest receivables

11.1 Classified by loan type

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Loans to customers</u>				
Overdrafts	18,294	20,773	-	-
Loans	271,375	282,197	116	184
Notes receivables	54,892	48,154	994	299
Hire purchase receivables	415,334	454,981	56	59
Financial lease receivables	1,463	1,202	-	-
Others	351	301	-	-
Less: Deferred revenues	(50,539)	(55,787)	(3)	(3)
Total loans to customers net of deferred revenues	711,170	751,821	1,163	539
Add: Accrued interest receivables	667	788	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	711,837	752,609	1,163	539
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(16,070)	(18,948)	(91)	(150)
- Collective approach	(8,555)	(8,934)	-	-
2) Excess provision	(1,502)	(294)	-	-
Less: Revaluation allowance for debt restructuring	(4)	(103)	-	-
Loans to customers and accrued interest receivables - net	685,706	724,330	1,072	389
<u>Securities business receivables</u>				
Credit balances receivables	3,336	3,633	-	-
Other receivables	122	202	-	-
Total securities business receivables	3,458	3,835	-	-
Less: Allowance for doubtful accounts	(113)	(171)	-	-
Securities business receivables - net	3,345	3,664	-	-
Total loans to customers and accrued interest receivables - net	689,051	727,994	1,072	389

11.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	692,357	-	692,357	731,593	100	731,693
US Dollar	14,054	7,082	21,136	15,521	8,299	23,820
Other currencies	346	789	1,135	143	-	143
Total*	706,757	7,871	714,628	747,257	8,399	755,656

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,163	-	1,163	539	-	539
Total*	1,163	-	1,163	539	-	539

* Total loans net of deferred revenues

11.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2015							
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	14,563	24	14	33	369	15,003	2	15,005
Manufacturing and commerce	72,182	552	507	304	5,010	78,555	261	78,816
Real estate and construction	47,943	350	171	163	1,214	49,841	32	49,873
Public utilities and services	62,803	1,317	255	271	924	65,570	109	65,679
Personal consuming								
Housing loans	85,748	1,171	603	490	1,047	89,059	29	89,088
Securities business	-	-	-	-	-	-	3,458	3,458
Hire purchase	300,554	26,914	1,804	1,917	4,240	335,429	29,553	364,982
Others	24,678	624	591	157	613	26,663	304	26,967
Others	20,392	16	173	1	178	20,760	-	20,760
Total*	628,863	30,968	4,118	3,336	13,595	680,880	33,748	714,628

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements

2014

The Company and subsidiary companies which are financial institutions

	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total	Other subsidiary companies	Consolidated
Agricultural and mining	11,540	9	4	6	487	12,046	2	12,048
Manufacturing and commerce	72,117	1,524	1,508	431	8,350	83,930	169	84,099
Real estate and construction	49,311	339	223	175	2,033	52,081	20	52,101
Public utilities and services	61,226	1,498	433	375	2,547	66,079	89	66,168
Personal consuming								
Housing loans	81,064	1,175	560	538	2,396	85,733	20	85,753
Securities business	-	-	-	-	-	-	3,835	3,835
Hire purchase	332,452	29,113	2,304	2,297	5,123	371,289	28,052	399,341
Others	25,329	787	668	249	816	27,849	292	28,141
Others	23,609	13	108	64	375	24,169	1	24,170
Total*	656,648	34,458	5,808	4,135	22,127	723,176	32,480	755,656

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

2015

	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	3	3
Personal consuming						
Housing loans	17	-	1	-	6	24
Hire purchase	-	-	-	-	53	53
Others	-	-	-	-	97	97
Others	986	-	-	-	-	986
Total*	1,003	-	1	-	159	1,163

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements				
	2014				
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss
Manufacturing and commerce	-	-	-	-	2
Public utilities and services	-	-	-	-	1
Personal consuming					
Housing loans	16	-	1	-	7
Hire purchase	-	-	-	-	56
Others	-	-	-	6	159
Others	291	-	-	-	-
Total*	307	-	1	6	225

* Total loans net of deferred revenues

11.4 Non-performing loans

As at 31 December 2015 and 2014, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Non-performing loans (excluding accrued interest receivables)				
The Company	160	232	160	232
Banking business	15,957	22,565	-	-
Securities business	113	172	-	-
Asset management business	4,932	9,273	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Company and its subsidiaries (banking and securities businesses) had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
The Company	160	232	160	232
Banking business	16,940	22,998	-	-
Securities business	113	172	-	-

The Company recognises income from loans that were transferred from investment in receivables on a cash basis. Subsidiary companies engaged in the asset management business also recognise income from loans on a cash basis.

11.5 Debt restructuring

During the years 2015 and 2014, the Company and its subsidiaries (banking, asset management and securities businesses) have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				
	Number of debtors	Outstanding	Outstanding	Type of assets to be transferred	Fair value of assets to be transferred under
		balances before restructuring ⁽¹⁾	balances after restructuring ⁽¹⁾		agreement
		Million Baht	Million Baht		Million Baht
2015					
Transfer of assets	2	2	2	Land and premise	2
Modification of repayment conditions	2,242	3,615	3,498		
Transfer of assets and/or common shares and/or modification of repayment conditions	34	309	308	Land, land and premise thereon	310
Total	2,278	3,926	3,808		
2014					
Modification of repayment conditions	3,790	6,264	6,240		
Transfer of assets and/or common shares and/or modification of repayment conditions	55	570	513	Land, land and premise thereon	447
Total	3,845	6,834	6,753		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Type of restructuring	Separate financial statements		
	Number of debtors	Outstanding balances	Outstanding balances
		before restructuring ⁽¹⁾	after restructuring ⁽¹⁾
		Million Baht	Million Baht
2015			
Modification of repayment conditions	3	-	-
Total	3	-	-
2014			
Modification of repayment conditions	9	8	8
Total	9	8	8

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the years, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2015 and 2014, are summarised below.

Periods	Consolidated financial statements			
	2015		2014	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	799	1,143	1,543	1,976
Due within the year	387	1,721	511	2,279
Less than 5 years	634	243	873	1,354
5 - 10 years	357	389	797	803
10 - 15 years	40	177	47	195
Over 15 years	61	135	74	146
Total	2,278	3,808	3,845	6,753

Periods	Separate financial statements			
	2015		2014	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Due within the year	3	-	8	-
5 - 10 years	-	-	1	8
Total	3	-	9	8

Supplemental information for the years 2015 and 2014 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Interest incomes recognised in the statements of comprehensive income	1,228	1,534	7	4
Gain on debt settlement	47	54	2	-
Gain on transfers of assets for debt repayment	-	13	-	-
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	-	1	-	-
Hair cut loss per agreement	-	57	-	-
Cash repayment from receivables	5,238	9,699	18	7
Property foreclosed received for debt settlement	338	771	-	-

As at 31 December 2015 and 2014, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	17	53	101	109	13	15
Thanachart Bank Plc.	20,756	31,690	11,196	14,465	4,668	7,260
Thanachart Securities Plc.	1	3	7	35	7	35
TS Asset Management Co., Ltd.	564	1,155	5,316	8,720	3,249	4,190
Other subsidiaries	141	165	409	451	134	143

11.6 Hire purchase/financial lease receivables

As at 31 December 2015 and 2014, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2015				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	126,785	270,797	19,215	416,797
Less: Unearned finance income	(19,137)	(30,288)	(1,072)	(50,497)
Present value of minimum lease payments receivables	107,648	240,509	18,143	366,300
Allowance for doubtful accounts				(10,845)
Hire purchase/financial lease receivables - net				355,455

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2014				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	135,979	300,551	19,653	456,183
Less: Unearned finance income	(21,028)	(33,586)	(1,127)	(55,741)
Present value of minimum lease payments receivables	114,951	266,965	18,526	400,442
Allowance for doubtful accounts				(11,364)
Hire purchase/financial lease receivables - net				389,078

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2015				
Amounts due under lease agreements				
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	56	-	-	56
Less: Unearned finance income	(3)	-	-	(3)
Present value of minimum lease payments receivables	53	-	-	53
Allowance for doubtful accounts				(53)
Hire purchase/financial lease receivables - net				-

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2014				
Amounts due under lease agreements				
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	59	-	-	59
Less: Unearned finance income	(3)	-	-	(3)
Present value of minimum lease payments receivables	56	-	-	56
Allowance for doubtful accounts				(56)
Hire purchase/financial lease receivables - net				-

* Included non-performing receivables

11.7 Classified by classification

As at 31 December 2015 and 2014, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

Consolidated financial statements ⁽¹⁾						
	2015			2014		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts ⁽²⁾
Normal	629,494	424,401	8,101	657,369	454,666	5,831
Special mention	30,993	27,994	3,524	34,488	30,176	4,342
Substandard	4,119	2,725	1,819	5,809	3,365	2,421
Doubtful	3,336	2,441	1,352	4,135	2,824	1,704
Doubtful of loss	13,595	8,972	8,096	22,154	13,178	11,760
Total	681,537	466,533	22,892	723,955	504,209	26,058
Additional allowance for possible uncollectible accounts			1,502			294
Total			24,394			26,352

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

(2) As at 31 December 2015, the provisions set aside by the Company and subsidiary companies exceeded the minimum requirement per the BOT's notification No. Sor Nor Sor 31/2551 by a total of Baht 9,681 million (2014: Baht 7,051 million). The Company and subsidiary companies allocated Baht 8,179 million (2014: Baht 6,757 million) of the excess provision to a specific provision for an individual debtor and so combined with the minimum provision requirement of Baht 14,713 million (2014: Baht 19,301 million), the total provision set aside in accordance with BOT requirements is Baht 22,892 million (2014: Baht 26,058 million).

(Unit: Million Baht)

Separate financial statements						
	2015			2014		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	1,003	986	10	307	291	3
Special mention	-	-	-	-	-	-
Substandard	1	-	-	1	-	-
Doubtful	-	-	-	6	-	-
Doubtful of loss	159	81	81	225	147	147
Total	1,163	1,067	91	539	438	150

	Percentage of allowance for doubtful account set up			
	Hire purchase receivables -			
	personal consumer for Thanachart Bank ⁽³⁾		Other loans	
	2015	2014	2015	2014
Normal	0.76	0.52	1	1
Special mention	8.56	8.47	2	2
Substandard	46.40	52.63	100	100
Doubtful	41.47	48.56	100	100
Doubtful of loss	60.98	51.73	100	100

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

11.8 Loans to companies which have settlement problems

As at 31 December 2015 and 2014, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements							
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts
	2015	2014	2015	2014	2015	2014	
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	2	6	416	713	8	67	408
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	39	45	490	898	322	585	169
3. Companies which have loan settlement problems or have defaulted on the repayment	949	1,117	8,518	14,988	3,972	8,470	4,907
							7,043

	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts	
	2015	2014	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	22	28	84	91	88	94	11	12

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

As at 31 December 2015 and 2014, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission ("SEC") governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	2015			2014		
	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts
Normal	3,345	-	3,345	3,663	-	3,663
Substandard	1	1	-	5	4	1
Doubtful	112	112	-	167	167	-
Total	3,458	113	3,345	3,835	171	3,664

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

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

As at 31 December 2015 and 2014, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

	(Unit: Million Baht)	
	2015	2014
Current or overdue not over 90 days	28,548	26,817
Overdue 91 - 365 days	922	1,018
Overdue more than 1 year	218	131
Debtors under legal actions	269	367
Total	29,957	28,333
Allowance for doubtful accounts provided in the accounts	1,731	1,822

12. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2015									
The Company and subsidiary companies which are financial institutions								Other subsidiary companies	Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Excess provision	Total		
Balance - beginning of the year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347
Increase (decrease) during the year	2,270	(818)	(602)	(352)	2,351	1,208	4,057	63	4,120
Bad debts recovery	-	-	-	-	1,609	-	1,609	15	1,624
Bad debts written-off	-	-	-	-	(7,624)	-	(7,624)	(227)	(7,851)
Balance - end of the year	8,101	3,524	1,819	1,352	8,096	1,502	24,394	1,846	26,240

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2014									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	7,163	4,217	2,729	5,125	9,682	8	28,924	1,543	30,467
Increase (decrease) during the year	(1,332)	125	(308)	(3,421)	8,311	286	3,661	559	4,220
Bad debts recovery	-	-	-	-	1,210	-	1,210	8	1,218
Bad debts written-off	-	-	-	-	(7,443)	-	(7,443)	(115)	(7,558)
Balance - end of the year	5,831	4,342	2,421	1,704	11,760	294	26,352	1,995	28,347

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2015						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	3	-	-	-	147	150
Increase (decrease) during the year	7	-	-	-	(67)	(60)
Bad debts recovery	-	-	-	-	1	1
Balance - end of the year	10	-	-	-	81	91

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2014						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	-	-	-	-	180	180
Increase (decrease) during the year	3	-	-	-	(23)	(20)
Bad debts recovery	-	-	-	-	1	1
Bad debts written-off	-	-	-	-	(11)	(11)
Balance - end of the year	3	-	-	-	147	150

13. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Balance - beginning of the year	103	305	-	-
Amortised during the year	(99)	(202)	-	-
Balance - end of the year	4	103	-	-

14. Classification of assets

As at 31 December 2015 and 2014, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2015					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	48,755	629,494	-	-	236	678,485
Special mention	-	30,993	-	-	127	31,120
Substandard	-	4,119	-	-	14	4,133
Doubtful	-	3,336	-	-	14	3,350
Doubtful of loss	-	13,595	607	1,351	377	15,930
Total	48,755	681,537	607	1,351	768	733,018

(Unit: Million Baht)

Consolidated financial statements

2014

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	46,399	657,369	-	-	276	704,044
Special mention	-	34,488	-	-	134	34,622
Substandard	-	5,809	-	-	18	5,827
Doubtful	-	4,135	-	-	17	4,152
Doubtful of loss	-	22,154	317	1,081	370	23,922
Total	46,399	723,955	317	1,081	815	772,567

(Unit: Million Baht)

Separate financial statements

2015

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	1,003	-	-	-	1,003
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	159	148	717	77	1,101
Total	-	1,163	148	717	77	2,105

(Unit: Million Baht)

Separate financial statements

2014

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	307	-	-	-	307
Special mention	-	-	-	-	-	-
Substandard	-	1	-	-	-	1
Doubtful	-	6	-	-	-	6
Doubtful of loss	-	225	124	663	78	1,090
Total	-	539	124	663	78	1,404

15. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2015				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	6,603	333	(1,660)	5,276
Movable assets	1,545	6,066	(7,007)	604
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	1,654	286	(191)	1,749
Non-used branches				
External appraiser	241	11	(162)	90
Total property foreclosed	10,043	6,696	(9,020)	7,719
Less: Allowance for impairment	(1,112)	(1,037)	764	(1,385)
Property foreclosed - net	8,931	5,659	(8,256)	6,334

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2014					
	Balance - beginning of the year	Additions	Disposals	Change appraiser	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	6,310	571	(988)	710	6,603
Internal appraiser	710	-	-	(710)	-
Movable assets	1,284	8,025	(7,764)	-	1,545
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	1,335	449	(130)	-	1,654
Non-used branches					
External appraiser	240	14	(13)	-	241
Total property foreclosed	9,879	9,059	(8,895)	-	10,043
Less: Allowance for impairment	(852)	(1,034)	774	-	(1,112)
Property foreclosed - net	9,027	8,025	(8,121)	-	8,931

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2015				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,188	6	(33)	1,161
Movable assets	1	-	-	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	278	-	(50)	228
Others				
Immovable assets				
External appraiser	82	2	(4)	80
Total property foreclosed	1,549	8	(87)	1,470
Less: Allowance for impairment	(663)	(86)	32	(717)
Property foreclosed - net	886	(78)	(55)	753

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2014				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,296	8	(116)	1,188
Movable assets	2	-	(1)	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	303	6	(31)	278
Others				
Immovable assets				
External appraiser	91	7	(16)	82
Total property foreclosed	1,692	21	(164)	1,549
Less: Allowance for impairment	(437)	(236)	10	(663)
Property foreclosed - net	1,255	(215)	(154)	886

16. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2015						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2014	4,447	2,599	6,227	111	91	13,475
Additions	-	49	525	4	268	846
Transfers/disposals	(12)	(21)	89	(22)	(302)	(268)
31 December 2015	4,435	2,627	6,841	93	57	14,053
<u>Accumulated depreciation</u>						
31 December 2014	-	757	4,553	84	-	5,394
Transfers/disposals	-	(20)	(208)	(21)	-	(249)
Depreciation for the year	-	120	632	10	-	762
31 December 2015	-	857	4,977	73	-	5,907
<u>Allowance for impairment</u>						
31 December 2014	68	25	6	-	-	99
31 December 2015	68	25	6	-	-	99
<u>Net book value</u>						
31 December 2015	4,367	1,745	1,858	20	57	8,047
Depreciation for the year						762

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2014						
	Land	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	4,460	2,624	5,708	134	163	13,089
Additions	-	2	517	6	139	664
Transfers/disposals	(13)	(27)	2	(29)	(211)	(278)
31 December 2014	4,447	2,599	6,227	111	91	13,475
<u>Accumulated depreciation</u>						
31 December 2013	-	650	4,159	96	-	4,905
Transfers/disposals	-	(21)	(196)	(27)	-	(244)
Depreciation for the year	-	128	590	15	-	733
31 December 2014	-	757	4,553	84	-	5,394
<u>Allowance for impairment</u>						
31 December 2013	68	26	6	-	-	100
Decrease during the year	-	(1)	-	-	-	(1)
31 December 2014	68	25	6	-	-	99
<u>Net book value</u>						
31 December 2014	4,379	1,817	1,668	27	91	7,982
Depreciation for the year						733

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2015

	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2014	3	62	72	27	-	164
Additions	-	-	2	-	-	2
Transfers/disposals	-	(17)	(4)	-	-	(21)
31 December 2015	3	45	70	27	-	145
<u>Accumulated depreciation</u>						
31 December 2014	-	40	59	22	-	121
Transfers/disposals	-	(15)	(4)	-	-	(19)
Depreciation for the year	-	3	4	1	-	8
31 December 2015	-	28	59	23	-	110
<u>Net book value</u>						
31 December 2015	3	17	11	4	-	35
Depreciation for the year						8

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2014

	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
31 December 2013	3	62	66	26	-	157
Additions	-	-	3	1	3	7
Transfers/disposals	-	-	3	-	(3)	-
31 December 2014	3	62	72	27	-	164
<u>Accumulated depreciation</u>						
31 December 2013	-	37	55	18	-	110
Depreciation for the year	-	3	4	4	-	11
31 December 2014	-	40	59	22	-	121
<u>Net book value</u>						
31 December 2014	3	22	13	5	-	43
Depreciation for the year						11

As at 31 December 2015 and 2014, the Company and its subsidiaries have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 8 million and Baht 11 million, respectively. In addition, the Company and its subsidiaries have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 4,326 million and Baht 3,714 million, respectively (separate financial statements: the Company have vehicles acquired under financial lease agreements with net book values amounting to approximately Baht 2 million and Baht 5 million, respectively and have office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 73 million and Baht 73 million, respectively).

17. Intangible assets

(Unit: Million Baht)

	For the year ended 31 December 2015					Separate financial statements
	Consolidated financial statements					statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2014	4,100	2,227	7	229	6,563	10
Additions	-	115	1	155	271	1
Transfers/disposals	-	100	-	(114)	(14)	(2)
31 December 2015	4,100	2,442	8	270	6,820	9
<u>Accumulated amortisation</u>						
31 December 2014	2,127	939	7	-	3,073	8
Amortisation for the year	462	225	-	-	687	-
31 December 2015	2,589	1,164	7	-	3,760	8
<u>Allowance for impairment</u>						
31 December 2014	-	63	-	-	63	-
Decrease during the year	-	(14)	-	-	(14)	-
31 December 2015	-	49	-	-	49	-
<u>Net book value</u>						
31 December 2015	1,511	1,229	1	270	3,011	1
Remaining amortisation period	4.25 years	0 - 10 years	-	-		0 - 2 years
Amortisation for the year					687	-

(Unit: Million Baht)

For the year ended 31 December 2014

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
31 December 2013	4,100	1,960	7	240	6,307	8
Additions	-	150	-	106	256	2
Transfers/disposals	-	117	-	(117)	-	-
31 December 2014	4,100	2,227	7	229	6,563	10
<u>Accumulated amortisation</u>						
31 December 2013	1,655	738	7	-	2,400	8
Amortisation for the year	472	201	-	-	673	-
31 December 2014	2,127	939	7	-	3,073	8
<u>Allowance for impairment</u>						
31 December 2013	-	63	-	-	63	-
31 December 2014	-	63	-	-	63	-
<u>Net book value</u>						
31 December 2014	1,973	1,225	-	229	3,427	2
Amortisation for the year					673	-

As at 31 December 2015 and 2014, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 92 million and Baht 93 million, respectively (separate financial statements: Baht 7 million and Baht 8 million, respectively).

18. Goodwill

As at 31 December 2015 and 2014, goodwill stated in the consolidated financial statements are as follows:

	(Unit: Million Baht)	
	2015	2014
Goodwill	17,986	17,986
Deferred gain on disposal of investment	(779)	(1,017)
Goodwill at end of the year	17,207	16,969

19. Deferred tax assets/ liabilities and income tax

19.1 Deferred tax assets/ liabilities

As at 31 December 2015 and 2014, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax assets	1,175	1,168	55	61
Deferred tax liabilities	(1,024)	(1,826)	-	-
Net	151	(658)	55	61

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

(Unit: Million Baht)

	Consolidated financial statements	
	2015	2014
Deferred tax assets		
Intercompany gain from disposal of assets	292	340
Non-accrual of interest income	81	102
Allowance for doubtful debts - general provision/other assets	771	558
Allowance for impairment of properties foreclosed	267	220
Provisions for employee benefits	427	384
Provisions	238	182
Accrued interest expenses/Accrued expenses	97	111
Insurance contract liabilities	292	292
Unused tax loss	42	71
Fees income received in advance	381	382
Late payment fee	176	147
Others	374	255
Deferred tax assets	3,438	3,044
Deferred tax liabilities		
Assets transferred as a result of business combination	(1,115)	(1,108)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(1,349)	(1,370)
Intangible assets	(302)	(395)
Unrealised gains on changes in value of available-for-sale securities	(353)	(614)
Others	(168)	(215)
Deferred tax liabilities	(3,287)	(3,702)
Net	151	(658)

(Unit: Million Baht)

	Separate financial statements	
	2015	2014
Deferred tax assets		
Allowance for impairment of properties foreclosed	138	133
Difference between appraisal value of properties foreclosed and amount of asset transfer for debt settlement	20	20
Provisions for employee benefits	7	7
Provisions	3	2
Unused tax loss	3	21
Others	1	2
	172	185
Deferred tax liabilities		
Unrealised gains on changes in value of available-for-sale securities	(115)	(122)
Others	(2)	(2)
	(117)	(124)
Net	55	61

As at 31 December 2015 and 2014, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 985 million and Baht 573 million, respectively (separate financial statements: Baht 931 million and Baht 555 million, respectively) on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow full utilisation of the temporary differences and unused full tax losses.

The unused tax losses amounting to Baht 665 million will expire by 2016 - 2020.

In addition, as at 31 December 2015, Thanachart Bank ("a subsidiary") has tax losses totaling Baht 25,326 million arising from investment in a subsidiary company which has already completed the liquidation process. These will expire by 2020. The subsidiary has not recognised deferred tax assets in respect of these losses because management's assessment is that there is uncertainty about their future benefit.

19.2 Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current income tax:				
Corporate income tax charge for the year	714	2,814	-	-
Adjustment in respect of income tax from previous year	12	67	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(501)	(323)	13	(34)
Income tax expense reported in statements of comprehensive income (income)	225	2,558	13	(34)

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	(259)	355	(6)	29
Deferred tax relating to actuarial loss on defined benefit plan	(42)	-	-	-
Deferred tax relating to share of other comprehensive income of an associated company	(2)	1	-	-
	(303)	356	(6)	29

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accounting profit before tax	11,286	12,994	2,207	1,618
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	2,257	2,599	441	324
Adjustment in respect of income tax from previous year	12	67	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(2,044)	(108)	(428)	(358)
Income tax expenses reported in statements of comprehensive income	225	2,558	13	(34)

20. Receivables from purchase and sale of securities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Receivables from purchase and sale of securities	912	1,805	-	-

21. Accrued interest and dividend income receivables

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accrued interest receivable	1,094	1,112	2	77
Dividend income receivable	-	-	680	-
Total	1,094	1,112	682	77

22. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accrued premium insurance income	275	274	-	-
Other receivables	1,202	1,127	76	78
VAT refundable	450	32	-	-
Other receivables - VAT paid in advance				
for customers	292	312	-	-
Deposits	293	312	3	3
Estimated insurance claims recoveries	285	301	-	-
Receivable from clearing house	1,101	18	-	-
Leasehold right	213	254	10	11
Prepaid corporate income tax	254	73	49	42
Deposits from derivative contracts	1,226	444	-	-
Prepaid expenses	455	485	11	12
Reinsurance assets	235	179	-	-
Others	1,098	1,105	23	29
Total	7,379	4,916	172	175
Less: Allowance for impairment	(475)	(488)	(77)	(78)
Other assets - net	6,904	4,428	95	97

23. Deposits

23.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Current	9,779	8,667	-	-
Saving	258,887	240,554	-	-
Certificates of deposit	113,598	228,654	-	-
Fixed deposits				
- Less than 6 months	38,632	64,122	-	-
- 6 months and up to 1 year	122,076	22,583	-	-
- Over 1 year	126,482	132,369	-	-
Total deposits	669,454	696,949	-	-

23.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	668,563	1	668,564	696,487	2	696,489
US Dollar	738	24	762	249	25	274
Other currencies	111	17	128	182	4	186
Total	669,412	42	669,454	696,918	31	696,949

24. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2015			2014		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	417	3,347	3,764	710	3,980	4,690
Commercial banks	424	22,886	23,310	731	17,573	18,304
Specialised financial institutions	40	2,850	2,890	35	10,101	10,136
Other financial institutions	10,265	17,294	27,559	10,650	16,636	27,286
Total domestic items	11,146	46,377	57,523	12,126	48,290	60,416
Foreign						
US Dollar	85	19,546	19,631	39	15,476	15,515
Euro	3	-	3	1	-	1
Baht	7,650	793	8,443	3,375	832	4,207
Total foreign items	7,738	20,339	28,077	3,415	16,308	19,723
Total	18,884	66,716	85,600	15,541	64,598	80,139

As at 31 December 2015, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,573 million, consisting of (i) a loan of Baht 800 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) a loan of Baht 500 million, repayable in full within 4 years from the date of the loan drawdown, carrying interest at a fixed rate per annum, payable monthly (iii) a loan of Baht 100 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable quarterly (iv) a loan of Baht 83 million, repayable in quarterly installments, carrying interest at a fixed rate per annum, payable monthly, and (v) a loan of Baht 90 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2014: included loans of a subsidiary company amounting to Baht 2,012 million).

25. Debt issued and borrowings

As at 31 December 2015 and 2014, the balance of domestic debt issued and borrowings, which stated in Baht, are as follows:

Types of borrowings	Interest rate per annum (as at 31 December 2015)	Maturity date	Consolidated financial statements		Separate financial statements	
			2015	2014	2015	2014
Unsubordinated debentures (a - y)	1.96 - 5.50 percent	2016 - 2025	28,771	27,471	13,700	12,200
Perpetual subordinated hybrid bonds issued under Tier I (z)	-	-	-	3,494	-	-
Subordinated debentures issued under Tier II (aa - ad)	4.70 percent	2022	12,516	23,514	-	-
Subordinated instruments issued under Tier II (ae - af)	4.65, 6.00 percent	2024 - 2025	19,530	12,600	-	-
Short-term debentures	1.55 - 1.70 percent	2016	22,900	30,180	-	-
Structured notes	-	-	-	37	-	-
Promissory notes	0.40 - 2.50, 3.90, 7.40 percent	At call, 2016	1,207	1,110	-	-
Borrowings - Department of Alternative Energy Development and Efficiency	0.50 percent	2016 - 2017	5	12	-	-
Total debt issued and borrowings			84,929	98,418	13,700	12,200

(Unit: Million Baht)

- (a) On 21 November 2012, the Company issued 3,000,000 units of unsubordinated and unsecured debentures, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.60 percent per annum, payable semi-annually.
- (b) On 27 April 2012, a subsidiary issued 4,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. Of these, 1,500,000 units bear interest at a fixed rate of 5.20 percent per annum and matured in the second quarter of 2015, and the remaining 2,500,000 units bear interest at a fixed rate of 5.50 percent per annum and will mature in 2016. All debentures pay interest quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (c) On 1 November 2012, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at a fixed rate of 5.00 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (d) On 14 June 2013, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (e) On 9 August 2013, the Company issued 1,400,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 500,000 units will mature in 2023 and bear interest at a fixed rate of 4.85 percent per annum, payable semi-annually. The remaining 900,000 debentures will mature in 2025 and bear interest at a fixed rate of 4.95 percent per annum, payable semi-annually.
- (f) On 30 August 2013, a subsidiary issued 760,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.759 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (g) On 22 October 2013, the Company issued 1,300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2023 and bear interest at a fixed rate of 5.00 percent per annum, payable semi-annually.
- (h) On 25 October 2013, a subsidiary issued 3,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.80 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (i) On 15 November 2013, the Company issued 6,000,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3,100,000 debentures will mature in 2018 and bear interest at a fixed rate of 4.70 percent per annum, payable semi-annually. The remaining 2,900,000 units will mature in 2020 and bear interest at a fixed rate of 5.03 percent per annum, payable semi-annually.
- (j) On 30 April 2014, a subsidiary issued 280,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (k) On 2 May 2014, a subsidiary issued 2,000,000 units of name registered unsubordinated and unsecured debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 4.75 percent per annum, payable quarterly. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (l) On 2 May 2014, a subsidiary issued 210,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 4.25 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (m) On 3 July 2014, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.22 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (n) On 25 September 2014, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2017 and bear interest at a fixed rate of 4.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (o) On 7 November 2014, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures matured in 2015 and bear interest at a fixed rate of 2.84 percent per annum, payable semi-annually.
- (p) On 22 January 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at a fixed rate of 2.60 percent per annum, payable semi-annually.
- (q) On 28 April 2015, a subsidiary issued 200,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 3.35 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (r) On 26 May 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2016 and bear interest at a fixed rate of 2.15 percent per annum, payable semi-annually.
- (s) On 3 September 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

- (t) On 11 September 2015, a subsidiary issued 350,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (u) On 15 September 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2017 and bear interest at a fixed rate of 1.97 percent per annum, payable semi-annually.
- (v) On 23 September 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.10 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (w) On 2 October 2015, a subsidiary issued 150,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.00 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (x) On 9 October 2015, a subsidiary issued 300,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 3.00 percent per annum, payable semi-annually. In addition, the subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.
- (y) On 22 December 2015, the Company issued 500,000 units of name registered unsubordinated and unsecured debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2018 and bear interest at a fixed rate of 1.96 percent per annum, payable semi-annually.

- (z) On 22 April 2010, Thanachart Bank issued 7,130,000 units of name registered of perpetual, non-cumulative, subordinated, hybrid Tier I bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of Thanachart Bank. The bonds mature upon dissolution or liquidation of Thanachart Bank. The bonds are unsecured and non-convertible and bear interest at a fixed rate equal to the highest interest rate for a six-month fixed deposit plus 6.00 percent per annum, payable semi-annually. Thanachart Bank has a call option to early redeem the bonds at par if the condition specified are met. The Company has investments in subordinated debentures amounting to Baht 3,636 million. These debentures had been early redeemed in the fourth quarter of 2015.
- (aa) On 9 May 2008, Thanachart Bank issued 5,000,000 units of name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2015 and bear interest at a fixed rate of 5.10 percent per annum for the first three years, and 6.00 percent per annum for the fourth to seventh years, payable quarterly. These debentures had been mature in the second quarter of 2015.
- (ab) On 2 April 2010, Thanachart Bank issued 6,000,000 units of name registered subordinated, unsecured, unconvertible debentures with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2020 and bear interest at a fixed rate of 5.00 percent per annum for the first five years and 5.50 percent per annum for the sixth to tenth years, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met. These debentures had been early redeemed in the second quarter of 2015.
- (ac) On 20 July 2012, Thanachart Bank issued 8,497,000 units of name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (ad) On 19 October 2012, Thanachart Bank issued 4,018,500 units of name registered subordinated, unsecured with a debenture holders' representative, with a face value of Baht 1,000 each. The debentures will mature in 2022 and bear interest at a fixed rate of 4.70 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these debentures at par if the conditions specified are met.

- (ae) On 19 June 2014, Thanachart Bank issued 13 million units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments will mature in 2024 and bear interest at a fixed rate of 6.00 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if conditions specified are met.
- (af) On 11 May 2015, Thanachart Bank issued 7,000,000 units of name registered Tier II capital subordinated unsecured instruments with no instrument holder's representative, with a face value of Baht 1,000 each. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. The instruments will mature in 2025 and bear interest at a fixed rate of 4.65 percent per annum, payable quarterly. Thanachart Bank has a call option to early redeem these instruments at par if conditions specified are met.

26. Provisions

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2015					
	Loss from litigation	Employee benefits	Obligations from off- balance items	Others	Total
As at 1 January 2015	171	1,944	434	302	2,851
Increase during the year	285	406	33	277	1,001
Decrease from actual utilised	(102)	(189)	(20)	(186)	(497)
Reversal of provisions	(4)	-	-	-	(4)
As at 31 December 2015	350	2,161	447	393	3,351

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2014					
	Loss from litigation	Employee benefits	Obligations from off- balance items	Others	Total
As at 1 January 2014	154	1,906	579	544	3,183
Increase during the year	33	195	19	269	516
Decrease from actual utilised	(11)	(155)	(95)	(401)	(662)
Reversal of provisions	(5)	(2)	(69)	(110)	(186)
As at 31 December 2014	171	1,944	434	302	2,851

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2015			
	Loss from litigation	Employee benefits	Total
As at 1 January 2015	9	37	46
Increase during the year	5	4	9
Decrease from actual utilised	-	(6)	(6)
As at 31 December 2015	14	35	49

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2014			
	Loss from litigation	Employee benefits	Total
As at 1 January 2014	9	31	40
Employee benefits for staff transferred from Thanachart Bank	-	2	2
Increase during the year	-	4	4
As at 31 December 2014	9	37	46

Long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Defined benefit obligation at the beginning of the year	1,889	1,816	37	31
Employee benefits for staff transferred from Thanachart Bank	-	-	-	2
Current service cost	135	133	2	2
Interest cost	76	84	1	1
Past service costs and gains or losses arising from the payment of benefits	(137)	(99)	-	(2)
Actuarial (gain) loss arising from				
- Demographic assumptions changes	4	88	-	1
- Financial assumptions changes	172	(93)	2	(1)
- Experience adjustments	40	10	(1)	3
Employee benefits paid during the year	(50)	(50)	(6)	-
Defined benefit obligation at the end of the year	2,129	1,889	35	37

As at 31 December 2015 and 2014, the Company and its subsidiaries expect to pay Baht 47 million and Baht 57 million, respectively in long-term employee benefits during the next one year.

The long-term employee benefit expenses, included in profit or loss for the years ended 31 December 2015 and 2014, can be summarised as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Current service cost	135	133	2	2
Interest cost	76	84	1	1
Past service costs and gains or losses arising from the payment of benefits	(137)	(99)	-	(2)
Actuarial (gain) loss arising from				
- Demographic assumptions changes	-	88	-	1
- Financial assumptions changes	-	(93)	-	(1)
- Experience adjustments	-	10	-	3
Total expense recognised in profit or loss	74	123	3	4

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

	(Percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Discount rate	2.71 - 3.83	3.43 - 4.03	3.21	4.03
Future salary increase rate	5.00 - 7.43	5.00 - 7.10	5.00	5.00
Average staff turnover rate (depending on age)	0.00 - 92.86	0.00 - 71.43	0.31 - 23.46	0.32 - 19.86

The result of sensitivity analysis for significant assumptions that affect the increasing in present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Million Baht)			
	Change	Consolidated financial statements	Separate financial statements
Discount rate	Decrease 0.25%	75	1
Future salary increase rate	Increase 0.25%	74	1
Average staff turnover rate	Decrease 0.25%	76	1

As at 31 December 2015 and 2014, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 11, 16, 24 years and 14, 22, 24 years, respectively (separate financial statements: 16 years and 22 years, respectively).

27. Accrued interest payables

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Accrued interest payables	3,064	4,070	103	95

28. Insurance contract liabilities

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Life policy reserve	9,723	9,827	-	-
Loss reserves and outstanding claims	1,714	1,652	-	-
Unearned premium reserve	3,097	3,070	-	-
Other liabilities under insurance policies	61	61	-	-
Total insurance contract liabilities	14,595	14,610	-	-

29. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Other payables	2,198	1,778	12	10
Suspense cash received from accounts receivable	646	551	14	18
Income received in advance	1,899	1,946	-	-
Corporate income tax payable	346	1,219	-	-
Accrued personnel expenses	1,957	2,080	67	57
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,701	1,778	-	-
Accrued other expenses	2,121	1,417	2	2
Payables to clearing house	-	480	-	-
Insurance premium received in advance	1,429	1,482	-	-
Payables from purchase and sale of securities	2,073	1,520	-	-
Others	902	1,339	5	4
Total other liabilities	15,272	15,590	100	91

30. Share capital/Treasury stocks

During the year ended 31 December 2015, there was no conversion of preferred shares to the Company's common shares. Therefore, as at 31 December 2015, 13,276 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

On 26 November 2012, the Company's Board of Directors approved a treasury stock program for financial management purposes, with a budget of up to Baht 3,400 million, and the number of shares to be repurchased not to exceed 127,781,636 shares, representing 10 percent of the shares of the Company in issue. The repurchase period runs from 11 December 2012 to 10 June 2013, the Company repurchased 71,350,000 shares of treasury stocks, valued at Baht 3,398 million.

On 26 January 2015, a meeting of the Company's Board of Directors passed a resolution approving a plan to additionally repurchase the Company's shares for the purpose of financial management. The scheme has a budget of up to Baht 1,400 million with no more than 56,431,642 shares to be repurchased and the period of the share repurchase is from 10 February 2015 to 9 August 2015, the Company repurchased 41,350,000 shares of treasury stocks, valued at Baht 1,400 million. When combined with the 71,350,000 treasury shares repurchased during 11 December 2012 to 10 June 2013 as mentioned in the previous paragraph, the Company have a total of 127,781,642 treasury shares.

Both plans require that the treasury shares are to be sold within 3 years from the repurchase date.

31. Other components of equity

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary lower than attributable net book value	226	226	-	-
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	740	948	16	24
Equity instruments	845	954	572	584
Total	1,585	1,902	588	608
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(43)	(22)	-	-
Equity instruments	(371)	(6)	(12)	-
Total	(414)	(28)	(12)	-
Total revaluation surplus on investments	1,171	1,874	576	608
Less: The effect of deferred tax liabilities	(238)	(374)	(115)	(122)
Net revaluation surplus on investments	933	1,500	461	486
Share of other comprehensive income of associate	(16)	15	-	-
Less: The effect of deferred tax liabilities	1	(1)	-	-
Net share of other comprehensive income of associate	(15)	14	-	-
Total	1,920	2,516	461	486

32. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

As at 31 December 2015, the statutory reserve has fully been set aside.

33. Capital funds

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and to preserve the ability to continue their businesses as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of business regarding maintenance of capital funds, cash, liquidity and other matters.

As at 31 December 2015 and 2014 the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	2015	2014
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	7,980	9,380
Share premium	2,231	2,231
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	35,701	32,761
Other components of equity		
Accumulated other comprehensive income	583	921
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating commercial banking business qualifying as Tier I capital	49,447	44,250
Less: Deductions from Common Equity Tier I capital	(19,457)	(18,500)
Total Common Equity Tier I capital	78,539	73,097
Additional Tier I capital		
Perpetual subordinated hybrid bonds (Hybrid Tier I)	-	2,795
Total Tier I capital	78,539	75,892
<u>Tier II capital</u>		
Subordinated debentures	25,270	27,574
Reserve for assets classified as normal	8,508	6,575
Total Tier II capital	33,778	34,149
Total capital funds	112,317	110,041

As at 31 December 2015 and 2014, the capital adequacy ratios of the financial group calculated in accordance with the Notification of BOT are as follows:

	2015		2014	
	Capital ratio of the financial group	Minimum BOT requirement	Capital ratio of the financial group	Minimum BOT requirement
Total capital to risk-weighted assets (percent)	14.71	8.50	13.59	8.50
Total Tier I to risk-weighted assets (percent)	10.29	6.00	9.37	6.00
Total Common Equity Tier I to risk-weighted assets (percent)	10.29	4.50	9.03	4.50

In compliance with the Notification of the BOT regarding Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The Company will disclose capital requirement information as at 31 December 2015 on its website at www.thanachart.co.th within April 2016 and have disclosed capital requirement information as at 30 June 2015 on the website since October 2015.

34. Dividends

During the years ended 31 December 2015 and 2014, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Interim dividend for the first half-year of 2015	The Company's Board of Directors on 21 September 2015	816	0.70	16 October 2015
Dividend for the second half-year of 2014	The Annual General Meeting of shareholders on 2 April 2015	1,206	1.00	30 April 2015
		<u>2,022</u>	<u>1.70</u>	
Interim dividend for the first half-year of 2014	The Company's Board of Directors on 22 September 2014	724	0.60	17 October 2014
Dividend for the second half-year of 2013	The Annual General Meeting of shareholders on 3 April 2014	1,206	1.00	30 April 2014
		<u>1,930</u>	<u>1.60</u>	

35. Interest income

Interest income for the years ended 31 December 2015 and 2014 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Interbank and money market items	1,614	1,936	-	98
Investments and trading transactions	334	464	-	-
Investments in debt securities	3,850	4,245	226	400
Loans to customers	19,514	20,408	67	5
Hire purchase and financial lease	23,328	25,887	-	-
Total interest income	48,640	52,940	293	503

36. Interest expenses

Interest expenses for the years ended 31 December 2015 and 2014 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Deposits	12,831	16,165	-	-
Interbank and money market items	958	1,091	-	-
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	3,405	3,556	-	-
Debts issued and borrowings				
- Subordinated debentures	885	1,730	-	-
- Unsubordinated debentures	1,815	2,473	597	946
- Subordinated instruments	962	406	-	-
- Others	48	44	-	-
Borrowings cost	6	10	2	2
Total interest expenses	20,910	25,475	599	948

37. Fees and service income

Fees and service income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Fees and service income				
Acceptance, aval and guarantees	255	275	-	-
Brokerage fee from securities/derivatives	1,431	1,568	-	-
Hire purchase fee income	1,507	1,465	-	1
Credit card fee	937	1,006	-	-
ATM and electronic banking services	878	855	-	-
Insurance brokerage fee income	1,239	1,172	-	-
Others	1,928	2,347	-	-
Total fees and service income	8,175	8,688	-	1
Fees and service expenses	(2,710)	(2,768)	-	(1)
Net fees and service income	5,465	5,920	-	-

38. Gains on trading and foreign exchange transactions

Gains (losses) on trading and foreign exchange transactions for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Foreign exchange and derivatives relating to foreign exchange	577	589	-	8
Derivatives relating to interest rate	31	(5)	-	-
Debt securities	110	694	1	3
Equity securities	(45)	(25)	-	-
Others	69	49	-	-
Total	742	1,302	1	11

39. Gains on investments

Gains on investments for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Gains on disposal				
Available-for-sale securities	1,588	894	25	133
General investments	18	9	10	-
Investments in subsidiary companies	228	243	1	-
Gains (losses) on the capital returned	2	(1)	1	98
Gains on debt settlement/assets transferred from investments in receivables purchased	107	11	17	8
Reversal of impairment on investments (loss)	13	(58)	10	-
Total	1,956	1,098	64	239

40. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 44 million (separate financial statement: Baht 19 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders held.

41. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Impairment loss of loans (reversal)				
Interbank and money market items	(4)	(24)	-	-
Loans to customers	8,585	7,328	2	(10)
Reversal of revaluation allowance for debts restructured during the year	(2)	(202)	-	-
Loss from impairment of investments in receivables purchased (reversal)	21	(18)	22	(20)
Total	8,600	7,084	24	(30)

42. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2015 and 2014 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the year	271	2,675	(7)	279
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(1,588)	(894)	(25)	(133)
	(1,317)	1,781	(32)	146
Share of other comprehensive income of an associated company (losses)	(42)	11	-	-
Other comprehensive income for the year (losses)	(1,359)	1,792	(32)	146
Impact from related income taxes:				
Income taxes - gains (losses) on changes in value of available-for-sale investments	259	(355)	6	(29)
Income taxes - other comprehensive income of an associated company (losses)	2	(1)	-	-
Impact from related income taxes	261	(356)	6	(29)
	(1,098)	1,436	(26)	117
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial losses on defined benefit plan	(216)	-	-	-
Income taxes - actuarial losses on defined benefit plan	42	-	-	-
	(174)	-	-	-
Other comprehensive income for the year - net (losses)	(1,272)	1,436	(26)	117

43. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the year, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the year, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential common shares were issued.

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	5,436,577	5,120,204	1,179,356	1,206,467	4.61	4.24
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	5,436,577	5,120,204	1,179,369	1,206,480	4.61	4.24

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	2,193,823	1,652,615	1,179,356	1,206,467	1.86	1.37
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	2,193,823	1,652,615	1,179,369	1,206,480	1.86	1.37

44. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 3 - 10 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year 2015, amounting to Baht 433 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 6 million) (2014: Baht 432 million in the consolidated financial statements and Baht 6 million in the separate financial statements).

45. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2015	2014	2015	2014	(For the year 2015)
Transactions occurred during the years					
Subsidiary companies					
Purchase of debt securities	-	-	3,327	1,055	At market price
Sales of debt securities	-	-	477	5,874	At market price
Investments in common shares of a subsidiary	-	-	2,810	-	At the par value
Purchase of investment in a subsidiary	-	-	-	482	
Capital returned from subsidiary companies (2015: gain Baht 1 million 2014: gain Baht 98 million)	-	-	334	697	At the net assets value and at the par value
Interest income	-	-	261	343	At interest rate of 0.10 - 7.625 percent per annum
Dividend income	-	-	2,529	1,945	As declared
Rental and other service income	-	-	74	244	At the rate agreed under the contract
Other expenses	-	-	12	13	
Associated company					
Sales of investment in a subsidiary	-	418	-	-	
Dividend income	-	-	113	113	As declared
Other income	5	5	1	-	
Interest expenses	5	43	-	-	At interest rate of 0.40 - 7.50 percent per annum
Other expenses	123	124	11	11	
Dividend paid	-	-	221	208	As declared
Related companies					
Purchase of debt securities	1,653	702	-	-	At market price
Sales of debt securities	860	1,013	-	-	At market price
Purchase/sales of forward exchange contracts	226,231	429,948	-	-	At market price
Interest income	284	296	-	-	At interest rate of 0.09 - 7.78 percent per annum
Dividend income	59	70	34	33	As declared
Other income	7	17	-	-	
Interest expenses	279	342	-	-	At interest rate of 0.25 - 7.55 percent per annum
Project management expenses	64	65	16	16	At the contract price calculated by reference to estimated usage time
Other expenses	110	115	2	3	
Dividend paid	1,870	1,216	-	-	As declared
Insurance premium/life insurance premium expenses	13	1	-	-	At the rate agreed under the contract

The outstanding balances of the above transactions during the years ended 31 December 2015 and 2014 have been shown at the average balance at the end of each month as follows:

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	80	2,018
Loans to customers	-	-	786	-
Investment in debt securities	-	-	2,798	3,643
Debt issued and borrowings	-	-	-	1
<u>Associated company</u>				
Deposits	119	297	-	-
Debt issued and borrowings	58	1,258	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	241	218	-	-
Loans to customers	7,340	7,566	-	-
Investment in debt securities	194	81	-	-
Deposits	1,374	1,797	-	-
Interbank and money market items (liabilities)	12,511	13,799	-	-
Debt issued and borrowings	2,855	3,835	-	-

As at 31 December 2015 and 2014, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)									
	Consolidated financial statements								
	2015								
	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	39	63	-	58	-	-
Related companies									
The Bank of Nova Scotia	244	-	-	-	-	15,063	-	666	625
Krungthai Card Plc.	-	-	3,018	-	5	-	-	-	-
I-Con Siam Co., Ltd.	-	-	1,897	-	39	-	-	-	30
Synphaet Co., Ltd.	-	-	1,136	-	21	-	-	-	36
Srithai Superware Plc.	-	-	883	-	25	-	-	-	37
Other related companies	-	-	1,517	28	1,253	180	140	16	1,233
	244	-	8,451	67	1,406	15,243	198	682	1,961

(Unit: Million Baht)

Consolidated financial statements

2014

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company									
MBK Plc.	-	-	-	39	116	-	58	1	-
Related companies									
The Bank of Nova Scotia	348	-	-	-	-	12,842	3,494	74	3,566
Krungthai Card Plc.	-	-	4,770	-	8	-	-	-	-
Synphaet Co., Ltd.	-	-	815	-	1	-	-	-	36
Srithai Superware Plc.	-	-	433	-	20	-	-	-	32
Other related companies	-	684	1,032	76	1,125	71	-	124	347
	<u>348</u>	<u>684</u>	<u>7,050</u>	<u>115</u>	<u>1,270</u>	<u>12,913</u>	<u>3,552</u>	<u>199</u>	<u>3,981</u>

(Unit: Million Baht)

Separate financial statements

2015

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies									
Thanachart Bank Plc.	24	-	-	681	-	-	-	-	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	650	-	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	2	-
Max Asset Management Co., Ltd.	-	-	336	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	<u>24</u>	<u>-</u>	<u>986</u>	<u>685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2</u>	<u>-</u>

(Unit: Million Baht)

Separate financial statements									
2014									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Subsidiary companies									
Thanachart Bank Plc.	17	3,638	-	77	-	-	-	-	-
Thanachart Securities Plc.	-	-	-	2	-	-	-	-	-
National Leasing Co., Ltd.	-	-	-	-	-	-	-	8	-
Max Asset Management Co., Ltd.	-	-	291	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	17	3,638	291	82	-	-	-	8	-

As at 31 December 2015 and 2014, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)

Company's name	Interest rate	Outstanding balances	
		2015	2014
Max Asset Management Co., Ltd.	MLR of Thanachart Bank + 0.5%	336	291
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank	650	-
Total		986	291

As at 31 December 2015, the Company and its subsidiaries have investments amounting to Baht 1,568 million (Baht 749 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2014: Baht 1,594 million in the consolidated financial statements and Baht 761 million in the separate financial statements).

As at 31 December 2015 and 2014, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Loans to customers	84	91	-	-
Deposits	768	712	-	-

Directors and management's remuneration

During the years 2015 and 2014, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Short-term employee benefits	689	654	94	97
Post-employment benefits	16	15	1	1
	705	669	95	98

46. Financial information classified by operating segment

46.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2015 and 2014, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

Consolidated financial statements				
2015				
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	997,373	22,838	(22,630)	997,581
Interbank and money market items (assets)	61,195	19,573	(22,630)	58,138
Investments	181,323	3,239	-	184,562
Investment in an associated company	2,353	-	-	2,353
Loans to customers and accrued interest receivables	689,051	-	-	689,051
Deposits	669,454	-	-	669,454
Interbank and money market items (liabilities)	85,600	22,630	(22,630)	85,600
Debt issued and borrowings	84,929	-	-	84,929

(Unit: Million Baht)

Consolidated financial statements				
2014				
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,025,560	19,773	(19,703)	1,025,630
Interbank and money market items (assets)	70,678	15,063	(19,703)	66,038
Investments	157,653	4,665	-	162,318
Investment in an associated company	2,417	-	-	2,417
Loans to customers and accrued interest receivables	727,994	-	-	727,994
Deposits	696,949	-	-	696,949
Interbank and money market items (liabilities)	80,195	19,647	(19,703)	80,139
Debt issued and borrowings	98,418	-	-	98,418

(Unit: Million Baht)

Consolidated financial statements

	2015			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	48,568	191	(119)	48,640
Interest expenses	(20,912)	(117)	119	(20,910)
Net interest income	27,656	74	-	27,730
Net fees and service income	5,465	-	-	5,465
Net insurance/life insurance income	2,043	-	-	2,043
Other operating income	4,952	14	-	4,966
Other operating expenses	(20,319)	-	-	(20,319)
Impairment loss of loans and debt securities	(8,600)	-	-	(8,600)
Profit before income tax	11,197	88	-	11,285
Income tax	(225)	-	-	(225)
Profit before non-controlling interests	10,972	88	-	11,060

(Unit: Million Baht)

Consolidated financial statements

	2014			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	52,796	260	(116)	52,940
Interest expenses	(25,475)	(116)	116	(25,475)
Net interest income	27,321	144	-	27,465
Net fees and service income	5,920	-	-	5,920
Net insurance/life insurance income	1,711	-	-	1,711
Other operating income	4,812	-	-	4,812
Other operating expenses	(19,830)	-	-	(19,830)
Impairment loss of loans and debt securities	(7,084)	-	-	(7,084)
Profit before income tax	12,850	144	-	12,994
Income tax	(2,558)	-	-	(2,558)
Profit before non-controlling interests	10,292	144	-	10,436

46.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	2015							Eliminations	Consolidated
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses		
Net interest income	(306)	25,553	212	399	245	301	1,362	(36)	27,730
Other operating income	2,788	10,638	2,098	(368)	2,069	314	960	(6,025)	12,474
Other operating expenses	(251)	(17,293)	(1,332)	(137)	(920)	(225)	(794)	633	(20,319)
Impairment loss of loans and debt securities	(24)	(8,007)	23	-	-	(342)	(400)	150	(8,600)
Profit before income tax	2,207	10,891	1,001	(106)	1,394	48	1,128	(5,278)	11,285
Income tax	(13)	561	(193)	47	(277)	(40)	(228)	(82)	(225)
Profit before non-controlling interests	2,194	11,452	808	(59)	1,117	8	900	(5,360)	11,060

(Unit: Million Baht)

	2014							
	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations
Net interest income	(445)	25,182	193	457	283	433	1,392	(30)
Other operating income	2,296	8,643	2,228	(24)	1,816	352	834	(3,702)
Other operating expenses	(262)	(17,029)	(1,365)	(123)	(779)	(219)	(673)	620
Impairment loss of loans and debt securities	30	(7,181)	-	-	-	646	(418)	(161)
Profit before income tax	1,619	9,615	1,056	310	1,320	1,212	1,135	(3,273)
Income tax	34	(1,697)	(205)	(11)	(274)	(143)	(241)	(21)
Profit before non-controlling interests	1,653	7,918	851	299	1,046	1,069	894	(3,294)
								10,436

The segment assets of the Company and its subsidiaries as at 31 December 2015 and 2014 are as follow:

(Unit: Million Baht)

	The Company	Banking business	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 December 2015	39,318	938,834	7,862	11,052	11,532	6,797	30,736	(48,550)	997,581
As at 31 December 2014	39,052	967,216	8,060	11,294	11,234	10,784	30,824	(52,834)	1,025,630

46.3 Major of principal customers

During the years 2015 and 2014, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

47. Encumbrance of assets

As at 31 December 2015 and 2014, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Interbank and money market items (assets)				
Placed at insurance registrar	650	-	-	-
Placed at court	7	7	-	-
Investments in securities				
Placed at insurance registrar	2,431	3,295	-	-
Placed at court	404	422	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first refusal rights	262	289	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	131	426	27	1
	<u>3,886</u>	<u>4,440</u>	<u>27</u>	<u>1</u>

48. Commitments and contingent liabilities

As at 31 December 2015 and 2014, significant commitments and contingent liabilities consisted of:

48.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Aval to bills	1,270	256	-	-
Liability under unmatured import bills	497	509	-	-
Letter of credits	2,310	4,796	-	-
Other obligations				
Committed (but not drawn) overdraft	24,506	27,400	-	-
Others	53,203	55,267	1	1
Total	81,786	88,228	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 8 to the financial statements.

48.2 As at 31 December 2015, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2016	2,030	16
2017	1,584	13
2018 onward	1,253	9

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

48.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 December 2015, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amount relate to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 December 2015, the transferred assets which SAM is re-examining totaling Baht 29 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 37 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 1,034 million, as disclosed under contingent liabilities in Note 49 to the financial statements.

d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 December 2015, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 413 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

49. Litigation

As at 31 December 2015, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 3,552 million (separate financial statements: Baht 65 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 1,034 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB. In this regard, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

50. Letter of guarantees

As at 31 December 2015, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 31 million, placed for electricity usage (separate financial statements: Baht 1 million).

51. Acquisition and disposal of investment in a subsidiary company

On 5 March 2014, the Company and MBK Plc. (“an associated company”) signed a Share Purchase Agreement with Thanachart Bank Plc. (“the subsidiary company”) to buy the ordinary shares of Siam City Life Assurance Plc. The transaction value is Baht 900 million, of which the Company's portion is Baht 482 million, for a 53.5 percent shareholding.

The agreement stipulates that if the buyers resell the acquired shares within two years from the contract date, and either or both buyers earn a capital gain from the sales, the buyers are to pay the capital gain to the contracted seller within 15 days from the date on which the shares are resold.

During the first quarter of 2015, the Company sold 1,750,000 ordinary shares of Siam City Life Assurance Plc. to MBK Plc. As a result, the Company's investment in Siam City Life Assurance Plc. amounts to 35,700,000 ordinary shares, representing 51 percent of its issued and paid-up share capital.

However, since this transaction is a restructuring of shareholding, by converting an indirect shareholding into a direct shareholding, there is no significant impact on the consolidated financial statements.

52. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

52.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

52.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2015 and 2014, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements			
	2015			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	13,337	13,337
Interbank and money market items	559	53,579	4,195	58,333
Derivatives assets	-	-	5,447	5,447
Investments	1,199	172,558	9,099	182,856
Loans to customers ⁽¹⁾	242,136	472,097	445	714,678
Receivables from purchase and sale of securities	-	-	912	912
Other assets - receivable from clearing house	-	-	1,101	1,101
<u>Financial liabilities</u>				
Deposits	267,328	395,614	6,512	669,454
Interbank and money market items	16,928	67,155	1,517	85,600
Liability payable on demand	-	-	2,202	2,202
Derivatives liabilities	-	-	6,758	6,758
Debt issued and borrowings	62	84,867	-	84,929
Other liabilities - payables from purchase and sale of securities	-	-	2,073	2,073

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2014			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	16,605	16,605
Interbank and money market items	816	57,575	7,836	66,227
Derivatives assets	-	-	4,389	4,389
Investments	1,293	150,260	7,711	159,264
Loans to customers ⁽¹⁾	261,461	493,259	988	755,708
Receivables from purchase and sale of securities	-	-	1,805	1,805
Other assets - receivable from clearing house	-	-	18	18
<u>Financial liabilities</u>				
Deposits	246,803	443,490	6,656	696,949
Interbank and money market items	12,501	65,035	2,603	80,139
Liability payable on demand	-	-	1,655	1,655
Derivatives liabilities	-	-	5,200	5,200
Debt issued and borrowings	4	98,414	-	98,418
Other liabilities - payables from purchase and sale of securities	-	-	1,520	1,520
Other liabilities - payable to clearing house	-	-	480	480

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Separate financial statements				
Transactions	2015			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	18	-	7	25
Investments	694	727	851	2,272
Loans to customers ⁽¹⁾	1,069	90	4	1,163
<u>Financial liabilities</u>				
Debt issued and borrowings	-	13,700	-	13,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	2014			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
Financial assets				
Interbank and money market items	11	-	10	21
Investments	708	4,368	479	5,555
Loans to customers ⁽¹⁾	378	156	5	539
Financial liabilities				
Debt issued and borrowings	-	12,200	-	12,200

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Transactions	Consolidated financial statements						
	2015						
	Repricing or maturity date					Total	Weighted average interest rates Percent
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	52,068	511	1,000	-	53,579	2.08 - 3.04
Investments	263	18,019	38,469	108,685	7,122	172,558	2.20 - 3.78
Loans to customers (include intercompany gain on loan transferred)	5,275	46,255	23,877	289,675	107,015	472,097	6.52 - 8.13
Financial liabilities							
Deposits	133	88,832	299,467	7,182	-	395,614	2.13
Interbank and money market items	439	39,352	21,522	5,107	735	67,155	1.08 - 2.71
Debt issued and borrowings	1,145	10,600	18,800	16,576	37,746	84,867	3.72 - 4.69

(Unit: Million Baht)

	Consolidated financial statements						
	2014						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<u>Financial assets</u>							
Interbank and money market items	-	54,369	2,706	500	-	57,575	3.07 - 3.63
Investments	-	13,924	21,939	103,605	10,792	150,260	2.93 - 4.43
Loans to customers (include intercompany gain on loan transferred)	9,065	34,415	20,362	317,445	111,972	493,259	7.30 - 8.71
<u>Financial liabilities</u>							
Deposits	146	152,695	257,989	32,660	-	443,490	2.76
Interbank and money market items	549	46,094	13,473	4,919	-	65,035	1.51 - 3.46
Debt issued and borrowings	1,048	25,653	21,117	16,880	33,716	98,414	4.24 - 4.73

(Unit: Million Baht)

Transactions	Separate financial statements						
	2015						Weighted average interest rates Percent
	Repricing or maturity date						
	0 - 3	3 - 12	1 - 5	Over 5	Total		
	At call	months	months	years		years	
Financial assets							
Investments	-	280	-	447	-	727	2.91
Loans to customers	90	-	-	-	-	90	7.47
Financial liabilities							
Debt issued and borrowings	-	500	500	7,000	5,700	13,700	4.43

(Unit: Million Baht)

Transactions	Separate financial statements						Weighted average interest rates Percent
	2014						
	Repricing or maturity date					Total	
	0 - 3	3 - 12	1 - 5	Over 5			
	At call	months	months	years	years		
Financial assets							
Investments	-	-	3,636	650	82	4,368	7.58
Loans to customers	145	-	-	-	11	156	8.27
Financial liabilities							
Debt issued and borrowings	-	-	500	3,100	8,600	12,200	4.73

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years ended 31 December 2015 and 2014 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	56,153	1,614	2.87	84,946	1,936	2.28
Investments and trading operations	10,504	334	3.18	13,328	464	3.48
Investments in debt securities	139,098	3,850	2.77	124,546	4,245	3.41
Loans to customers/hire purchase and financial lease	702,740	42,842	6.10	754,173	46,295	6.14
<u>Interest bearings financial liabilities</u>						
Deposits	664,784	16,236	2.44	694,171	19,721	2.84
Interbank and money market items	70,650	958	1.36	68,656	1,091	1.59
Debt issued and borrowings	90,501	3,716	4.11	108,142	4,663	4.31

(Unit: Million Baht)

Separate financial statements						
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	72	-	0.72	3,575	98	2.73
Investments and trading operations	14	-	0.17	23	-	1.04
Investments in debt securities	4,246	226	5.33	7,329	400	5.45
Loans to customers/hire purchase and financial lease	907	67	7.25	317	5	7.95
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	13,085	599	4.58	19,392	948	4.89

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 31 December 2015 and 2014 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
2015					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	95	80	10	11	39
Interbank and money market items	1,311	56	90	19	93
Investments	8,874	-	-	-	1,171
Loans to customers and accrued interest receivable	21,176	214	83	796	51
Other assets	1,222	-	-	-	2
Total assets	32,678	350	183	826	1,356
Deposits	762	79	-	28	21
Interbank and money market items	22,157	3	-	-	-
Derivatives liabilities	3	-	-	-	-
Total liabilities	22,922	82	-	28	21
Net	9,756	268	183	798	1,335
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	365	21	84	-	8
Letter of credits	2,108	47	56	-	43
Others commitments	934	25	2	-	29

(Unit: Million Baht)

	Consolidated financial statements				
	2014				
	Australian				
	US Dollar	Euro	Yen	Dollar	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	1,339	576	19	217	330
Interbank and money market items	4,660	62	79	15	156
Investments	10,667	1	-	-	1,137
Loans to customers and accrued interest receivable	23,901	83	39	2	19
Other assets	478	-	-	-	2
Total assets	41,045	722	137	234	1,644
Deposits	274	36	137	6	7
Interbank and money market items	16,899	1	-	-	-
Total liabilities	17,173	37	137	6	7
Net	23,872	685	-	228	1,637
<u>Foreign currency commitments</u>					
Liability under unmatured import bills	378	19	71	-	2
Letter of credits	4,418	48	215	-	13
Others commitments	873	26	5	-	28

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2015				
	Australian				
	US Dollar	Euro	Yen	Dollar	Others
Foreign exchange contracts					
- Bought	45,537	377	336	-	397
- Sold	45,634	679	521	796	593
Cross currency and interest rate swap contracts					
- Bought	5,513	-	-	-	-
- Sold	14,553	-	-	-	1,134
Interest rate swap contracts					
- Bought	70,573	-	-	-	-
- Sold	70,573	-	-	-	-

(Unit: Million Baht)

Consolidated financial statements					
2014					
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	33,354	326	846	126	869
- Sold	46,211	1,015	832	340	1,353
Cross currency and interest rate swap contracts					
- Bought	2,463	-	-	-	-
- Sold	13,077	-	-	-	1,103
Interest rate swap contracts					
- Bought	56,866	-	-	-	-
- Sold	56,866	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

52.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2015 and 2014 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2015				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	13,337	-	-	-	13,337
Interbank and money market items	4,754	52,579	1,000	-	58,333
Derivatives assets	-	1,548	3,899	-	5,447
Investments	1,462	61,303	111,016	9,075	182,856
Loans to customers ⁽¹⁾	43,092	115,449	556,137	-	714,678
Receivables from purchase and sale of securities	-	912	-	-	912
Other assets - receivable from clearing house	-	1,101	-	-	1,101
<u>Financial liabilities</u>					
Deposits	268,820	391,705	8,929	-	669,454
Interbank and money market items	18,884	60,874	5,842	-	85,600
Liability payable on demand	2,202	-	-	-	2,202
Derivatives liabilities	-	1,639	5,119	-	6,758
Debt issued and borrowings	1,149	29,458	54,322	-	84,929
Other liabilities - payables from purchase and sale of securities	-	2,073	-	-	2,073
<u>Commitments</u>					
Aval to bill	278	868	124	-	1,270
Liability under unmatured import bills	19	478	-	-	497
Letter of credits	615	1,690	5	-	2,310
Other commitments	36,968	39,165	1,576	-	77,709

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Consolidated financial statements					
Transactions	2014				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	16,605	-	-	-	16,605
Interbank and money market items	8,652	57,075	500	-	66,227
Derivatives assets	-	705	3,684	-	4,389
Investments	1,293	46,335	103,982	7,654	159,264
Loans to customers ⁽¹⁾	59,165	198,317	498,226	-	755,708
Receivables from purchase and sale of securities	-	1,805	-	-	1,805
Other assets - receivable from clearing house	-	18	-	-	18
<u>Financial liabilities</u>					
Deposits	249,397	413,679	33,873	-	696,949
Interbank and money market items	15,541	59,679	4,919	-	80,139
Liability payable on demand	1,655	-	-	-	1,655
Derivatives liabilities	-	701	4,499	-	5,200
Debt issued and borrowings	1,052	37,275	56,597	3,494	98,418
Other liabilities - payables from purchase and sale of securities	-	1,520	-	-	1,520
Other liabilities - payable to clearing house	-	480	-	-	480
<u>Commitments</u>					
Aval to bill	35	201	20	-	256
Liability under unmatured import bills	39	470	-	-	509
Letter of credits	63	4,733	-	-	4,796
Other commitments	43,507	38,529	631	-	82,667

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
Transactions	2015				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	25	-	-	-	25
Investments	694	280	447	851	2,272
Loans to customers ⁽¹⁾	1,146	-	17	-	1,163
<u>Financial liabilities</u>					
Debt issued and borrowings	-	1,000	12,700	-	13,700
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
Transactions	2014				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	21	-	-	-	21
Investments	708	-	731	4,116	5,555
Loans to customers ⁽¹⁾	524	-	15	-	539
<u>Financial liabilities</u>					
Debt issued and borrowings	-	500	11,700	-	12,200
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

52.4 Fair value

As at 31 December 2015, the Company and its subsidiaries had the financial assets and financial liabilities which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

Consolidated financial statements							
	2015					2014	
	Book value	Fair value				Book value	Fair value
		Total	Level 1	Level 2	Level 3		
<u>Financial assets and liabilities measured at fair value</u>							
Derivatives assets	5,426	5,426	-	5,426	-	4,326	4,326
Investments	170,703	170,703	4,867	165,836	-	145,796	145,796
Derivatives liabilities	5,218	5,218	4	5,214	-	4,183	4,183
<u>Financial assets and liabilities for which fair value are disclosed</u>							
Cash	13,337	13,337	13,337	-	-	16,605	16,605
Interbank and money market items (assets)	58,138	58,138	4,726	31,901	21,511	66,038	66,038
Derivatives assets	21	22	-	22	-	63	63
Investments	13,859	19,287	-	9,356	9,931	16,522	16,873
Loans to customers	689,051	695,113	-	331,212	363,901	727,994	727,994
Receivables from purchase and sale of securities	912	912	-	912	-	1,805	1,805
Other assets - receivable from clearing house	1,101	1,101	-	1,101	-	18	18
Deposits	669,454	669,567	273,840	395,727	-	696,949	696,949
Interbank and money market items (liabilities)	85,600	85,619	18,404	54,203	13,012	80,139	80,139
Liability payable on demand	2,202	2,202	2,202	-	-	1,655	1,655
Derivatives liabilities	1,540	1,427	-	1,427	-	1,017	1,017
Debt issued and borrowings	84,929	87,248	-	87,248	-	98,418	98,418
Other liabilities - payables from purchase and sale of securities	2,073	2,073	-	2,073	-	1,520	1,520
Other liabilities - payable to clearing house	-	-	-	-	-	480	480

(Unit: Million Baht)

	Separate financial statements						
	2015					2014	
	Book value	Fair value				Book value	Fair value
		Total	Level 1	Level 2	Level 3		
<u>Financial assets and liabilities</u>							
<u>measured at fair value</u>							
Investments	2,078	2,078	821	1,257	-	1,708	1,708
<u>Financial assets and liabilities for</u>							
<u>which fair value are disclosed</u>							
Interbank and money market items (assets)	25	25	25	-	-	21	21
Investments	634	1,547	-	-	1,547	4,332	4,326
Loans to customers	1,072	1,072	-	993	79	389	389
Debt issued and borrowings	13,700	14,707	-	14,707	-	12,200	12,200

Valuation techniques and inputs used for fair value measurement

- | | |
|---|--|
| Cash | - The fair value is assumed to approximate its book value in the statement of financial position. |
| Interbank and money market items (assets) | - The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature. |
| Derivatives | - The fair value is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty credit risk, as mentioned in Note 5.22 to the financial statements. |

Investments

- The fair value of marketable securities is based on the latest bid price of the last working day of the year.
- The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association or on other markets.
- The fair value of unit trusts is determined from their net asset value, as mentioned in Note 5.3 to the financial statements.
- The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value.
- The fair value of investments in receivables is calculated based on the present value of future cash flows expected to be derived from the sale of collateral.

Loans to customers

- The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and revaluation allowance for debt restructuring.
- The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue.
- The fair value of non-performing loans is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale or to approximate the net present value of the cash flows expected to be derived from the sale of collateral.

Receivables and payable from purchase and sale securities	- The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Receivables from and payables to clearing house	- The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with no longer than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Thanachart Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits, fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Thanachart Bank's announced interest rate for similar deposits.
Liabilities payable on demand	- The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.

Debt issued and borrowings	<p>The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book values.</p> <p>The fair value of fixed rate debt issues and borrowings with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.</p>
----------------------------	---

During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

52.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, as a result, the Company and its subsidiaries are able to maintain overall risk at acceptable levels.

As at 31 December 2015 and 2014, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2015			2014		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	46,583	64	46,647	35,521	-	35,521
- Sold	48,159	64	48,223	49,751	-	49,751
Cross currency and interest rate swap contracts						
- Bought	1,153	4,360	5,513	-	2,463	2,463
- Sold	2,468	13,219	15,687	-	14,180	14,180
Interest rate swap contracts						
- Paid fixed interest rate	37,466	137,655	175,121	62,552	130,625	193,177
- Paid floating interest rate	33,391	139,667	173,058	46,647	128,460	175,107
- Received fixed interest rate	33,391	138,667	172,058	46,647	127,460	174,107
- Received floating interest rate	37,466	138,655	176,121	62,552	131,625	194,177
Future contracts						
- Bought	104	-	104	8	-	8
- Sold	239	-	239	237	-	237
Derivative warrant contracts						
- Sold	89	-	89	17	-	17
Other						
- Sold	-	-	-	37	-	37

53. Events after the reporting period

On 23 February 2016, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders 2016 for approval the payment of a dividend of Baht 1.10 per share, or a total of Baht 1,282 million, to the ordinary and preference shareholders.

54. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2016.



SUMMARY OF SPECIFIED ITEMS PER FORM 56-2 IN 2015 ANNUAL REPORT

Item	Page
1. Policy and Overall Business Operation	045
2. Nature of Business Operation	053
3. Risk Factors	069
4. General Information and Other Key Information	171
5. Shareholders	176
6. Dividend Policy	178
7. Management Structure	095
8. Corporate Governance	109
9. Corporate Social Responsibility	081
10. Internal Control and Risk Management	127
11. Related Party Transactions	166
12. Financial Highlights	002
13. Management Discussion and Analysis	018



ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Siam City Life Assurance Public Company Limited	SCILIFE
NFS Asset Management Company Limited	NFS AMC
MAX Asset Management Company Limited	MAX AMC
Thanachart Bank Public Company Limited	TBANK
Thanachart Securities Public Company Limited	TNS
Thanachart Fund Management Company Limited	TFUND
Thanachart Insurance Public Company Limited	TNI
Ratchthani Leasing Public Company Limited	THANI
Thanachart Group Leasing Company Limited	TGL
National Leasing Company Limited	NL
TS Asset Management Company Limited	TS AMC
Thanachart Management and Services Company Limited	TMS
Thanachart Training and Development Company Limited	TTD
Thanachart Broker Company Limited	TBROKE
SCIB Services Company Limited	SSV
The Bank of Thailand	BOT
The Securities and Exchange Commission	SEC
The Stock Exchange of Thailand	SET
Financial Institution Development Fund	FIDF
Anti-Money Laundering Office	AMLO
The Bank of Nova Scotia	Scotiabank
Siam City Bank Public Company Limited	SCIB
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
Thanachart Life Assurance Public Company Limited	TLIFE
EY Office Limited	EY
The United State of America	USA

Thanachart Group embraces its environmental responsibilities
in the reduction of global warming and consumption of natural resources.
The 2015 Annual Report used paper produced from farmed trees
and was printed with soy-based ink.

Designed by Plan Grafik Co., Ltd. Tel. 0 2277 2222



บริษัท ทูบรอนชาร์ต จำกัด (มหาชน)
Thanachart Capital Public Company Limited

444 MBK Tower, 16th-17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. +66 (0) 2217 8444, 2217 8000, 2611 9111
Fax +66 (0) 2217 8312
Thanachart Contact Center 1770
www.thanachart.co.th
Registration No. 0107536000510