



Management Discussion and Analysis

For the year ended 31 December 2016

(Audited Financial Statements)

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Thanachart Capital Public Company Limited and Its Subsidiaries

Management Discussion and Analysis (Audited Financial Statements)

Economics Outlook and Competition in Banking Industry

The National Economic and Social Development Board reported a 3.20 percent GDP growth for the Thai economy in 2016, an increase from 2.90 percent in the previous year. The key contributing factor was an on-going government investment. Tourism experienced a consistent growth while private consumption was slowly recovered from stimulus measures issued by the government. Export sector showed sign of an upturn once compared to last year while private investment remained low. Overall, the Thai economy in 2016 has picked up from last year, and thus, the Monetary Policy Committee of the Bank of Thailand issued resolutions to maintain a policy interest rate at 1.50 percent throughout 2016 in order to further stimulate the economy.

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

In 2017, the National Economic and Social Development Board estimated 3.00-4.00 percent GDP growth with government spending and tourism as key drivers. Export sector is expected to improve while private consumption will continue to increase. Loan volume in 2017 is estimated to grow gradually following the economic recovery and cautious credit policies of the commercial banks, as a result of concern over asset quality deterioration in 2016.

Key Events in the Year 2016

1. On 5 April 2016, the Annual General Meeting of Shareholders for the year 2016 of Thanachart Capital Public Company Limited (“the Company”) had a resolution to pay dividend to shareholders at the rate of 1.10 baht per share, amounting to 1,282 million baht. Taking into account this round of dividend payment and the interim dividend payment worth 0.70 baht per share or 816 million baht, total dividend payment amounted to 1.80 baht per share or 2,098 million baht.
2. On 27 June 2016, the Board of Directors of Thanachart Capital Public Company Limited (“the Company”) had a resolution to decrease its capital by writing off its treasury shares that were not resold in the amount of 71,350,000 shares. It is the process of decreasing paid up capital after the period of reselling treasury shares has ended. As a result, the Company's paid up capital decreased from 12,778,297,030 baht to 12,064,797,030 baht. Such reduction has no impact to the shareholders' equity and to the BIS ratio of Thanachart Group.
3. On 26 September 2016, the Board of Directors of Thanachart Capital Public Company Limited (“the Company”) had a resolution to approve the payment of interim dividend for the first half of 2016 at a rate of 0.80 baht per share to all shareholders of the Company. The determination of the name of shareholders eligible for interim dividend payment was set on 10 October 2016 and the registration book was set to be closed for suspension of share transfer on 11 October 2016. The payment was made on 21 October 2016.

For clarification of information disclosure, Thanachart Group has submitted Management Discussion and Analysis of Thanachart Bank and its subsidiaries separately from this report.

Financial Highlights

Audited Financial Statements	For the 3 months ended			For the year ended	
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15
Operating Performance (Million Baht)					
Interest Income	10,988	11,188	11,860	45,208	48,640
Interest Expenses	3,838	3,904	4,875	16,740	20,910
Net Interest Income	7,150	7,284	6,985	28,468	27,730
Non-interest Income	3,607	2,980	2,853	12,279	12,164
Net Operating Income ⁽¹⁾	10,757	10,264	9,838	40,747	39,894
Other Operating Expenses	5,499	5,307	5,156	21,073	20,009
Pre-Provision Operating Profit (PPOP)	5,258	4,957	4,682	19,674	19,885
Impairment Loss of Loans -Normal Operation	1,154	1,470	1,473	5,100	6,384
Impairment Loss of Loans -Special Provision	205	206	240	1,110	2,216
Profit before Tax	3,899	3,281	2,969	13,464	11,285
Income Tax	347	189	179	853	225
Profit for the Period	3,552	3,092	2,790	12,611	11,060
Net Profit Attributable to the Company	1,695	1,502	1,359	6,013	5,436
Operating Performance Ratios					
ROAA (%)	1.47	1.27	1.12	1.29	1.12
ROAE ⁽²⁾ (%)	12.03	10.78	10.41	10.89	10.48
Interest Spread ⁽³⁾ (%)	2.92	2.98	2.72	2.86	2.70
Loan Spread ⁽⁴⁾ (%)	3.81	3.88	3.53	3.72	3.40
Credit Cost (%)	0.76	0.91	0.90	0.86	1.12
Credit Cost from Normal Business Operation (%)	0.64	0.80	0.77	0.71	0.83
Non-interest Income Ratio ⁽⁵⁾ (%)	33.53	29.04	28.99	30.13	30.49
Cost to Income Ratio ⁽⁶⁾ (%)	51.13	51.71	52.41	51.72	50.15
Financial Position (Million Baht)					
Loans	692,046	680,299	714,628		
Total Assets	966,867	993,724	997,581		
Deposits and Debt Issued and Borrowings	738,160	756,988	754,383		
Total Liabilities	847,016	876,402	886,258		
Total Equity	119,851	117,322	111,323		
Financial Position Quality					
Loans to Deposits and Debt Issued and Borrowings (%)	93.75	89.87	94.73		
Non-performing Loans (Million Baht)	17,289	18,776	22,581		
NPL Ratio (%)	2.41	2.56	2.96		
Coverage Ratio ⁽⁷⁾ (%)	146.79	132.94	117.16		
Reserve to Required Reserve ⁽⁸⁾ (%)	189.19	170.08	157.71		

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

(2) ROAE is calculated from equity attributable to the Company's shareholders

(3) Interest Spread = Yield - Cost of Fund

Yield = Interest Income / Average Earning Assets

Cost of Fund = Interest Expenses / Average Paying Liabilities

(4) Loan Spread = Loan Yield - Cost of Fund

(5) Non-interest Income Ratio = Non-interest Income / Net Operating Income

(6) Cost to Income Ratio = Other Operating Expenses / Net Operating Income

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

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

Operating Results for the Year 2016

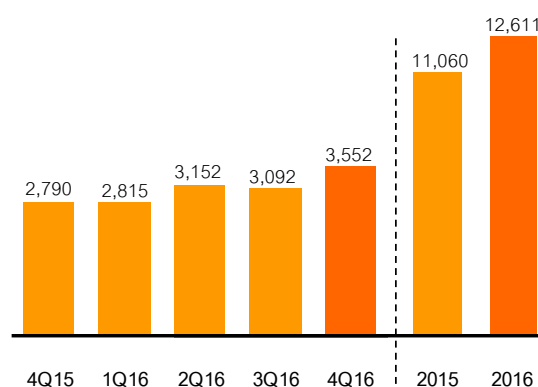
Performance Overview

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

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

Total income of the Company and its subsidiaries increased by 853 million baht or 2.14 percent. This was from an increase in net interest income of 2.66 percent and an increase in non-interest income of 0.95 percent. At the same time, operating expenses increased by 5.32 percent. However, from the substantial success in NPL management, impairment loss of loans significantly declined by 27.79 percent. As a result, **the net profit attributable to the Company in 2016 amounted to 6,013 million baht, an increase of 577 million baht or 10.61 percent** from the previous year.

Net Profit of Thanachart Group (Million Baht)



Total assets of Thanachart Group declined following a contraction of loans outstanding. However, loans grew in the fourth quarter from all types of loans. Deposits also grew from the previous quarter. The ratio of current and saving account to total deposits (CASA) improved from the end of 2015.

NPLs of Thanachart Group declined by 5,292 million baht from the end of 2015. As a result, **NPL ratio decreased to 2.41 percent while coverage ratio improved to stand at 146.79 percent.** The improvements were reflected from the improvement of the Bank’s NPL and coverage ratios. The details of which are disclosed in TBANK and its subsidiaries’ MD&A submitted to the SET together with this report. **On capital fund, the Bank had capital adequacy ratio of 19.15 percent,** an increase from 17.92 percent at the end of 2015.

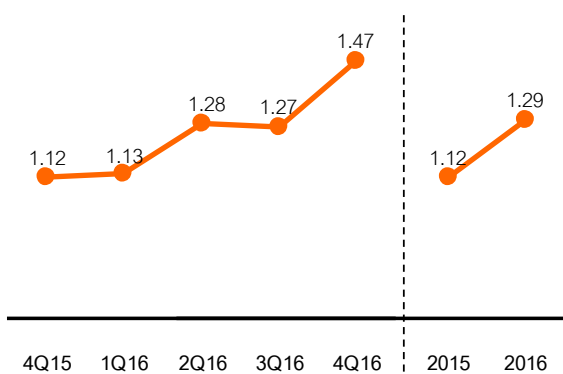
Summary of key operating results in **2016 comparing to that of 2015** is as follows:

- Net interest income increased by 2.66 percent from an appropriate management of funding costs. As a result, interest spread increased from 2.70 to 2.86 percent.
- Non-interest income increased by 0.95 percent, mainly from increases in net insurance/ life insurance income and fees and service income.
- Operating expenses increased by 5.32 percent from an annual increase in salary and an increase in IT systems.
- Impairment loss of loans expenses excluding special provision decreased by 20.11 percent from an effective management of asset quality.

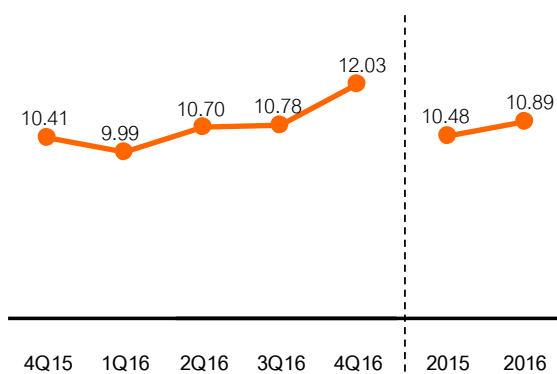
In 2016, net profit attributable to the Company was 6,013 million baht, an increase of 577 million baht or 10.61 percent from the previous year. Earning per share (EPS) was 5.16 baht, an increase from 4.61 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.29 percent and 10.89 percent respectively.

Audited Financial Statements	For the 3 months ended			For the year ended	
	31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15
Net Profit (Million Baht)					
Profit for the period	3,552	3,092	2,790	12,611	11,060
Net Profit Attributable to the Company	1,695	1,502	1,359	6,013	5,436
Net Profit Attributable to Non-controlling interests	1,857	1,590	1,431	6,598	5,624
Basic Earning per Share (Baht)	1.45	1.29	1.17	5.16	4.61

ROAA (%)



ROAE* (%)



*Equity attributable to the Company's shareholders

Net Interest Income

Unit: Million Baht

Net Interest Income	4Q16	3Q16	Change		2016	2015	Change	
			+ / (-)	%			+ / (-)	%
Interest Income	10,988	11,188	(200)	(1.79)	45,208	48,640	(3,432)	(7.06)
Interbank and Money Market Items	313	297	16	5.39	1,347	1,614	(267)	(16.54)
Investments for trading	51	50	1	2.00	220	334	(114)	(34.13)
Investments for debts securities	846	919	(73)	(7.94)	3,571	3,850	(279)	(7.25)
Loans	4,447	4,572	(125)	(2.73)	18,362	19,514	(1,152)	(5.90)
Hire Purchase and Financial Leases	5,331	5,350	(19)	(0.36)	21,708	23,328	(1,620)	(6.94)
Interest Expenses	3,838	3,904	(66)	(1.69)	16,740	20,910	(4,170)	(19.94)
Deposits	2,117	2,149	(32)	(1.49)	9,525	12,831	(3,306)	(25.77)
Interbank and Money Market Items	173	181	(8)	(4.42)	741	958	(217)	(22.65)
Fund Contributed to FIDF and DPA	814	812	2	0.25	3,326	3,405	(79)	(2.32)
Debts Issued	733	760	(27)	(3.55)	3,141	3,710	(569)	(15.34)
Borrowing Fee	1	2	(1)	(50.00)	7	6	1	16.67
Net Interest Income	7,150	7,284	(134)	(1.84)	28,468	27,730	738	2.66

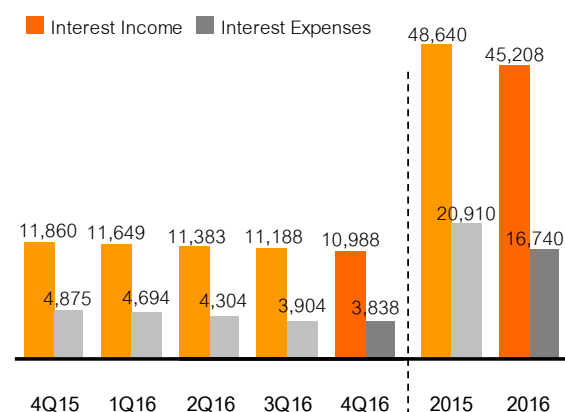
In 2016, the Company and its subsidiaries had 28,468 million baht in net interest income, an increase of 738 million baht or 2.66 percent from the previous year. Interest Spread was at 2.86 percent, an increase from 2.70 percent.

- Interest income was 45,208 million baht, a decrease of 3,432 million baht or 7.06 percent. This was mainly from loans contraction and a decrease in yield on earning assets following the Bank's loan rates cuts which were in line with the market interest rate.
- Interest expenses were 16,740 million baht, a decrease of 4,170 million baht or 19.94 percent. This was mainly due to the effective cost of fund management under the Bank's strategy to manage liquidity as well as the Bank's deposits restructuring.

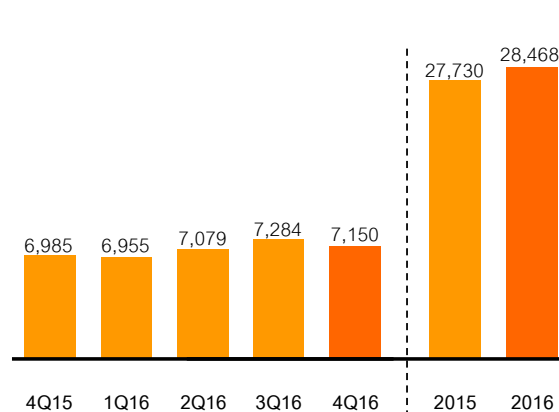
Unit: Percent

	4Q15	1Q16	2Q16	3Q16	4Q16	2015	2016
Average Policy Interest Rate	1.50	1.50	1.50	1.50	1.50	1.63	1.50
Yield	5.06	4.95	4.91	4.91	4.83	5.21	4.92
Cost of Fund	2.34	2.25	2.10	1.93	1.91	2.51	2.06
Interest Spread	2.72	2.70	2.81	2.98	2.92	2.70	2.86

Interest Income and Interest Expenses (Million Baht)



Net Interest Income (Million Baht)



Non-interest Income

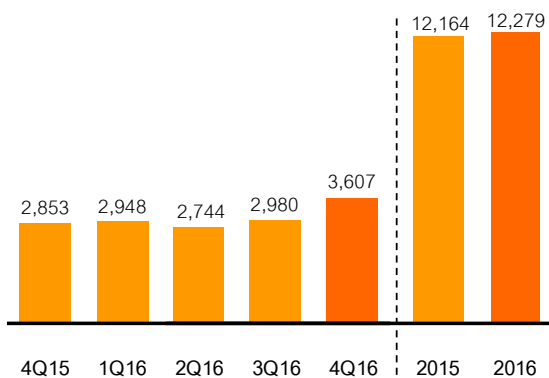
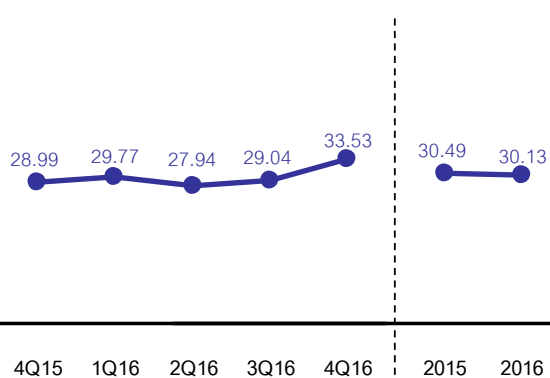
Unit: Million Baht

Non-interest Income	4Q16	3Q16	Change		2016	2015	Change	
			+ / (-)	%			+ / (-)	%
Net Fees and Service Income	1,783	1,533	250	16.31	5,888	5,465	423	7.74
Gains on Trading and Foreign Exchange Transactions	33	97	(64)	(65.98)	459	742	(283)	(38.14)
Gains on Investments	211	203	8	3.94	1,061	1,956	(895)	(45.76)
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	84	87	(3)	(3.45)	395	272	123	45.22
Net Insurance / Life Insurance Income	1,112	608	504	82.89	2,659	2,043	616	30.15
Dividend Income	55	94	(39)	(41.49)	496	359	137	38.16
Other Income	329	358	(29)	(8.10)	1,321	1,327	(6)	(0.45)
Operating Income	1,824	1,447	377	26.05	6,391	6,699	(308)	(4.60)
Non-interest Income	3,607	2,980	627	21.04	12,279	12,164	115	0.95

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

- Net fees and service income amounted to 5,888 million baht, an increase of 423 million baht or 7.74 percent. This was mainly due to brokerage fees, fund management fees as well as commission received from selling insurance/life insurance.
- Operating income amounted to 6,391 million baht, a decrease of 308 million baht or 4.60 percent. This was mainly due to a decrease in gains on investments while net insurance/life insurance income increased.

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

Non-interest Income (Million Baht)

Non-interest Income Ratio (%)


Other Operating Expenses

Unit: Million Baht

Other Operating Expenses	4Q16	3Q16	Change		2016	2015	Change	
			+ / (-)	%			+ / (-)	%
Employee's Expenses	3,136	2,985	151	5.06	11,876	11,152	724	6.49
Premises and Equipment Expenses	790	772	18	2.33	3,081	3,000	81	2.70
Taxes and Duties	186	197	(11)	(5.58)	775	864	(89)	(10.30)
Directors' Remuneration	9	10	(1)	(10.00)	82	78	4	5.13
Other Expenses	1,378	1,343	35	2.61	5,259	4,915	344	7.00
Total Other Operating Expenses	5,499	5,307	192	3.62	21,073	20,009	1,064	5.32

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

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

As a result, cost to income ratio of 2016 was 51.72 percent, an increase from 50.15 percent of the previous year.

Impairment Loss of Loans and Debt Securities

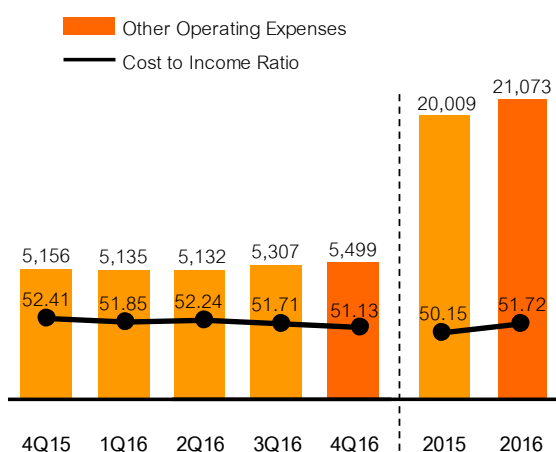
Unit: Million Baht

Impairment Loss of Loans and Debt Securities	4Q16	3Q16	Change		2016	2015	Change	
			+ / (-)	%			+ / (-)	%
Impairment Loss of Loans and Debt Securities	1,154	1,470	(316)	(21.50)	5,100	6,384	(1,284)	(20.11)
Impairment Loss of Loans -Special Provision	205	206	(1)	(0.49)	1,110	2,216	(1,106)	(49.91)
Total Impairment Loss of Loans and Debt Securities	1,359	1,676	(317)	(18.91)	6,210	8,600	(2,390)	(27.79)
Credit Cost (%)	0.76	0.91	(0.15)	(16.48)	0.86	1.12	(0.26)	(23.21)
Credit Cost Excluding Special Provision (%)	0.64	0.80	(0.16)	(20.00)	0.71	0.83	(0.12)	(14.46)

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

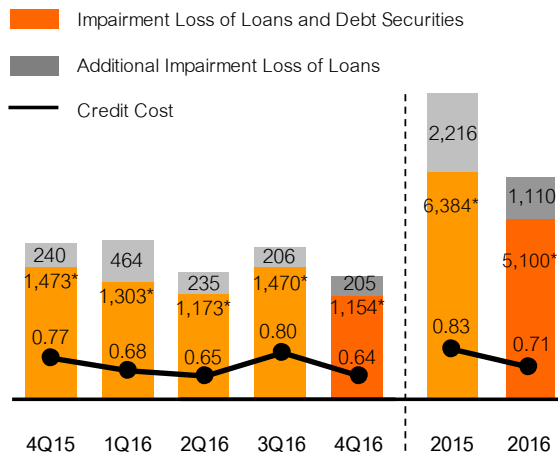
Other Operating Expenses (Million Baht)

and Cost to Income Ratio (%)



Impairment Loss of Loans and Debt Securities (Million Baht)

and Credit Cost (%)



*Normal operation

Income Tax

For the year 2016, Thanachart Bank (a subsidiary company) did not have income tax expenses, due to that it had tax losses from liquidation of SCIB Public Company Limited in the second quarter of 2015. At the same time, other subsidiaries still had income tax expenses as usual. As a result, in 2016, the Company and its subsidiaries had income tax of 853 million baht.

Financial Position

Unit: Million Baht

Consolidated Statements of Financial Position	31 December 2016		31 December 2015		Change	
	Amount	%	Amount	%	+ / (-)	%
Interbank and Money Market Items-net	48,734	5.04	58,138	5.83	(9,404)	(16.18)
Investment-net	186,928	19.33	184,562	18.50	2,366	1.28
Investment in Associated Company-net	2,890	0.30	2,353	0.24	537	22.82
Loans to Customers and Accrued Interest Receivables	692,677	71.64	715,295	71.70	(22,618)	(3.16)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(25,155)	(2.60)	(26,244)	(2.63)	1,089	(4.15)
Property foreclosed-net	4,992	0.52	6,334	0.63	(1,342)	(21.19)
Intangible Assets Acquired in a Business Combination-net	1,060	0.11	1,511	0.15	(451)	(29.85)
Goodwill	17,439	1.80	17,207	1.73	232	1.35
Other Assets	37,302	3.86	38,425	3.85	(1,123)	(2.92)
Total Assets	966,867	100.00	997,581	100.00	(30,714)	(3.08)
Deposits	676,456	69.96	669,454	67.11	7,002	1.05
Interbank and Money Market Items	65,701	6.80	85,600	8.58	(19,899)	(23.25)
Debt Issued and Borrowings	61,704	6.38	84,929	8.51	(23,225)	(27.35)
Other Liabilities	43,155	4.46	46,275	4.64	(3,120)	(6.74)
Total Liabilities	847,016	87.60	886,258	88.84	(39,242)	(4.43)
Company's Shareholders' Equity	56,891	5.89	52,674	5.28	4,217	8.01
Non-controlling Interests	62,960	6.51	58,649	5.88	4,311	7.35
Total Shareholders' Equity	119,851	12.40	111,323	11.16	8,528	7.66
Total Liabilities and Shareholders' Equity	966,867	100.00	997,581	100.00	(30,714)	(3.08)
Book Value per Share (Baht)	48.83		45.21			

Assets

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

- Net interbank and money market amounted to 48,734 million baht, a decrease of 9,404 million baht or 16.18 percent from the end of the previous year due to liquidity management.
- Loans and accrued interest receivables amounted to 692,677 million baht, a decrease of 22,618 million baht or 3.16 percent from the end of last year. Hire purchase loans still slowed down and declined in line with the automotive market condition while other retail loans increased. Moreover, the Bank places a strong emphasis on lending quality as well as effective NPL management to bring down the NPLs. Portion of retail loans to corporate and SME loans was 69 percent to 31 percent.

Liabilities

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

Unit: Million Baht

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

- Deposits were 676,456 million baht, an increase of 7,002 million baht or 1.05 percent from the end of last year. This was mainly from savings deposits which increased in line with the deposits restructuring policy and cost of fund management.

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

- Debt issued and borrowings amounted to 61,704 million baht, a decrease of 23,225 million baht or 27.35 percent from the end of last year. This was mainly due to a decrease in short-term debentures.
- Interbank and money market items were 65,701 million baht, a decrease of 19,899 million baht or 23.25 percent from the end of last year. This was due to liquidity management.

Shareholders' Equity

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

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

million baht and interim dividend for the performance of the first six-month period of 2016 in the amount of 932 million baht.

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

Non-performing Loans: NPLs

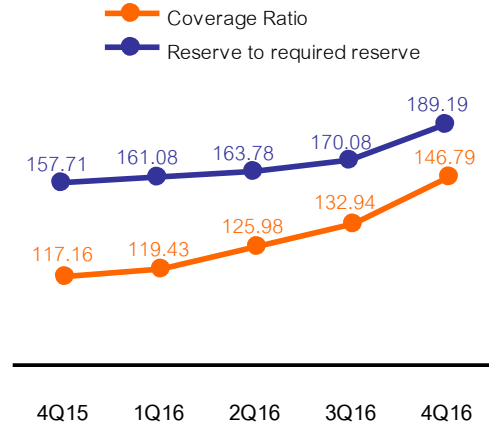
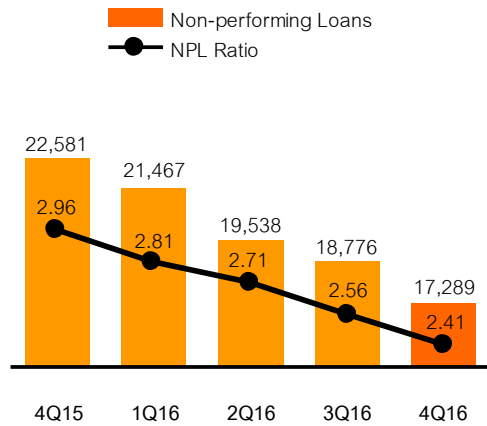
	TCAP (Consol.)				
	31-Dec-15	31-Mar-16	30-Jun-16	30-Sep-16	31-Dec-16
NPL-gross (Million Baht)	22,581	21,467	19,538	18,776	17,289
Total Allowance* (Million Baht)	26,456	25,639	24,615	24,961	25,378
NPL-gross to Total Loans (%)	2.96	2.81	2.71	2.56	2.41
NPL-net to Total Loans (%)	1.30	1.24	1.18	1.06	1.12
Reserve to Required Reserve (%)	157.71	161.08	163.78	170.08	189.19
Coverage Ratio (%)	117.16	119.43	125.98	132.94	146.79

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

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

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

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

Non-performing Loans (Million Baht) and
Coverage Ratio (%) and Reserve to Required
NPL Ratio (%)
Reserve (%)


Operating Results of Subsidiaries

Unit: Million Baht

Subsidiaries	% holding Direct/Indirect	Net Profit (Loss)				
		4Q16	3Q16	4Q15	2016	2015
Thanachart Bank Public Company Limited						
Consolidated Financial Statements*		3,230	3,202	2,767	12,434	10,743
Thanachart Securities Public Company Limited	50.96%	215	216	122	662	488
Thanachart Fund Management Company Limited	38.22%	84	93	80	355	320
Thanachart Insurance Public Company Limited	50.96%	231	256	219	1,005	1,117
TS AMC Company Limited	50.96%	(19)	163	(71)	189	(18)
Ratchthani Leasing Public Company Limited	33.22%	237	218	169	881	749
NFS AMC Company Limited	100.00%	88	(8)	7	55	50
MAX AMC Company Limited	83.44%	34	15	71	92	69
MBK Life Assurance Public Company Limited**	51.00%	291	(27)	(45)	122	(121)

*Only the profit attributable to the owners of Thanachart Bank.

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

Risk Management and Risk Factors

For risk management, the Company and its subsidiaries have put in place the process to manage risk systematically by having the Company's Board of Directors specify risk management policies of Thanachart Group to ensure complete policy alignment throughout the entire organization. There is a business unit that is dedicatedly responsible for risk management and consistently monitors and controls risks to be in accordance with the specified policies of the Company. The measurement and analysis of various risks are done by using an appropriate tools and methodology. Such various risks include strategic risk, credit risk, market risk, interest rate risk, liquidity risk, and operational risk. For risk measurement and monitoring discipline, the risk limit and warning signal are set to ensure that business operation would always be within such acceptable risk limit. Moreover, the Executive Committee and the Board of Directors of the Company closely govern and monitor risk status and the efficiency of risk management system on a monthly basis.

In overall view, the risks of the Company and subsidiaries are within the risk limit and have enough capital after risk allocation to support the business expansion in sustainable and secure manners.

Disclaimer

Thanachart Capital Public Company Limited ('the Company') had provided this report to publish the Company's performance. Information contained in this report is the Company's past performance. Some information may be based on financial information and any information from the other sources as of the date of this report, which are subject to be changed according to economies and politics both inside and outside country. The readers or recipients should consider the information carefully and please use your discretion before making a decision in any transaction. However, the Company reserves the right with its own discretion to amend or modify the information contained in this report without any prior notice. The Company shall have no responsibility for any inaccuracy, inappropriate or incomplete of any information contained in this report.