

Thanachart Capital Public Company Limited

Financial Summary

Management Discussion and Analysis
for the year 2015



Supporting Documents for 2016 Annual General Meeting of Shareholders

Tuesday 5 April 2016, at 14.00 hours,
the Royal Orchid Ballroom, 2nd Floor,
Royal Orchid Sheraton Hotel & Towers,
2 Charoen Krung Road, Soi 30,
Siphya, Bangrak, Bangkok.

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For more information, please contact the Corporate Secretary Office

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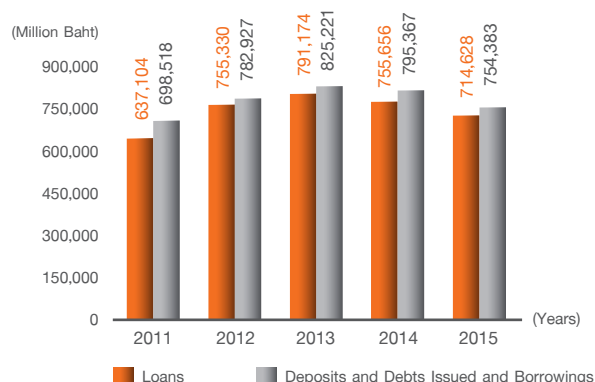


FINANCIAL HIGHLIGHTS

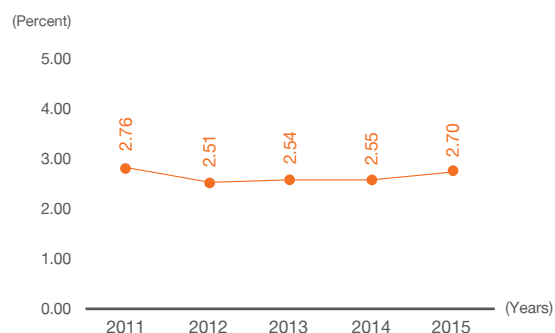
As at and for the year ended 31 December

	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

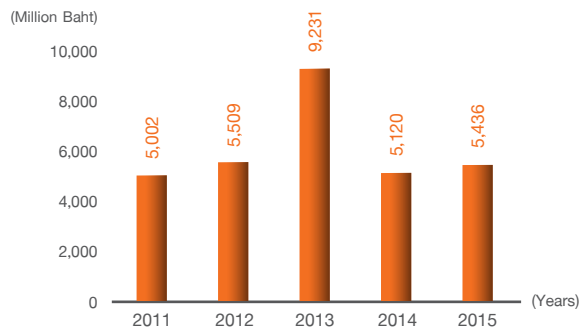
⁽⁷⁾ Dividends per Share for 2015 is Interim Rate Paid

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

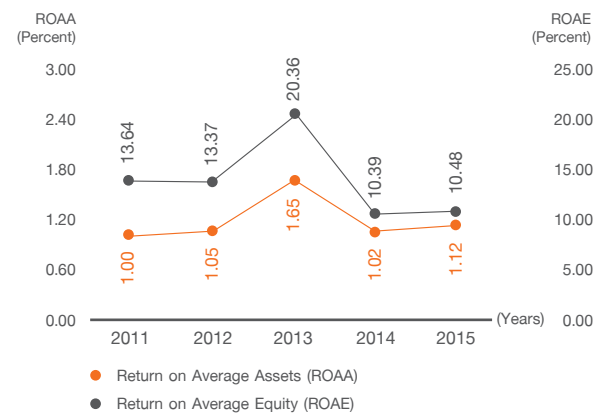
As at and for the year ended 31 December

	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)





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)

		Consolidated financial statements		Separate financial statements	
	Note	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

Statement of changes in equity

For the year ended 31 December 2015

(Unit: Thousand Baht)

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												
	Issued and paid-up share capital		Premium on common share		Premium on treasury shares	of equity -		Retained earnings		Treasury shares	Total		
						Preferred shares	Common shares	Revaluation	surplus on investments - net			Appropriated	
												Statutory reserve	Treasury shares 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.



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.

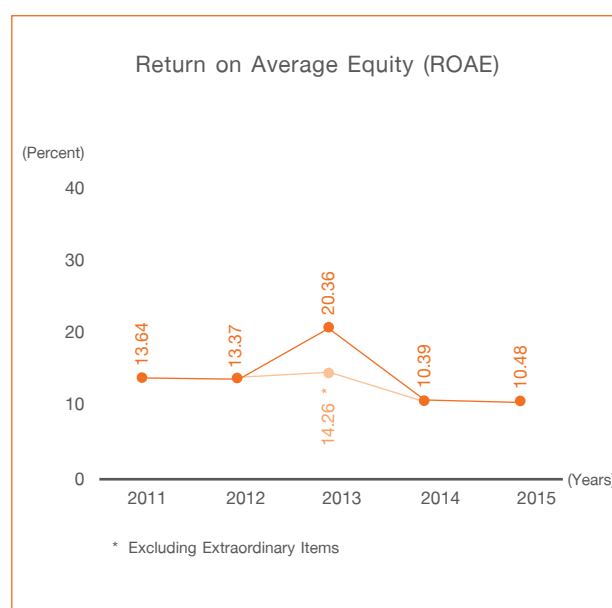
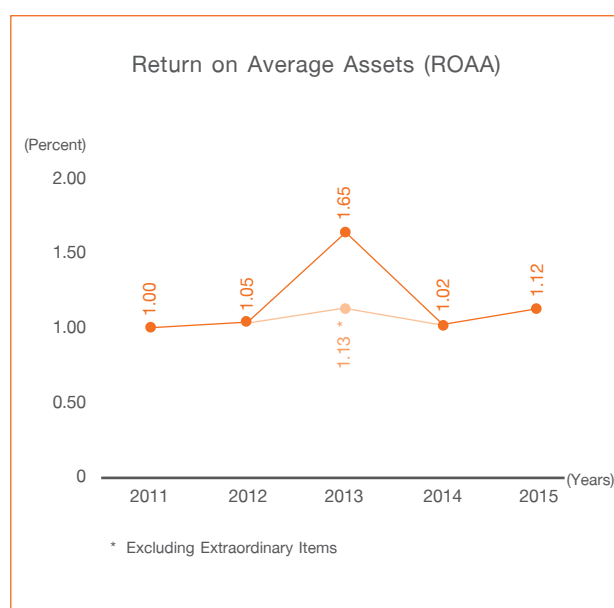
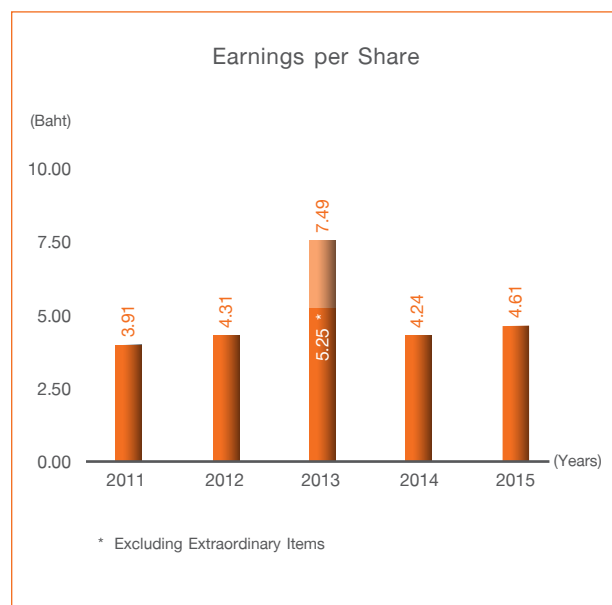
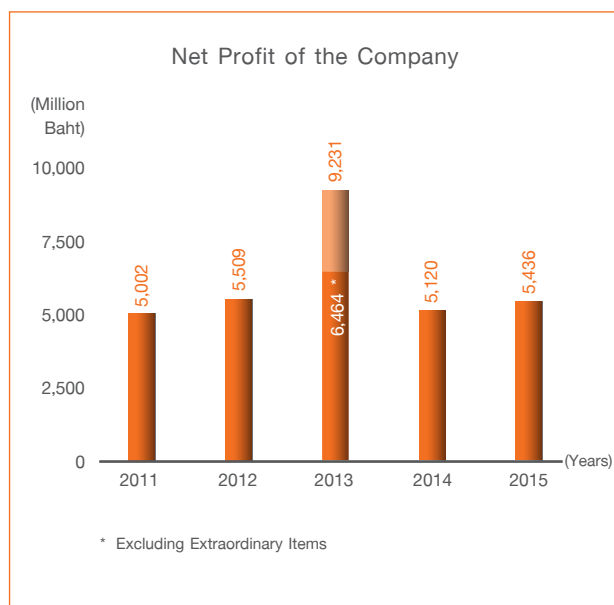
Financial position of Thanachart Group that has significantly strengthened was a result of its emphasize on NPL management systematically and continuously. Consolidated NPLs outstanding reduced significantly by 11,187 million baht or

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

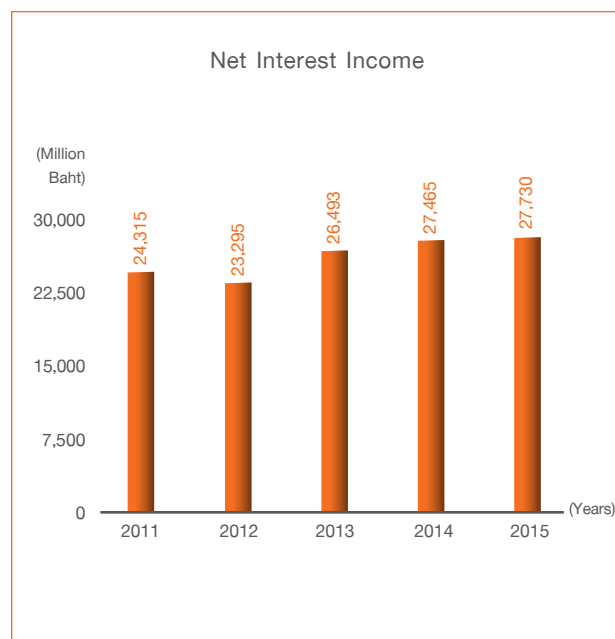
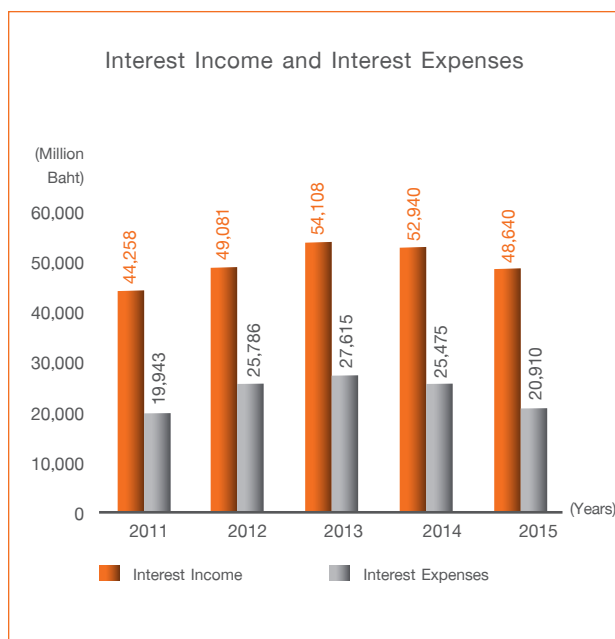
(Unit: Million Baht)

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.

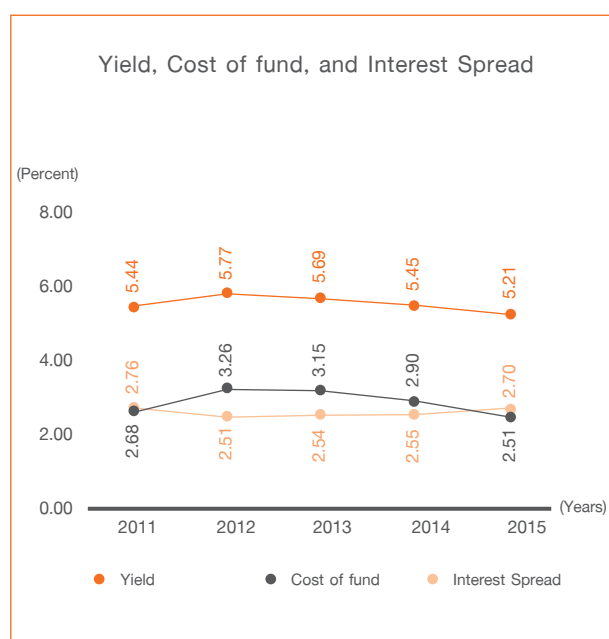


Interest Spread

(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

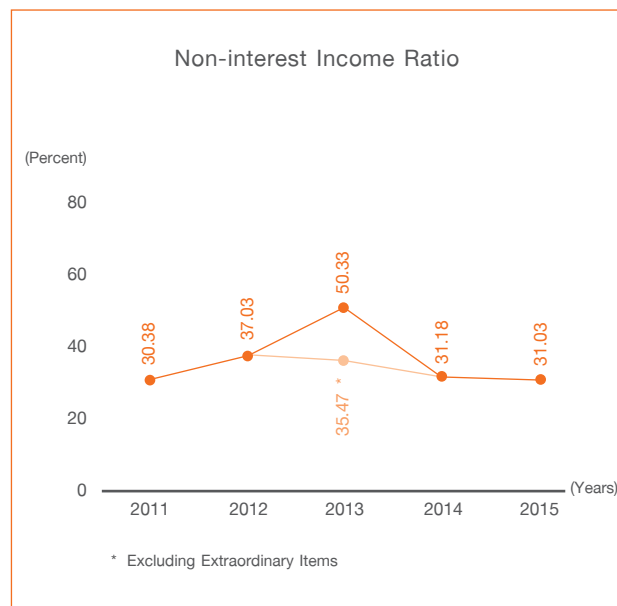
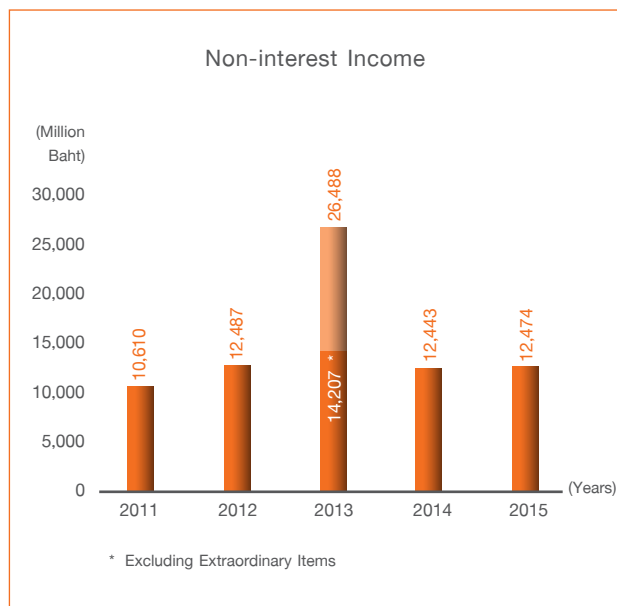
Operating income includes gains on trading and foreign exchange transactions, gains on investments, share of profit from investments accounted for under equity method, gains on property foreclosed and other assets, net insurance/life insurance income, dividend income, and other operating income.

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)

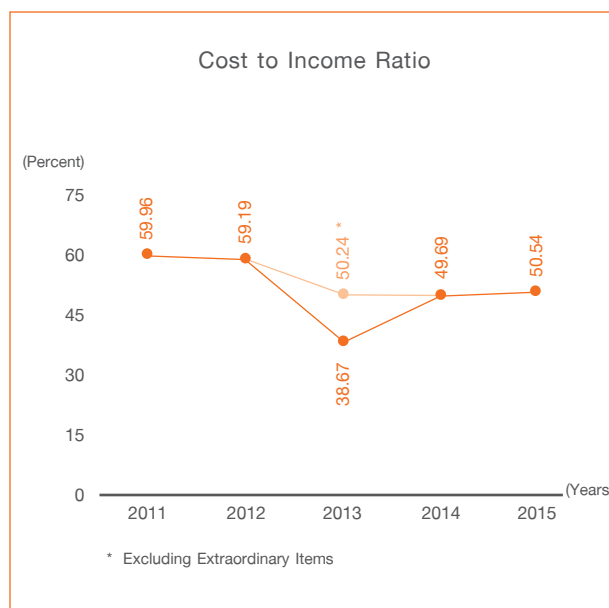
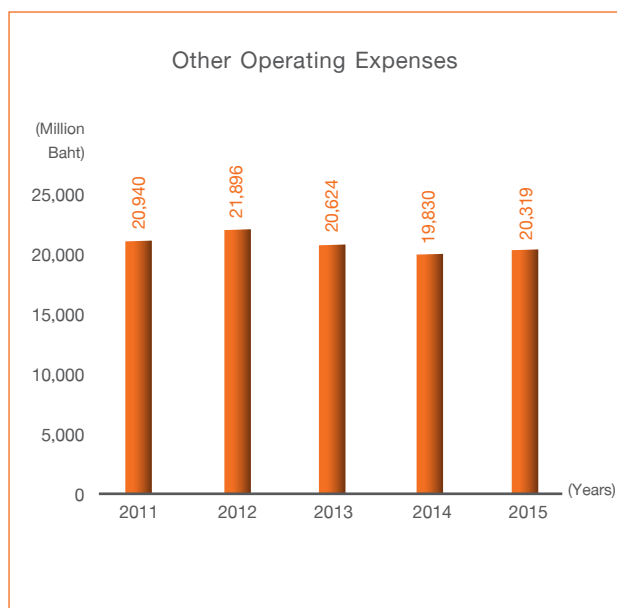
Other Operating Expenses	For the Year		Change	
	2015	2014	Increase/ (Decrease)	Percent
Employee's Expenses	11,152	10,960	192	1.75
Directors' Remuneration	78	75	3	4.00
Premises and Equipment Expenses	3,000	2,958	42	1.42
Taxes and Duties	864	867	(3)	(0.35)
Other Expenses	5,225	4,970	255	5.13
Total Other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

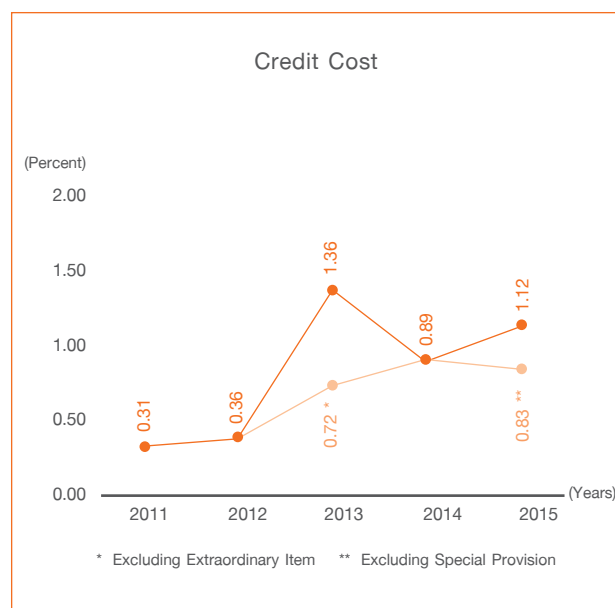
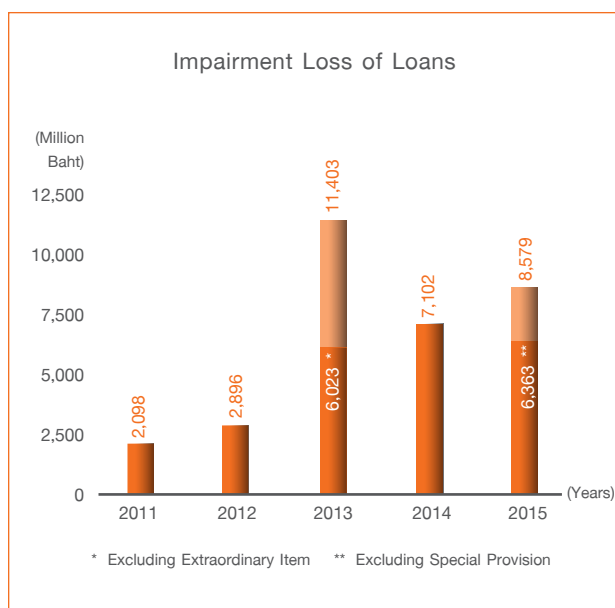


Impairment Loss of Loans and Debt Securities

(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 (Reverl)	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)

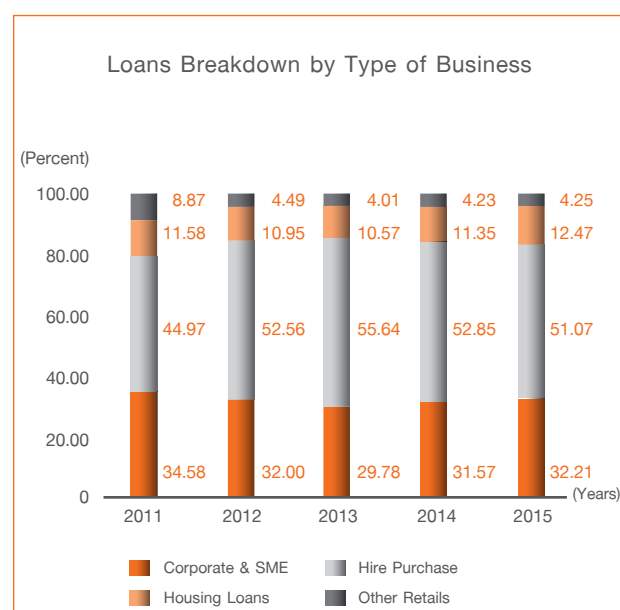
Investments Classified by Type	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Trading Securities	10,176	5.45	13,947	8.47	(3,771)	(27.04)
Available-for-sale Securities	160,527	85.88	131,849	80.04	28,678	21.75
Held-to-maturity Debt Securities	9,837	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)

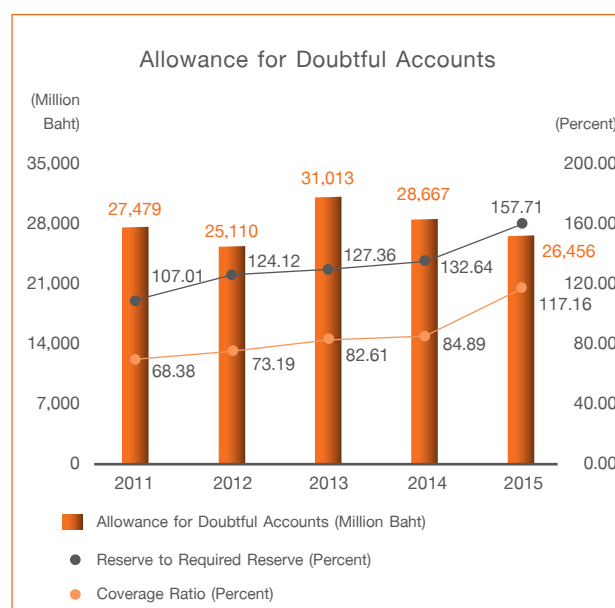
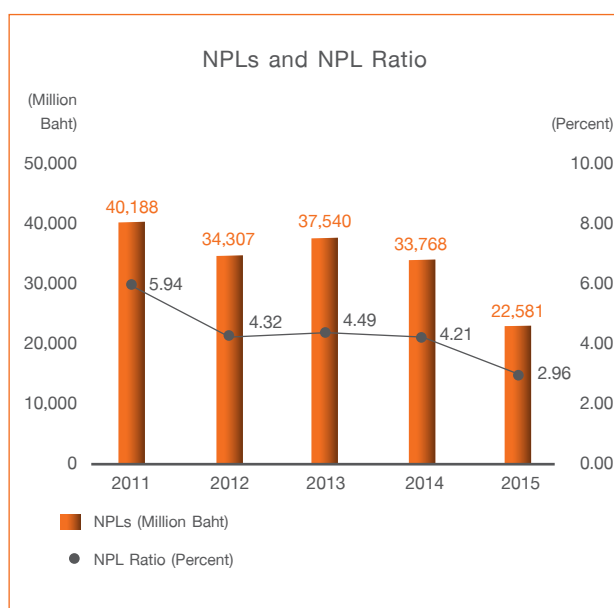
	31 December 2015	31 December 2014
NPLs	22,581	33,768
NPL-net	9,789	16,194
Total Allowance *	26,456	28,667
NPL-gross to Total Loans (Percent)	2.96	4.21
NPL-net to Total Loans (Percent)	1.30	2.06
Reserve to Reserve Required by the BOT (Percent)	157.71	132.64
Coverage Ratio (Percent)	117.16	84.89

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)

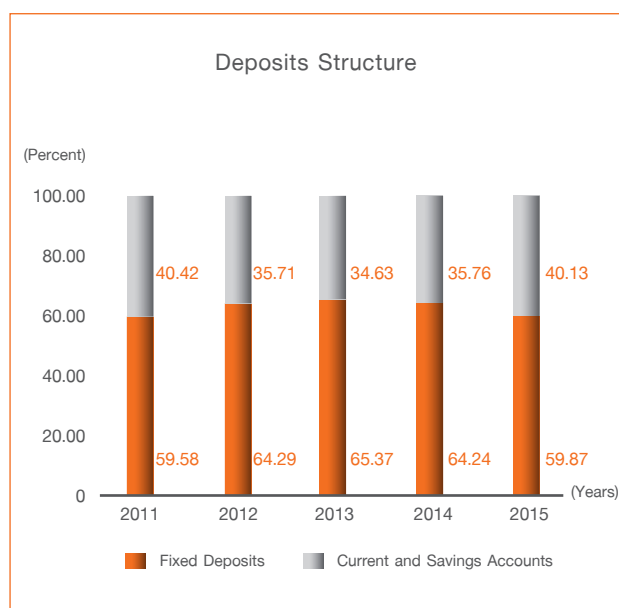
Total Liabilities	31 December 2015		31 December 2014		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Deposits	669,454	75.54	696,949	75.64	(27,495)	(3.95)
Interbank and Money Market Items	85,600	9.66	80,139	8.70	5,461	6.81
Debts Issued and Borrowings	84,929	9.58	98,418	10.68	(13,489)	(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.



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



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