



Thanachart Capital Public Company Limited

Financial Summary

Management's Discussion and Analysis for the Year 2017

Supporting Documents for 2018 Annual General Meeting of Shareholders

Wednesday, 25 April 2018, at 14.00 Hours,

the Athenee Crystall Hall, 3rd Floor,

The Athenee Hotel, a Luxury Collection Hotel, Bangkok,

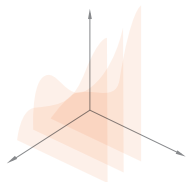
61 Wireless Road (Witthayu), Lumpini, Pathumwan, Bangkok 10330.

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For more information, please contact the Corporate Secretary Office

Tel. 0-2217-8000 ext. 3004, 3008-3012 Facsimile 0-2217-8312

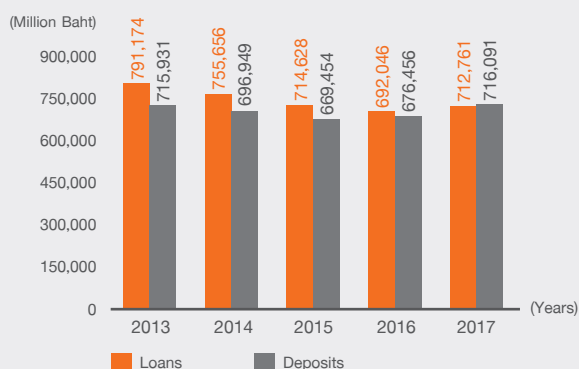


FINANCIAL HIGHLIGHTS

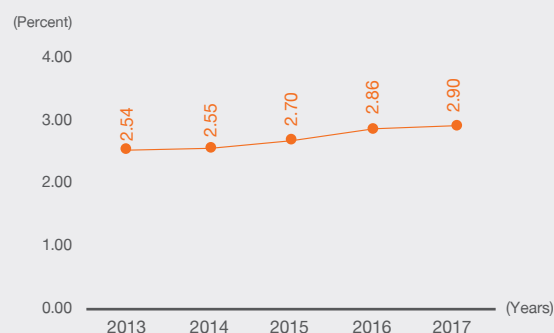
As at and for the year ended 31 December

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

Loans and Deposits



Interest Spread



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 = Deposits + Interbank and Money Market Items from Interest Bearing + Debts Issued and Borrowings)

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

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

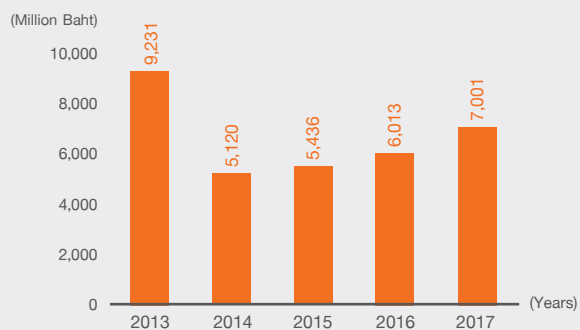
⁽⁶⁾ Reserve to Required Reserve = Total Allowance / Reserve Required by the BOT

⁽⁷⁾ Dividend per Share for 2017 is Interim Rate Paid

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

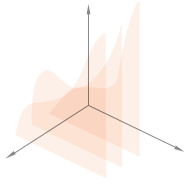
	CONSOLIDATED				
	2017	2016	2015	2014	2013
Financial Position Quality (Percent)					
Loans to Deposits Ratio	99.53	102.30	106.75	108.42	110.51
NPL-gross to Total Loans	2.40	2.41	2.96	4.21	4.49
NPL-net to Total Loans	1.23	1.12	1.30	2.06	2.30
Coverage Ratio ⁽⁵⁾	131.06	146.79	117.16	84.89	82.61
Reserve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

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

Opinion

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Allowances for doubtful accounts

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

to Baht 24,517 million, which are material amounts. The allowance for doubtful accounts is estimated based on criteria established by the Bank of Thailand and relies on various assumptions. Therefore, the management is required to exercise considerable judgment in determining the assumptions to be used. Because the allowance for doubtful accounts is material and estimated based on judgement, I addressed the adequacy of allowance for doubtful accounts as a key audit matter.

I gained an understanding of, assessed and tested on a sampling basis the internal controls relating to the calculation of allowances for doubtful accounts, the calculation of collateral value and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Group in the determination and calculation of the allowance, and compared the Group's policy with regulatory requirements, and I tested certain controls over the computer-based controls relevant to the calculation of allowance for doubtful accounts.

Moreover, I examined the allowances for doubtful accounts as at the period-end date by testing the completeness of the data used in the calculation of allowance for doubtful accounts, reviewing the assumptions and methods applied by the Group to the determination and calculation of the allowances for doubtful accounts, as follows:

- In cases where the Group set loan loss provisions on a specific basis, I tested on a sampling basis the allowance for doubtful accounts by reviewing the loan classification and checking the correctness of the collateral values used in the allowance calculation.

- In cases where the Group applied a collective approach to loan loss provisioning, I tested, on a sampling basis, the assumptions and historical data or information used in determining the assumptions relating to the probability of default and loss given default, compared the assumptions used in the current year and the prior year, and reviewed whether the assumptions and methods were applied consistently.

Recognition of interest income

For the year ended 31 December 2017, the Group recognised interest income on loans to customers amounting to Baht 41,252 million (accounting for 62% of total income). The interest income was derived from a variety of loans provided to a large number of customers and each type of loan agreement had different conditions. Moreover, the recognition of interest income relies primarily on data processed by information systems and regulations require the Group to cease accrual of interest income for overdue loans. I therefore addressed the measurement and occurrence of interest income as a key audit matter.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the Group's internal controls relevant to loan origination and interest income recognition, including related computer-based controls. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement, whether it was in compliance with the Group's accounting policy and whether recognition ceased in accordance with the regulatory requirements. I also performed analytical procedures on interest income and examined, on a sampling basis, material adjustments made through journal vouchers.

Goodwill

As at 31 December 2017, goodwill of Baht 17,637 million was presented in the financial statements. I have focused on the examination of the impairment of goodwill because the impairment assessment on goodwill is a significant accounting estimate requiring the management to exercise a judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

I assessed the identified cash generating units and the financial models selected by the Group's management by gaining an understanding of the management's decision-making process to determine whether the decisions were consistent with how the assets are utilised. In addition, I tested the significant assumptions applied by the management in preparing estimates of the cash flows expected to be realised from the assets in the future, through comparison of those assumptions and information from both internal and external sources and a review of the accuracy of past cash flow projections in comparison to actual operating results in order to assess the reliability of the cash flow projections. I also considered the discount rate used by the management by comparing the rate with the market rate for the same business and tested the calculation of the realisable values of the assets using the selected financial model, taking into consideration the impact of changes in the key assumptions on those realisable values, especially changes in the discount rate and long-term growth rates. Moreover, I assessed the disclosure made with respect to the impairment assessment for goodwill.

Insurance contract liabilities

As discussed in Note 26 to the consolidated financial statements, as at 31 December 2017, the Company and its subsidiaries have life policy reserves of Baht 8,953 million and outstanding claims from insurance contracts of Baht 1,701 million that are treated as part of the insurance / life contract liabilities in the financial statements. Life reserves are the accumulated reserves for insurance policies in force from the inception of the insurance contracts to the end of the reporting period, and are calculated under an actuarial method which applies several assumptions that are best estimates of obligations under the insurance contracts at that time. Changes in these assumptions will affect the balance of life reserves. The loss reserves and outstanding claims are estimates of claims incurred and reported and claims incurred but not reported made by the management of the subsidiaries using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. In addition, the estimates of these reserves are dependent on the accuracy of the data related to the number, amounts and nature of both current and historical claims incurred. I therefore focused on the completeness of these reserves.

I assessed and tested the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives, gaining an understanding of the assumptions used in the estimates made by the actuary. I also randomly selected data used by the actuary in calculating the life policy reserve and claims reserve, performed random tests on major claims to compare them with the accounting records, and compared historical claims data with the reserve estimates. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserves recognised, assessed the assumptions and methods used in the calculation of reserves, tested the accuracy and completeness of historical data used by the actuary and compared the assumptions to those used in the prior year.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

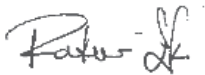
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely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

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

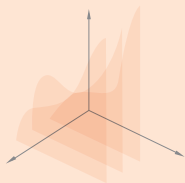


Ratana Jala

Certified Public Accountant (Thailand) No. 3734

EY Office Limited

Bangkok: 19 February 2018



STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

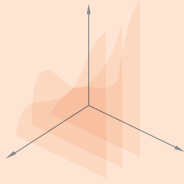
Statement of financial position

As at 31 December 2017

(Unit: Thousand Baht)

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

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2017

(Unit: Thousand Baht)

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

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

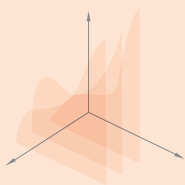
Statement of financial position (continued)

As at 31 December 2017

(Unit: Thousand Baht)

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

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



STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

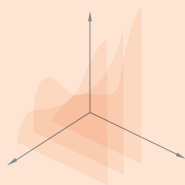
Statement of comprehensive income

For the year ended 31 December 2017

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

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

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



STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2017

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

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

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



STATEMENT OF CHANGES IN EQUITY

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity
For the year ended 31 December 2017

(Unit: Thousand Baht)

	Consolidated financial statements													
	Equity attributable to the Company's shareholders													
	Other components of equity													
	Issued and paid-up share capital	Premium on common share	Premium on treasury share	Share premium of a subsidiary	Amount by which the value of investment in subsidiary lower than attributable net book value	Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income (loss) of an associate	Share of surplus from the change in the ownership interests in subsidiaries of an associate	Retained earnings			Total	
Unappropriated										Treasury shares	Non-controlling interests			
Preferred shares	Common shares							Statutory reserve	Treasury shares reserve	Appropriated	Treasury shares			
Balance as at 1 January 2016	133	12,775,164	2,065,645	165,742	775,814	226,460	933,217	-	1,277,830	4,796,369	34,466,039	(4,796,369)	58,649,354	111,323,110
Cumulative effect from share capital reduction of an associated company	-	-	-	-	-	-	-	(15,288)	-	-	-	-	-	-
Conversion of preferred shares to ordinary shares	(1)	-	-	-	-	-	-	36,595	-	-	(116,659)	-	(23,215)	(103,278)
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	(2,213,747)	-	-	(2,213,747)
Share capital reduction from treasury shares cancellation	-	(713,500)	-	(165,742)	-	-	-	-	-	(3,398,455)	879,242	3,398,455	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,452,929)	(2,452,929)
Transfer to retained earnings	-	-	-	-	-	-	(1,885)	-	-	-	1,885	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,012,725	-	6,598,714	12,611,439
Other comprehensive income for the year (loss)	-	-	-	-	(543,337)	666,760	371,588	-	-	-	2,316	-	188,564	685,871
Balance as at 31 December 2016	132	12,064,665	2,065,645	-	775,814	226,460	389,880	664,875	382,875	1,399,914	39,032,705	(1,399,914)	62,960,488	119,851,369
Balance as at 1 January 2017	132	12,064,665	2,065,645	-	775,814	226,460	389,880	664,875	382,875	1,399,914	39,032,705	(1,399,914)	62,960,488	119,851,369
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	(2,446,773)	-	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,148	-	-	1,148
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(2,680,767)	(2,680,767)
Surplus from the change in the ownership interests in subsidiaries an associated company	-	-	-	-	-	-	-	59,719	-	-	-	-	17,945	77,664
Transfer to retained earnings	-	-	-	-	-	-	(23,328)	(30,467)	-	-	53,795	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	7,001,170	-	7,339,994	14,341,164
Other comprehensive income for the year (loss)	-	-	-	-	588,034	-	-	23,548	-	-	(97,325)	-	392,210	906,467
Balance as at 31 December 2017	132	12,064,665	2,065,645	-	775,814	226,460	977,914	641,547	385,966	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272

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

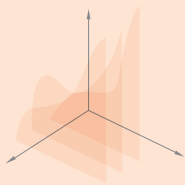
STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries
Statement of changes in equity (continued)
For the year ended 31 December 2017

(Unit: Thousand Baht)

		Separate financial statements											
		Issued and paid-up share capital					Other components of equity					Retained earnings	
		Preferred shares	Common shares	Premium on common share	Premium on treasury share	Revaluation surplus on investments - net	Revaluation surplus on assets	Appropriated		Unappropriated		Treasury shares	Total
								Statutory reserve	Treasury shares	reserve	Treasury shares		
	133	12,778,164	2,065,645	165,742	461,190	-	1,277,830	4,798,369	8,618,074	(4,798,369)	25,366,778		
Conversion of preferred shares to ordinary shares	(1)	-	-	-	-	-	-	-	-	-	-		
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	(2,213,747)	-	(2,213,747)		
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	903	-	903		
Share capital reduction from treasury shares cancellation	-	(713,500)	-	(165,742)	-	-	-	(3,398,455)	879,242	3,398,455	-		
Profit for the year	-	-	-	-	-	12,278	-	-	1,659,317	-	1,659,317		
Other comprehensive income for the year	-	-	-	-	29,057	-	-	-	(3,600)	-	37,735		
Balance as at 31 December 2016	132	12,064,665	2,065,645	-	490,247	12,278	1,277,830	1,399,914	8,940,189	(1,399,914)	24,850,886		
	132	12,064,665	2,065,645	-	490,247	12,278	1,277,830	1,399,914	8,940,189	(1,399,914)	24,850,886		
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	(2,446,773)	-	(2,446,773)		
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	1,148	-	1,148		
Profit for the year	-	-	-	-	91,339	-	-	-	2,379,238	-	2,379,238		
Other comprehensive income for the year	-	-	-	-	-	-	-	-	(2,272)	-	89,067		
Balance as at 31 December 2017	132	12,064,665	2,065,645	-	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666		

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



STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

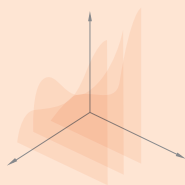
Statement of cash flows

For the year ended 31 December 2017

(Unit: Thousand Baht)

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

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

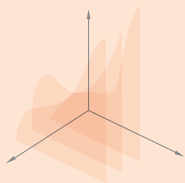
Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Thousand Baht)

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

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

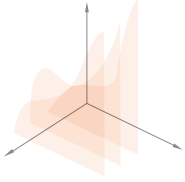
Statement of cash flows (continued)

For the year ended 31 December 2017

(Unit: Thousand Baht)

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

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



MANAGEMENT'S DISCUSSION AND ANALYSIS

Thai Economic Condition, and Commercial Bank Competition

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

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

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

Overview of Performance

For the year ended 31 December 2017

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

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

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

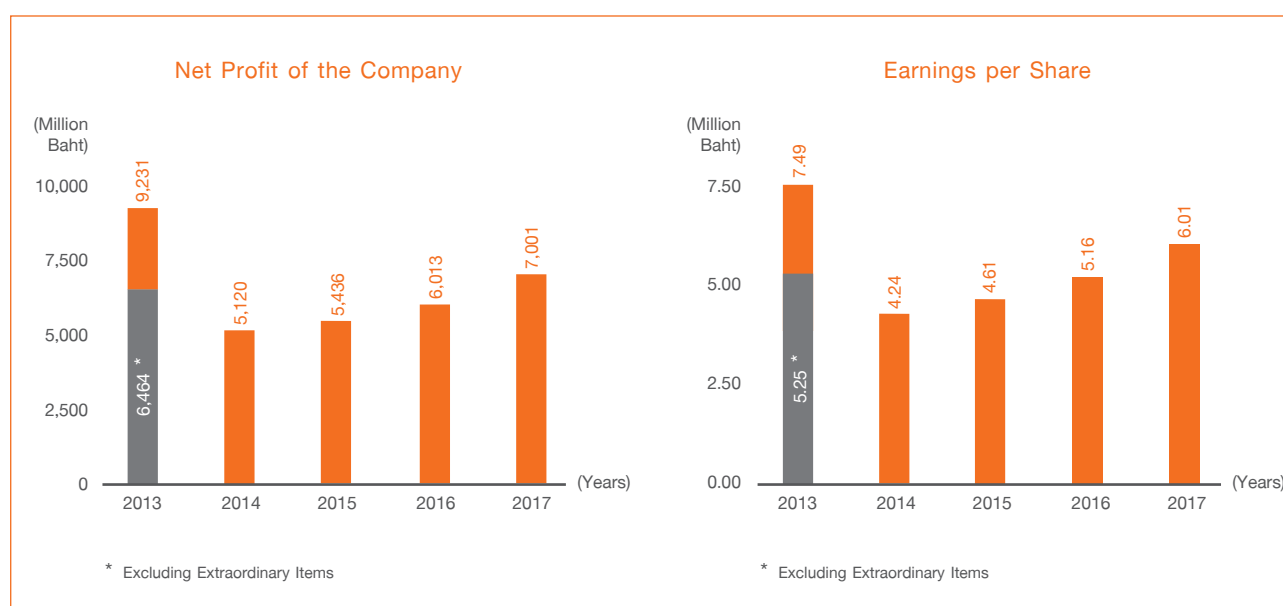
Although NPLs of Thanachart Group increased by 1,605 million baht from the end of 2016, the Group was still able to manage its NPL ratio down to 2.40 percent. Coverage ratio stayed at 131.06 percent.

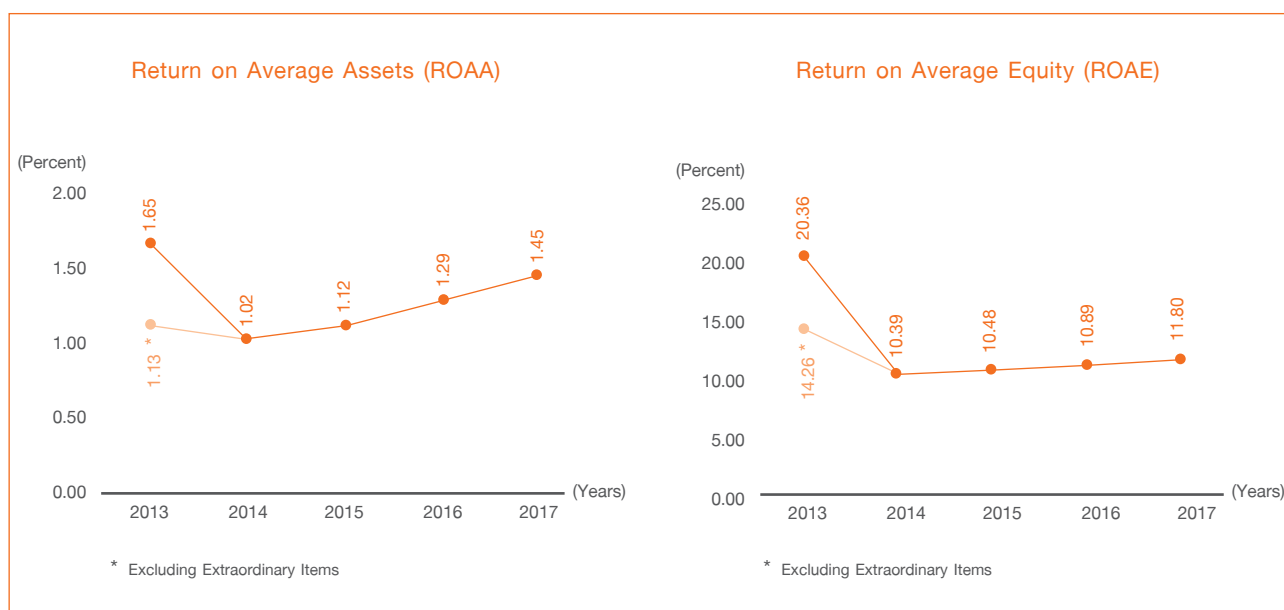
The net profit attributable to the Company in 2017 amounted to 7,001 million baht, an increase of 988 million baht or 16.43 percent from the previous year. Earnings per share (EPS) was 6.01 baht, an increase from 5.16 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's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

(Unit: Million Baht)

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

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





Net Interest Income

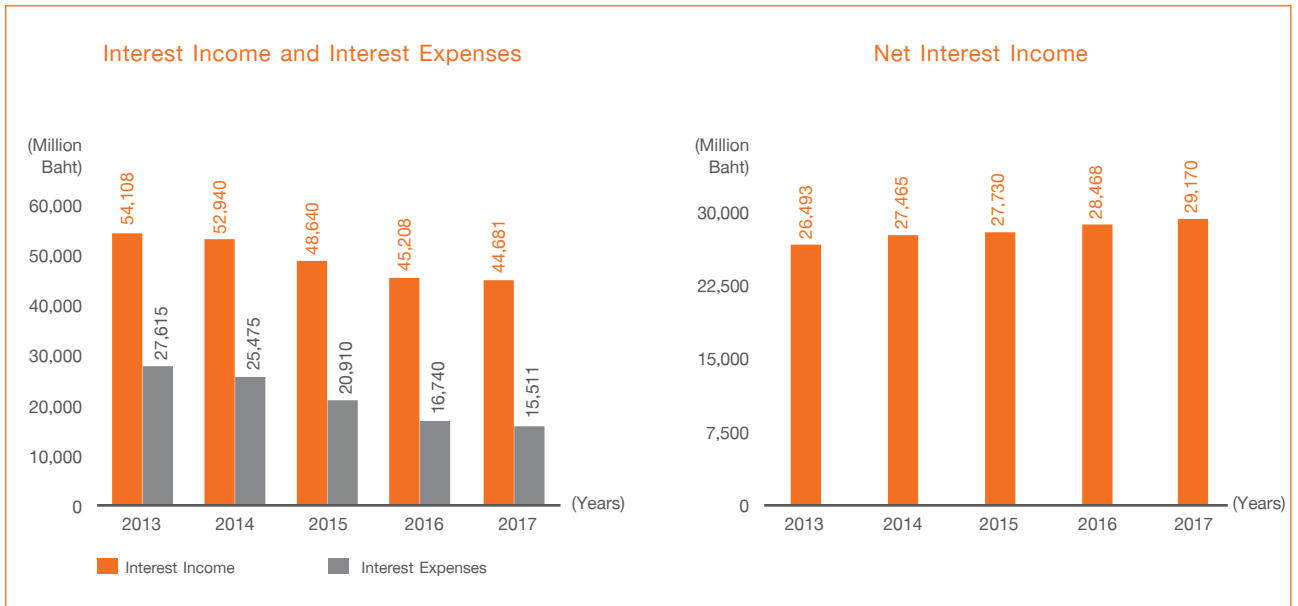
(Unit: Million Baht)

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

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

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

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



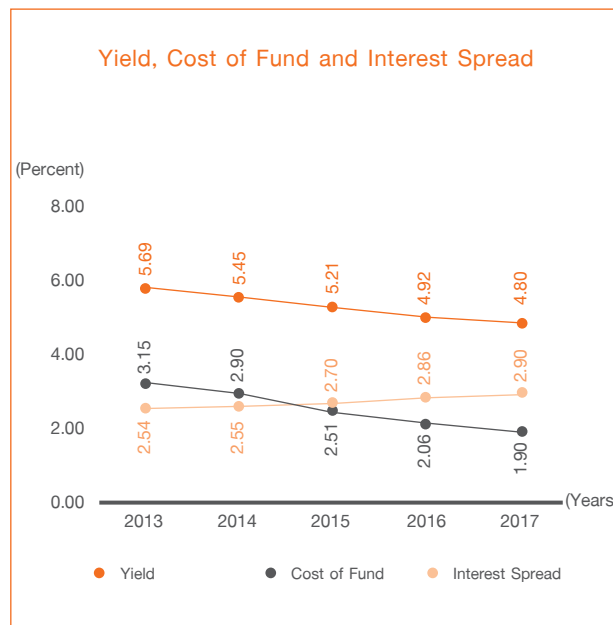
Interest Spread

(Unit: Percent)

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

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

⁽²⁾ Cost of Fund = Total Interest Expenses / (Average Deposits + Average Interbank and Money Market Items with Interest Bearing + Average Debts Issued and Borrowings)



Non-interest Income

(Unit: Million Baht)

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

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

Net Fees and Service Income

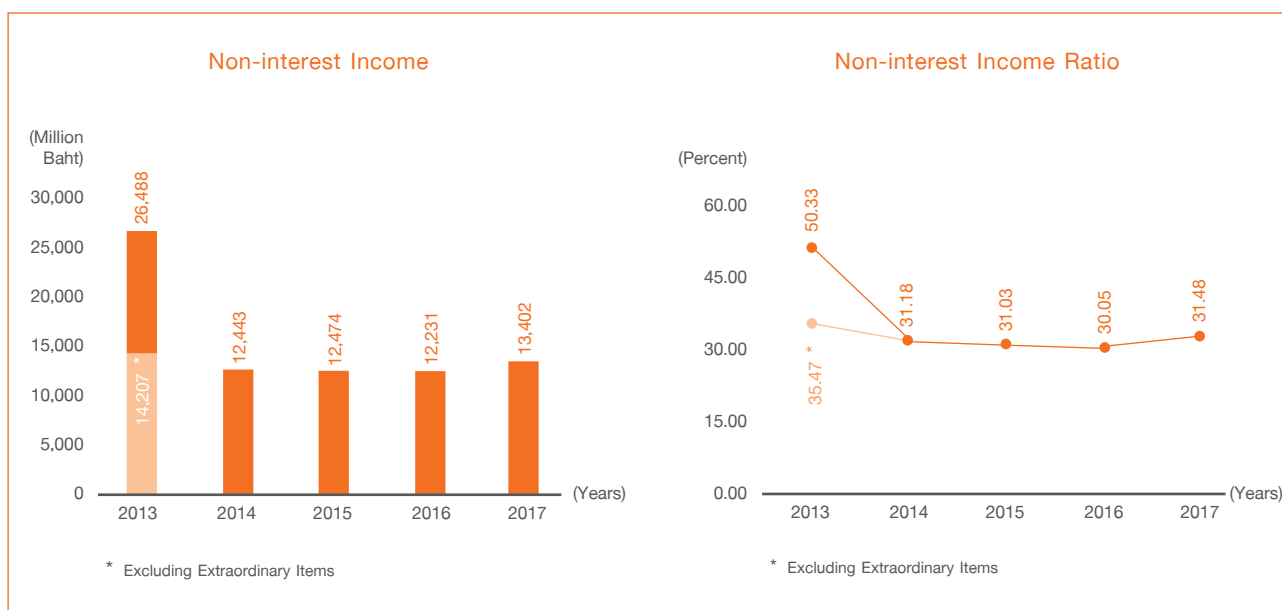
- In 2017, net fees and service income amounted to 5,890 million baht, an increase of 2 million baht or 0.03 percent. This was mainly due to an increase in commission received from selling insurance / life insurance and an increase in fund management fees while income from securities business decreased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

Other Operating Income

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

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

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

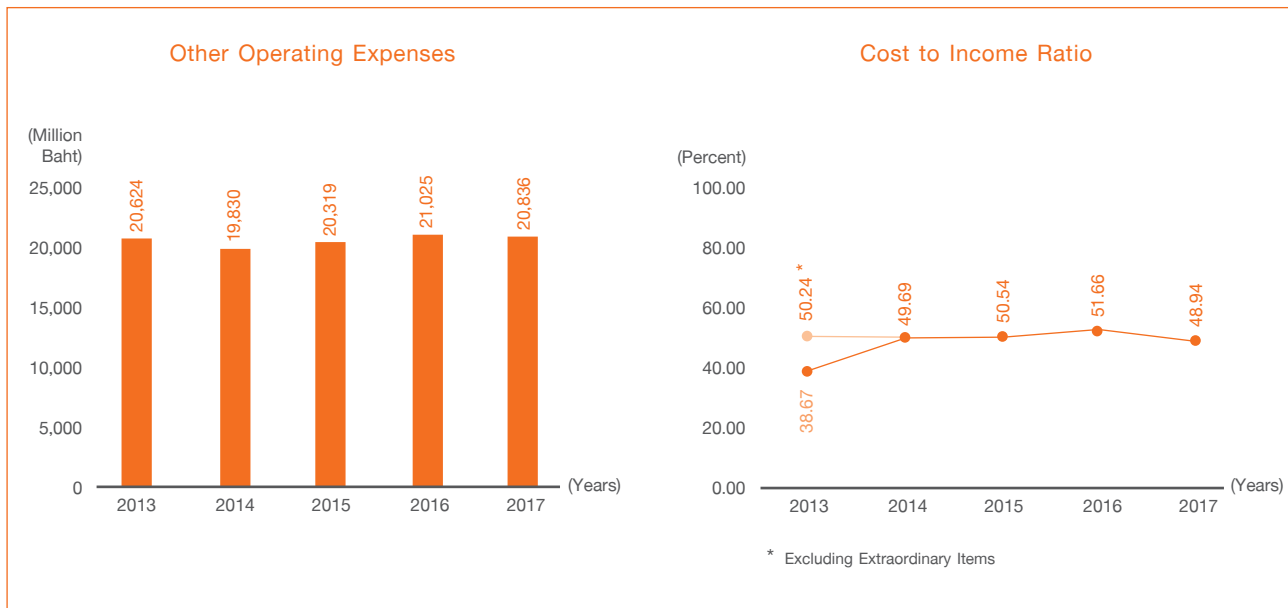


Other Operating Expenses

(Unit: Million Baht)

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

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

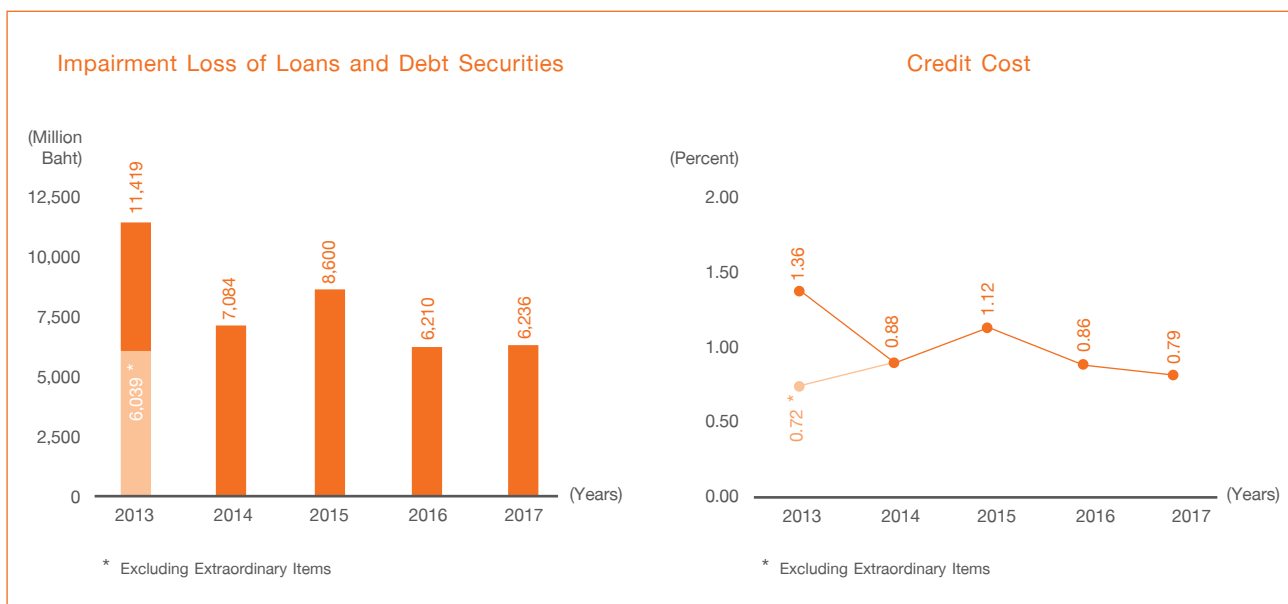


Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

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

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



Financial Position

(Unit: Million Baht)

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

Assets

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

Net Interbank and Money Market Items (Assets)

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

Net Investments

(Unit: Million Baht)

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

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

Loans to Customers

(Unit: Million Baht)

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

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

Total Loans and Allowance for Doubtful Accounts

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

(Unit: Million baht)

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

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

Non-performing Loans: NPLs

(Unit: Million baht)

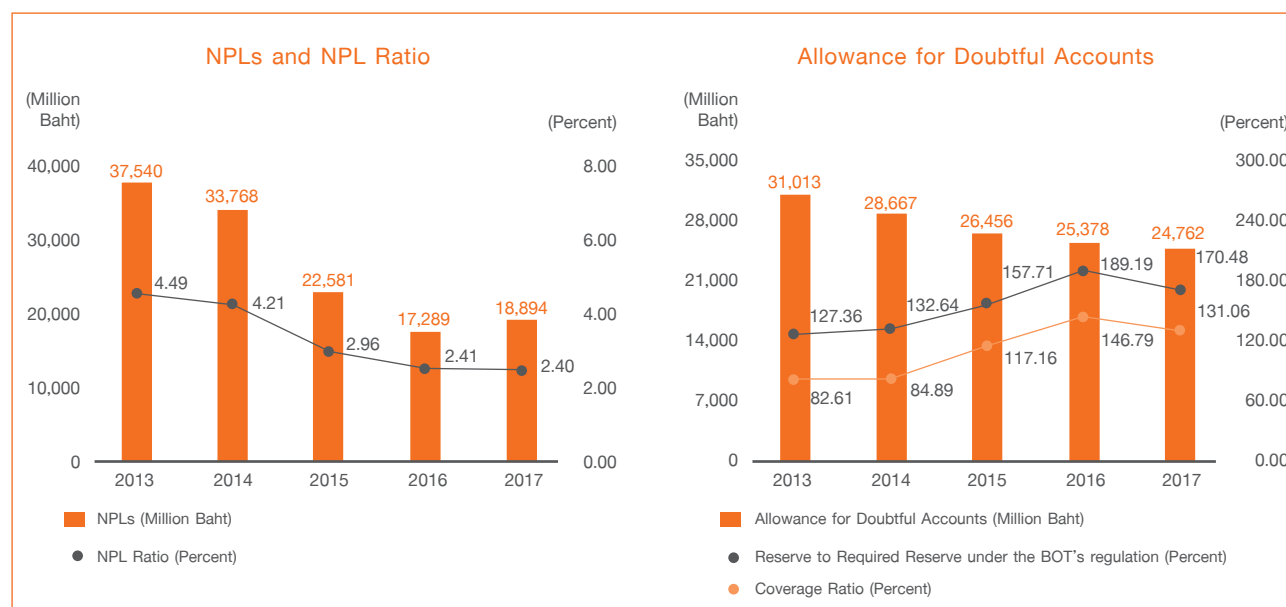
	31 December 2017	31 December 2016
NPLs	18,894	17,289
NPL-net	9,557	7,914
Total Allowance for Doubtful Accounts *	24,762	25,378
NPL-gross to Total Loans (Percent)	2.40	2.41
NPL-net to Total Loans (Percent)	1.23	1.12
Reserve to Required Reserve by the BOT (Percent)	170.48	189.19
Coverage Ratio (Percent)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

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

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

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

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



Property Foreclosed

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

Source of Fund

Capital Structure

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

(Unit: Million Baht)

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

Liabilities

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

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

(Unit: Million Baht)

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

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

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

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

Shareholders' Equity

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

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

- Equity attributable to non-controlling interests amounted to 68,050 million baht, an increase of 5,090 million baht or 8.08 percent, mainly from the operating results of the subsidiary companies.

Cash Flows

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

- The net cash flows from operating activities were 1,353 million baht, mainly due to 23,238 million baht in profit from operation. The key changes in operating assets and liabilities included an increase of 47,365 million baht in interbank and money market items (asset); an increase of 33,506 million baht in loans to customers; an increase of 2,823 million baht in investments in trading securities; an increase of 2,001 million baht in receivables from purchase and sale of securities; a decrease of 5,292 million baht in property foreclosed; a decrease of 1,111 million baht in derivatives assets; a decrease of 9 million baht in other assets; an increase of 39,635 million baht in deposits; an increase of 16,509 million baht in interbank and money market items (liability); an increase of 47 million baht in insurance/life insurance contract liabilities; an increase of 2 million baht in liability payable on demand; a decrease of 1,745 million baht in derivatives liabilities; a decrease of 108 million baht in payable from purchase and sales of securities; and an increase of 3,058 million baht in other liabilities.

- The net cash flows from investing activities amounted to 16,008 million baht. This was mainly due to a decrease of 11,295 million baht in investments in securities; 3,830 million baht in cash received from interest; 805 million baht in cash received from dividend; 709 million baht in cash received from disposal of investment in an associated company; and 24 million baht in cash received from disposal of land, premises and equipment. On the other hand, cash paid for purchase of premises and equipment/intangible assets amounted to 655 million baht.

- The net cash flows used in financing activities amounted to 17,985 million baht. This included cash received of 13,224 million baht from debts issued and borrowings; cash paid of 23,332 million baht for debts issued and borrowings; cash paid of 2,770 million baht for interest expenses on debts issued and borrowings; cash paid of 2,446 million baht for dividend; and cash paid of 2,661 million baht for dividend to non-controlling interests.

Commitments

(Unit: Million Baht)

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

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

Capital Adequacy

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

(Unit: Percent)

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

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

(Unit: Million Baht)

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

Note: * Only the profit attributable to the owners of TBANK

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2017 and 2016 based on consolidated financial statements)

(Unit: Million Baht)

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

Notes: ⁽¹⁾ Other operating income net insurance expenses

⁽²⁾ Excluding insurance expenses

Operating Results for the Year 2017

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

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

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

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

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

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

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

Net Interest Income

(Unit: Million Baht)

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

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

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

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

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

(Unit: Percent)

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

Non-interest Income

(Unit: Million Baht)

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

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

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

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

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

Other Operating Expenses

(Unit: Million Baht)

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

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

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

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

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

Income Tax

As of 31 December 2017, TBANK had tax losses of 4,742 million baht from investments in the liquidation of a subsidiary company, equivalent to a tax benefit of 948 million baht, based on a 20 percent corporate income tax rate.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

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

Assets

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

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

(Unit: Million Baht)

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

Liabilities and Shareholders' Equity

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

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

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

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

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

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

Asset Quality

The asset quality was considered based on consolidated financial statements.

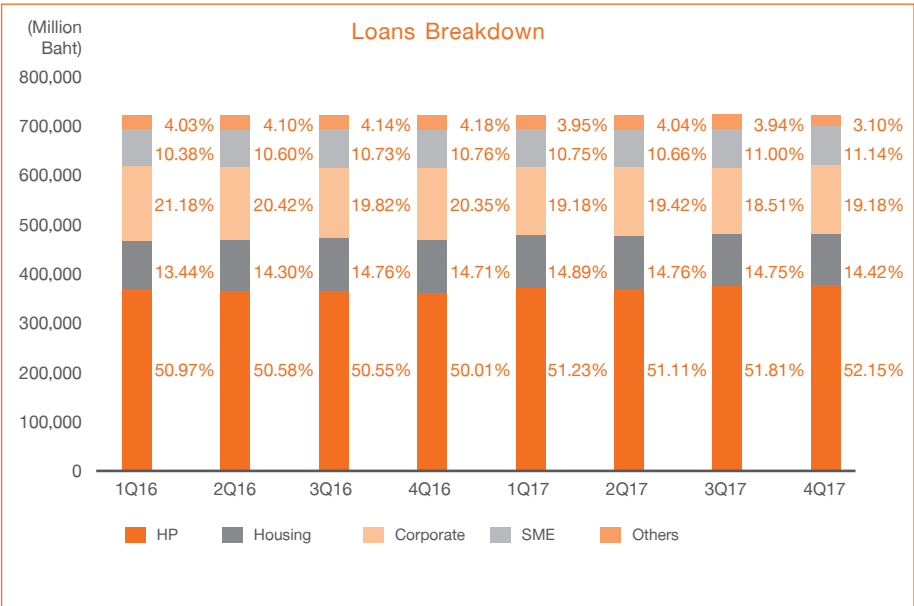
1. Loans

1.1 Loans to Customers and Accrued Interest Receivables

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

Loans Diversification

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



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

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

Loans Classified by the BOT's Regulations

(Unit: Million Baht)

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

1.3 Non-performing Loans

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

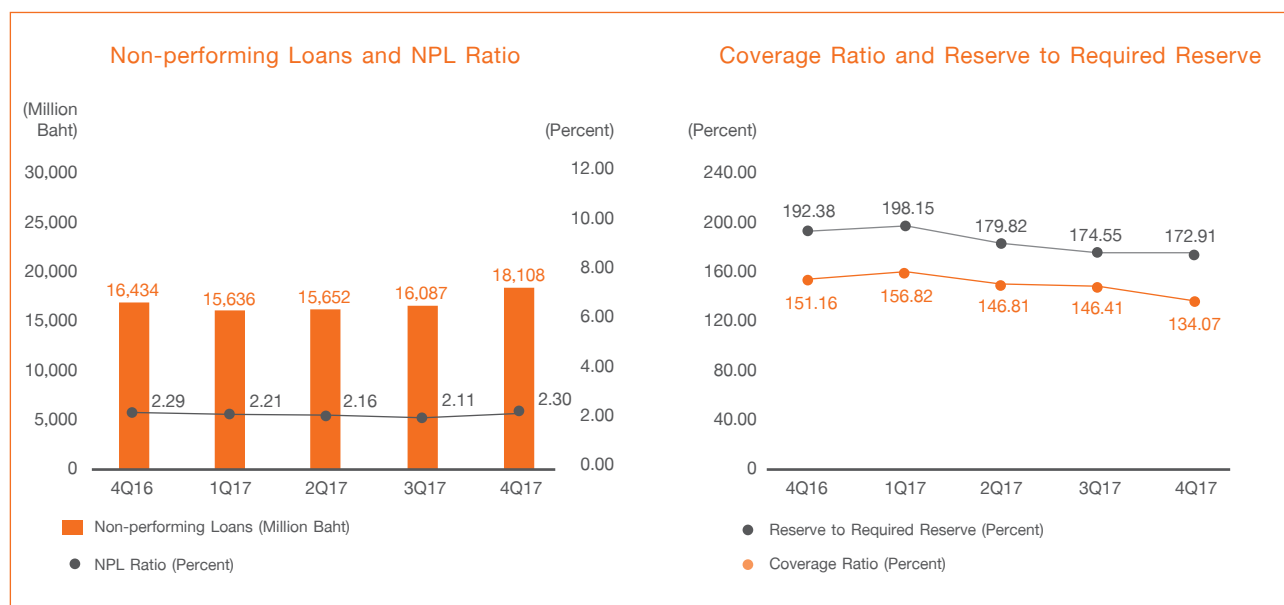
Coverage ratio of TBANK and its subsidiaries as of 31 December 2017 was at 134.07 percent, down from 151.16 percent at the end of December 2016. TBANK and its subsidiaries had an excess reserve of 10,237 million baht according to the BOT's regulations, and a reserve to required reserve under the BOT's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

Non-performing Loans

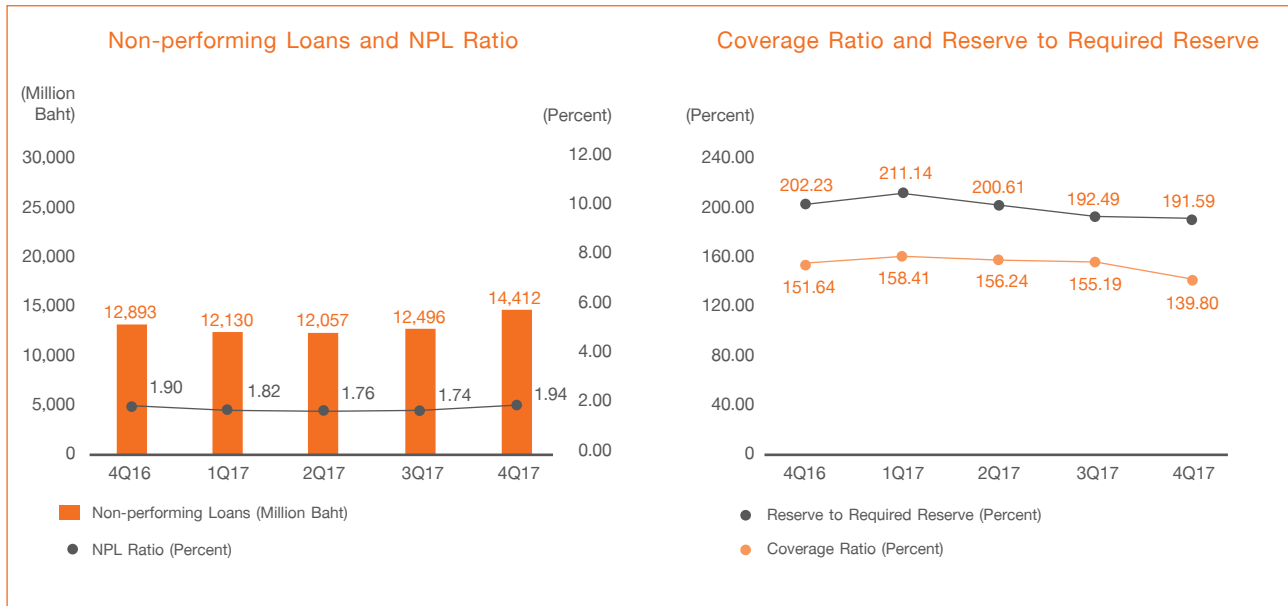
	TBANK		TBANK Consol.	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
NPLs (Million Baht)	14,412	12,893	18,108	16,434
Total Allowance for Doubtful Accounts * (Million Baht)	20,149	19,550	24,278	24,841
NPL-gross to Total Loans (Percent)	1.94	1.90	2.30	2.29
NPL-net to Total Loans (Percent)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

Note: * Including revaluation allowance for debt restructuring

Consolidated Financial Statements



Separate Financial Statements



2. Investments in Securities

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

Securities Investments Classified by Types of Instruments

(Unit: Million Baht)

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

Liquidity

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

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

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

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

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

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

(Unit: Million Baht)

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

Relation between Source and Use of Fund

In 2017, TBANK and its subsidiaries's sources of fund from deposits and borrowings amounted to 716,278 million baht and 39,308 million baht, respectively. Uses of funds in giving loans were 711,675 million baht and investments before allowance for change in value were 166,423 million baht. List of sources and uses of major funds by remaining tenor as of 31 December 2017, the record date of the financial statements, are as follows:

Type	At Call		Less than 1 Year		Over 1 Year		Unspecified		Total	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sources of Funds										
Deposits	307,595	40.71	365,947	48.43	42,736	5.66	-	-	716,278	94.80
Borrowings	392	0.05	3,493	0.46	35,423	4.69	-	-	39,308	5.20
Total Sources of Funds	307,987	40.76	369,440	48.89	78,159	10.35	-	-	755,586	100.00
Uses of Funds										
Loans ⁽¹⁾	39,792	4.53	195,223	22.24	476,660	54.28	-	-	711,675	81.05
Investments	5	-	37,333	4.25	120,552	13.73	8,533	0.97	166,423	18.95
Total Uses of Funds	39,797	4.53	232,556	26.49	597,212	68.01	8,533	0.97	878,098	100.00

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

From the breakdown of sources and uses of funds by remaining tenor of the financial statements as of 31 December 2017, sources of funds consisted of a major portion of deposits reaching maturity less than 1 year of 48.43 percent and deposits at call of 40.71 percent of total sources of funds. Whereas the uses of funds consisted of a major portion of loans with remaining tenor of over 1 year of 54.28 percent and loans with remaining tenor of less than 1 year of 22.24 percent of total uses of funds. However, this incongruence between the sources and uses of funds is commonly found in the industry of commercial banks and financial institutions as most depositors tend to keep the matured cash deposited after the due date. Furthermore, TBANK had formulated policies to minimize such discrepancy between the sources and uses of funds using financial instruments to efficiently manage risk that TBANK would receive warning signals in advance in case of possible impact on the sources and uses of funds.

Commitments

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

(Unit: Million Baht)

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

Capital Adequacy

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

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

Capital Adequacy Ratio

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

Thanachart Securities Public Company Limited

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

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

As of 31 December 2017, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 44.10 percent, higher than the minimum requirement regulated by the SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Fund Management Company Limited

As at 29 December 2017, TFUND had assets under management of 228,589 million baht, an increase of 39,581 million baht or 20.94 percent from the end of 2016. Assets under management comprised of 88.33 percent mutual funds, 6.79 percent provident funds, and 4.89 percent private funds.

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

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

Thanachart Insurance Public Company Limited

In 2017, TNI had total insurance premium of 7,506 million baht, an increase of 1,086 million baht or 16.92 percent when compared with that of 2016. The increase in total insurance premium was higher than that of the Thai insurance industry which is expected to grow by 4.5 - 5.0 percent.

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

TS Asset Management Company Limited

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

Ratchthani Leasing Public Company Limited

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

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

MBK Life Assurance Public Company Limited

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

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

NFS Asset Management Company Limited

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

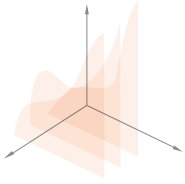
NFS AMC's net profit for the year 2017 amounted to 24 million baht, a decrease of 31 million baht or 56.36 percent from the year 2016. Operating income amounted to 30 million baht, a decrease of 114 million baht or 79.17 percent.

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

MAX Asset Management Company Limited

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

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



ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Bank Public Company Limited	TBANK
Thanachart Securities Public Company Limited	TNS
Thanachart Fund Management Company Limited	TFUND
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK LIFE
Thanachart Group Leasing Company Limited	TGL
Ratchthani Leasing Public Company Limited	THANI
NFS Asset Management Company Limited	NFS AMC
MAX Asset Management Company Limited	MAX AMC
TS Asset Management Company Limited	TS AMC
National Leasing Company Limited	NL
Thanachart Management and Services Company Limited	TMS
Thanachart Training and Development Company Limited	TTD
Thanachart Broker Company Limited	TBROKE
Security Scib Services Company Limited	SSV
TM Broker Company Limited	TM Broker
MT Service 2016 Company Limited	MTS
The Bank of Nova Scotia	Scotiabank
Siam City Bank Public Company Limited	SCIB
MBK Public Company Limited	MBK
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
Financial Institutions Development Fund	FIDF
Bank of Thailand	BOT
The Securities and Exchange Commission	SEC
The Stock Exchange of Thailand	SET
Office of the Insurance Commission	OIC
Anti-Money Laundering Office	AMLO
Office of the National Anti-Corruption Commission	Office of NACC
EY Office Limited	EY
The United State of America	USA
The Lao People's Democratic Republic	Lao PDR