

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

Financial statements for the year ended
31 December 2016
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of TMB Bank Public Company Limited

Opinion

I have audited the accompanying consolidated and the Bank only financial statements of TMB Bank Public Company Limited and its subsidiaries (the "Group") and of TMB Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2016, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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 judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers	
For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 12 and 14.	
The key audit matter	How the matter was addressed in the audit
As at 31 December 2016, loans to customers recorded in the consolidated and the Bank only financial statements amounted to Baht 593.51 billion and Baht 593.46 billion (approximately 72.29% and 72.36% of total assets), against which allowances for doubtful accounts of Baht 24.91 billion and Baht 24.88 billion, respectively, were provided. The estimation of the allowance involves judgements over both the timing of recognition and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers. The allowance is determined based on the key factors such as historical loss data, expected loss data, credit risk, collateral, economic conditions and management experience. Accordingly it is considered a Key Audit Matter. Management has established a control framework over the impairment process which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant regulations. Within this framework: ▪ Individual assessments are made by management of credit scoring and classification. Collateral valuation estimates are also used in determining allowances. ▪ The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Model methodologies and assumptions such as customer behavior are selected, approved, and applied to the underlying data.	In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates. My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process. Credit review procedures were performed for a sample of loans, including a detailed review of the individual credit file and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in our risk assessment. Model assumptions and methodologies were tested, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.

Valuation of financial instruments in the statements of financial position	
For disclosures related to financial instruments and fair values, refer to note 5.	
The key audit matter	How the matter was addressed in the audit
As at 31 December 2016, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 47.17 billion and Baht 44.15 billion respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 10.51 billion and Baht 10.51 billion respectively. The entire amount is classified as “level 2” in the fair value hierarchy. Therefore, judgment is applied in the estimation of the fair value. The use of different valuation techniques and assumptions could produce different estimates of fair value.	For financial instruments, I checked for a selection that pricing inputs used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate and they valued a selection of the Group and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group and the Bank’s valuation.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor’s report thereon. The annual report is expected to be made available to me after the date of this auditor’s report.

My opinion on the consolidated and the Bank only 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 consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

In preparing the consolidated and the Bank only financial statements, management is responsible for assessing the Group’s and the Bank’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 and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group’s and the Bank’s financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only 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 TSAs 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 consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank only 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 and the Bank'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 and the Bank'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 consolidated and the Bank only 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 and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only 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 and the Bank 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 consolidated and the Bank only 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.

(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2017

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

Assets	Note	Consolidated		Bank only	
		31 December		31 December	
		2016	2015	2016	2015
		(in thousand Baht)			
Cash		16,530,908	17,290,402	16,530,044	17,289,833
Interbank and money market items, net	8, 35.2	113,857,825	115,758,178	112,924,852	114,957,730
Claims on securities		13,114,600	11,944,900	13,114,600	11,944,900
Derivative assets	9	10,460,367	12,250,311	10,460,367	12,250,311
Investments, net	10, 35.2	62,116,024	98,260,036	59,090,761	95,470,360
Investments in subsidiaries and associate, net	11	-	8	3,429,421	3,331,428
Loans to customers and accrued interest receivables, net	12, 35.2				
Loans to customers		593,509,981	580,867,827	593,461,910	580,836,479
Accrued interest receivables		914,973	1,068,312	914,973	1,068,312
Total loans to customers and accrued interest receivables		594,424,954	581,936,139	594,376,883	581,904,791
Less deferred revenue		(68,642)	(91,694)	(68,642)	(91,694)
Less allowance for doubtful accounts	12.4, 14, 35.2	(24,910,906)	(28,844,706)	(24,880,555)	(28,821,032)
Less revaluation allowance for debt restructuring	12.7	(177,350)	(180,558)	(177,350)	(180,558)
Total loans to customers and accrued interest receivables, net		569,268,056	552,819,181	569,250,336	552,811,507
Customers' liabilities under acceptances		4,910	10,913	4,910	10,913
Properties for sale, net	15	1,506,050	1,207,101	1,506,050	1,207,101
Premises and equipment, net	16	12,383,373	10,291,853	12,354,385	10,266,657
Goodwill and other intangible assets, net	17	1,704,048	1,238,552	1,640,913	1,173,917
Deferred tax assets	18	774,854	2,044,523	760,716	2,032,134
Other receivables, net	19, 35.2	13,695,255	11,325,343	13,585,479	11,066,170
Other assets, net	20, 35.2	5,583,812	4,495,980	5,518,852	4,420,344
Total assets		821,000,082	838,937,281	820,171,686	838,233,305

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

TMB Bank Public Company Limited and its subsidiaries
Statements of financial position

Liabilities and equity	Note	Consolidated		Bank only	
		31 December 2016	31 December 2015	31 December 2016	31 December 2015
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	21, 35.2	598,948,198	644,693,924	599,021,383	644,729,505
Interbank and money market items	22, 35.2	45,417,479	36,216,663	45,417,479	36,216,663
Liabilities payable on demand		4,032,188	3,008,198	4,032,188	3,008,198
Liabilities to deliver security		13,114,600	11,944,900	13,114,600	11,944,900
Financial liabilities designated at fair value through profit or loss	23	361,634	298,869	361,634	298,869
Derivative liabilities	9	10,728,155	12,141,438	10,728,155	12,141,438
Debts issued and borrowings, net	24, 35.2	39,874,305	30,183,564	39,874,305	30,183,564
Bank's liabilities under acceptances		4,910	10,913	4,910	10,913
Provisions for obligations on transfers of non-performing assets	7, 35.2	1,656,709	5,998,333	1,656,553	5,998,333
Provisions for employee benefits	25	1,453,099	1,492,439	1,424,722	1,471,505
Provisions for other liabilities	26	701,088	542,453	701,058	542,423
Other payables	27	11,323,689	6,988,253	11,319,299	6,983,792
Other liabilities	28, 35.2	9,536,222	8,818,971	9,444,964	8,705,973
Total liabilities		737,152,276	762,338,918	737,101,250	762,236,076
Equity					
Share capital					
Authorised share capital					
44,108,738,479 ordinary shares of Baht 0.95 each		41,903,302	41,903,302	41,903,302	41,903,302
Issued and paid-up share capital					
43,807,370,307 ordinary shares of Baht 0.95 each (31 December 2015: 43,749,499,615 ordinary shares of Baht 0.95 each)	29	41,617,002	41,562,025	41,617,002	41,562,025
Premium on share capital	29	325,406	236,181	325,406	236,181
Other reserves		5,277,866	3,959,690	5,277,590	3,927,758
Retained earnings					
Appropriated					
Legal reserve	31, 32	2,120,000	1,710,000	2,120,000	1,710,000
Unappropriated		34,382,496	29,023,338	33,730,438	28,561,265
Equity attributable to equity holders of the Bank		83,722,770	76,491,234	83,070,436	75,997,229
Non-controlling interest		125,036	107,129	-	-
Total equity		83,847,806	76,598,363	83,070,436	75,997,229
Total liabilities and equity		821,000,082	838,937,281	820,171,686	838,233,305

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Rungson Sriworasat
Chairman of the Board

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income

	<i>Note</i>	Consolidated		Bank only	
		For the year ended 31 December		For the year ended 31 December	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Interest income	35.1, 38	35,631,309	36,429,927	35,597,766	36,393,131
Interest expenses	35.1, 39	10,870,433	13,209,941	10,870,554	13,210,053
Net interest income		24,760,876	23,219,986	24,727,212	23,183,078
Fees and service income	35.1, 40	10,167,918	9,712,001	9,407,355	9,089,281
Fees and service expenses	35.1, 40	2,171,031	1,890,925	2,037,889	1,780,648
Net fees and service income		7,996,887	7,821,076	7,369,466	7,308,633
Gains on trading and foreign exchange transactions, net	41	1,691,409	1,701,220	1,691,409	1,701,220
Losses on financial liabilities designated at fair value through profit or loss, net	42	(12,515)	(15,533)	(12,515)	(15,533)
Gains on investments, net	43	200,888	180,638	191,976	199,781
Other operating income	35.1	585,101	542,954	558,839	483,311
Total operating income		35,222,646	33,450,341	34,526,387	32,860,490
Other operating expenses					
Employee expenses	35.3	8,117,590	8,169,475	7,890,739	7,958,599
Directors' remuneration	35.3	41,445	41,542	41,086	41,183
Premises and equipment expenses		3,149,905	3,129,663	3,087,818	3,073,052
Taxes and duties		1,272,562	1,282,041	1,271,726	1,280,148
Others	35.1, 44	4,007,377	3,844,572	3,843,542	3,719,884
Total other operating expenses		16,588,879	16,467,293	16,134,911	16,072,866
Impairment loss on loans and debt securities	35.1, 45	8,649,499	5,478,950	8,665,349	5,516,680
Profit from operations before income tax expense		9,984,268	11,504,098	9,726,127	11,270,944
Income tax expense	18	1,739,863	2,152,755	1,691,529	2,087,126
Profit for the year		8,244,405	9,351,343	8,034,598	9,183,818
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Losses on remeasuring available-for-sale investments		(172,872)	(30,198)	(133,303)	(10,206)
Gains (losses) arising from translating the financial statements of foreign operations		(16)	30,535	(16)	30,535
Income tax relating to items that will be reclassified subsequently to profit or loss	18	34,577	(67)	26,664	(4,066)
		(138,311)	270	(106,655)	16,263
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Change in revaluation surplus on assets		2,079,338	(48,889)	2,079,338	(48,889)
Actuarial gains on post-employment benefit plan	25	89,069	95,162	91,464	95,253
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	(433,681)	(9,255)	(434,161)	(9,273)
		1,734,726	37,018	1,736,641	37,091
Total other comprehensive income for the year, net of income tax		1,596,415	37,288	1,629,986	53,354
Total comprehensive income for the year		9,840,820	9,388,631	9,664,584	9,237,172

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

TMB Bank Public Company Limited and its subsidiaries
Statements of profit or loss and other comprehensive income

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
<i>Note</i>	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
Profit attributable to:				
Equity holders of the Bank	8,226,258	9,333,069	8,034,598	9,183,818
Non-controlling interest	18,147	18,274	-	-
Profit for the year	8,244,405	9,351,343	8,034,598	9,183,818
Total comprehensive income attributable to:				
Equity holders of the Bank	9,822,913	9,370,366	9,664,584	9,237,172
Non-controlling interest	17,907	18,265	-	-
Total comprehensive income for the year	9,840,820	9,388,631	9,664,584	9,237,172
Earnings per share				
Basic earnings per share <i>(in Baht)</i>	0.1879	0.2134	0.1835	0.2100
Diluted earnings per share <i>(in Baht)</i>	0.1876	0.2128	0.1832	0.2094

46

Mr. Boontuck Wungcharoen
Chief Executive Officer

Mr. Rungson Sriworasat
Chairman of the Board

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

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in equity

		Consolidated											
		Other reserves						Retained earnings					
						Translation adjustment arising from translating the financial statements of foreign operations, net	Total other reserve			Equity attributable to equity holders of the Bank	Non-controlling interest	Total equity	
	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 29)	Revaluation surplus on assets, net (Note 30)	Revaluation surplus on available-for-sale investments, net (Note 10.4)			Legal reserve	Unappropriated				
Note													
(in thousand Baht)													
Year ended 31 December 2015													
Balance at 1 January 2015	41,494,826	157,690	265,836	3,748,394	106,773	43,563	4,164,566	1,250,000	22,586,165	69,653,247	88,864	69,742,111	
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	9,333,069	9,333,069	18,274	9,351,343	
Other comprehensive income	-	-	-	(39,111)	(24,158)	24,428	(38,841)	-	76,138	37,297	(9)	37,288	
Total comprehensive income for the year	-	-	-	(39,111)	(24,158)	24,428	(38,841)	-	9,409,207	9,370,366	18,265	9,388,631	
Contributions by and distribution to owners of the bank													
Expenses in relation to share-based payments	29.3	-	-	93,067	-	-	-	93,067	-	-	93,067	-	93,067
Issued ordinary shares to employees	29.3	67,199	79,053	(146,252)	-	-	-	(146,252)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	29.3	-	(562)	-	-	-	-	-	-	(562)	-	(562)	
Dividend paid	32	-	-	-	-	-	-	-	(2,624,884)	(2,624,884)	-	(2,624,884)	
Total contributions by and distribution to owners of the bank													
	67,199	78,491	(53,185)	-	-	-	(53,185)	-	(2,624,884)	(2,532,379)	-	(2,532,379)	
Transfer to legal reserve	-	-	-	-	-	-	-	460,000	(460,000)	-	-	-	
Transfer to retained earnings	-	-	-	(112,850)	-	-	(112,850)	-	112,850	-	-	-	
Balance at 31 December 2015	41,562,025	236,181	212,651	3,596,433	82,615	67,991	3,959,690	1,710,000	29,023,338	76,491,234	107,129	76,598,363	
Year ended 31 December 2016													
Balance at 1 January 2016	41,562,025	236,181	212,651	3,596,433	82,615	67,991	3,959,690	1,710,000	29,023,338	76,491,234	107,129	76,598,363	
Comprehensive income for the year													
Profit for the year	-	-	-	-	-	-	-	-	8,226,258	8,226,258	18,147	8,244,405	
Other comprehensive income	-	-	-	1,663,470	(138,298)	(13)	1,525,159	-	71,496	1,596,655	(240)	1,596,415	
Total comprehensive income for the year	-	-	-	1,663,470	(138,298)	(13)	1,525,159	-	8,297,754	9,822,913	17,907	9,840,820	
Contributions by and distribution to owners of the bank													
Expenses in relation to share-based payments	29.3	-	-	37,469	-	-	-	37,469	-	-	37,469	-	37,469
Issued ordinary shares to employees	29.3	54,977	89,766	(144,743)	-	-	-	(144,743)	-	-	-	-	-
Expenses in relation to issuance of ordinary shares to employees	29.3	-	(541)	-	-	-	-	-	-	(541)	-	(541)	
Dividend paid	32	-	-	-	-	-	-	-	(2,628,305)	(2,628,305)	-	(2,628,305)	
Total contributions by and distribution to owners of the bank													
	54,977	89,225	(107,274)	-	-	-	(107,274)	-	(2,628,305)	(2,591,377)	-	(2,591,377)	
Transfer to legal reserve	-	-	-	-	-	-	-	410,000	(410,000)	-	-	-	
Transfer to retained earnings	-	-	-	(99,709)	-	-	(99,709)	-	99,709	-	-	-	
Balance at 31 December 2016	41,617,002	325,406	105,377	5,160,194	(55,683)	67,978	5,277,866	2,120,000	34,382,496	83,722,770	125,036	83,847,806	

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

TMB Bank Public Company Limited and its subsidiaries
Statements of changes in equity

		Bank only								
		Other reserves						Retained earnings		
						Translation adjustment arising from translating the financial statements of foreign operations, net				
Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 29)	Revaluation surplus on assets, net (Note 30)	Revaluation surplus on available-for-sale investments, net (Note 10.4)		Total other reserve	Legal reserve	Unappropriated	Total equity
(in thousand Baht)										
Year ended 31 December 2015										
Balance at 1 January 2015	41,494,826	157,690	265,836	3,748,394	58,848	43,563	4,116,641	1,250,000	22,273,279	69,292,436
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	-	9,183,818	9,183,818
Other comprehensive income	-	-	-	(39,111)	(8,165)	24,428	(22,848)	-	76,202	53,354
Total comprehensive income for the year	-	-	-	(39,111)	(8,165)	24,428	(22,848)	-	9,260,020	9,237,172
Contributions by and distribution to owners of the bank										
Expenses in relation to share-based payments	29.3	-	-	93,067	-	-	-	93,067	-	93,067
Issued ordinary shares to employees	29.3	67,199	79,053	(146,252)	-	-	-	(146,252)	-	-
Expenses in relation to issuance of ordinary shares to employees	29.3	-	(562)	-	-	-	-	-	-	(562)
Dividend paid	32	-	-	-	-	-	-	-	(2,624,884)	(2,624,884)
Total contributions by and distribution to owners of the bank										
	67,199	78,491	(53,185)	-	-	-	(53,185)	-	(2,624,884)	(2,532,379)
Transfer to legal reserve	-	-	-	-	-	-	-	460,000	(460,000)	-
Transfer to retained earnings	-	-	-	(112,850)	-	-	(112,850)	-	112,850	-
Balance at 31 December 2015	41,562,025	236,181	212,651	3,596,433	50,683	67,991	3,927,758	1,710,000	28,561,265	75,997,229
Year ended 31 December 2016										
Balance at 1 January 2016	41,562,025	236,181	212,651	3,596,433	50,683	67,991	3,927,758	1,710,000	28,561,265	75,997,229
Comprehensive income for the year										
Profit for the year	-	-	-	-	-	-	-	-	8,034,598	8,034,598
Other comprehensive income	-	-	-	1,663,470	(106,642)	(13)	1,556,815	-	73,171	1,629,986
Total comprehensive income for the year	-	-	-	1,663,470	(106,642)	(13)	1,556,815	-	8,107,769	9,664,584
Contributions by and distribution to owners of the bank										
Expenses in relation to share-based payments	29.3	-	-	37,469	-	-	-	37,469	-	37,469
Issued ordinary shares to employees	29.3	54,977	89,766	(144,743)	-	-	-	(144,743)	-	-
Expenses in relation to issuance of ordinary shares to employees	29.3	-	(541)	-	-	-	-	-	-	(541)
Dividend paid	32	-	-	-	-	-	-	-	(2,628,305)	(2,628,305)
Total contributions by and distribution to owners of the bank										
	54,977	89,225	(107,274)	-	-	-	(107,274)	-	(2,628,305)	(2,591,377)
Transfer to legal reserve	-	-	-	-	-	-	-	410,000	(410,000)	-
Transfer to retained earnings	-	-	-	(99,709)	-	-	(99,709)	-	99,709	-
Balance at 31 December 2016	41,617,002	325,406	105,377	5,160,194	(55,959)	67,978	5,277,590	2,120,000	33,730,438	83,070,436

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

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

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operations before income tax expense	9,984,268	11,504,098	9,726,127	11,270,944
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>				
Depreciation and amortisation	1,253,689	1,177,528	1,239,508	1,163,274
Impairment loss on loans and debt securities	8,649,499	5,478,950	8,665,349	5,516,680
Impairment loss on premises and equipment (reversal of)	(55,230)	24,310	(55,230)	24,310
Impairment loss on properties for sale and other assets (reversal of)	(12,244)	117,787	(10,964)	113,533
Provisions for employee benefits and other liabilities	364,021	174,724	358,974	178,199
Impairment losses on investment (reversal of)	5,147	2,400	(92,853)	(99,600)
Gains on revaluation of trading investments	(4,791)	(5,501)	(4,791)	(5,501)
Losses on disposal of other assets	-	2,425	-	2,425
Gains on disposal of premises and equipment	(37,230)	(89,943)	(35,002)	(62,191)
Gains on disposal of investments	(206,035)	(183,038)	(99,123)	(100,181)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	12,765	15,532	12,765	15,532
Unrealised losses on exchange on borrowings and derivatives	310,467	843,321	310,467	843,321
Expenses in relation to share-based payments	37,469	93,067	37,469	93,067
Net interest income	(24,760,876)	(23,219,986)	(24,727,212)	(23,183,078)
Dividend income	(61,959)	(39,778)	(61,959)	(39,778)
Interest received	34,470,469	34,073,070	34,439,024	34,035,833
Interest paid	(9,675,341)	(11,598,627)	(9,675,462)	(11,598,829)
Income tax paid	(1,466,037)	(1,706,352)	(1,418,734)	(1,562,855)
Profit from operations before changes in operating assets and liabilities	18,808,051	16,663,987	18,608,353	16,605,105
<i>Decrease (increase) operating assets</i>				
Interbank and money market items	2,010,937	(2,853,374)	2,143,914	(2,723,182)
Trading investments	4,647,992	5,936,034	4,647,992	5,936,034
Loans to customers	(26,289,950)	(55,719,972)	(26,295,754)	(55,765,273)
Properties for sale	324,608	908,568	324,608	865,671
Other receivables	(171,645)	2,042,812	(321,042)	1,516,986
Other accrued income	(113,927)	(42,588)	(135,547)	(94,821)
Other assets	(1,001,514)	(216,666)	(991,415)	(227,208)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(46,067,357)	72,890,780	(46,029,753)	72,831,304
Interbank and money market items	9,200,816	(36,499,999)	9,200,816	(36,499,999)
Liabilities payable on demand	1,023,990	(136,978)	1,023,990	(136,978)
Financial liabilities designated at fair value through profit or loss	50,000	100,000	50,000	100,000
Short-term debt issued and borrowings	(33,216)	(73,581)	(33,216)	(73,581)
Provision for employee benefits	(159,805)	(160,327)	(159,805)	(158,572)
Provisions for other liabilities	(19,922)	(13,868)	(19,922)	(13,868)
Account payables	(224,296)	127,101	(224,226)	129,825
Other accrued expenses	(255,614)	273,233	(265,733)	288,478
Other liabilities	2,067,187	(1,733,025)	2,093,038	(1,717,229)
Net cash provided by (used in) operating activities	(36,203,665)	1,492,137	(36,383,702)	862,692

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

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

	Consolidated		Bank only	
	For the year ended		For the year ended	
	31 December		31 December	
Note	2016	2015	2016	2015
	(in thousand Baht)			
Cash flows from investing activities				
Interest received	1,504,327	2,322,597	1,502,854	2,313,869
Dividend received	61,959	39,778	61,959	39,778
Purchase of available-for-sale investments	(42,935,441)	(52,514,239)	(36,782,235)	(49,055,969)
Proceeds from sales of available-for-sale investments	59,229,689	53,330,938	53,243,451	50,525,697
Purchase of held to maturity debt securities	(8,058,245)	(11,828,098)	(8,058,245)	(11,828,098)
Proceeds from redemption of matured held to maturity debt securities	21,630,315	19,377,732	21,630,315	19,377,732
Proceeds from sales of general investments	124,750	123,165	124,750	123,165
Purchase of premises and equipment	(1,344,188)	(801,939)	(1,328,070)	(791,608)
Purchase of leasehold rights	(2,052)	(1,661)	(2,052)	(1,661)
Purchase of intangible assets	(976,048)	(559,222)	(974,757)	(556,803)
Proceeds from disposals of premises and equipment	415,086	172,121	411,924	143,980
Net cash provided by investing activities	29,650,152	9,661,172	29,829,894	10,290,082
Cash flows from financing activities				
Repayments of long-term debts issued and borrowings	(773,588)	(1,442,792)	(773,588)	(1,442,792)
Interest paid on long-term debts issued and borrowings	(1,345,830)	(1,396,945)	(1,345,830)	(1,396,900)
Cash receipts on senior debenture issued	10,542,300	3,143,788	10,542,300	3,143,788
Cash paid for redemption of subordinated debenture	-	(8,000,000)	-	(8,000,000)
Expenses in relation to issuance of ordinary shares to employees	(542)	(562)	(542)	(562)
Dividends paid	(2,628,305)	(2,624,884)	(2,628,305)	(2,624,884)
Net cash provided by (used in) financing activities	5,794,035	(10,321,395)	5,794,035	(10,321,350)
Change in translation adjustments of foreign operations	(16)	30,535	(16)	30,535
Net increase (decrease) in cash	(759,494)	862,449	(759,789)	861,959
Cash at 1 January	17,290,402	16,427,953	17,289,833	16,427,874
Cash at 31 December	16,530,908	17,290,402	16,530,044	17,289,833
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Issuance of ordinary shares to employees	144,743	146,252	144,743	146,252
Change in remeasuring available-for-sale investments	(172,872)	(30,198)	(133,303)	(10,206)
Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings	1,954,701	(189,951)	1,954,701	(189,951)
Actuarial gains on post-employment benefit plan	89,069	95,162	91,464	95,253
Change in translation adjustments of foreign operations	(16)	30,535	(16)	30,535
Increase in properties for sale due to debts settlement	335,098	58,707	335,098	58,707
Transfer of premises and equipment to properties for sale	317,412	238,793	317,412	238,793
Reversal of provisions for obligation on transfers of non-performing assets net off written-off the promissory note	7	4,341,000	-	4,341,000
		-		-

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

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Risk management
5	Fair value of assets and liabilities
6	Maintenance of capital fund
7	Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”)
8	Interbank and money market items, net (assets)
9	Derivatives
10	Investments, net
11	Investments in subsidiaries and associate, net
12	Loans to customers and accrued interest receivables, net
13	Classified assets
14	Allowance for doubtful accounts
15	Properties for sale, net
16	Premises and equipment, net
17	Goodwill and other intangible assets, net
18	Deferred tax and income tax expense
19	Other receivables, net
20	Other assets, net
21	Deposits
22	Interbank and money market items (liabilities)
23	Financial liabilities designated at fair value through profit or loss
24	Debts issued and borrowings, net
25	Provision for employee benefits
26	Provisions for other liabilities
27	Other payables
28	Other liabilities
29	Share-based payments - TMB Performance Share Bonus Scheme
30	Revaluation surplus on assets
31	Legal reserve
32	Appropriation of profit and dividend payment
33	Assets pledged as collateral and under restriction
34	Commitments and contingent liabilities
35	Related parties
36	Segment information
37	The financial position and results of operations classified by domestic and foreign business
38	Interest income
39	Interest expenses
40	Net fees and service income
41	Gains on trading and foreign exchange transactions, net
42	Losses on financial liabilities designated at fair value through profit or loss, net
43	Gains on investments, net
44	Other operating expenses
45	Impairment loss of loans and debt securities
46	Earnings per share
47	Thai Financial Reporting Standards (TFRS) not yet adopted
48	Events after the reporting period

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 15 February 2017.

1 General information

TMB Bank Public Company Limited, “the Bank”, is incorporated in Thailand and has its registered office at 3000 Phaholyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. All subsidiaries are incorporated as limited companies under Thai laws and have been operating in Thailand, with their core businesses being provisions of asset management and fund management services. Details of the Bank’s subsidiaries and associate as at 31 December 2016 and 2015 are given in note 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The adoption of these new and revised TFRS did not have any material effect on the accounting policies, method of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 47.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value in the statements of financial position.

- Derivative financial instruments (trading book)
- Trading and available-for-sale investments
- Financial liabilities designated at fair value through profit or loss
- Land and buildings

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about significant areas of estimation is included in the following notes:

Note 9	Derivatives
Note 14	Allowance for doubtful accounts

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Group") and the Bank and its subsidiaries' interests in associate.

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries other than those with entities under common control.

The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statement are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Significant intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group at exchange rates at the dates of the transactions.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates announced by the Bank of Thailand at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognized in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognized in other comprehensive income:

Foreign operations

The assets and liabilities of foreign operations, are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

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

(c) Cash

Cash includes cash in hand and cash on collection.

(d) Securities purchased under resale agreements/Securities sold under repurchase agreements

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

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(e) Investments

Investments in subsidiaries and associate

Investments in subsidiaries and associate as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses (if any). Impairment losses are recorded as expenses in profit or loss. Investment in associate in the consolidated financial statements are accounted for using the equity method.

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

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

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities, including rights to receive non-negotiable promissory notes availed by the Financial Institution Development Fund ("FIDF") on the transfer of non-performing assets to Thai Asset Management Corporation ("TAMC"), that the Bank and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss.

Investments in (a) non-marketable equity securities, (b) investment units with conditions regarding the return on the investments similar to those of debt securities, (c) equity securities that were received as a result of debt restructuring, or (d) mutual funds, which are not classified as investments in subsidiaries or associate, are classified as general investments and stated at cost less allowance for impairment losses (if any).

Recognition

Purchases and sales of investments are recorded on trade dates.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

For equity securities, cost of both investments sold and those still held are determined using the weighted average method.

For debt securities, cost of both investments that are disposed of and are still held are determined using the first-in, first-out method.

(f) *Loans to customers*

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

(g) *Bill purchased, trade finance and factoring*

The Bank classifies bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank has its legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of “Interbank and money market items, net (assets)”. In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of “Loans to customers” or “Interbank and money market items, net (assets)” depending upon the business type of its counterparty.

The Bank recognises the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against “Loans to customers” or “Interbank and money market items, net (assets)” as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

(h) *Allowance for doubtful accounts*

Allowance for doubtful accounts is determined based on relevant BoT’s criteria and regulations. The allowance for doubtful accounts includes (a) an allowance determined at the minimum percentage as specified in the BoT’s notifications, (b) an allowance in excess of such minimum percentage as specified in the BoT’s notifications to cover losses incurred but not yet reported and (c) an additional provision following its business plan and management of non-performing loans. The allowance for doubtful accounts is calculated based on the shortfall between the carrying value of the outstanding debts and the present value of future cash flows expected to be collected from debtors or from the disposal of the underlying collateral, which is determined in accordance with the BoT’s notifications.

The allowance in excess of such minimum percentage as specified in the BoT’s notifications to cover losses incurred but not yet reported is determined, taking into accounts the relevant factors such as the types of lendings, historical loss, the debtor’s credit risk, management’s experience and so on. The additional provision is determined, taking into accounts the debtor’s payment ability, the expected amount to be collected from the underlying collateral and debt management plan etc.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

(i) *Troubled debt restructuring*

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

For debt restructuring agreements made before 1 January 2014, the present value of the future cash flows expected to be collected from the debtor is determined using the market rates at the restructuring dates as the discount rates. For debt restructuring agreements made since 1 January 2014 onwards, the Bank used the effective interest rates under the original loan agreements, except for SME debtors used the market rates at the restructuring dates as the discount rates.

(j) *Properties for sale*

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

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

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

(k) *Premises and equipment*

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

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of assets are recognised in profit or loss as incurred.

The Bank, thereafter, arranges to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

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

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

Leases in terms of which the Bank and its subsidiaries substantially assumes all the risks and rewards of ownership are classified as finance leases. Premises and equipment recognised by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50 years)
Leasehold improvement	6 years
Equipment	3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

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

(l) Leasehold rights

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

(m) Operating lease

Lease not transferring a significant portion of the risks and rewards of ownership to lessee are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on a straight line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(n) Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 3 (a). Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Computer software	average at 5 years
-------------------	--------------------

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(o) Impairment

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

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any allowance for impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of loans to customers and accrued interest receivables is calculated as described in note 3 from item (f) to (i).

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

Reversals of impairment

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

(p) *Claims on security and liabilities to deliver security*

The Bank records claims on security and liabilities to deliver security in the statement of financial position as assets and liabilities, respectively, according to the BoT's guidance.

These represent the Bank and its subsidiaries right to claim and liability to return collateral, respectively, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

(q) *Hybrid instruments*

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

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

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

If the Bank opts not to classify the hybrid instrument liabilities as "Financial liabilities designated at fair value through profit or loss" or the criteria for classifying them are not met, the Bank is to classify and account for hybrid instrument liabilities in accordance with IAS 39 regarding hybrid instruments, taken into consideration all of the following criteria:

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

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(r) Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gains or losses on measurement of derivatives is recognised as income or expenses in profit or loss.

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

(s) Employee benefits

Short-term employee benefits

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

Post employment benefits and other long-term employee benefits

Defined contribution plan

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

Defined benefit plans

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

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

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

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

Share-based payments

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

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

(t) Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

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

The Bank provides provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank was claimed against, using the same criteria and methods applied to allowance for doubtful accounts that are described in Note 3 (h).

(u) Income

Interest income

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

1. The loans are qualified to be classified as “pass”.
2. There is no interest receivable and present value loss on debt restructuring outstanding.

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

Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided. In case that the Bank and its subsidiaries give away customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The then allocated amount is recorded as deferred revenue, which is presented as a part of “Other liabilities” in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Dividend income

Dividend income is recognised in profit or losses on the date the Bank and its subsidiaries' right to receive payments is established.

(v) Expenses

Interest expenses

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

Fees and service expenses

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

(w) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries' expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(x) Earnings per share

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TMB Performance Share Bonus Scheme.

(y) Segment reporting

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

(z) Offsetting

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position when the Bank and its subsidiaries has a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4 Risk management

Risk management approach

The Bank has set up its risk management structure in order to efficiently manage its core risks, i.e. credit, market, operational, liquidity, reputational and strategic risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Bank and its subsidiaries.

The Bank manages its risks under the following key principles: Core risks must be identified, measured, monitored, reported, analysed and controlled; and business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank's overall risk management, the Risk Management Committee (RMC), which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Bank and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels. Other senior management risk committees that oversee specific risk areas include the Risk Policy Committee (RPC), the Non-Financial Risk Committee (NFRC), the Asset and Liability Management Committee (ALCO) and the Portfolio Monitoring Committee (PoMoCo).

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the following dedicated risk management related functions are under the stewardship of the Chief Risk Officer (CRO): Credit Risk Management, Credit Risk Intelligence, Market Risk Management, Corporate Operational Risk Management, Compliance and Legal. Under the Credit Risk Management unit, sub-functions including Corporate Credit Underwriting, Business Banking and Small Enterprise Underwriting, Consumer Credit, Credit Restructuring, NPL Prevention Team and Credit Policy Management are set in order to manage credit risk of each portfolio. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategies and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

4.1 Credit risk

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

The maximum credit risk exposure is the carrying values of the financial assets after deducting allowance for losses as presented in the statements of financial position, and the provision for contingent liabilities arising as a result of loan guarantees and other guarantees.

Credit policies/Framework

The Bank's credit risk appetite and strategy are approved by the Board of Directors (BOD). To properly manage credit risk, the Bank has put in place the Core Credit Risk Policies (CCRP) and frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All relevant business units and support units are required to formulate their own specific policies and supplementary policies under the CCRP. The Bank has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk on a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk. Additionally, the Bank's Stress Testing Policy ensures a consistent framework to assess the Bank's ability to withstand extreme but plausible adverse changes to economic conditions.

Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Bank demands the placement of adequate collateral by customers in various forms including, for example, land and building, bank deposits, securities, and personal/corporate guarantees, etc.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The Bank has contingent liabilities by issuing loan guarantees and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on financial condition of customers in the same manner as done for direct lending. The Bank also makes a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit review

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) team, under the Audit unit, performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

4.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities and commodities, all of which may impact the Bank's assets, liabilities, and off-balance sheet items.

The ALCO holds the responsibility to assist the BOD and the RMC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank classifies the overall market risk management into two parts: trading book and banking book. The Bank has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank has established the Market Risk Management: Trading Book Policy to ensure the proper management of market risks in the trading book as well as impose limits to control the risks.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from the Bank's both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

The Bank has established the Market Risk Management: Banking Book Policy, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank's risk appetite.

The Bank also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

(a) Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Bank and its subsidiaries' operations and their cash flows.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The Bank and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

As at 31 December 2016 and 2015, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	16,531	16,531
Interbank and money market items net of deferred revenue	23,630	82,253	7,966	113,849
Investments, net	4,496	57,182	438	62,116
Loans to customers net of deferred revenue	313,883	272,060	7,498	593,441
Other financial assets	2,619	473	15,661	18,753
Total financial assets	344,628	411,968	48,094	804,690
<i>Financial liabilities</i>				
Deposits	461,279	114,835	22,834	598,948
Interbank and money market items	8,760	34,222	2,435	45,417
Liabilities payable on demand	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	293
Debt issued and borrowings	726	39,131	17	39,874
Other financial liabilities	629	-	20,013	20,642
Total financial liabilities	471,687	188,188	49,331	709,206

	Consolidated 2015			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	40,113	67,859	7,888	115,860
Investments, net	3,437	91,464	3,359	98,260
Loans to customers net of deferred revenue	335,520	239,216	6,040	580,776
Other financial assets	2,172	131	13,142	15,445
Total financial assets	381,242	398,670	47,719	827,631
<i>Financial liabilities</i>				
Deposits	450,302	169,842	24,550	644,694
Interbank and money market items	8,544	26,061	1,611	36,216
Liabilities payable on demand	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	239
Debt issued and borrowings	1,462	28,701	20	30,183
Other financial liabilities	185	-	15,381	15,566
Total financial liabilities	460,732	224,604	44,570	729,906

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only 2016			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	16,530	16,530
Interbank and money market items net of deferred revenue	23,619	81,336	7,966	112,921
Investments, net	4,496	54,157	438	59,091
Investment in subsidiaries and associate, net	-	-	3,429	3,429
Loans to customers net of deferred revenue	313,835	272,060	7,498	593,393
Other financial assets	2,598	473	15,514	18,585
Total financial assets	344,548	408,026	51,375	803,949
<i>Financial liabilities</i>				
Deposits	461,340	114,835	22,846	599,021
Interbank and money market items	8,760	34,222	2,435	45,417
Liabilities payable on demand	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	293
Debt issued and borrowings	726	39,131	17	39,874
Other financial liabilities	629	-	19,917	20,546
Total financial liabilities	471,748	188,188	49,247	709,183

	Bank only 2015			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Cash	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	40,111	67,066	7,888	115,065
Investments, net	3,437	91,464	569	95,470
Investment in subsidiaries and associate, net	-	-	3,331	3,331
Loans to customers net of deferred revenue	335,489	239,216	6,040	580,745
Other financial assets	2,068	131	12,918	15,117
Total financial assets	381,105	397,877	48,036	827,018
<i>Financial liabilities</i>				
Deposits	450,328	169,842	24,560	644,730
Interbank and money market items	8,544	26,061	1,611	36,216
Liabilities payable on demand	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	239
Debt issued and borrowings	1,462	28,701	20	30,183
Other financial liabilities	185	-	15,308	15,493
Total financial liabilities	460,758	224,604	44,507	729,869

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2016					
	Repricing periods			Non- performing assets	Non- interest bearing	Total
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>			
Financial assets						
Cash	-	-	-	-	16,531	16,531
Interbank and money market items net of deferred revenue	104,283	1,600	-	-	7,966	113,849
Investments, net	17,577	8,997	35,104	-	438	62,116
Loans to customers net of deferred revenue	391,869	74,188	102,281	17,605	7,498	593,441
Other financial assets	3,015	77	-	-	15,661	18,753
Total financial assets	516,744	84,862	137,385	17,605	48,094	804,690
Financial liabilities						
Deposits	510,128	59,889	6,097	-	22,834	598,948
Interbank and money market items	38,125	3,700	1,157	-	2,435	45,417
Liabilities payable on demand	-	-	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	-	-	293
Debt issued and borrowings	141	10,794	28,922	-	17	39,874
Other financial liabilities	629	-	-	-	20,013	20,642
Total financial liabilities	549,316	74,383	36,176	-	49,331	709,206

	Consolidated 2015					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year <i>(in million Baht)</i>	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	106,458	1,514	-	-	7,888	115,860
Investments, net	37,570	26,873	30,458	-	3,359	98,260
Loans to customers net of deferred revenue	421,095	56,150	77,018	20,473	6,040	580,776
Other financial assets	2,303	-	-	-	13,142	15,445
Total financial assets	567,426	84,537	107,476	20,473	47,719	827,631
Financial liabilities						
Deposits	524,133	88,752	7,259	-	24,550	644,694
Interbank and money market items	29,456	2,031	3,118	-	1,611	36,216
Liabilities payable on demand	-	-	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	-	-	239
Debt issued and borrowings	286	1,255	28,622	-	20	30,183
Other financial liabilities	185	-	-	-	15,381	15,566
Total financial liabilities	554,299	92,038	38,999	-	44,570	729,906

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only					
	2016					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	16,530	16,530
Interbank and money market items net of deferred revenue	104,104	851	-	-	7,966	112,921
Investments, net	16,064	7,485	35,104	-	438	59,091
Investments in subsidiaries and associate, net	-	-	-	-	3,429	3,429
Loans to customers net of deferred revenue	391,869	74,188	102,281	17,557	7,498	593,393
Other financial assets	2,994	77	-	-	15,514	18,585
Total financial assets	515,031	82,601	137,385	17,557	51,375	803,949
Financial liabilities						
Deposits	510,189	59,889	6,097	-	22,846	599,021
Interbank and money market items	38,125	3,700	1,157	-	2,435	45,417
Liabilities payable on demand	-	-	-	-	4,032	4,032
Financial liabilities designated at fair value through profit or loss	293	-	-	-	-	293
Debt issued and borrowings	141	10,794	28,922	-	17	39,874
Other financial liabilities	629	-	-	-	19,917	20,546
Total financial liabilities	549,377	74,383	36,176	-	49,247	709,183

	Bank only					
	2015					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	17,290	17,290
Interbank and money market items net of deferred revenue	106,455	722	-	-	7,888	115,065
Investments, net	37,570	26,873	30,458	-	569	95,470
Investments in subsidiaries and associate, net	-	-	-	-	3,331	3,331
Loans to customers net of deferred revenue	421,095	56,150	77,018	20,442	6,040	580,745
Other financial assets	2,199	-	-	-	12,918	15,117
Total financial assets	567,319	83,745	107,476	20,442	48,036	827,018
Financial liabilities						
Deposits	524,159	88,752	7,259	-	24,560	644,730
Interbank and money market items	29,456	2,031	3,118	-	1,611	36,216
Liabilities payable on demand	-	-	-	-	3,008	3,008
Financial liabilities designated at fair value through profit or loss	239	-	-	-	-	239
Debt issued and borrowings	286	1,255	28,622	-	20	30,183
Other financial liabilities	185	-	-	-	15,308	15,493
Total financial liabilities	554,325	92,038	38,999	-	44,507	729,869

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The Bank and its subsidiaries' average interest-bearing financial assets and financial liabilities, together with the average interest rates were as follows:

	Consolidated					
	2016		Average interest rate (% per annum)	2015		Average interest rate (% per annum)
	Average balance (in million Baht)	Interest ⁽¹⁾		Average balance (in million Baht)	Interest ⁽¹⁾	
<i>Interest-bearing financial assets</i>						
Interbank and money market items	109,135	1,746	1.60	116,719	2,037	1.75
Investments in debt securities	79,133	1,636	2.07	101,699	2,422	2.38
Loans to customers net from deferred revenue	587,280	32,086	5.46	550,193	31,588	5.74
Total	775,548	35,468		768,611	36,047	
<i>Interest-bearing financial liabilities</i>						
Deposits	600,702	9,088	1.51	575,872	10,992	1.91
Interbank and money market items	31,953	336	1.05	64,357	882	1.37
Debt issued and borrowings	37,764	1,444	3.82	32,348	1,336	4.13
Total	670,419	10,868		672,577	13,210	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

	Bank only					
	2016		Average interest rate (% per annum)	2015		Average interest rate (% per annum)
	Average balance (in million Baht)	Interest ⁽¹⁾		Average balance (in million Baht)	Interest ⁽¹⁾	
<i>Interest-bearing financial assets</i>						
Interbank and money market items	108,227	1,731	1.60	115,937	2,020	1.74
Investments in debt securities	78,880	1,635	2.07	101,699	2,422	2.38
Loans to customers net from deferred revenue	587,234	32,069	5.46	550,156	31,567	5.74
Total	774,341	35,435		767,792	36,009	
<i>Interest-bearing financial liabilities</i>						
Deposits	600,730	9,088	1.51	575,960	10,992	1.91
Interbank and money market items	31,953	336	1.05	64,357	882	1.37
Debt issued and borrowings	37,764	1,444	3.82	32,348	1,336	4.13
Total	670,447	10,868		672,665	13,210	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

(b) Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements. As at 31 December 2016 and 2015, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

	Bank only					
	2016			2015		
	USD	Euro (*)	Other currencies (*)	USD	Euro (*)	Other currencies (*)
	<i>(in USD million)</i>					
Spot	451	15	(74)	868	13	(71)
Forward	(465)	(16)	76	(880)	(15)	71
Net position	(14)	(1)	2	(12)	(2)	-

(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

(c) Equity price risk

Equity price risk is the risk that the Bank's earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank is managed by specific units depending on the strategy, the types of business of the issuers, and the objectives for holding such equities. The equity investment management is under the supervision of the ALCO and/or the Chief Executive Committee (CEC). All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of risk factors such as credit, market, and liquidity risks. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

4.3 Liquidity risk

Liquidity risk refers to the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Bank.

The ALCO is responsible for assisting the BOD and the RMC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations, and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management Unit is responsible for overall liquidity management and the Capital Markets unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management Unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management Unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

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

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Risk Indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. Aside from this, the Bank has its own internal ratio to monitor liquid assets for net cash flow in normal situation called Marketable Liquid Asset Ratio (MLAR). The Bank sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank's ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

As at 31 December 2016, the loans to deposits ratio of the Bank was 99.5% (2015: 91.6%).

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2016 and 2015 were summarised as follows:

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Consolidated 2016 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	16,531	-	-	-	-	-	16,531
Interbank and money market items net of deferred revenue	9,102	103,147	1,122	478	-	-	113,849
Investments, net							
Trading securities and general investments	-	10	2,804	2,790	3,741	435 ⁽²⁾	9,780
Available-for-sale securities	-	3,737	3,752	19,568	320	3 ⁽²⁾	27,380
Held-to-maturity debt securities	-	-	5,245	15,715	3,996	-	24,956
Loans to customers net of deferred revenue	115,955	124,421	105,157	116,453	113,850	17,605 ⁽³⁾	593,441
Other financial assets	1,493	13,280	417	366	630	2,567	18,753
Total financial assets	143,081	244,595	118,497	155,370	122,537	20,610	804,690
<i>Financial liabilities</i>							
Deposits	483,984	48,726	60,122	6,116	-	-	598,948
Interbank and money market items	9,762	30,798	3,700	1,148	9	-	45,417
Liabilities payable on demand	4,032	-	-	-	-	-	4,032
Financial liabilities designated at fair value through profit or loss	-	-	-	-	293	-	293
Debt issued and borrowings	6	72	10,862	28,871	63	-	39,874
Other financial liabilities	1,450	11,339	-	-	627	7,226	20,642
Total financial liabilities	499,234	90,935	74,684	36,135	992	7,226	709,206
Net liquidity gap	(356,153)	153,660	43,813	119,235	121,545	13,384	95,484
Net cash flow on derivatives	-	346	(62)	(603)	165	-	(154)

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Consolidated 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	17,290	-	-	-	-	-	17,290
Interbank and money market items net of deferred revenue	8,777	99,720	6,808	555	-	-	115,860
Investments, net							
Trading securities and general investments	-	20	8,705	6,697	-	565 ⁽²⁾	15,987
Available-for-sale securities	-	13,423	17,471	9,916	-	2,794 ⁽²⁾	43,604
Held-to-maturity debt securities	-	8,225	9,402	18,391	2,651	-	38,669
Loans to customers net of deferred revenue	123,791	128,098	100,553	123,897	83,964	20,473 ⁽³⁾	580,776
Other financial assets	1,166	6,887	199	309	661	6,223	15,445
Total financial assets	151,024	256,373	143,138	159,765	87,276	30,055	827,631
Financial liabilities							
Deposits	475,236	73,076	88,843	7,539	-	-	644,694
Interbank and money market items	10,160	20,908	2,031	3,117	-	-	36,216
Liabilities payable on demand	3,008	-	-	-	-	-	3,008
Financial liabilities designated at fair value through profit or loss	-	-	-	-	239	-	239
Debt issued and borrowings	15	77	722	29,296	73	-	30,183
Other financial liabilities	1,165	6,632	-	-	1,084	6,685	15,566
Total financial liabilities	489,584	100,693	91,596	39,952	1,396	6,685	729,906
Net liquidity gap	(338,560)	155,680	51,542	119,813	85,880	23,370	97,725
Net cash flow on derivatives	-	(1)	777	(42)	160	-	894

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Bank only 2016 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	16,530	-	-	-	-	-	16,530
Interbank and money market items net of deferred revenue	9,091	102,979	373	478	-	-	112,921
Investments, net							
Trading securities and general investments	-	10	2,804	2,790	3,741	435 ⁽²⁾	9,780
Available-for-sale securities	-	2,224	2,240	19,568	320	3 ⁽²⁾	24,355
Held-to-maturity debt securities	-	-	5,245	15,715	3,996	-	24,956
Investments in subsidiaries and associate, net	-	-	-	-	-	3,429 ⁽²⁾	3,429
Loans to customers net of deferred revenue	115,955	124,421	105,157	116,453	113,850	17,557 ⁽³⁾	593,393
Other financial assets	1,493	13,280	396	366	630	2,420	18,585
Total financial assets	143,069	242,914	116,215	155,370	122,537	23,844	803,949
<i>Financial liabilities</i>							
Deposits	484,057	48,726	60,122	6,116	-	-	599,021
Interbank and money market items	9,762	30,798	3,700	1,148	9	-	45,417
Liabilities payable on demand	4,032	-	-	-	-	-	4,032
Financial liabilities designated at fair value through profit or loss	-	-	-	-	293	-	293
Debt issued and borrowings	6	72	10,862	28,871	63	-	39,874
Other financial liabilities	1,450	11,317	-	-	627	7,152	20,546
Total financial liabilities	499,307	90,913	74,684	36,135	992	7,152	709,183
Net liquidity gap	(356,238)	152,001	41,531	119,235	121,545	16,692	94,766
Net cash flow on derivatives	-	346	(62)	(603)	165	-	(154)

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Bank only 2015 Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
<i>Financial assets</i>							
Cash	17,290	-	-	-	-	-	17,290
Interbank and money market items net of deferred revenue	8,775	99,568	6,167	555	-	-	115,065
Investments, net							
Trading securities and general investments	-	20	8,705	6,697	-	565 ⁽²⁾	15,987
Available-for-sale securities	-	13,423	17,471	9,916	-	4 ⁽²⁾	40,814
Held-to-maturity debt securities	-	8,225	9,402	18,391	2,651	-	38,669
Investments in subsidiaries and associate, net	-	-	-	-	-	3,331 ⁽²⁾	3,331
Loans to customers net of deferred revenue	123,791	128,098	100,553	123,897	83,964	20,442 ⁽³⁾	580,745
Other financial assets	1,166	6,887	115	289	661	5,999	15,117
Total financial assets	151,022	256,221	142,413	159,745	87,276	30,341	827,018
<i>Financial liabilities</i>							
Deposits	475,272	73,076	88,843	7,539	-	-	644,730
Interbank and money market items	10,160	20,908	2,031	3,117	-	-	36,216
Liabilities payable on demand	3,008	-	-	-	-	-	3,008
Financial liabilities designated at fair value through profit or loss	-	-	-	-	239	-	239
Debt issued and borrowings	15	77	722	29,296	73	-	30,183
Other financial liabilities	1,165	6,615	-	-	1,084	6,629	15,493
Total financial liabilities	489,620	100,676	91,596	39,952	1,396	6,629	729,869
Net liquidity gap	(338,598)	155,545	50,817	119,793	85,880	23,712	97,149
Net cash flow on derivatives	-	(1)	777	(42)	160	-	894

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

5 Fair value of assets and liabilities

5.1 Financial assets and liabilities

The significant differences of fair values in comparison with the carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2016 and 2015 were as follows:

	Consolidated			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Derivatives assets	10,460	10,567	12,250	12,474
Investments, net	62,116	62,739	98,260	99,415
Total financial assets	72,576	73,306	110,510	111,889
<i>Financial liabilities</i>				
Deposits	598,948	598,987	644,694	644,666
Derivatives liabilities	10,728	10,995	12,141	12,050
Debts issued and borrowings	39,874	40,982	30,183	32,028
Total financial liabilities	649,550	650,964	687,018	688,744

	Bank only			
	2016		2015	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
<i>Financial assets</i>				
Derivatives assets	10,460	10,567	12,250	12,474
Investments, net	59,091	59,714	95,470	96,625
Total financial assets	69,551	70,281	107,720	109,099
<i>Financial liabilities</i>				
Deposits	599,021	599,060	644,730	644,701
Derivatives liabilities	10,728	10,995	12,141	12,050
Debts issued and borrowings	39,874	40,982	30,183	32,028
Total financial liabilities	649,623	651,037	687,054	688,779

The following methods and assumptions were used by the Bank in estimating fair value of financial instruments as disclosed herein.

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying value of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

- Claims on securities:

The fair value is approximated based on its carrying value.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

- Investments, net:

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

The fair value of marketable equity securities held for trading and as available-for-sale is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date. The fair value of non-marketable equity securities is determined mainly based on the net asset value of the investee company.

- Loans to customers and accrued interest receivable:

The fair value is based on the carrying value of loans to customers and accrued interest receivable net of deferred revenue and allowance for doubtful accounts as most loans are floating rate loans or fixed rate loans with repricing periods of less than 1 year.

- Other financial assets

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying value of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Liability payable on demand and Liabilities to deliver security:

The fair value is approximated based on its carrying value.

- Financial liabilities designated at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying value, except for the fair value of fixed rate borrowings with remaining maturities greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market rates of interest at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

- Other financial liabilities:

The fair value is approximated based on its carrying value.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

- Derivatives:

In cases where there is an active market, the Bank uses the market value as the fair value of derivatives. For simple over-the-counter derivative are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use market observable data as far as possible. Fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the Bank and its subsidiaries can access at the measurement date.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the years ended 31 December 2016 and 2015.

5.1.1 Financial assets and liabilities measured fair value

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This is to ensure that prudent revaluation principles and proper internal control procedures are in place.

The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
		(in million Baht)		
31 December 2016				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	9,345	-	9,345
- Available-for-sale investments	-	27,380	-	27,380

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927
31 December 2015				
Financial assets				
Derivatives (trading book)				
- Foreign currency related	-	7,781	-	7,781
- Interest rate related	-	4,428	-	4,428
Investments				
- Trading investments	-	15,422	-	15,422
- Available-for-sale investments	-	43,604	-	43,604
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	299	-	299
Derivatives (trading book)				
- Foreign currency related	-	7,242	-	7,242
- Interest rate related	-	4,575	-	4,575
Bank only				
Fair value				
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2016				
Financial assets				
Derivatives (trading book)				
- Foreign currency related	-	6,682	-	6,682
- Interest rate related	-	3,763	-	3,763
Investments				
- Trading investments	-	9,345	-	9,345
- Available-for-sale investments	-	24,355	-	24,355
Financial liabilities				
Financial liabilities designated at fair value				
through profit or loss	-	362	-	362
Derivatives (trading book)				
- Foreign currency related	-	6,224	-	6,224
- Interest rate related	-	3,927	-	3,927

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	(in million Baht)			
31 December 2015				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	7,781	-	7,781
- Interest rate related	-	4,428	-	4,428
Investments				
- Trading investments	-	15,422	-	15,422
- Available-for-sale investments	-	40,814	-	40,814
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	299	-	299
Derivatives (trading book)				
- Foreign currency related	-	7,242	-	7,242
- Interest rate related	-	4,575	-	4,575

5.1.2 Financial assets and liabilities not measured at fair value

The following table shows financial assets and liabilities not measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Carrying amount	Consolidated			
Fair value					
Level 1		Level 2	Level 3	Total	
		(in million Baht)			
31 December 2016					
<i>Financial assets</i>					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity investments	24,956	-	25,309	-	25,309
- General investments	435	-	-	705	705
<i>Financial liabilities</i>					
Deposits	598,948	-	598,987	-	598,987
Derivatives (banking book)	577	-	844	-	844
Debt issued and borrowings	39,874	-	40,982	-	40,982
31 December 2015					
<i>Financial assets</i>					
Derivatives (banking book)	41	-	265	-	265
Investments					
- Held-to-maturity investments	38,669	-	39,557	-	39,557
- General investments	565	-	-	832	832
<i>Financial liabilities</i>					
Deposits	644,694	-	644,666	-	644,666
Derivatives (banking book)	324	-	233	-	233
Debt issued and borrowings	30,183	-	32,028	-	32,028

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Carrying amount	Bank only Fair value			Total
		Level 1	Level 2	Level 3	
(in million Baht)					
31 December 2016					
Financial assets					
Derivatives (banking book)	15	-	122	-	122
Investments					
- Held-to-maturity investments	24,956	-	25,309	-	25,309
- General investments	435	-	-	705	705
Financial liabilities					
Deposits	599,021	-	599,060	-	599,060
Derivatives (banking book)	577	-	844	-	844
Debt issued and borrowings	39,874	-	40,982	-	40,982
31 December 2015					
Financial assets					
Derivatives (banking book)	41	-	265	-	265
Investments					
- Held-to-maturity investments	38,669	-	39,557	-	39,557
- General investments	565	-	-	832	832
Financial liabilities					
Deposits	644,730	-	644,701	-	644,701
Derivatives (banking book)	324	-	233	-	233
Debt issued and borrowings	30,183	-	32,028	-	32,028

5.2 Non-financial assets carried at fair value

The following table analyses non-financial assets carried at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

		Consolidated and Bank only			
	Carrying amount	Fair value			
		Level 1	Level 2	Level 3	Total
31 December 2016					
Non-financial assets					
Premises, net	10,292	-	-	10,292	10,292
31 December 2015					
Non-financial assets					
Premises, net	8,663	-	-	8,663	8,663

The fair value of premises were determined by external, independent property appraisers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of premises were determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for buildings.

The independent appraisers provided the fair value of the Bank's premises on a regular basis such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Balance at 1 January	8,663	8,980
Acquisitions	271	248
Incremental revaluation	2,112	-
Adjustments from revaluation	(19)	-
Transferred to property for sale	(524)	(282)
Depreciation	(301)	(276)
Reversal (loss) on impairment during the year	90	(7)
Balance at 31 December	10,292	8,663

6 Maintenance of capital fund

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2016 and 2015, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2016	2015
	<i>(in million Baht)</i>	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,617	41,562
Share premium	325	236
Legal reserve	2,120	1,710
Net profits after appropriation	29,315	22,421
Other comprehensive income	5,046	3,549
Capital adjustment items on CET1	(68)	(87)
Capital deduction items on CET1	(3,114)	(3,512)
Total Common Equity Tier 1 Capital	75,241	65,879

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated supervision	
	2016	2015
	(in million Baht)	
Additional Tier 1 Capital		
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that countable as Tier 1 of financial instruments of consolidated financial institutions	50	38
Total Tier 1 Capital	75,291	65,917
Tier 2 Capital		
Allowance for classified assets of “pass” category	5,878	5,702
Subordinated debentures	25,350	25,350
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	12	9
Total Tier 2 Capital	31,240	31,061
Total Capital funds	106,531	96,978
Total Risk-Weighted Assets	583,755	581,336

		The BoT's regulation minimum requirement*	2016	2015
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.125		18.25	16.68
Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.625		12.90	11.34
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.125		12.89	11.33

	Bank only	
	2016	2015
	(in million Baht)	
Tier 1 Capital		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,617	41,562
Share premium	325	236
Legal reserve	2,120	1,710
Net profits after appropriation	28,853	22,108
Other comprehensive income	5,046	3,517
Capital adjustment items on CET1	(68)	(87)
Capital deduction items on CET1	(3,038)	(3,430)
Total Common Equity Tier 1 Capital	74,855	65,616

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Tier 2 Capital		
Allowance for classified assets of “pass” category	5,878	5,702
Subordinated debentures	25,350	25,350
Total Tier 2 Capital	31,228	31,052
Total Capital funds	106,083	96,668
Total Risk-Weighted Assets	584,722	579,513

	The BoT’s regulation minimum requirement*	2016 (%)	2015
Capital Adequacy Ratio/Total Risk-Weighted Asset	9.125	18.14	16.68
Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.625	12.80	11.32
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	5.125	12.80	11.32

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

According to BoT’s notification number For Nor Sor (23) Wor 263/2556 dated 22 February 2013, the Bank is required to disclose CET1 after deducting capital add-on arising from Single Lending Limit, effective at the end of January 2015. As at 31 December 2016 and 2015, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy and capital risk exposure information for the Bank and the full consolidated financial institutions as at 31 December 2016 through the Bank’s website at www.tmbbank.com within April 2017.

Capital management

The Bank’s capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

7 Sale of non-performing assets to Thai Asset Management Corporation (“TAMC”) ⁽¹⁾

7.1 Asset transfer agreements and profit or loss sharing

The Bank and a subsidiary entered into the Asset Transfer Agreements with TAMC in 2001 for sales of non-performing assets to TAMC, and the Bank and its subsidiary (as the transferors) received promissory notes from TAMC (as the transferee) for settlement of the transfer prices. Under the agreements, TAMC and the transferors were jointly responsible for sharing the profits or losses from TAMC’s management of the non-performing assets at the end of the fifth year and the tenth year commencing 1 July 2001.

In September 2013, the Bank and its subsidiary received letters from TAMC on the subject of “Results of calculating profits or losses from the management of the non-performing assets as of 30 November 2012, official version, and lodging claims for settlement with TAMC”, informing them of their loss sharing of Baht 1,403 million (the Bank only: Baht 1,317 million) from the management of assets transferred (excluding the portion in dispute with respect to transfer price reduction requests) from the Bank and its subsidiary. The Bank and its subsidiary therefore adjusted provisions for liabilities to correspond to the information received from TAMC. As at 31 December 2016 and 2015, the Bank has outstanding provisions for loss sharing of Baht 1,317 million, which are included under the caption of “Provisions for obligations on transfers of non-performing assets” in the statements of financial position.

⁽¹⁾ TAMC was liquidated on 8 June 2013 and has already delivered the remaining assets and liabilities to the Ministry of Finance for further arrangement.

7.2 Promissory notes disputed over transfer price adjustment requests

Over the period of asset management by TAMC, TAMC issued letters to the Bank informing its requests of transfer price adjustments as summarised below:

- (a) In November 2006, TAMC informed the Bank that it requested a transfer price adjustment of Baht 4,341 million, being the collateral value of the pledged machinery transferred to TAMC. The Bank has refused the adjustment request since it breached the conditions of the Asset Transfer Agreements dated 12 October 2001, and therefore has no legal enforcement. The Bank took legal action against TAMC. On 27 April 2010, the Court of First Instance judged in favour of the Bank. On 4 February 2014, however, the Appeal Court reversed the earlier Court’s verdict by making decision to dismiss the case.

On 25 February 2016, the Supreme Court confirmed the Appeal Court’s verdict to dismiss the case. Therefore, TAMC is eligible to adjust the transfer price of non-performing loans down by Baht 4,341 million. Accordingly, the Bank has written-off the promissory note, presented as a part of “Other receivables” and reversed the related provision, amounting of Baht 4,341 million, as the case was finalised.

- (b) In June 2011, the Bank sued TAMC for an additional sum of Baht 242 million over TAMC’s refusals to make settlement of four items of non-performing assets transferred to TAMC of Baht 56 million, presented as a part of “Other receivables”, and interest on promissory notes for the years 2006 and 2007. On 27 September 2012, the Court of First Instance already dismissed the case. On 22 January 2014, the Appeal Court decided to uphold the earlier Court’s verdict. Currently, the case is in the proceeding session of the Supreme Court.

As at 31 December 2016, the Bank had outstanding other receivables and accrued interest receivables amounting to Baht 56 million and Baht 282 million, respectively, totaling Baht 338 million, of which provisions were fully provided (2015: Baht 4,681 million). Such amounts are included under the caption of “Provisions for obligation on transfers of non-performing assets” in the statement of financial position.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The Bank is not to call for any penalties, default interest or remedies from TAMC and the Financial Institutions Development Fund in case of late redemption of disputed promissory notes, for which the disputes have yet to be resolved or the court judgement has yet been finalised.

8 Interbank and money market items, net (assets)

	Consolidated					
	At call	2016 Term	Total (in million Baht)	At call	2015 Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,083	64,855	70,938	5,732	68,200	73,932
Commercial banks	11	12,297	12,308	3	15,112	15,115
Specialised financial institutions	20	4,001	4,021	17	6,900	6,917
Other financial institutions	1	20,419	20,420	6	13,536	13,542
Total	6,115	101,572	107,687	5,758	103,748	109,506
Add accrued interest receivable	-	46	46	-	100	100
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(38)	(38)	-	(204)	(204)
Total domestic, net	6,115	101,580	107,695	5,758	103,643	109,401
Foreign						
US Dollar	1,789	3,176	4,965	1,759	3,311	5,070
Japanese Yen	226	-	226	319	-	319
Euro	237	-	237	129	-	129
Other currencies	735	-	735	813	24	837
Total	2,987	3,176	6,163	3,020	3,335	6,355
Add accrued interest receivable	-	9	9	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(8)	(8)	-	(3)	(3)
Total foreign, net	2,987	3,176	6,163	3,020	3,337	6,357
Total domestic and foreign, net	9,102	104,756	113,858	8,778	106,980	115,758

	Bank only					
	At call	2016 Term	Total (in million Baht)	At call	2015 Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,083	64,855	70,938	5,732	68,200	73,932
Commercial banks	-	11,380	11,380	-	14,320	14,320
Specialised financial institutions	20	4,001	4,021	17	6,900	6,917
Other financial institutions	1	20,419	20,420	6	13,536	13,542
Total	6,104	100,655	106,759	5,755	102,956	108,711
Add accrued interest receivable	-	41	41	-	95	95
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(38)	(38)	-	(204)	(204)
Total domestic, net	6,104	100,658	106,762	5,755	102,846	108,601

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only					
	At call	2016 Term	Total	At call	2015 Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	1,789	3,176	4,965	1,759	3,311	5,070
Japanese Yen	226	-	226	319	-	319
Euro	237	-	237	129	-	129
Other currencies	735	-	735	813	24	837
Total	2,987	3,176	6,163	3,020	3,335	6,355
Add accrued interest receivable	-	9	9	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(8)	(8)	-	(3)	(3)
Total foreign, net	2,987	3,176	6,163	3,020	3,337	6,357
Total domestic and foreign, net	9,091	103,834	112,925	8,775	106,183	114,958

9 Derivatives

As at 31 December 2016 and 2015, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

as follows:

	Consolidated and Bank only					
	2016			2015		
	Fair value/Readjustment based on an accrual basis			Fair value/Readjustment based on an accrual basis		
Type of risks	Assets	Liabilities	Notional amount	Assets	Liabilities	Notional amount
			(in million Baht)			
Foreign currency related						
- Trading Book	6,682	6,224	552,616	7,781	7,242	529,622
- Banking Book ⁽¹⁾	42	578	21,767	80	324	34,216
Interest rate related						
- Trading Book	3,763	3,927	754,277	4,428	4,575	682,342
- Banking Book ⁽¹⁾	96	134	20,749	72	165	15,000
Total	10,583	10,863	1,349,409	12,361	12,306	1,261,180

⁽¹⁾ Readjustment made on an accrual basis at the end of year for interest rate swap contracts held for banking book are adjustments of accrued interest receivable or payable or interest paid or received in advance based on the contracts. As at 31 December 2016, accrued interest receivable and interest paid in advance amounting to Baht 123 million (2015: Baht 111 million) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 135 million (2015: Baht 165 million) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 31 December 2016 and 2015, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated and Bank only	
	2016	2015
	<i>(%)</i>	
Financial institutions	81.26	82.49
Other parties	18.74	17.51
Total	100.00	100.00

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

10 Investments, net

10.1 Classified by type of investments

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Trading securities - Fair value</i>				
Government and state enterprise securities	9,345	15,422	9,345	15,422
Total	9,345	15,422	9,345	15,422
<i>Available-for-sale securities - Fair value</i>				
Government and state enterprise securities	27,377	40,810	24,352	40,810
Domestic marketable equity securities	3	2,794	3	4
Total	27,380	43,604	24,355	40,814
<i>Held-to-maturity debt securities - Cost/Amortised cost</i>				
Government and state enterprise securities	24,956	38,669	24,956	38,669
Total	24,956	38,669	24,956	38,669
<i>General investments - Cost</i>				
Domestic non-marketable equity securities	1,219	1,344	1,219	1,344
Foreign non-marketable equity securities	35	36	35	36
Total	1,254	1,380	1,254	1,380
Less allowance for impairment	(819)	(815)	(819)	(815)
Net	435	565	435	565
Total investments, net	62,116	98,260	59,091	95,470

10.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2016 and 2015, the Bank had investments in entities in which the Bank holds 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associate. Those investments were summarised below.

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	23	337
Others	11	11
Total	82	396
Less allowance for impairment	(41)	(41)
Investments, net	41	355

For the year ended 31 December 2016

Interest in unconsolidated structured entities arising in the normal business

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions and providing fund management services. Investment in unit trusts is recognised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as others counterparties. Fund management is provided to mutual funds and private funds from which the Bank and its subsidiaries earn management fees.

As at 31 December 2016 and 2015, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

10.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2016 and 2015, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand (“SET”)’s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	Consolidated and Bank only							
	2016				2015			
	No.	Cost		Allowance	No.	Cost		Allowance
	of	value/		for	of	value/		for
Com-	Com-	book	Fair	impairment	Com-	book	Fair	for
panies	panies	value	value		panies	value	value	impairment
<i>(in million Baht)</i>								
- Listed companies under delisting conditions / defaulted debt securities	2	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	12	740	-	(740)	11	733	-	(733)
Total	14	802	-	(802)	13	795	-	(795)

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

10.4 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2016 and 2015, revaluation surplus (deficit) on investments could be summarised as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Revaluation surplus on investments</i>				
Debt securities	-	67	-	67
Equity securities	-	40	-	-
Total	-	107	-	67
<i>Revaluation deficit on investments</i>				
Debt securities	(69)	(2)	(69)	(2)
Equity securities	(1)	(1)	(1)	(1)
Total	(70)	(3)	(70)	(3)
Total revaluation surplus (deficit) on investments	(70)	104	(70)	64
Add (less) deferred income taxes	14	(21)	14	(13)
Net	(56)	83	(56)	51

11 Investments in subsidiaries and associate, net

11.1 Detail of investments in subsidiaries and associate

		Bank only									
Companies	Type of business	Percentage of ownership interest		Paid-up capital		Cost		Allowance for impairment		At cost, net	
		2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
		(<i>%)</i>		<i>(in million Baht)</i>							
Subsidiaries											
Phayathai Asset Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	3,870	3,870	(745)	(843)	3,125	3,027
Designee for ETA Contract Ltd.	Financial support business	99.50	99.50	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	87.50	87.50	100	100	304	304	-	-	304	304
Total investment in subsidiaries, net						4,174	4,174	(745)	(843)	3,429	3,331
Associate											
Metro Designee Co., Ltd.*	Financial support business	-	30.00	-	-	-	-	-	-	-	-
Total investment in associate						-	-	-	-	-	-
Total						4,174	4,174	(745)	(843)	3,429	3,331

* The Company completed its liquidation and registered with the Ministry of Commerce on 29 December 2016.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

11.2 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's notification number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the Asset Management Company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Phayathai Assets Management Co., Ltd., the subsidiary were as follows:

Phayathai Assets Management Co., Ltd.
Statements of cash flows

	For the years ended 31 December	
	2016	2015
	(in million Baht)	
<i>Cash flows from operating activities</i>		
Profit from operations before income tax expense	137	145
<i>Adjustments to reconcile profit from operations before income tax expense to net cash provided by (used in) operating activities</i>		
Impairment loss on loans and debt securities (reversal of)	4	(9)
Impairment loss on properties for sale and other assets (reversal of)	(1)	4
Reversal of provisions for employee benefits and other liabilities	-	(4)
Gains on disposal of investments	(107)	(83)
Net interest income	(50)	(43)
Interest received	49	46
Income tax paid	(10)	(114)
Profit (loss) from operations before changes in operating assets and liabilities	22	(58)
<i>Decrease (increase) in operating assets</i>		
Intercompany and money market items	(4)	55
Investments in receivables	2	6
Loans to customers	(16)	34
Properties for sale	-	43
Receivables from BAM's promissory notes	84	556
Receivables from legal Execution Department	73	35
Other assets	-	4
<i>Increase (decrease) in operating liabilities</i>		
Provisions for employee benefits	-	(2)
Other payables	9	(2)
Accrued expenses	(1)	(3)
Other liabilities	(1)	(15)
Net cash provided by operating activities	168	653
<i>Cash flows from investing activities</i>		
Purchase of available-for-sale investments	(6,153)	(3,458)
Proceeds from sales of available-for-sale investments	5,986	2,805
Net cash used in investing activities	(167)	(653)
Net increase in cash	1	-
Cash at 1 January	-	-
Cash at 31 December	1	-
Supplementary disclosures of cash flow information		
Non-cash transactions:		
Change in remeasuring available-for-sale investments	(40)	(20)

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12 Loans to customers and accrued interest receivables, net

12.1 Classified by loan type

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Overdrafts	125,848	141,957	125,848	141,957
Loans	334,952	300,716	334,904	300,685
Bills	132,587	138,080	132,587	138,080
Others	123	115	123	115
Less deferred revenue	(69)	(92)	(69)	(92)
Loans to customers net of deferred revenue	593,441	580,776	593,393	580,745
Add accrued interest receivables	915	1,068	915	1,068
Total loans to customers net of deferred revenue and accrued interest receivables	594,356	581,844	594,308	581,813
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(14,659)	(16,078)	(14,629)	(16,054)
- Provision in excess of BoT's minimum rates required	(10,252)	(12,767)	(10,252)	(12,767)
Less revaluation allowance for debt restructuring	(177)	(180)	(177)	(180)
Loans to customers and accrued interest receivables, net	569,268	552,819	569,250	552,812

12.2 Classified by currency and residency of debtors

	Consolidated					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	561,568	3,617	565,185	542,802	5,605	548,407
US Dollars	24,460	2,674	27,134	27,510	4,011	31,521
Other currencies	1,050	72	1,122	758	90	848
Total*	587,078	6,363	593,441	571,070	9,706	580,776

	Bank only					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	561,520	3,617	565,137	542,771	5,605	548,376
US Dollars	24,460	2,674	27,134	27,510	4,011	31,521
Other currencies	1,050	72	1,122	758	90	848
Total*	587,030	6,363	593,393	571,039	9,706	580,745

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12.3 Classified by business type and quality of loan classification

	Consolidated 2016					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9,863	192	-	-	511	10,566
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	264	22,276
Infrastructure and services	58,402	1,023	12	8	644	60,089
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,214	593,441

	Consolidated 2015					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	11,652	179	43	-	644	12,518
Manufacturing and commerce	317,238	11,354	1,065	156	14,319	344,132
Property development and construction	23,232	200	23	-	291	23,746
Infrastructure and services	66,858	855	55	-	953	68,721
Housing loans	62,922	2,096	246	207	817	66,288
Others	61,836	1,881	821	478	355	65,371
Total*	543,738	16,565	2,253	841	17,379	580,776

	Bank only 2016					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	9,863	192	-	-	503	10,558
Manufacturing and commerce	303,616	13,218	683	886	11,807	330,210
Property development and construction	21,692	316	4	-	242	22,254
Infrastructure and services	58,402	1,023	12	8	626	60,071
Housing loans	97,765	2,191	280	307	791	101,334
Others	65,694	1,864	818	393	197	68,966
Total*	557,032	18,804	1,797	1,594	14,166	593,393

	Bank only 2015					Total
	Pass	Special mention	Sub- standard (in million Baht)	Doubtful	Doubtful of loss	
Agriculture and mining	11,652	179	43	-	635	12,509
Manufacturing and commerce	317,238	11,354	1,065	156	14,319	344,132
Property development and construction	23,232	200	23	-	269	23,724
Infrastructure and services	66,858	855	55	-	953	68,721
Housing loans	62,922	2,096	246	207	817	66,288
Others	61,836	1,881	821	478	355	65,371
Total*	543,738	16,565	2,253	841	17,348	580,745

* Loans to customers net of deferred revenue.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12.4 Classified by loan classification

The Bank and its subsidiaries have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BoT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

	Consolidated 2016			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,214	4,408	100	6,731
Total*	<u>594,356</u>	<u>489,541</u>		<u>14,659</u>
Provision in excess of BoT's minimum rates required				10,252 ⁽³⁾
Total				<u>24,911</u>

	Consolidated 2015			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	544,746	441,075	1	5,027
Special mention	16,625	9,314	2	306
Sub-standard	2,253	1,114	100	1,412
Doubtful	841	525	100	564
Doubtful of loss	17,379	5,181	100	8,769
Total*	<u>581,844</u>	<u>457,209</u>		<u>16,078</u>
Provision in excess of BoT's minimum rates required				12,767 ⁽³⁾
Total				<u>28,845</u>

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only 2016			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	557,886	472,869	1	5,288
Special mention	18,865	10,220	2	340
Sub-standard	1,797	1,117	100	1,251
Doubtful	1,594	927	100	1,049
Doubtful of loss	14,166	4,378	100	6,701
Total*	<u>594,308</u>	<u>489,511</u>		<u>14,629</u>
Provision in excess of BoT's minimum rates required				<u>10,252 ⁽³⁾</u>
Total				<u>24,881</u>

	Bank only 2015			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	544,746	441,075	1	5,027
Special mention	16,625	9,314	2	306
Sub-standard	2,253	1,114	100	1,412
Doubtful	841	525	100	564
Doubtful of loss	17,348	5,157	100	8,745
Total*	<u>581,813</u>	<u>457,185</u>		<u>16,054</u>
Provision in excess of BoT's minimum rates required				<u>12,767 ⁽³⁾</u>
Total				<u>28,821</u>

* Loans to customers net of deferred revenue add accrued interest receivables

⁽¹⁾ Balance net of collateral; In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as substandard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.

⁽²⁾ Allowance for doubtful accounts on loans guaranteed by Small Business Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the BoT's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Small Business Credit Guarantee Corporation.

⁽³⁾ As at 31 December 2016, this included provision of Baht 1,262 million (31 December 2015: Baht 1,545 million) provided for non-performing loans.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

12.5 Non-performing loans

NPLs per BoT's regulations refer to all sub-standard, doubtful, doubtful of loss and loss loans.

As at 31 December 2016 and 2015, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	2016			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	7,292	18	-	7,310
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	685,471	18	-	685,489
Percentage of net NPLs (%)	1.06	100.00		1.07
NPLs (principal)				
NPLs (<i>in million Baht</i>)	17,557	48	-	17,605
Total loans (<i>in million Baht</i>)	695,736	48	-	695,784
Percentage of NPLs (%)	2.52	100.00		2.53
	2015			
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	8,176	7	-	8,183
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	672,428	7	-	672,435
Percentage of net NPLs (%)	1.22	100.00		1.22
NPLs (principal)				
NPLs (<i>in million Baht</i>)	20,442	31	-	20,473
Total loans (<i>in million Baht</i>)	684,694	31	-	684,725
Percentage of NPLs (%)	2.99	100.00		2.99

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

For the year ended 31 December 2016, the Bank sold non-performing loans, with principal totaling approximately Baht 1,300 million (2015: Baht 1,400 million), to Bangkok Commercial Asset Management Company Limited (“BAM”). The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from “Impairment loss on loans and debt securities” in the statement of profit or loss and other comprehensive income.

As at 31 December 2016, the Bank had loans to customers, amounting to Baht 41,635 million (2015: Baht 39,876 million) on which it ceased recognition of interest income on an accrual basis.

12.6 Troubled debt restructuring

For the years ended 31 December 2016 and 2015, the Bank and its subsidiaries entered into contracts for troubled debt restructuring, (only the account where debtor has present value loss/losses on debt structuring is presented)*, which could be summarised as follows:

Consolidated and Bank only					
2016					
Asset acquired					
	Number of debtors	Before restructuring (in million Baht)	After restructuring	Type	Fair value (in million Baht)
Type of restructuring					
Modification of terms of payments	5,800	2,718	2,718	-	-
Combination of methods	1	1,540	1,540	-	-
Total	5,801	4,258	4,258		-
Term of debt restructuring agreements					
Not over 5 years	1,114	1,787	1,787		
5 - 10 years	4,646	2,346	2,346		
Over 10 years	41	125	125		
Total	5,801	4,258	4,258		

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Consolidated					
2015					
Asset acquired					
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	After restructuring	Type	Fair value (in million Baht)
Transfer of asset	1	8	7	Cash	7
Modification of terms of payments	4,297	5,507	5,507	-	-
Combination of methods	1	57	57	Land and building	41
Total	4,299	5,572	5,571		48
Term of debt restructuring agreements					
Not over 5 years	1,108	4,226	4,225		
5 - 10 years	3,136	876	876		
Over 10 years	55	470	470		
Total	4,299	5,572	5,571		
Bank only					
2015					
Asset acquired					
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	After restructuring	Type	Fair value (in million Baht)
Modification of terms of payments	4,297	5,507	5,507	-	-
Combination of methods	1	57	57	Land and building	41
Total	4,298	5,564	5,564		41
Term of debt restructuring agreements					
Not over 5 years	1,107	4,218	4,218		
5 - 10 years	3,136	876	876		
Over 10 years	55	470	470		
Total	4,298	5,564	5,564		

* In July 2015, the Bank has changed the discount rates used in respect of SME debtors restructured from 1 January 2014, from the effective interest rates under the original loan agreements to the market rates at the restructuring dates. The impact as a result of such change is immaterial.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Supplemental information relating to restructuring debtors for the years ended 31 December 2016 and 2015 was as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interest income on restructured debts, which is recognised during the year	278	191	278	191
Cash settlement by debtors	1,437	722	1,437	715
Debt asset swap by debtors	282 *	41	282 *	41
Losses on (reversal of) debt restructuring, net	(3)	70	(3)	70

* The debtor has rights to buy back when met conditions in the agreement.

As at 31 December 2016 and 2015, the Bank and its subsidiaries have the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	2016		2015		2016		2015	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
		<i>(in million Baht)</i>		<i>(in million Baht)</i>		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Troubled debt restructuring debtors	5,358	8,062	3,018	6,287	5,357	8,051	3,017	6,276

12.7 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Beginning balance	180	110
Increase (decrease) during the year	(3)	70
Ending balance	177	180

12.8 Loans to customers having problems with financial position and operating results

As at 31 December 2016 and 2015, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

	Consolidated and Bank only							
	2016				2015			
	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts	Number of debtors	Loans and accrued interest receivables	Collateral	Allowance for doubtful accounts
		<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Listed companies under delisting conditions in SET	5	43	10	1	4	103	-	1

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

13 Classified assets

As at 31 December 2016 and 2015, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries and associate), loans to customers and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

Consolidated 2016						
	Investments	Loans to customers and accrued interest receivables	Properties for sale <i>(in million Baht)</i>	Premises and equipment	Other assets	Total
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	952	14,214	66	307	388	15,927
Total	952	696,749	66	307	395	698,469

Consolidated 2015						
	Investments	Loans to customers and accrued interest receivables	Properties for sale <i>(in million Baht)</i>	Premises and equipment	Other assets	Total
Pass	-	648,796	-	-	-	648,796
Special mention	-	16,625	-	-	-	16,625
Sub-standard	-	2,253	-	-	4	2,257
Doubtful	-	841	-	-	1	842
Doubtful of loss	874	17,379	98	440	433	19,224
Total	874	685,894	98	440	438	687,744

Bank only						
2016						
	Investments	Loans to customers and accrued interest receivables	Properties for sale (in million Baht)	Premises and equipment	Other assets	Total
Pass	-	660,279	-	-	-	660,279
Special mention	-	18,865	-	-	-	18,865
Sub-standard	-	1,797	-	-	3	1,800
Doubtful	-	1,594	-	-	4	1,598
Doubtful of loss	1,697	14,166	66	307	386	16,622
Total	1,697	696,701	66	307	393	699,164

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Bank only						
2015						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
	<i>(in million Baht)</i>					
Pass	-	648,796	-	-	-	648,796
Special mention	-	16,625	-	-	-	16,625
Sub-standard	-	2,253	-	-	4	2,257
Doubtful	-	841	-	-	1	842
Doubtful of loss	1,717	17,348	98	440	429	20,032
Total	1,717	685,863	98	440	434	688,552

14 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the year were as follow:

Consolidated							
2016							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
At 1 January	5,027	306	1,412	564	8,769	12,767	28,845
Allowance for doubtful accounts	261	34	(161)	485	11,019	(2,515)	9,123
Bad debt recovery	-	-	-	-	705	-	705
Bad debt written-off	-	-	-	-	(12,923)	-	(12,923)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-	(839)
At 31 December	5,288	340	1,251	1,049	6,731	10,252	24,911

Consolidated							
2015							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	Total
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss		
	<i>(in million Baht)</i>						
At 1 January	4,491	297	1,058	368	6,148	15,890	28,252
Allowance for doubtful accounts	536	9	354	196	7,726	(3,123)	5,698
Bad debt recovery	-	-	-	-	549	-	549
Bad debt written-off	-	-	-	-	(4,711)	-	(4,711)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(943)	-	(943)
At 31 December	5,027	306	1,412	564	8,769	12,767	28,845

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Bank only						
2016						
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	required
	<i>(in million Baht)</i>					Total
At 1 January	5,027	306	1,412	564	8,745	12,767
Allowance for doubtful accounts	261	34	(161)	485	11,035	(2,515)
Bad debt recovery	-	-	-	-	683	-
Bad debt written-off	-	-	-	-	(12,923)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(839)	-
At 31 December	5,288	340	1,251	1,049	6,701	10,252

Bank only						
2015						
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	required
	<i>(in million Baht)</i>					Total
At 1 January	4,491	297	1,058	368	6,120	15,890
Allowance for doubtful accounts	536	9	354	196	7,764	(3,123)
Bad debt recovery	-	-	-	-	515	-
Bad debt written-off	-	-	-	-	(4,711)	-
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(943)	-
At 31 December	5,027	306	1,412	564	8,745	12,767

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

15 Properties for sale, net

As at 31 December 2016 and 2015, changes to the properties for sale, net were as follows:

	Consolidated and Bank only			
	2016			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)			
Assets foreclosed in settlement of debts				
- Immovable assets	766	540	(136)	1,170
Assets for sales	539	318	(455)	402
Total	1,305	858	(591)	1,572
Add (less) allowance for impairment losses	(98)	12	20	(66)
Net	1,207	870	(571)	1,506

	Consolidated			
	2015			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)			
Assets foreclosed in settlement of debts				
- Immovable assets	1,767	186	(1,187)	766
Assets for sales	494	238	(193)	539
Total	2,261	424	(1,380)	1,305
Add (less) allowance for impairment losses	(401)	12	291	(98)
Net	1,860	436	(1,089)	1,207

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only			
	2015			
	Beginning balance	Additions	Disposals/ Decrease	Ending balance
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
- Immovable assets	1,722	186	(1,142)	766
Assets for sales	494	238	(193)	539
Total	2,216	424	(1,335)	1,305
Add (less) allowance for impairment losses	(399)	12	289	(98)
Net	1,817	436	(1,046)	1,207

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Assets foreclosed in settlement of debts		
Immovable assets		
- Appraised by external appraisers	743	390
- Appraised by internal appraisers	427	376
Total	1,170	766

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

16 Premises and equipment, net

As at 31 December 2016 and 2015, changes in premises and equipment were as follows:

	Consolidated 2016													
	Cost					Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2016
	Net book value as at 1 January 2016	Beginning balance	Increase / transfers in	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Depreciation (in million Baht)	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of (loss on) impairment during the year	Disposals/ written-off/ transfers out	Ending balance	
Land														
- Cost	2,137	2,476	-	(235)	2,241	-	-	-	-	(339)	56	21	(262)	1,979
- Incremental revaluation*	2,789	2,789	1,483	(48)	4,224	-	-	-	-	-	-	-	-	4,224
Building														
- Cost	2,186	5,117	271	(349)	5,039	(2,830)	(212)	61	(2,981)	(101)	34	22	(45)	2,013
- Incremental revaluation*	1,551	3,333	629	(34)	3,928	(1,782)	(89)	19	(1,852)	-	-	-	-	2,076
Leasehold improvements	343	1,206	171	(69)	1,308	(863)	(119)	51	(931)	-	(13)	13	-	377
Equipment	1,286	5,917	904	(418)	6,403	(4,631)	(466)	408	(4,689)	-	-	-	-	1,714
Total	10,292	20,838	3,458	(1,153)	23,143	(10,106)	(886)	539	(10,453)	(440)	77	56	(307)	12,383

* The Bank's revaluation has been performed in 2016

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated 2015													
	Cost					Accumulated depreciation					Allowance for impairment losses			
	Net book value as at 1 January 2015	Beginning balance	Increase / transfers in	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2015
							(in million Baht)							
Land														
- Cost	2,240	2,579	-	(103)	2,476	-	-	-	-	(339)	(2)	2	(339)	2,137
- Incremental revaluation*	2,872	2,872	-	(83)	2,789	-	-	-	-	-	-	-	-	2,789
Building														
- Cost	2,193	4,993	248	(124)	5,117	(2,697)	(208)	75	(2,830)	(103)	(5)	7	(101)	2,186
- Incremental revaluation*	1,675	3,479	-	(146)	3,333	(1,804)	(68)	90	(1,782)	-	-	-	-	1,551
Leasehold improvements	375	1,200	86	(80)	1,206	(825)	(102)	64	(863)	-	(11)	11	-	343
Equipment	1,317	5,827	468	(378)	5,917	(4,510)	(476)	355	(4,631)	-	-	-	-	1,286
Total	10,672	20,950	802	(914)	20,838	(9,836)	(854)	584	(10,106)	(442)	(18)	20	(440)	10,292

* The Bank's revaluation has been performed in 2012.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2016 amounted to Baht 3,511 million (2015: Baht 3,518 million).

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 886 million and Baht 854 million, respectively.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only													
	2016													
	Cost					Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2016
	Net book value as at 1 January 2016	Beginning balance	Increase / transfers in	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments	Ending balance	Beginning balance	Reversal of (loss on) impairment	Disposals/ written-off/ transfers out	Ending balance	
from revaluation								during the year						
(in million Baht)														
Land														
- Cost	2,137	2,476	-	(235)	2,241	-	-	-	-	(339)	56	21	(262)	1,979
- Incremental revaluation*	2,789	2,789	1,483	(48)	4,224	-	-	-	-	-	-	-	-	4,224
Building														
- Cost	2,186	5,117	271	(349)	5,039	(2,830)	(212)	61	(2,981)	(101)	34	22	(45)	2,013
- Incremental revaluation*	1,551	3,333	629	(34)	3,928	(1,782)	(89)	19	(1,852)	-	-	-	-	2,076
Leasehold improvements	343	1,206	171	(69)	1,308	(863)	(119)	51	(931)	-	(13)	13	-	377
Equipment	1,261	5,802	887	(405)	6,284	(4,541)	(455)	397	(4,599)	-	-	-	-	1,685
Total	10,267	20,723	3,441	(1,140)	23,024	(10,016)	(875)	528	(10,363)	(440)	77	56	(307)	12,354

* The Bank's revaluation has been performed in 2016.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Bank only													
	2015													
	Cost					Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2015
	Net book value as at 1 January 2015	Beginning balance	Increase / transfers in	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Disposals/ written off/ transfers out	Ending balance	Beginning balance	Loss on impairment during the year	Disposals/ written-off/ transfers out	Ending balance		
(in million Baht)														
Land														
- Cost	2,240	2,579	-	(103)	2,476	-	-	-	-	(339)	(2)	2	(339)	2,137
- Incremental revaluation*	2,872	2,872	-	(83)	2,789	-	-	-	-	-	-	-	-	2,789
Building														
- Cost	2,193	4,993	248	(124)	5,117	(2,697)	(208)	75	(2,830)	(103)	(5)	7	(101)	2,186
- Incremental revaluation*	1,675	3,479	-	(146)	3,333	(1,804)	(68)	90	(1,782)	-	-	-	-	1,551
Leasehold improvements	375	1,200	86	(80)	1,206	(825)	(102)	64	(863)	-	(11)	11	-	343
Equipment	1,291	5,720	457	(375)	5,802	(4,429)	(463)	351	(4,541)	-	-	-	-	1,261
Total	10,646	20,843	791	(911)	20,723	(9,755)	(841)	580	(10,016)	(442)	(18)	20	(440)	10,267

* The Bank's revaluation has been performed in 2012.

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 31 December 2016 amounted to Baht 3,444 million (2015: Baht 3,460 million).

Depreciation presented in the Bank only's profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 875 million and Baht 841 million, respectively.

In March 2016, the Bank had the land and buildings re-appraised by independent valuers, in accordance with the BoT regulations. The surplus from revaluation was credited to other reserves under the heading "Revaluation surplus on assets" totalling Baht 2,112 million, and reversing allowance for impairment of assets in the statement of profit or loss and other comprehensive income amounting to Baht 68 million. The Bank of Thailand approved the incremental revaluation amount to be included as part of Common Equity Tier 1 Capital, with effect from 11 May 2016.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

17 Goodwill and other intangible assets, net

As at 31 December 2016 and 2015, changes in goodwill and other intangible assets were as follows:

	Consolidated										Net book value as at 31 December 2016
	2016										
	Net book value as at 1 January 2016	Beginning Balance	Cost			Ending balance <i>(in million Baht)</i>	Beginning Balance	Accumulated amortisation		Ending balance	
			Additions	Written-off	Transfers in/ (out)			Amortisation during the year	Accumulated amortisation on transfer out		
Goodwill	60	60	-	-	-	60	-	-	-	-	60
Computer software	874	4,410	165	-	510	5,085	(3,536)	(349)	-	(3,885)	1,200
Computer software under development	305	305	811	-	(672)	444	-	-	-	-	444
Total	1,239	4,775	976	-	(162)	5,589	(3,536)	(349)	-	(3,885)	1,704

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated										
	2015										
	Net book value as at 1 January 2015	Cost					Accumulated amortisation				Net book value as at 31 December 2015
		Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning Balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
						(in million Baht)					
Goodwill	60	60	-	-	-	60	-	-	-	-	60
Computer software	799	4,037	41	(9)	341	4,410	(3,238)	(304)	6	(3,536)	874
Computer software under development	144	144	518	-	(357)	305	-	-	-	-	305
Total	1,003	4,241	559	(9)	(16)	4,775	(3,238)	(304)	6	(3,536)	1,239

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2016 amounted to Baht 3,055 million (2015: Baht 2,823 million).

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 349 million and Baht 304 million, respectively.

	Bank only 2016										
	Cost					Accumulated amortisation					
	Net book value as at 1 January 2016	Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning Balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2016
Computer software	868	4,346	163	-	510	5,019	(3,478)	(345)	-	(3,823)	1,196
Computer software under development	306	306	811	-	(672)	445	-	-	-	-	445
Total	1,174	4,652	974	-	(162)	5,464	(3,478)	(345)	-	(3,823)	1,641

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

		Cost					Bank only 2015	Accumulated amortisation			
	Net book value as at 1 January 2015	Beginning Balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning Balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	Net book value as at 31 December 2015
Computer software	794	3,975	38	(8)	341	4,346	(3,181)	(302)	5	(3,478)	868
Computer software under development	144	144	519	-	(357)	306	-	-	-	-	306
Total	938	4,119	557	(8)	(16)	4,652	(3,181)	(302)	5	(3,478)	1,174

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2016 amounted to Baht 2,999 million (2015: Baht 2,771 million).

Amortisation presented in the Bank only's profit or loss for the years ended 31 December 2016 and 2015 amounted to Baht 345 million and Baht 302 million, respectively.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

18 Deferred tax and income tax expense

18.1 Deferred tax

Movements in deferred tax assets and liabilities during the years ended 31 December 2016 and 2015 were as follows:

	At 1 January 2016	Consolidated (Charged) / Credited to:		At 31 December 2016
		Profit or loss (note 18.2) (in million Baht)	Other compre- hensive income	
Deferred tax assets				
Investments	174	1	14	189
Loans to customers and accrued interest receivables	629	51	-	680
Properties for sale	26	(3)	-	23
Premises and equipment	100	(34)	-	66
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	298	10	(18)	290
Provisions for other liabilities	110	32	-	142
Other payables and other liabilities	294	(38)	-	256
Others	158	(46)	-	112
Total	2,989	(895)	(4)	2,090
Deferred tax liabilities				
Investments	21	-	(21)	-
Premises and equipment	900	(25)	416	1,291
Others	23	1	-	24
Total	944	(24)	395	1,315
Net	2,045	(871)	(399)	775

	At 1 January 2015	Consolidated (Charged) / Credited to:			At 31 December 2015
		Profit or loss (note 18.2) (in million Baht)	Other compre- hensive income	Retained earnings	
Deferred tax assets					
Investments	176	(2)	-	-	174
Loans to customers and accrued interest receivables	690	(61)	-	-	629
Properties for sale	85	(59)	-	-	26
Premises and equipment	100	-	-	-	100
Provisions for obligations on transfers of non-performing assets	1,200	-	-	-	1,200

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2016

	At 1 January 2015	Consolidated (Charged) / Credited to:			At 31 December 2015
		Profit or loss (note 18.2) (in million Baht)	Other compre- hensive income	Retained earnings	
Provisions for employee benefits	306	11	(19)	-	298
Provisions for other liabilities	109	1	-	-	110
Other payables and other liabilities	260	34	-	-	294
Others	124	22	-	12	158
Total	3,050	(54)	(19)	12	2,989
Deferred tax liabilities					
Investments	27	-	(6)	-	21
Premises and equipment	939	(29)	(10)	-	900
Others	19	(2)	6	-	23
Total	985	(31)	(10)	-	944
Net	2,065	(23)	(9)	12	2,045

		Bank only (Charged) / Credited to:		
	At 1 January 2016	Profit or loss (note 18.2) (in million Baht)	Other compre- hensive income	At 31 December 2016
Deferred tax assets				
Investments	174	1	14	189
Loans to customers and accrued interest receivables	616	51	-	667
Properties for sale	26	(3)	-	23
Premises and equipment	100	(34)	-	66
Provisions for obligations on transfers of non-performing assets	1,200	(868)	-	332
Provisions for employee benefits	294	9	(18)	285
Provisions for other liabilities	108	32	-	140
Other payables and other liabilities	294	(38)	-	256
Others	155	(38)	-	117
Total	2,967	(888)	(4)	2,075
Deferred tax liabilities				
Investments	13	-	(13)	-
Premises and equipment	899	(25)	416	1,290
Others	23	1	-	24
Total	935	(24)	403	1,314
Net	2,032	(864)	(407)	761

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	At 1 January 2015	Bank only (Charged) / Credited to:			At 31 December 2015
		Profit or loss (note 18.2) (in million Baht)	Other compre- hensive income	Retained earnings	
Deferred tax assets					
Investments	176	(2)	-	-	174
Loans to customers and accrued interest receivables	677	(61)	-	-	616
Properties for sale	84	(58)	-	-	26
Premises and equipment	100	-	-	-	100
Provisions for obligations on transfers of non-performing assets	1,200	-	-	-	1,200
Provisions for employee benefits	303	10	(19)	-	294
Provisions for other liabilities	105	3	-	-	108
Other payables and other liabilities	260	34	-	-	294
Others	124	19	-	12	155
Total	3,029	(55)	(19)	12	2,967
Deferred tax liabilities					
Investments	15	-	(2)	-	13
Premises and equipment	937	(28)	(10)	-	899
Others	19	(2)	6	-	23
Total	971	(30)	(6)	-	935
Net	2,058	(25)	(13)	12	2,032

As at 31 December 2016 and 2015, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totalling Baht 745 million and Baht 843 million, respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

As at 31 December 2016 and 2015, the Bank and its subsidiaries have tax-deductible temporary differences in respect of loans to customers and accrued interest receivables, for which deferred tax assets have not been recognised since it is uncertain as to whether the Bank and its subsidiaries would be able to utilise such temporary differences.

18.2 Income tax expense

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2016	2015	2016	2015
		(in million Baht)			
Current tax expense					
Current year		884	2,141	842	2,073
Over provided in prior years		(15)	(11)	(15)	(11)
		869	2,130	827	2,062
Deferred tax expense					
Movements in temporary differences	18.1	871	23	864	25
		871	23	864	25
Total		1,740	2,153	1,691	2,087

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(173)	35	(138)	(30)	6	(24)
Premises and equipment	2,079	(416)	1,663	(49)	10	(39)
Provisions for employee benefits	89	(18)	71	95	(19)	76
Others	-	-	-	30	(6)	24
Total	1,995	(399)	1,596	46	(9)	37

	Bank only					
	Before tax	2016 Tax (expense) benefit	Net of tax	Before tax	2015 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(133)	27	(106)	(10)	2	(8)
Premises and equipment	2,079	(416)	1,663	(49)	10	(39)
Provisions for employee benefits	91	(18)	73	95	(19)	76
Others	-	-	-	30	(6)	24
Total	2,037	(407)	1,630	66	(13)	53

Reconciliation of effective tax rate

	Consolidated			
	Rate (%)	2016 (in million Baht)	Rate (%)	2015 (in million Baht)
Profit before income tax expense		9,984		11,504
Income tax using the Thai corporation tax rate	20	1,997	20	2,301
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(164)	(1)	(156)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(78)	-	(7)
Unutilised deferred tax	-	-	-	26
Over provided in prior years	-	(15)	-	(11)
Total	17	1,740	19	2,153

	Bank only			
	Rate (%)	2016 (in million Baht)	Rate (%)	2015 (in million Baht)
Profit before income tax expense		9,726		11,271
Income tax using the Thai corporation tax rate	20	1,945	20	2,254
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(164)	(1)	(156)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the year	-	(20)	-	(20)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(55)	-	(6)
Unutilised deferred tax	-	-	-	26
Over provided in prior years	-	(15)	-	(11)
Total	17	1,691	19	2,087

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for the accounting periods which begin on or after 1 January 2016.

19 Other receivables, net

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Receivables on sales of investments	11,434	5,425	11,434	5,425
Promissory notes from transfer of non-performing assets	783	639	762	535
TAMC's promissory notes and accrued interest receivables	56	4,398	56	4,398
Other receivables	1,595	1,038	1,504	878
Total	13,868	11,500	13,756	11,236
Less allowance for impairment losses	(172)	(175)	(170)	(170)
Net	13,696	11,325	13,586	11,066

20 Other assets, net

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Accrued income	1,253	1,170	1,225	1,120
Collateral on derivative transactions	2,308	1,664	2,308	1,664
Suspense account - debtors	1,156	923	1,156	922
Suspense account between head office and branches	6	43	6	43
Prepaid expenses	242	214	235	208
Others	842	747	812	728
Total	5,807	4,761	5,742	4,685
Less allowance for impairment losses	(223)	(265)	(223)	(265)
Net	5,584	4,496	5,519	4,420

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

21 Deposits

21.1 Classified by type of deposits

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Current	50,794	65,347	50,806	65,358
Savings	433,023	409,120	433,084	409,145
Term	115,296	170,713	115,296	170,713
Total	599,113	645,180	599,186	645,216
Less prepaid interest expense	(165)	(486)	(165)	(486)
Total	598,948	644,694	599,021	644,730

21.2 Classified by currency and residency of depositors

	Consolidated					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	591,046	5,399	596,445	636,273	5,709	641,982
US Dollar	1,765	388	2,153	2,195	297	2,492
Other currencies	321	29	350	199	21	220
Total	593,132	5,816	598,948	638,667	6,027	644,694

	Bank only					
	2016			2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	591,119	5,399	596,518	636,309	5,709	642,018
US Dollar	1,765	388	2,153	2,195	297	2,492
Other currencies	321	29	350	199	21	220
Total	593,205	5,816	599,021	638,703	6,027	644,730

22 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	2016		2015			
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	3,145	3,145	-	3,837	3,837
Commercial banks	287	23,250	23,537	109	16,570	16,679
Specialised financial institutions	16	7,760	7,776	17	5,575	5,592
Other financial institutions	7,246	67	7,313	6,578	74	6,652
Total domestic	7,549	34,222	41,771	6,704	26,056	32,760

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated and Bank only					
	At call	2016 Term	Total	At call	2015 Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	593	1,433	2,026	1,249	-	1,249
Other currencies	1,620	-	1,620	2,207	-	2,207
Total foreign	<u>2,213</u>	<u>1,433</u>	<u>3,646</u>	<u>3,456</u>	<u>-</u>	<u>3,456</u>
Total domestic and foreign, net	<u>9,762</u>	<u>35,655</u>	<u>45,417</u>	<u>10,160</u>	<u>26,056</u>	<u>36,216</u>

23 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Debt issued	362	299
Total	<u>362</u>	<u>299</u>

Proportion of transactions classified by the contract parties based on the amount of the contract as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(%)</i>	
Contract parties		
Financial institutions	100.00	100.00
Total	<u>100.00</u>	<u>100.00</u>

24 Debts issued and borrowings, net

	Consolidated and Bank only							
	Interest rates		2016			2015		
	as at	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	31 December 2016							
	(%)		(in million Baht)					
Subordinated debentures ⁽¹⁾	4.50 and 5.50	2017 ⁽²⁾ and 2019 ⁽²⁾	25,350	-	25,350	25,350	-	25,350
Senior debentures	3.108 and 5.50	2018 and 2021	-	13,834	13,834	-	3,327	3,327
Bills of exchange ⁽³⁾	2.15 - 2.50	2012 - 2013	6	-	6	15	-	15
Other borrowings	0.00 - 2.00	2017 - 2031	30	830	860	71	1,597	1,668
Total			25,386	14,664	40,050	25,436	4,924	30,360
Less prepaid interest expenses			(176)	-	(176)	(177)	-	(177)
Net			25,210	14,664	39,874	25,259	4,924	30,183

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (Note 6)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 - 2013 were waiting for redeem by the holders.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

24.1 Subordinated debentures

24.1.1 On 18 May 2012, the Bank issued the Subordinated Debenture No. 1/2555, amounting to Baht 9,400 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 18 May of every year with the exception of the first interest payment, which was made on 25 May 2012. The Bank can early redeem the Subordinated Debenture No. 1/2555 under each of the following circumstances:

1. On or after the fifth anniversary of the issue date.
2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.

24.1.2 On 25 May 2012, the Bank issued the Subordinated Debenture No. 2/2555, amounting to Baht 950 million, which has a 10-year maturity period and carries a fixed interest rate of 4.50% per annum, payable annually in advance on 25 May of every year with the exception of the first interest payment, which was made on 1 June 2012. The Bank can early redeem the Subordinated Debenture No. 2/2555 under each of the following circumstances:

1. On or after the fifth anniversary of the issue date.
2. The Bank can show that the interest on the debenture could not be treated as tax-deductible expenses.
3. The Bank of Thailand issues additional regulations which allow the Bank to early redeem the debenture.

24.1.3 On 29 August 2014, the Bank issued the Subordinated Debenture No. 1/2557 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 15,000 million, which has a 10-year maturity period and carries a fixed interest rate of 5.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No. 1/2557 after 5 years from the issue date or according to certain specified conditions. The Bank has to get The Bank of Thailand's approval before early redemption of the Subordinated Notes.

24.2 Senior debentures

On 9 March 2015, the Bank issued the unsecured senior debentures of CNY 600 million, with a 3-year maturity carrying a fixed interest rate of 5.50% per annum, payable semi-annually in March and September of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

On 1 April 2016, the Bank issued unsecured senior debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

24.3 Other Borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2016 and 2015 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2016		2015	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
Energy Conservation Promotion Fund	For enterprises investing for energy conservation	Baht 13 million	13	Baht 51 million	51
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 17 million	17	Baht 20 million	20
Nordic Investment Bank (NIB)	For joint ventures with the Nordic countries and businesses using Nordic machinery/equipment	USD 4 million	128	USD 7 million	259
Japan Bank for International Cooperation (JBIC)	For equity investment & on-lending to non-SET listed enterprises and non-environmental impact having a joint-venture with Japanese or Japanese connection, or Tsunami adversely affected entrepreneurs having Japanese connection	USD 17 million	597	USD 33 million	1,203
KfW Bankengruppe (KfW)	For small industry businesses	EUR 3 million	105	EUR 3 million	135
Total			860		1,668

25 Provision for employee benefits

25.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 10% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 5 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the years ended 31 December 2016 and 2015, the Bank and its subsidiaries contributed Baht 393 million and Baht 386 million, respectively to the funds (Bank only: Baht 384 million and Baht 378 million, respectively).

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

25.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Post-employment benefit plans	1,442	1,479	1,414	1,458
Other long-term employee benefit plans	11	14	11	14
Total	1,453	1,493	1,425	1,472

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
At 1 January	1,479	1,520	1,458	1,498
Included in profit or loss:				
Current service cost	187	169	182	166
Past service cost	-	(44)	-	(42)
Interest on obligation	24	37	24	37
	211	162	206	161
Included in other comprehensive income				
- Actuarial gain	(89)	(95)	(91)	(95)
Others				
Benefits paid	(159)	(108)	(159)	(106)
	(248)	(203)	(250)	(201)
At 31 December	1,442	1,479	1,414	1,458

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Demographic assumptions	(119)	(58)	(120)	(60)
Financial assumptions	105	149	104	149
Experience adjustment	(75)	(186)	(75)	(184)
Total	(89)	(95)	(91)	(95)

(c) Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(%)</i>			
Discount rate	1.86, 2.51	2.86, 3.15	1.86	2.86
Future salary growth	5.00	5.00, 5.30	5.00	5.30
Staff turnover rates	0.00 - 30.00	0.00 - 30.00	0.00 - 30.00	0.00 - 30.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

(d) Sensitivity analysis of post-employment benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Consolidated 2016				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(131)	- 1%	151
Future salary growth	+ 1%	137	- 1%	(122)
Turnover Rate	+ 1%	(139)	- 1%	40
Future mortality	+ 1 year	11	- 1 year	(11)

Consolidated 2015				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(138)	- 1%	159
Future salary growth	+ 1%	146	- 1%	(129)
Future mortality	+ 1 year	12	- 1 year	(12)

Bank only 2016				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(129)	- 1%	147
Future salary growth	+ 1%	133	- 1%	(119)
Turnover Rate	+ 1%	(136)	- 1%	38
Future mortality	+ 1 year	11	- 1 year	(11)

Bank only 2015				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+ 1%	(136)	- 1%	157
Future salary growth	+ 1%	143	- 1%	(127)
Future mortality	+ 1 year	12	- 1 year	(12)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

26 Provision for other liabilities

The movement in provision for other liabilities during the year were as follows:

	Consolidated and Bank only			
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (Note 34.2) (in million Baht)	Others	Total
At 1 January 2015	439	48	48	535
Provisions increase (decrease)	18	(27)	30	21
Paid during the year	-	(2)	(12)	(14)
At 31 December 2015 and 1 January 2016	457	19	66	542
Provisions increase (decrease)	(24)	145	58	179
Paid during the year	-	(2)	(18)	(20)
At 31 December 2016	433	162	106	701

27 Other payables

	Consolidated		Bank only	
	2016	2015	2016	2015
	(in million Baht)			
Payables on purchases of investments	10,565	6,005	10,565	6,005
Others	759	983	755	979
Total	11,324	6,988	11,320	6,984

28 Other liabilities

	Consolidated		Bank only	
	2016	2015	2016	2015
	(in million Baht)			
Accrued expenses	3,814	4,683	3,759	4,633
Accrued interest expenses	627	1,084	627	1,084
Deposits and guarantees received	1,491	283	1,491	282
Collateral on derivative transactions	473	185	473	185
Suspense accounts - creditors	2,397	1,916	2,382	1,910
Others	734	668	713	612
Total	9,536	8,819	9,445	8,706

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

29 Share-based payments - TMB Performance Share Bonus Scheme

29.1 Information of TMB Performance Share Bonus Scheme

On 24 June 2010, the Extraordinary General Meeting of Shareholders No.1/2553 approved the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010 scheme) which will offer newly issued ordinary shares of the Bank to its employees (including employees who hold a position of director of the Bank) who have qualifications under TMB PSBP 2010. The employees under TMB PSBP 2010 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB PSBP 2010 with mandatory participation of top management but optional participation of staff at other levels.

Term of continuing scheme: 5 years starting from the first offering date.

Number of ordinary shares to be offered: Not exceeding the total of 400,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.

Offering price per share: The offering price per share to be offered to the employees under TMB PSBP 2010 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand (“SET”) on each trading day for the period of 90 calendar days prior to each offering date of the newly issued shares.

The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TMB PSBP 2010 Project at the price equivalent to the par value of the ordinary shares of the Bank.

Condition of subscription for the newly issued shares: The employees under TMB PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who are retired pursuant to the Bank’s regulation or death are still retained).

For the years ended 31 December 2016 and 2015, the Bank recorded expenses in relation to share-based payments of Baht 37 million and Baht 93 million, respectively.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

29.2 The offering of new ordinary shares

The offering of new ordinary shares	Par value	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾	Ordinary shares not to be issued	Balance of new ordinary shares unissued as at 31 December 2016
	(Baht/share)			(shares)		
The first offering, 2011	0.95	2.25	68,393,400	(61,556,286)	(6,837,114)	-
The second offering, 2012	0.95	1.67	101,795,300	(88,262,936)	(13,532,364)	-
The third offering, 2013	0.95	2.28	78,634,700	(66,598,950)	(12,035,750)	-
The fourth offering, 2014	0.95	2.30	85,191,700	(45,951,289)	(20,442,618)	18,797,793
The fifth offering, 2015	0.95	3.04	53,599,400	(16,262,367)	(9,748,793)	27,588,240
Total			387,614,500	(278,631,828)	(62,596,639)	46,386,033

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

29.3 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - share-based payments

Consolidated and Bank only				
2016				
	Issued and paid-up ordinary share capital (No. of shares)	Issued and paid-up ordinary share capital (in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,749,499,615	41,562,024,635	236,181,407	212,650,444
Issued ordinary shares to employees	57,870,692	54,977,157	89,766,087	(144,743,244)
Expenses in relation to issuance of ordinary shares to employees	-	-	(541,855)	-
Expenses in relation to share-based payments	-	-	-	37,469,645
At 31 December	43,807,370,307	41,617,001,792	325,405,639	105,376,845

Consolidated and Bank only				
2015				
	Issued and paid-up ordinary share capital (No. of shares)	Issued and paid-up ordinary share capital (in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,678,764,288	41,494,826,074	157,689,646	265,835,782
Issued ordinary shares to employees	70,735,327	67,198,561	79,053,115	(146,251,676)
Expenses in relation to issuance of ordinary shares to employees	-	-	(561,354)	-
Expenses in relation to share-based payments	-	-	-	93,066,338
At 31 December	43,749,499,615	41,562,024,635	236,181,407	212,650,444

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

30 Revaluation surplus on assets

This represents surplus arising from revaluation of land and buildings. The revaluation surplus can neither be offset against deficit nor used for dividend distribution.

The movements in revaluation surplus on assets during the years were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
At 1 January	4,496	4,686
Reappraisal during the year	2,112	-
Amortised during the year	(89)	(68)
Derecognised during the year	(36)	(73)
Transferred out during the year	(33)	(49)
Balance - end of the year	6,450	4,496
Less deferred income tax	(1,290)	(899)
At 31 December, net of deferred income tax	5,160	3,597

31 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

32 Appropriation of profit and dividend payment

(a) On 8 April 2016, the 2016 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2015 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 460 million to the legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2015 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2016.

(b) On 10 April 2015, the 2015 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2014 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 480 million to the legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2014 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 7 May 2015.

33 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2016 and 2015 were as follow:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Investments in securities		
- Pledged as collateral against repurchase transactions	14,586	3,987
Total	14,586	3,987

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

34 Commitments and contingent liabilities

34.1 Commitments

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Avals to bills	1,578	1,880
Guarantees of loans	-	3
Liability under unmatured import bills	2,502	2,568
Letters of credit	22,948	33,656
Other contingencies		
- Other guarantees	65,488	60,775
- Amount of unused bank overdrafts	90,845	94,036
- Committed line	17,369	29,954
- Others	500	568
Total	201,230	223,440

As at 31 December 2016 and 2015, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

34.2 Litigation

- (a) As at 31 December 2016 and 2015, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 79 cases and 92 cases, respectively (Bank only: claims for 75 cases and 85 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,634 million ⁽¹⁾ and Baht 663 million ⁽¹⁾, respectively (Bank only: Baht 2,619 million ⁽¹⁾ and Baht 635 million ⁽¹⁾, respectively).
- (b) As at 31 December 2016 and 2015, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 162 million and Baht 19 million, respectively (Bank only: Baht 162 million and Baht 19 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.
- (c) In addition, the Bank was claimed in another lawsuit with the sum of Baht 140,261 million due to the purported issuance of a letter of guarantee with a credit limit of Baht 200 million. The Court of First Instance and the Appeals Court dismissed the case. On 27 September 2016, the Supreme Court rendered the final judgment to dismiss the case.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as of 31 December 2016 and 2015 of Baht 1,187 million and Baht 2,647 million, respectively (Bank only: Baht 664 million and Baht 2,124 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

34.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<i>Future minimum lease payments</i>				
Within one year	556	434	541	424
After one year but within five years	777	561	752	559
Total	1,333	995	1,293	983
<i>Amount recognised in profit or loss</i>				
Lease expense	475	411	460	398

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank if the Bank has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Entities with joint control or significant influence over the entity are
 - 2.1 Related companies of major shareholders
 - 2.2 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 2.3 Entities in which the Bank holds over 10% of paid-up share capital (excluding subsidiaries and associate)
3. Subsidiaries
4. Associate
5. Key management personnel of the Bank are directors, management personnel at the level "Head of" or executive vice president and above, and related management personnel of Accounting or Finance.
6. Other related parties are
 - 6.1 Close family members of key management personnel
 - 6.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 6.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

The additional information on investments in subsidiaries and associate is disclosed in Note 11.

Relationships with key management and other related parties were as follows:

Name of entity/ Personnel	Country of incorporation/ nationality	Nature of relationship
Key management personnel	Thailand and other counties	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Designee for ETA Contract Ltd.	Thailand	Subsidiary, 99.5% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 87.5% shareholding, more than 50% of directors are representatives of the Bank
Metro Designee Co., Ltd.	Thailand	Not a related party as the Company completed its liquidation on 29 December 2016. (2015: Associate, 30% shareholding, less than 50% of directors are representatives from the Bank)

The pricing policies for particular types of transactions were explained further below:

Transactions	Pricing policies
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its subsidiary is charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price
Sale of government and state enterprise securities to a subsidiary	Based on market price

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35.1 Related parties transactions with key management and other related parties

Significant related parties transactions for the years ended 31 December 2016 and 2015 with key management and other related parties were as follows:

Consolidated 2016							Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	58	5	-	-	-	12	-
2. Entities with joint control or significant influence over the entity	306	233	22	-	58	227	2
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	3	-	-	-	28	-

Consolidated 2015							Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	155	2	-	-	-	10	-
2. Entities with joint control or significant influence over the entity	390	614	31	-	35	255	(9)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	1	5	-	-	-	39	-

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Bank only							
2016							
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	58	5	-	-	-	12	-
2. Entities with joint control or significant influence over the entity	299	233	22	-	58	227	2
3. Subsidiaries	-	-	1,411	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	3	-	-	-	28	-

Bank only							
2015							
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	Impairment loss on loans and debt securities (reversal of)
	<i>(in million Baht)</i>						
1. Major shareholders	155	2	-	-	-	10	-
2. Entities with joint control or significant influence over the entity	382	614	31	-	35	255	(9)
3. Subsidiaries	-	-	1,158	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	1	5	-	-	-	39	-

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35.2 Outstanding balances with related parties

As at 31 December 2016 and 2015, significant outstanding balances with related persons or parties were as follows:

35.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2016 and 2015 were as follows:

	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables, net		
Ministry of Finance	1,003	6,548
Deposits (including interbank and money market items - liabilities)		
ING Bank N.V.	345	286
Contingencies – Derivatives ⁽¹⁾		
ING Bank N.V.	6,547	1,773
⁽¹⁾ Presented in notional amount		
Other contingencies		
ING Bank N.V.	18	18

35.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to customers and accrued interest receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	20,208	19,605	19,779	19,198
Thai Charoenpol Industry Co., Ltd.	3	3	3	3
Total	20,211	19,608	19,782	19,201
Allowance for doubtful accounts				
Entities whose shares are owned or controlled by the Ministry of Finance	65	62	65	62
Thai Charoenpol Industry Co., Ltd.	2	2	2	2
Total	67	64	67	64
Other receivables				
Entities whose shares are owned or controlled by the Ministry of Finance	56	4,398	56	4,398
Other assets				
Entities whose shares are owned or controlled by the Ministry of Finance	282	286	282	286

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deposits (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	14,838	11,886	14,838	11,886
TMB Property Development Co., Ltd.	4	4	4	4
Total	14,842	11,890	14,842	11,890
Debts issued and borrowings (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled by the Ministry of Finance	7,765	5,575	7,765	5,575
Provisions for obligation on transfers of non-performing assets				
Entities whose shares are owned or controlled by the Ministry of Finance	1,657	5,998	1,657	5,998
Other liabilities				
Entities whose shares are owned or controlled by the Ministry of Finance	9	9	9	9
Contingencies - derivatives ⁽¹⁾				
Entities whose shares are owned or controlled by the Ministry of Finance	128,754	130,302	128,754	130,302
⁽¹⁾ Presented in notional amount				
Other contingencies				
Entities whose shares are owned or controlled by the Ministry of Finance	1,204	1,261	1,204	1,261

35.2.3 Significant balances between the Bank and its subsidiaries and associate as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Other assets				
Phayathai Asset Management Co., Ltd.	-	-	1	1
TMB Asset Management Co., Ltd.	-	-	147	69
Total	-	-	148	70
Deposits				
Phayathai Asset Management Co., Ltd.	-	-	10	6
TMB Asset Management Co., Ltd.	-	-	63	30
Total	-	-	73	36

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	20	22	19	21
Welfare loans	43	52	43	52
Deposits	160	177	154	171
Allowance for doubtful accounts	1	1	1	1

35.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2016 and 2015 were as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Loans to customers and accrued interest receivables, net	32	31	32	31
Deposits	192	220	191	220
Other liabilities	1	2	1	2

35.3 Senior management personnel compensation

For the years ended 31 December 2016 and 2015, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	41	42	41	41
Short-term employee benefits - management	728	780	698	751
Post-employment benefits	48	48	43	44
Termination benefit	-	3	-	-
Share-based payments (performance share bonus)	38	92	38	92
Total	855	965	820	928

Senior management personnel of the Bank are directors, management personnel at the level “Head of” or executive vice president and above, and related management personnel of Accounting or Finance. Senior managements of the subsidiaries are those at the level of director and executive officer upwards.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

35.4 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in Note 35.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

36 Segment information

For management purposes, the Bank's businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

1.1 Wholesale Banking: These are corporate customers and owner operators with annual revenues of Baht 1,000 million and over which was changed in 2016 from Baht 500 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management, syndicated loans, and investment banking.

1.2 Small and Medium Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 1,000 million which was changed in 2016 from less than Baht 500 million. The main products and services are corporate loans, letters of guarantee, deposits, trade finance, supply chain solution and financial management.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing and personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities base, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Information about reportable segments:

For the year ended
31 December 2016

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	15,032	7,742	2,098	-	24,872
Other operating income	3,711	5,270	1,261	(49)	10,193
Total operating income	18,743	13,012	3,359	(49)	35,065
Operating expenses	(7,278)	(8,429)	(839)	49	(16,497)
Profits from operation	11,465	4,583	2,520	-	18,568
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan - related transactions					(8,584)
Profit before income tax expense					9,984
Income tax expense					(1,740)
Profit for the year					8,244
Depreciation and amortisation	124	671	459	-	1,254
Source of operating income breakdown by operating segments					
Third party	26,459	6,022	2,584	-	35,065
Inter - segment	(7,716)	6,990	775	(49)	-
Total operating income	18,743	13,012	3,359	(49)	35,065

For the year ended
31 December 2015

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	14,888	6,479	1,862	-	23,229
Other operating income	4,402	4,736	989	(45)	10,082
Total operating income	19,290	11,215	2,851	(45)	33,311
Operating expenses	(7,523)	(8,151)	(746)	45	(16,375)
Profits from operation	11,767	3,064	2,105	-	16,936
Other income (expenses), net					(6)
Provision for doubtful accounts on loans and loan - related transactions					(5,426)
Profit before income tax expense					11,504
Income tax expense					(2,153)
Profit for the year					9,351
Depreciation and amortisation	130	674	374	-	1,178
Source of operating income breakdown by operating segments					
Third party	27,206	3,281	2,824	-	33,311
Inter - segment	(7,916)	7,934	27	(45)	-
Total operating income	19,290	11,215	2,851	(45)	33,311

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

Reconciliation of reportable segment profit or loss

**For the year ended
31 December 2016**

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	24,872	10,193	(16,497)	-	(8,584)
Bad debts, doubtful accounts and impairment losses	-	128	(63)	-	(65)
Others	(112)	141	(29)	-	-
Consolidated financial statements	24,760	10,462	(16,589)	-	(8,649)

**For the year ended
31 December 2015**

	Net interest income	Non- interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	23,229	10,082	(16,375)	(6)	(5,426)
Bad debts, doubtful accounts and impairment losses	-	100	(47)	-	(53)
Others	(9)	48	(45)	6	-
Consolidated financial statements	23,220	10,230	(16,467)	-	(5,479)

	Commercial banking	Retail banking	Consolidated 2016 Other segments (in million Baht)	Elimination	Total
Assets	564,458	144,608	115,530	(3,596)	821,000
Liabilities and equity	227,217	404,996	192,383	(3,596)	821,000

	Commercial banking	Retail banking	Consolidated 2015 Other segments (in million Baht)	Elimination	Total
Assets	610,984	106,068	125,293	(3,408)	838,937
Liabilities and equity	236,224	433,889	172,232	(3,408)	838,937

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

37 The financial position and results of operations classified by domestic and foreign business

37.1 As at 31 December 2016 and 2015, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	Domestic business	2016 Foreign business	Total (in million Baht)	Domestic business	2015 Foreign business	Total
Total assets	820,277	723	821,000	838,248	689	838,937
Interbank and money market items, net (assets)	113,287	571	113,858	115,219	539	115,758
Investments, net	62,116	-	62,116	98,260	-	98,260
Loans to customers and accrued interest receivables, net	569,195	73	569,268	552,727	92	552,819
Deposits	598,783	165	598,948	644,561	133	644,694
Interbank and money market items (liabilities)	43,870	1,547	45,417	36,118	98	36,216
Debts issued and borrowings, net	25,443	14,431	39,874	25,653	4,530	30,183

37.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2016 and 2015 were as follows:

	Consolidated							
For the years ended 31 December	2016				2015			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Interest income	35,626	466	(461)	35,631	36,425	181	(176)	36,430
Interest expense	10,876	456	(461)	10,871	13,212	174	(176)	13,210
Net interest income	24,750	10	-	24,760	23,213	7	-	23,220
Net fees and service income	7,996	1	-	7,997	7,821	-	-	7,821
Other operating income	2,465	-	-	2,465	2,408	1	-	2,409
Other operating expenses	16,576	13	-	16,589	16,458	9	-	16,467
Impairment loss on loans and debt securities	8,649	-	-	8,649	5,479	-	-	5,479
Profit from operations before income tax expenses	9,986	(2)	-	9,984	11,505	(1)	-	11,504

38 Interest income

For the years ended 31 December	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items	1,746	2,037	1,731	2,020
Investments and trading transactions	267	274	267	274
Investments in debt securities	1,369	2,148	1,368	2,148
Loans to customers	32,086	31,588	32,069	31,567
Others	163	383	163	384
Total	35,631	36,430	35,598	36,393

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

39 Interest expenses

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Deposits	6,134	8,163
Interbank and money market items	336	882
Contribution to Deposits Protection Agency and BoT	2,954	2,829
Debt issued		
- Subordinated debentures	1,091	1,260
- Others	318	47
Borrowings	35	26
Others	3	3
Total	10,871	13,210

40 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	575	544	575	544
- Credit card and ATM	2,499	2,340	2,499	2,340
- Funds and Bancassurance	4,955	4,355	4,145	3,688
- Others	2,139	2,473	2,188	2,517
Total	10,168	9,712	9,407	9,089
Fees and service expenses				
- Credit card and ATM	(1,441)	(1,348)	(1,441)	(1,348)
- Others	(730)	(543)	(597)	(432)
Total	(2,171)	(1,891)	(2,038)	(1,780)
Net	7,997	7,821	7,369	7,309

41 Gains on trading and foreign exchange transactions, net

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,446	1,573
- Derivatives on interest rates	212	15
- Debt securities	33	113
Total	1,691	1,701

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

42 Losses on financial liabilities designated at fair value through profit or loss, net

Losses on financial liabilities designated at fair value through profit or loss, net for the years ended 31 December 2016 and 2015 were as follows:

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2016	2015
	<i>(in million Baht)</i>	
Net change in fair value	(13)	(16)
Losses on financial liabilities designated at fair value through profit or loss, net	(13)	(16)

43 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	206	178	99	95
- General investments	-	5	-	5
Total	206	183	99	100
Reversal of (losses on) impairment				
- Available-for-sale investments	(1)	-	(1)	-
- General investments	(4)	(2)	(4)	(2)
- Investments in subsidiaries	-	-	98	102
Total	(5)	(2)	93	100
Net	201	181	192	200

44 Other operating expenses

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	1,281	1,296	1,147	1,206
Communication expenses	396	401	396	400
Amortisation of intangible assets	348	304	346	302
Losses on impairment of properties foreclosed and other assets (reversal of)	(12)	118	(11)	114
Outsourcing expenses	496	445	496	445
Credit collection expenses	277	337	267	324
Software rental expenses	237	156	237	156
Others	984	788	966	773
Total	4,007	3,845	3,844	3,720

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

45 Impairment loss of loans and debt securities

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts				
- Interbank and money market items	(161)	175	(161)	175
- Loans to customers	8,813	5,233 ⁽¹⁾	8,829	5,271 ⁽¹⁾
Allowance for debt restructuring on loan to customers	(3)	71	(3)	71
Total	8,649	5,479	8,665	5,517

⁽¹⁾ The selling price in excess of the carrying value of NPLs sale (see in Note 12.5) of Baht 465 million was presented as a deduction from this item.

46 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years as follows:

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,226	9,333	8,035	9,184
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,792	43,730	43,792	43,730
Basic earnings per share <i>(in Baht)</i>	0.1879	0.2134	0.1835	0.2100

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to equity holders of the Bank and the number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2016	2015	2016	2015
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	8,226	9,333	8,035	9,184
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,792	43,730	43,792	43,730
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	67	127	67	127
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	43,859	43,857	43,859	43,857
Diluted earnings per share <i>(in Baht)</i>	0.1876	0.2128	0.1832	0.2094

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

47 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below.

TFRS	Topic
TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2016)	Related Party Disclosures
TAS 27 (revised 2016)	Separate Financial Statements
TAS 28 (revised 2016)	Investments in Associates and Joint Ventures
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 104 (revised 2016)	Troubled Debt Restructuring
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 2 (revised 2016)	Share-based Payment
TFRS 3 (revised 2016)	Business Combinations
TFRS 5 (revised 2016)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 11 (revised 2016)	Joint Arrangements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 15 (revised 2016)	Operating Leases – Incentives
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 32 (revised 2016)	Intangible Assets – Web Site Costs
TFRIC 4 (revised 2016)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2016)	Customer Loyalty Programmes
FAP Announcement no. 5/2559	Accounting guidance for derecognition of financial assets and financial liabilities

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank only financial statements of these new and revised TFRS and expect that there will be no material impact on the financial statements in the period of initial application.

TMB Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2016

48 Events after the reporting period

On 15 February 2017, the Board of Directors Meeting of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders, including, the payment of a dividend of Baht 0.06 per share to the Bank's ordinary shareholders from its 2016 operating results for a total of Baht 2,628 million (Such dividend amount is calculated on the number of issued and paid-up share capital as at 31 December 2016, which has yet to include the number of ordinary shares that will be issued in April 2017 under the TMB Performance Shares Bonus 2010 Project to employees, who were offered in 2014 and 2015 and are still the employees of the Bank as of the subscription date of such newly issued shares). Such dividend will be paid and recorded after it is approved by the resolution of the Annual General Meeting of the Bank's shareholders.