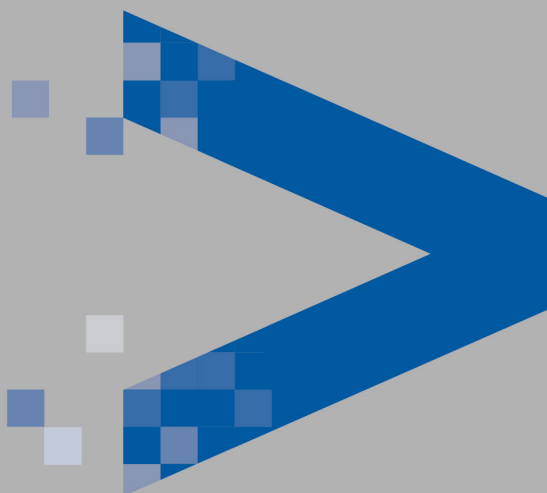


Strive **MORE**
for You to
Get **MORE**



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VISION

TMB inspires people
to Make **THE** Difference

MISSION

- > Empower **customers** to make the most of their lives
- > Deliver consistent performance to create sustainable values for **shareholders**
- > Transform organization into the best place to work for **employees** and provide opportunities and development that allow them to unlock their full potential to challenge status quo
- > Engage to create more value to the **society** while ensure sustainability

TMB Experience



> Historical Financial Performance

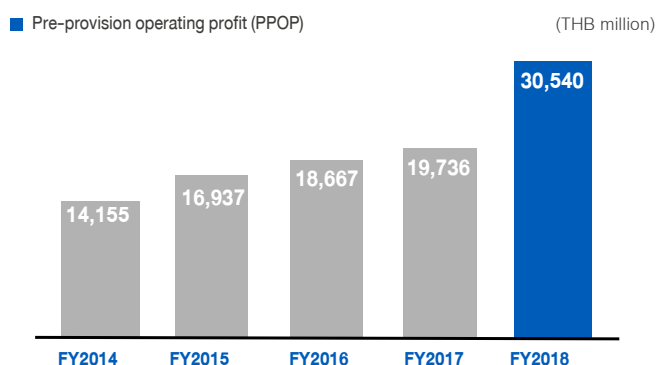
Consolidated financial statements

(Unit: THB million)

Selected statements of profit or loss and other comprehensive income items	FY2018	FY2017	FY2016	FY2015	FY2014
Interest income	35,128	34,713	35,631	36,430	35,848
Interest expenses	10,632	9,979	10,870	13,210	14,253
Net interest income	24,497	24,734	24,761	23,220	21,595
Net fees and service income and other operating income	23,545	12,705	10,462	10,230	8,358
Total operating income	48,042	37,439	35,223	33,450	29,953
Other operating expenses	17,475	17,792	16,589	16,467	15,774
Impairment loss on loans and debt securities	16,100	8,915	8,649	5,479	3,437
Income tax	2,866	2,004	1,740	2,153	1,190
Profit for the year	11,601	8,728	8,244	9,351	9,552
Equity holders of the Bank	11,601	8,687	8,226	9,333	9,539
Non-controlling interest	-	41	18	18	13
Total other comprehensive income (loss) for the year, net of income tax	-48	164	1,596	37	1
Total comprehensive income for the year	11,554	8,892	9,841	9,389	9,552
Basic earnings per share (THB/Share)	0.2646	0.1982	0.1879	0.2134	0.2185

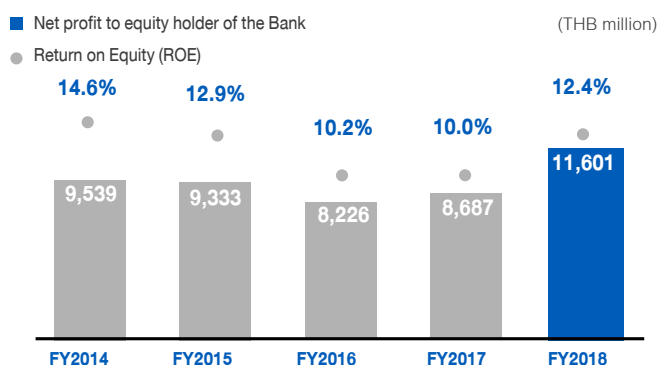
Selected statements of financial position items	FY2018	FY2017	FY2016	FY2015	FY2014
Loans to customers and accrued interest receivables	687,015	644,342	594,356	581,844	531,429
Total assets	891,713	843,872	797,316	838,937	809,182
Deposits	649,568	611,430	598,948	644,694	571,625
Total liabilities	792,934	754,016	713,468	762,339	739,389
Total equity	98,779	89,856	83,848	76,598	69,793
Equity attributable to equity holders of the Bank	98,779	89,856	83,723	76,491	69,704
Non-controlling interest	-	-	125	107	89

Income generation ability



Note: Consolidated financial statements

Profitability



Note: Consolidated financial statements

Key Financial Ratios	FY2018	FY2017	FY2016	FY2015	FY2014
Profitability					
Return on equity (ROE)	12.4%	10.0%	10.2%	12.9%	14.6%
Return on assets (ROA)	1.4%	1.1%	1.0%	1.1%	1.2%
Cost to income ratio ^{1/}	36.4%	47.3%	46.9%	49.2%	52.6%
Net interest margin (NIM)	2.94%	3.13%	3.17%	3.02%	2.95%
Liquidity					
Loan to deposit (LDR) ^{2/}	106%	105%	99%	90%	93%
Current and saving accounts to total deposits (CASA) ^{3/}	88%	86%	80%	73%	69%
Capital adequacy (Bank-only)					
Tier I	13.6%	13.2%	12.8%	11.3%	11.0%
Capital adequacy ratio (CAR)	17.5%	17.3%	18.1%	16.7%	18.3%
Asset quality					
NPL ratio	2.76%	2.35%	2.53%	2.99%	2.85%
NPL coverage	152%	143%	143%	142%	157%
Others					
Book value per share (BVPS)	2.25	2.05	1.91	1.75	1.60
Number of employees	8,373	8,551	8,980	9,270	8,854
Number of branches	416	431	452	450	460
Number of ATMs (2015-18 included ADMs)	2,891	2,841	2,783	2,796	2,365

Note:

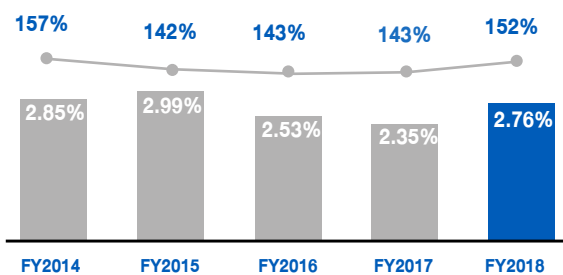
1/ Excluded extra ordinary items and credit related items

2/ Excluded interbank and money market items

3/ Included No-Fixed and ME , Excluded NCD and FCD

Asset quality

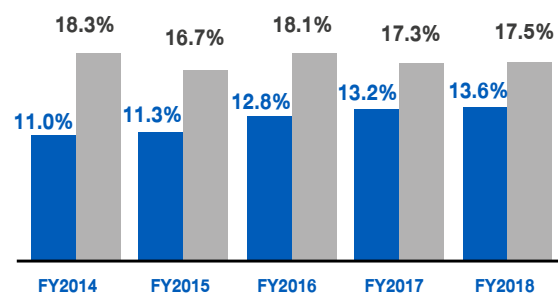
■ NPL ratio
—●— Coverage ratio



Note: Consolidated financial statements

Capital adequacy

■ Tier I ratio
■ Capital adequacy ratio (CAR)



Note: Bank-only financial statement



> Message from the Chairman of the Board of Directors

We can agree that 2018 was another challenging year for the global economy, which was negatively affected by the US-China trade dispute, Brexit, and tightening monetary policy in major economies. As a result, Thailand's economic volatility remained high and slowed down in the second half in comparison to the first half of 2018, mainly attributable to deceleration of the two main growth drivers: exports and tourism. As a result, the Thai economy registered growth of 4.1% in 2018, lower than 4.2% estimated by the Office of the National Economics and Social Development Council (NESDB).

Under this challenging economic environment, TMB has continued its prudent operation and risk management to build strong fundamentals for future and sustainable growth. With the way the Bank has managed, Fitch Ratings upgraded the Bank's National Long-Term Rating from A+ to AA-. Meanwhile, Moody's has upgraded TMB's Baseline Credit Assessment from ba2 to ba1 and changed our Outlook from Stable to Positive.

Apart from strengthening fundamentals, we have never stopped looking for ways to improve financial products and services for customers. Through these efforts, our "TMB TOUCH" mobile application garnered a "TAB Digital Inclusive Award 2018" for the best mobile application for visually-impaired people from the Thailand Association of the Blind. Moreover, the Asian Banking & Finance Awards 2018 recognized TMB WOW which was the Bank's loyalty program for the "Mobile Banking Initiative of the Year", and the Bank also achieved "The Best Digital Distribution Network of the Year" from the Asian Banking & Financial Awards. TMB was also recognized the "Best in Treasury and Working Capital – Public Sector Award" for the best treasury control and working capital management – public sector from THE Asset, a leading financial and banking magazine in Asia.

At the same time, our open-architecture mutual fund service was awarded for "Wealth Management Platform" from the Asian & Finance Awards. We also successfully completed the deal to form a partnership with Eastspring Investments (Singapore), which strengthened the Bank's open-architecture strategy. This has enabled opportunities for TMB to further increase our capabilities and offer more diversified investment choices off the shelf.

In addition, TMB has laid a strong foundation of commitment to building long-term sustainable growth for our business and society as a whole. The Board and appointed Board committees have ensured effective corporate governance and sustainability framework in-line with best practices in the market, keeping up-to-date with new regulatory requirements. To reflect these aspects of creating sustainable growth to all stakeholders, the Bank earned various awards and recognitions, for example being named as one of the top 100 ESG corporates among the 623 publicly listed companies assessed in 2018, the tenth year in a row to receive this recognition. In addition, the Bank has attained the highest score of "Excellence" for four consecutive years in corporate governance from the Thai Institute of Directors Association (Thai IOD). Also, TMB was recognized in the FTSE4Good index for two consecutive year, which was reviewed by the FTSE Russell ESG Advisory Board. At the end of 2018, TMB was included in the Stock Exchange of Thailand (SET)'s Thailand Sustainability Investment 2018 or SETTHSI Index.

TMB is committed to giving back to the community and society. In 2018, we encouraged TMB volunteers, including employees at local branches and from our headquarters, to join a community development program for sustainability by serving 37 "**FAI-FAH for Communities**" projects in total, as well as raising THB9 million for cardiac surgery through the Cardiac Children Foundation of Thailand under the Royal Patronage of H.R.H. Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra during our year-round event "**TMB | ING PARKRUN**".

In addition, we launched an e-donation "**Pun Boon**" (www.punboon.org), which was the first Thai website that included non-profit organizations and charity projects around the country and enabled public projects to receive electronic donations (e-Donation), serving as a new channel to raise funds for charities, as well as meeting a rising need for cashless society.

As our employees and management have genuinely and effectively worked under the "Make **THE** Difference" philosophy, I believe these milestone events have positioned TMB for continued growth and enduring shareholder value creation. On behalf of the Board of Directors, I would like to thank the management team and all our employees for the genuine contributions you all made towards a successful year. Lastly, I would like to express gratitude to all stakeholders, including customers, shareholders, and society for supporting TMB all along.



Mr. Prasong Poontaneat
Chairman of the Board



> Message from the Chief Executive Officer

The Thai banking industry went through series of fundamental shifts in 2018, ranging from fee waiver announcement by the big banks to the embarkation of digital transformation among banks.

As a market pioneer that sparked the “no fee” idea 9 years ago, TMB was delighted to see such changes because at the end of the day, the customer wins. For us, we have enhanced our proposition further by offering customers more benefits coupled with digital technology development to enhance the overall customer experience under the “**Get MORE with TMB**” concept.

We strive MORE for you to Get MORE

At TMB, we embed the “Make **THE** Difference” philosophy in the way we think and the way we work. Therefore, we do not attach to past accomplishments, nor do we ignore any changes in the market. We always challenge ourselves with new initiatives and an eagerness to Make **THE** Difference and disrupt traditional banking norms. We are genuinely committed to make our customers “**Get MORE**”.

One of the examples that reflects TMB’s identity and our commitment was the launch of TMB No Fee. Nine years ago, this was the first fee-waived deposit product in the Thai market which continually developed and evolved into “TMB All Free”. With newly added features, TMB offers All Free customers not only free domestic transaction but also overseas spending with FX rate comparable to popular currency exchangers in Thailand. We consistently upgraded TMB TOUCH to ensure user-friendliness and security. TMB encourages digital usages which is in line with the government’s cashless society roadmap, by offering more benefits to customers who do transactions on TMB TOUCH via TMB WOW. Customers will receive WOW points to redeem for privileges. For customers who have transactions on TMB All Free more than 5 times/month, they will get higher interest rate on TMB No Fixed, from 1.3% to 1.6%. Likewise, for commercial customers, we offer TMB One Bank, where customers can also collect WOW point when conducting transactions via TMB Biz TOUCH, a mobile application specifically designed for commercial customers.

Another important change was our efforts to enhance mutual fund services or TMB Open Architecture as we formed a partnership with Eastspring Investment (Singapore). This has opened more investment opportunity for our customers to access more services, financial advice and investment tools from global experts, along with our best-in-class fund offerings which are selected from 10 leading Thai fund houses.

ME by TMB has strengthened its leading position in digital banking by offering customers electronic identity verification or e-KYC at the time of account openings. Furthermore, ME SURE was launched as the industry’s first self-adopted end-to-end digital offering for life insurance.

To become The Most Advocated Bank in Thailand

With our effort to make customers Get MORE, TMB gained higher customers’ acceptance in 2018. This was reflected by an increasing number of retail active customers to 2.6 million from 2.5 million as well as a rise of digital active customers penetration to 48%, up from 35%, which was a key driver for continued business growth of TMB.

In 2018, deposits rose further by 6.2% YoY to THB650 billion. This was attributable to continuous growth in all flagship products, led by TMB No Fixed (+14%) and TMB All Free (+4%), the pair that answered retail customers’ needs, both “for saving” and “for use”, respectively. This was followed by an increase from commercial transactional deposit, backed by TMB One Bank (+15%). ME SAVE, the digital saving product by ME by TMB also continued to grow (+12%). In terms of loans, the Bank has emphasized prudent lending to ensure quality growth within the portfolio. Loans grew by 6.6% from last year to THB686 billion, driven by growth from the retail segment (+18%), especially home mortgages (+20%). Here, the Bank has focused on low-risk mortgage lending, in line with the Bank of Thailand’s guidelines. Commercial loans continued to grow as well, mainly due to large corporate loans (+7%). In the meantime, small SME loans expanded gradually, with growth of 1.7%YoY. Overall, TMB generated Pre-Provision Operating Profit (PPOP) of THB30,540 million, representing 54.7% growth YoY, as the Bank recognized gains from the Eastspring deal coupled with lower operating expenses. After provision expenses and taxes, TMB reported net profit of THB11,601 million, an increase of 33.6% YoY.

To continued growing business with quality, the Bank’s has emphasized prudent management. With higher PPOP this year, TMB prepared for IFRS 9 by setting aside additional provision of THB7 billion to the Bank’s normal level. As a result, the provision in 2018 was THB 16,100 million. Coverage ratio, therefore, rose to 152% from 143% in the previous year, reflecting better loss absorption ability while NPL ratio was at 2.76%. Capital Adequacy Ratio (CAR) and Tier 1 were at 17.5% and 13.6%, respectively, well-above the Bank of Thailand’s minimum requirement of CAR at 10.375% and Tier 1 at 7.875%.

All our prudent efforts in 2018 have helped lay a strong foundation heading into 2019, as TMB strives to generate quality growth for our shareholders and continue to fulfill our aspiration to be “**The Most Advocated Bank in Thailand**”.

Moving toward 2019 with an aim to make customers and society Get MORE

Over the course of more than three years, TMB has de-layered and flattened out our organizational structure. In the meantime, employees have been supported and empowered as TMB encourages an agile working environment in order to drive TMB forward as an adaptive-to-change organization.

In 2018, we introduced a “Hackathon”, which is a common method of work among technology startups, applying it to our employees with a key focus on cross-functional collaborations. That was the starting point of our competition of nine teams, gathering members from eight different value-chains in TMB, plus ME by TMB. Each of the teams brainstormed for new initiatives to find right answers to customers’ needs, and most importantly, to keep up with today’s fast-paced changes in lifestyles and market demands.

One of the tangible results from **TMB HACKATHON 2018** was the new feature of TMB All Free. The team spent less than two months in total—from identifying a problem statement, to finding solutions, to internal developing, to the commercial launch. This reflected that TMB and our employees are ready for the digital era with new way of working to deliver more with better customer experience.

Commitment to society has always been one of our priorities. TMB believes in creating sustainable changes and that everyone has a power to Make **THE** Difference for the betterment of self, communities and society.

We have continued “**FAI-FAH**”, our CSR project and encouraged TMB employees to be part of the activities. In 2018, more than 3,000 employees volunteered to join 37 “**FAI-FAH for communities** projects” and visited communities to interact with the locals so that they could truly understand their situations to find resolutions in a sustainable way.

TMB | ING PARKRUN, a collaborated charity event by TMB and ING Bank, has been held for nine consecutive years. In 2018, we made PARKRUN even more special as we turned it into a ‘**NATIONWIDE PARKRUN**’ where participants—TMB employees and participating runners could join the run from any park. This way helped provide more opportunities for people to Make **THE** Difference together, and we raised more than THB9 million in 2018, implying that all runners and donors covered the cost of cardiac operations for 305 children.

All the accomplishments of 2018 would not be possible without support from customers and shareholders as well as the engagement from our employees who work delicately with Make **THE** Difference, customer-centric and giving back to community mind set. I, therefore, would like to express my gratitude to all stakeholders who walked alongside us throughout the year.

For 2019, I am confident that, at TMB, all our employees are ready and enthusiastic to continue to make our customers **Get MORE**, as well as continue generating quality results for our shareholders and find meaningful ways to give back to society.



Mr. Piti Tantakasem
Chief Executive Officer

To the People of Thailand

For over a decade, TMB has been striving to create changes for the betterment of the people of Thailand. As a bank that always set the new standard for banking, TMB initiated fee waiving on withdrawal, transfer and payment through ATM and online banking channel to give more benefits to customers.

This letter is a promise to the Thai people that even though TMB is a smaller bank, we will always work harder, to ensure that the customers can "Get MORE" than they usually get from the other banks.

TMB Bank

ธนาคารทหารไทย จำกัด (มหาชน)
TMB BANK PUBLIC COMPANY LIMITED

3000 ถนนพหลโยธิน แขวงจันทบุรี เขตจตุจักร กรุงเทพฯ 10900 ทะเบียนเลขที่/เลขประจำตัวผู้เสียภาษี 0107537000017 โทร. 0-2299-1111
3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok 10900 Reg No./TAX ID No. 0107537000017 Tel. 0-2299-1111
tmbbank.com



Because we are a smaller bank,
we work harder each day
so that our customers can **"Get MORE"**
than they would usually get.

Piti Tantakasem
CEO, TMB

Strive **MORE** for You to **Get MORE >**

Make **THE** Difference to give customers more benefits each and every day

Throughout the past ten years, TMB has continued to strive for excellence by asking itself how it can "Make **THE** Difference" in order to meet the needs of its customers, employees, shareholders, communities and society with products and financial services that are easy to use and understand, while initiating sustainable social activities for the betterment of society. TMB is looking for ways in this digital age to create new experiences for all customer segments so they can "Get **MORE** with TMB" every day.



MORE > BENEFITS



MORE > TIME



MORE > POSSIBILITIES



> “Because You Deserve MORE”

A Promise from TMB



Scan to Viwe TVC



เวลาได้รับอะไรมากกว่า



สิ่งที่คุณคิด



และเปิดใจมากกว่า



เพื่อให้คุณได้รับประโยชน์มากกว่า



In 2018, TMB launched a new brand proposition called “**Get MORE with TMB**” because our customers deserve more, and in order to emphasize to the Thai public our commitment to continually growing and improving, so customers will always get more out of our services. TMB promises to keep developing products and services to meet the goals of customers in all segments, becoming known as a bank that provides more innovative experiences that customers have never received before, ensuring customers to choose TMB as their main bank.

TMB has announced its commitment to the Thai people throughout the country with an open letter confirming TMB’s intention to try more and give more. The customers of the bank deserve to receive more from TMB than ever before. By communicating through advertising and commercials, public relations (both online and offline) and activities at the main branches of the bank, such as “Troops” marching to deliver the letter to the general public, TMB highlights its goal of wanting to give **MORE** Benefits to its customers so they may enjoy **MORE** Time with their loved ones and **MORE** Possibilities of success.

At the time of this announcement, TMB will be creating productive change throughout the entire organization, including changing work processes and ways of thinking within the bank, so that all employees work more smoothly and efficiently. The goal is to create more products and services where our customers truly **Get MORE**.

> We create products and services to satisfy customer needs, to ensure that our customers can "Get **MORE**".



> Retail Banking

TMB is fully committed in helping its customers to “Get MORE” than ever before. We are also committed to developing innovative new products and services for customers.

MORE Benefits >



TMB Primary Banking TMB Accounts Give You More



Scan to Website

TMB is committed to developing better financial products to offer customers more benefits financially.

In 2018, TMB continued to develop TMB All Free. In addition to being able to withdraw money, pay bills and transfer money to other accounts without any fee through the TMB TOUCH mobile app and at any ATM throughout the country. TMB has also added services that allow purchases made on TMB All Free debit cards in foreign currencies to enjoy the best exchange rate in the market.

For customers who use TMB All Free accounts on a regular basis and make at least five transactions / month, they receive a better interest rate on TMB No Fixed account, from 1.3% to 1.6% from the first Baht. Alternatively, customers can receive a special interest rate discounted by an additional 3% at TMB Cash2Go Personal loan, reinforcing TMB's leadership in creating value and benefits to meet the needs of customers who use TMB's products and services.



TMB WOW

The more you use, the more "WOW" you will be!

TMB WOW is a loyalty program that enhances the digital banking experience by focusing on using digital mediums to connect with different customers' lifestyles. To meet the growing needs for banking through digital channels, TMB WOW has developed a unique identity and special features designed specifically for TMB customers. There are Gamification Points to add fun to making transactions. When customers make transactions via TMB TOUCH, they receive reward points called "WOW", which have different WOW scores for each transaction. More special points awarded when customers complete missions. They can even share WOW points to their friends and family. WOW points can be redeemed for various prizes: food, drinks, discounts, shops, movie ticket or even plane tickets.



Scan to Website



MORE Time >

TMB TOUCH

The more you touch, the more you get

TMB TOUCH Mobile Banking Application continues moving ahead to give customers MORE

Easy to use and convenient for every lifestyle with many privileges and rewards, and ready to guarantee safe online transactions.

- > Transfer, pay or top up anywhere anytime.
- > Cash withdrawal service without card.
- > Open an online account without having to go to the branch.
- > Apply for a credit card and online personal loans.
- > Accumulate WOW points from transactions to redeem rewards.
- > Credit card installments can be made at any amount from 1,000 Baht or more via TMB So GooOD service.
- > Easily manage from a single app -- activate, freeze or request a new card or even adjust the limit and set up the use of the card.



Scan to Website



MORE Possibilities >



TMB ADVISORY

TMB has raised the bar of investment services for customers with the TMB ADVISORY service, which has experts advising customers on how to invest and grow their portfolio, whether it is investing in a mutual fund or insurance. To offer the professional financial advice, TMB has selected partners that are world-class experts in their fields, cooperating and committed to developing products and services for customers' best interests.

Investment - TMB is the first Thai bank to help increase wealth through top mutual funds covering all types of assets, both domestic and international. On domestic assets, customer can select from the top ten asset management companies. Our bank focuses mainly on the needs of customers and is not attached to affiliated companies. Customers can break free of restrictions and choose to invest confidently and completely in one place.

Insurance - TMB is focused on developing new insurance products that provides benefits that truly meet the needs of our customers, emphasizing stability and wealth in life. TMB can complete all your needs.



Scan to Website

> SME

Here at TMB, we understand the factors that contribute towards SME business growth. Our sole purpose in creating new experiences in digital banking services is to better serve SMEs and enable them to Get MORE. In doing so, we endeavor to enhance SME experience in three essential areas:

MORE Benefits > for business expansion



Scan to Website

By studying the behavior of SME customers with income below THB100 million per year, we found that banking transactions were conducted between 80 – 100 times per month. The figure was more than 4 times the normal salaried employee. This led us the belief that the number of financial transactions should no longer be overlooked and wasted anymore.

TMB BIZ WOW is the first rewards program in the country to be developed specifically for SMEs. All financial transactions will have the effect of expanding SME businesses to the next level. Just by performing banking transactions, customers will earn points. It could not be any easier, and customers have nothing to lose and so much to gain.

By using TMB SME One Bank business account for financial transactions via TMB BIZ TOUCH mobile application, WOW points will be earned. Customers can use these points to redeem privileges in cash or discounts to strengthen their businesses.



MORE Time > and Flexibility



Scan to Website



TMB SME One Bank is the business account that helps SMEs save time and money when used together with TMB BIZ TOUCH, the first mobile application developed especially for SMEs. Customers will be able to make transactions anywhere, anytime with unlimited no. of transactions and unlimited amounts of money without fees.

- > Check balance and transfer from OD account instantly
- > Stop cheque payments
- > Payroll or multiple accounts transfer within one transaction
- > International money transfer (Outward Remittance)
- > Online Loan Request allows SMEs to calculate the amount of money to suit their business needs via TMB BIZ TOUCH. This gives SMEs the opportunity to access capital faster and easier than ever before.
- > Juristic customers can now make cross-bank money transfers in real-time, free of charge

MORE Possibilities > in SME business enhancement through business and financial consulting



Scan to Website

TMB BIZ ADVISORY is a free SME business consulting service with TMB experts via video conference call in a private room at TMB branches. This gives SMEs easier access to capital, which enables them to grow in all situations.



อย่าปล่อยให้ธุรกิจสะดุด
เพราะขาดเงินทุน
ปรึกษาฟรี TMB SME ADVISORY

LEAN Supply Chain by TMB is a business-to-business efficiency improvement program for the whole supply chain utilizing the Lean Six Sigma technique. Production management, inventory reduction, increased productivity in the organization or even lessening the time of work are just some of the topics covered. To date, there have been over 1,200 companies involved in the program.

> We run the business rooted on our belief,
raising the bar higher each day
for better efficiency, quality and sustainability.



> We put MORE effort to create a sustainable growth foundation

Continue to expand customer base
and build primary banking relationship with customers

Increased **retail active customers**
from 2.5 mn to 2.6 mn

2.6_{mn}

Increased **primary banking customers**
from 1.45 mn to 1.60 mn

1.6_{mn}

Higher **digital customer penetration**
from 35% to 48%

48%

Ensure quality of deposit and loan acquisition

Deposit grew 6.2% from diversified and
stable retail deposit base

+6.2%

Loan rose 6.6 % with selective focus
to ensure quality of portfolio

+6.6%

**Strengthen revenue engine,
joining hand with a global partner, Eastspring Investments**

As a first mover in “Open Architecture”,
TMB strengthened mutual fund strategy and formed
a partnership with Eastspring Investments (Singapore)
from a deal to sell 65% stake in TMBAM.
Non-NII therefore increased to THB23.5 bn, +85% YoY
and drove **PPOP** to THB30.5 bn, +55% YoY

THB **30.5** bn

Net profit rose

to THB11.6 bn, +34% from last year

THB **11.6** bn

**Remain prudent and
build strong foundation for future growth**

Provided additional provision in preparation for
IFRS 9 and raised **coverage ratio**
from 143% to 152%, reflecting higher
loss-absorption ability

152%

> Make THE Difference

Inspire for a Better, More Sustainable Society

TMB places a great deal of importance on giving back to society. We carry out social development activities, such as the Fai-Fah Project, which aims to spark inspiration in youth and communities for living a better and more sustainable life as based on the Make **THE** Difference concept. We also organize a TMB | ING PARKRUN for charity.



Fai-Fah by TMB: Inspire youth and community to get more out of life



The "Fai-Fah" social project comprises activities to promote sustainability from TMB. The aim is to give back to youth and communities so they may lead more sustainable lifestyles. The main strategies in the project reflect TMB's philosophy of "Make **THE** Difference".



Scan to Website



> Fai-Fah – Inspiring the Youth

TMB's Fai-Fah Learning Center:

There are currently 4 centers: Fai-Fah Pradipat Center, Fai-Fah Prachauthit Center, Fai-Fah Chan Center and Fai-Fah Bangkok Noi Center. Each center aims to inspire and provide opportunities for youths between the ages of 12-17 years. They learn how to optimize their free time by studying or getting involved in more creative and artistic activities, including the development of life skills. TMB's goals are to help them use what they learn to help their families and enact productive change for a better, more sustainable society.

Fai-Fah Bridge Project (creative activities to connect Fai-Fah with schools):

Extending more viable access to youth in the community, with the main objective to promote and inspire learning through creative arts and activities for students in more than 80 schools throughout Bangkok and its vicinities. In 2018, having more than 150,000 young people participating in the project.

Fai-Fah Art Festival (Annual Art Festival):

A collection and selection of art works, products and performances by children from the Fai-Fah Project that show what they have learned throughout the year-long project and inspires TMB employees to work towards a more sustainable society.



> Fai-Fah – Inspiring the Community



Community Activities for Sustainability:

With TMB's commitment to giving back to the community, this activity therefore provides opportunities for TMB volunteers throughout the country to apply their knowledge and skills to inspire change and development in target areas in the community for better sustainability. 2018 was the year that the cooperation of TMB volunteers came from all sectors, including sales, customer service/customer relations (ASN), small SME customer relationship management (SE), Corporate banking customer relationship (BB) and teams from the Head Office. Together, they participated in a total of 37 projects nationwide, which has directly and indirectly affected more than 50,000 people in the community.

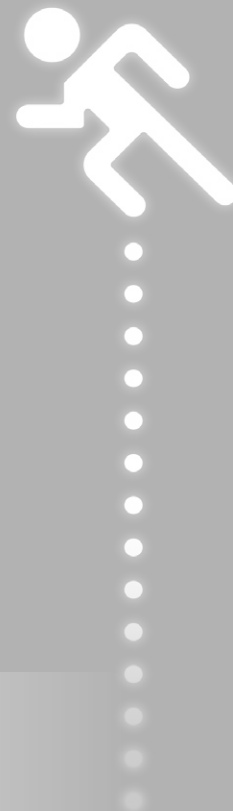
By following the Make **THE** Difference philosophy, TMB and Fai-Fah's social activities for sustainability will continue to develop and create good things in order to inspire the youth and community.

TMB | ING PARKRUN 2018

You can...Make THE Difference



Scan to VDO



TMB believes that, in addition to being able to enact change to better people's lives, everyone has the power to Make **THE** Difference for society and the people around us. In the past four years, TMB | ING PARKRUN is the only mini-marathon charity event that covers all three beautiful parks in the heart of Bangkok: Chatuchak Park, Her Majesty Queen Sirikit Park and Vachirabenjatas Park. This event invites everyone to come and run to create change, with all proceeds collected from the sale of tickets and from donations to the "TMB Foundation" presented to The Cardiac Children Foundation of Thailand under the patronage of Her Royal Highness Princess Galyani Vadhana Kromma Luang Naradhiwas Rajanagarindra to cover the cost of heart surgeries for Cardiac children. The foundation has already raised enough to help over 900 children in need of heart surgeries. In 2018, TMB further elevated TMB | ING PARKRUN to be a running event that the whole country could join in by implementing the Virtual Park Run. Participants can come out and run together at the same time at any park around the country and raise money so that our children's hearts can continue beating. Within this year, TMB | ING PARKRUN 2018 has been able to raise approximately 9,168,124 Baht to help pay for 305 heart surgeries for children.



> 2018 Awards



TMB TOUCH

TAB Digital Inclusive Award,
Thailand Association of The Blind



Digital Branch

The Most Innovative Digital Branch Project ,
The Asset Triple A Digital Awards 2017



TMB WOW

Mobile Banking Initiative of the Year 2018,
Asian Banking & Finance Retail Banking Awards 2018



TMB ADVISORY

Wealth Management Platform of the Year 2018,
Asian Banking & Finance Retail Banking Awards 2018



Scan to Website



TMB ADVISORY

The Best Digital Distribution Network of the Year,
The Asian Banker Thailand Country Awards 2018



Thailand Sustainability Investment (THSI) 2018

TMB is listed in Thailand Sustainability Investment
for the first time in 2018

The Asset Country Awards 2018

Best M&A Deal, Thailand

TMB Bank US\$400 million sale of 65% stake in TMB Asset Management Company to Eastspring Investments Financial advisers: Bank of America Merrill Lynch, Credit Suisse, ING
The largest asset management M&A transaction in Southeast Asia since 2007 and the first sell-down by a Thai bank of its stake in the asset management business in the past five year

> Board of Directors

1. Mr. Prasong Poontaneat

- Chairman of the Board

2. General Apirat Kongsompong

- Director

3. Mr. Philippe G.J.E.O. Damas

- Director
- Chairman of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee

4. Mr. Singha Nikornpun

- Independent Director
- Chairman of the Audit Committee

5. Mr. Siripong Sombutsiri

- Independent Director
- Chairman of the Nomination, Remuneration and Corporate Governance Committee
- Member of the Risk Management Committee

6. Mr. Chumpol Rimsakorn

- Director
- Chairman of the Credit Committee
- Member of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee



7. Ms. Catherine Low Peck Cheng

- Director
- Chairperson of the Risk Management Committee
- Member of the Credit Committee

8. Mr. Vaughn Nigel Richtor

- Director
- Member of the Board of Executive Directors

9. Mr. Christopher John King

- Independent Director
- Member of the Audit Committee
- Member of the Nomination, Remuneration and Corporate Governance Committee

10. Mr. Yokporn Tantisawetrat

- Director
- Member of the Board of Executive Directors
- Member of the Credit Committee
- Member of the Risk Management Committee

11. Mr. Praisun Wongsmith

- Independent Director
- Member of the Audit Committee

12. Mr. Piti Tantakasem

- Director and Chief Executive Officer
- Member of the Board of Executive Directors
- Member of the Credit Committee
- Member of the Risk Management Committee





Mr. Prasong Poontaneat

59 years old

Chairman of the Board

Date of Appointment : June 20, 2018

Education and Training Course

- Ph.D. in Public Administration, Management for Development College, Thaksin University
- Master of Business Administration (Organization Management), Dhurakij Pundit University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Business Administration in Accounting, Rajamangala University of Technology
- National Defence College Program, Thailand National Defense College
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- Leader Program, Energy Academy, Thailand Energy Academy
- Top Administrator Program, Interior College, Prince Damrong Rajanupab Institute of Research and Development
- Senior Police Officers Course, Police College
- Director Certification Program, Thai Institute of Directors Association

Work Experience

2014 - May 2018

- Director-General, Revenue Department

2012 - 2014

- Chairman, Export-Import Bank of Thailand (EXIM Bank)

2012 - 2014

- Vice President, Committee on Financial Institution Development Fund

2011 - 2014

- Director General, State Enterprise Policy Office, Ministry of Finance

2012 - 2012

- Chairman, Erawan Hotel Plc.

Positions in Other Listed Companies

2014 - Present

- Chairman, Airports of Thailand Plc.

2012 - Present

- Director, Bangchak Corporation Plc.

Positions in Non-Listed Companies

May 2018 - Present

- Permanent Secretary of Ministry of Finance and ex-officio director as Permanent Secretary of Ministry of Finance

2012 - Present

- Member of University Council, Mahasarakham University

General Apirat Kongsompong

58 years old



Director

Date of Appointment : November 14, 2018

Education and Training Course

- Master of Business Administration (MBA), Southeastern University, USA
- Bachelor of Science, Chulachomklao Royal Military Academy
- National Defence College Program, Thailand National Defense College
- Joint Staff College, Course 47
- Army Command and General Staff College, Course 73
- Army Aviation Cadet Course Class 25
- Infantry Officer Advance Course, FT. Benning, USA
- American Language Course, Lackland, USAF BASE, USA
- Combined/ Joint Force Land Component Commander's Course Carlisle, Pennsylvania, USA

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Oct 2018 - Present

- Commander in Chief, Royal Thai Army

Oct 2018 - Present

- Secretary, National Council for Peace and Order (NCPO)

May 2015 - Present

- Chairman, The Government Lottery Office

Sep 2014 - Present

- Member of the National Legislative Assembly (NLA)

Work Experience

Oct 2017 - Sep 2018

- Assistant Commander in Chief, Royal Thai Army

Sep 2014 - Feb 2018

- Independent Director, Bangchak Corporation Plc.

Oct 2016 - Sep 2017

- 1st Army Area Commander

Oct 2015 - Sep 2016

- 1st Corps Commander

Oct 2014 - Sep 2015

- 1st Army Area Deputy Commander

Apr 2014 - Sep 2014

- Commanding General, The 1st Division, The King's Guard

Oct 2013 - Mar 2014

- Commanding General, 15th Military Circle

Oct 2012 - Sep 2013

- Commanding General, 11th Infantry Division



Mr. Philippe G.J.E.O. Damas

68 years old

Director

- Chairman of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment : December 28, 2007

Education and Training Course

- Master of Business Administration (Accounting & International Finance), Columbia University, New York, USA
- Advanced Automatics, Ecole Nationale de l'Aéronautique et de l'Espace, Toulouse, France
- Ingénieur Civil Electricien Mécanicien, Université Libre de Bruxelles, Brussels, Belgium
- Military Service, Belgian Army
- Directors Refresher Program, ING Vysya Bank Ltd. India
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Sep 2018 - Present

- Board member, Simba Estates Ltd.

2018 - Present

- Chairman of the Board and director, Ecopol Pte. Ltd. (Singapore)

2014 - Present

- Board member, Armstrong Asset Management (Singapore)

2014 - Present

- Board member, The Blue Circle (Singapore)

2014 - Present

- Board member, Sport Sevens (Singapore)

Apr 2013 - Present

- Board member, PCMA Houlder Pte. Ltd. (formerly CM Houlder (SEA) Pte.Ltd.)

Apr 2013 - Present

- Board member, PCMI Insurance Brokers Pte. Ltd. (formerly CM Houlder Insurance Brokers (Singapore) Pte. Ltd.)

Dec 2011 - Present

- Board member, Eurofin Asia (Singapore)

Work Experience

Dec 2013 - May 2016

- Board member, Capstone Partners (Asia)

May 2011 - 2015

- International Advisory Board member, Pacific Star (Singapore)

2006 - May 2012

- Director, ING Mauritius

2006 - Sep 2011

- Vice Chairman of the Board, ING Vysya Bank Ltd. India

2006 - 2009

- CEO Global Private Banking & Trust, Retail Banking Asia - Singapore, ING Group N.V.

2004 - 2006

- CEO Global Private Banking & Trust, Amsterdam, ING Group N.V.

2003 - 2004

- CEO and Vice Chairman, ING Barings London, ING Group N.V.

1999 - 2003

- Vice Chairman, ING Investment Management Amsterdam, ING Group N.V.

Mr. Singha Nikornpun

64 years old



Independent Director

• Chairman of the Audit Committee

Date of Appointment : January 10, 2014

Education and Training Course

- Master of Science (Human Relations and Management), Abilene Christian University, Dallas, Texas, USA
- Bachelor's Degree in Economics (Money and Banking), Kasetsart University
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- Politics and Governance in Democratic Systems for Executives, King Prajadhipok's Institute
- Advanced Management for Bankers, Wharton School of the University of Pennsylvania, USA
- Strategic Board Master Class, Successful Formulation & Execution the Strategy, Ethical Leadership Program, Risk Management Committee Program, Director Certification Program Update, Role of the Chairman Program, Advanced Audit Committee Program, Anti-Corruption for Executive Program, Financial Institutions Governance Program, Role of the Compensation Committee, and Director Certification Program, Thai Institute of Directors Association
- Audit Committee Forum: TFRS 15: Ready for the Challenges, and Cyber Security - Advances to the more complex level, KPMG in Thailand
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

2013 - Present

- Independent Director, Member of the Audit Committee, and Member of the Risk Management Committee, IFS Capital (Thailand) Plc.

Nov 2012 - Present

- Independent Director and Member of the Audit Committee, Tirathai Plc.

Positions in Non-Listed Companies

Apr 2016 - Present

- Director, Thanakorn Vegetable Oil Products Co., Ltd.

Apr 2014 - Present

- Independent Director, Chairman of the Audit Committee, and Vice Chairman, The Thai Bond Market Association (ThaiBMA)

Feb 2013 - Present

- Member of Advisory Committee, Member of Audit Sub-Committee, and Chairman of Risk Sub-Committee, Thailand Professional Qualification Institute (Public Organization)

2006 - Present

- Senior Advisor, Association of Provident Fund

Work Experience

May 2015 - Aug 2018

- Chairman, Independent Director, and Chairman of the Audit Committee, Floyd Plc.

2008 - 2012

- President, Deposit Protection Agency

2005 - 2011

- Independent Director and Chairman of the Audit Committee, Thai Bond Market Association (ThaiBMA)

2006 - 2008

- Chairman, GPF Property Management Co., Ltd.

2006 - 2008

- Director, Thai Prosperity Advisory Co., Ltd.

2006 - 2008

- Chairman, Fitch Ratings Co., Ltd.

2004 - 2008

- Director, Saha Thai Steel Pipe Plc.

2003 - 2008

- Chairman, Thai Administration Services Co., Ltd.



Mr. Siripong Sombutsiri

64 years old

Independent Director

- Chairman of the Nomination, Remuneration and Corporate Governance Committee
- Member of the Risk Management Committee

Date of Appointment : April 10, 2015

Education and Training Course

- Master of Business Administration, Sul Ross State University, USA
- Bachelor of Accountancy, Chulalongkorn University
- Ethical Leadership Program and Director Accreditation Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

- 2014 - Present
 - Chairman, Independent Director, and Chairman of the Audit Committee, ComSeven Plc.
- 2013 - Present
 - Independent Director and Chairman of the Audit Committee, Pan Asia Footwear Plc.
- 2009 - Present
 - Executive Director, AP (Thailand) Plc.
- 2004 - Present
 - Independent Director and Member of the Audit Committee, Bangkok Chain Hospital Plc.
- 2002 - Present
 - Director, AP (Thailand) Plc.

Positions in Non-Listed Companies

- Dec 2018 - Present
 - Director, AP ME 15 Co., Ltd.
- Mar 2018 - Present
 - Director, AP ME 12 Co., Ltd.
- Mar 2018 - Present
 - Director, AP ME 11 Co., Ltd.
- Mar 2018 - Present
 - Director, AP ME 10 Co., Ltd.
- Oct 2017 - Present
 - Director, Asian Property (2017) Co., Ltd.
- Jul 2017 - Present
 - Director, Asian Property (2018) Co., Ltd. (formerly AP ME 7 Co., Ltd.)
- Aug 2016 - Present
 - Director, SEASIA LEADAVATION CENTER Co., Ltd.
- Mar 2016 - Present
 - Director, Bangkok CitiSmart Co., Ltd.
- 2014 - Present
 - Director, Asian Property (2014) Co., Ltd.
- 2013 - Present
 - Director, Thai Big Belly Co., Ltd.
- 2012 - Present
 - Director, Asian Property (2012) Co., Ltd.

- 2011 - Present
 - Director, Infinite Technology Corporation Co., Ltd.
- 2010 - Present
 - Director, SQE Construction Co., Ltd.
- 2009 - Present
 - Director, The Value Property Development Co., Ltd.
- 2009 - Present
 - Director, Asian Property (Krungthep) Co., Ltd.
- 2009 - Present
 - Director, Thonglor Residence Co., Ltd.
- 2009 - Present
 - Director, Signature Advisory Partners Co., Ltd.

Work Experience

- 2011 - Oct 2018
 - Director, Asian Property (2011) Co., Ltd.
- 2013 - Aug 2018
 - Director, Asian Property (2013) Co., Ltd.
- Oct 2017 - Feb 2018
 - Director, Vali Digital Co., Ltd. (formerly AP ME 9 Co., Ltd.)
- Oct 2017 - Jan 2018
 - Director, AP ME 8 Co., Ltd.
- Jul 2017 - Jan 2018
 - Director, AP ME 6 Co., Ltd.
- May 2016 - Sep 2017
 - Director, AP ME 5 Co., Ltd.
- May 2016 - Sep 2017
 - Director, AP ME 4 Co., Ltd.
- 2014 - Jun 2016
 - Director, AP (Ratchayothin) Co., Ltd.
- Apr 2015 - Apr 2016
 - Director, AP ME 2 Co., Ltd.
- 2014 - Sep 2015
 - Director, AP (Ekkamai) Co., Ltd.
- Mar 2015 - Jun 2015
 - Director, AP ME 1 Co., Ltd.
- 2015 - May 2015
 - Director, Asian Property (2015) Co., Ltd.
- 2014 - May 2015
 - Director, AP (Phetchaburi) Co., Ltd.

Mr. Chumpol Rimsakorn

58 years old



Director

- Chairman of the Credit Committee
- Member of the Board of Executive Directors
- Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment : April 7, 2017

Education and Training Course

- Master of Public and Private Management Program, National Institute of Development Administration (NIDA)
- Bachelor of Law, Ramkhamhaeng University
- National Defence College Program, Thailand National Defense College
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- Energy Literacy for a Sustainable Future Program, Thailand Energy Academy
- Inspector General Program, The Prime Minister's Office
- Senior Executive Program, Office of the Civil Service Commission
- Advance Master Management (AMM), National Institute of Development Administration (NIDA)
- Good Governance for Directors and Executives of State Enterprises and Public Organization, King Prajadhipok's Institute
- IT Governance and Cyber Resilience Program, Director Certification Program, Financial Statement for Directors, Role of Chairman Program, and Advanced Audit Committee Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand.
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

Dec 2018 - Present

- Director and Member of the Remuneration Committee, PTT Plc.

Positions in Non-Listed Companies

Dec 2018 - Present

- Director, Don Muang Tollway Plc.

May 2018 - Present

- Chairman, Vayupak 1 Mutual Fund Investment Committee

May 2018 - Present

- Chairman, the Queen Sirikit National Convention Center Supervisory Committee

May 2018 - Present

- Chairman, Public Service Obligation Committee

May 2018 - Present

- Chairman, Performance Assessment Committee

May 2018 - Present

- Board Member, Vayupak Mutual Fund Supervisory Committee

May 2018 - Present

- Board Member, Thailand Future Fund Steering Committee

Oct 2015 - Present

- Deputy Permanent Secretary, Ministry of Finance

Work Experience

Feb 2016 - Present

- Director, Member of Audit Committee, and Member of the Law and Regulation Compliance Committee, Electricity Generating Authority of Thailand

Jul 2014 - Jul 2018

- Director, Thailand Tobacco Monopoly

Jun 2017 - May 2018

- Chairman, Public Debt Restructuring and Domestic Bond Market Development Fund

Jun 2017 - May 2018

- Board Member, National Health Security Committee

Jun 2017 - May 2018

- Board Member, Emergency Medicine Committee

Jun 2017 - May 2018

- Board Member, National Metrology Committee

2015 - Apr 2017

- Director, Thailand Post Co., Ltd

2015 - 2015

- Director, Thailand Privilege Card Co., Ltd.

2014 - 2015

- Chief Information Officer (CIO), Ministry of Finance

2014 - 2015

- Inspector General, Ministry of Finance

2013 - 2014

- Chief Information Office (CIO), the Excise Department

2013 - 2014

- Principal Advisor on Tax Development Administration, the Excise Department

2011 - 2014

- Vice Chairman of the Board, The Liquor Distillery Organization

2011 - 2014

- Director, TOT Plc.

2011 - 2014

- Chairman of the Board, Playing Card Factory

2011 - 2013

- Deputy Director-General, the Excise Department



Ms. Catherine Low Peck Cheng

52 years old

Director

- Chairperson of the Risk Management Committee
- Member of the Credit Committee

Date of Appointment : April 12, 2018

Education and Training Course

- Bachelor of Business Administration, National University of Singapore
- Financial Markets Mifid II Key Requirements, ING Bank
- Fraud and Security Risks, ING Bank
- Cybersecurity Risk, ING Bank
- Data Protection, ING Bank
- Board Governance, ING & PWC
- Bribery and Corruption Risk, ING Bank
- Basel 3, ING Bank
- ING Senior Banking Program, ING Bank
- Banking and Regulatory Risk, KPMG
- Business Continuity Risk, ING Bank
- IT Risk, ING Bank
- Inclusive Leadership Journey (Senior Banking program, 2012), ING Bank
- Crisis Management, Data Protection, Data@Risk, Data Analytics, Sanctions, ING Bank
- Transformational Change and Leadership, ING Bank
- Cyber Crime Awareness, ING Bank
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Work Experience

Aug 2007 - Aug 2017

- Regional Head of International Trade & Export Finance, Asia, ING Bank N.V. Singapore Branch

2014 - 2016

- Member of Global Leadership Council, ING Bank N.V., Singapore Branch

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Nov 2012 - Present

- Country Manager, ING Bank N.V. Singapore Branch

Mr. Praisun Wongsmitth

59 years old



Independent Director

• Member of the Audit Committee

Date of Appointment : February 12, 2016

Education and Training Course

- Master of Science (Economics), Oklahoma State University, USA
- Bachelor of Science in Business Administration (Economics/Finance), Oklahoma State University, USA
- Advanced Security Management Program, Thailand National Defence College
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- The Leadership Grid Appreciation Workshop, Grid Teamwork Limited
- IT Governance and Cyber Resilience Program, Ethical Leadership Program, Advanced Audit Committee Program, Boards that Make a Difference, Role of Chairman Program, Director Certification Program, and Director Associate Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand.
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

Jul 2015 - Present

- Chairman and Independent Director, Thantawan Industry Plc.

Positions in Non-Listed Companies

Dec 2018 - Present

- Independent Director and Member of the Audit Committee, S Hotels and Resorts Co., Ltd.

Jul 2018 - Present

- Independent Director and Chairman of the Audit Committee, Jakpisan Estate Co., Ltd.

Jan 2018 - Present

- Director, P Advisory Co., Ltd.

Jul 2017 - Present

- Director, Islamic Bank Asset Management Ltd. (IAM)

Jul 2017 - Present

- Director, Industrial Estate Authority of Thailand (IEAT)

Jun 2012 - Present

- Director, P.W. Consultants Co., Ltd.

Work Experience

Jan 2016 - Nov 2018

- Director, CAT Telecom Plc.

Dec 2016 - Jun 2017

- Advisor to the Minister, Ministry of Industry

Jan 2014 - Dec 2016

- Managing Director, SCMB Co., Ltd.

Apr 2012 - Dec 2016

- Chairman of the Executive Committee, SCMB Co., Ltd.

Aug 2015 - Jul 2016

- Advisor to the Minister, Ministry of Information and Communication Technology

May 2014 - Jun 2015

- Independent Director and Member of the Audit Committee, Thantawan Industry Plc.

Sep 2014 - Jan 2015

- Chairman of Sub-Committee on Monitoring and Administration on NPL, SME Bank Nov 2014 - Dec 2014

- Member of Selection Committee for Service Providers on Non Collateral NPL, SME Bank

Jul 2011 - May 2014

- Honorary Advisor, Finance Committee to the Senate



Mr. Yokporn Tantisawetrat

63 years old

Director

- Member of the Board of Executive Directors
- Member of the Credit Committee
- Member of the Risk Management Committee

Date of Appointment : June 1, 2015

Education and Training Course

- Master's Degree in Economics, Thammasat University
- Bachelor's Degree in Economics, Chulalongkorn University
- National Defence College Program, Thailand National Defense College
- Advanced Management Program (AMP), Harvard Business School
- Advanced Bank Management Program, Wharton School of the University of Pennsylvania, USA
- Advanced Bank Management Program, Asian Institute of Management
- IT Governance and Cyber Resilience Program, Advanced Audit Committee Program, Director Certification Program, Risk Management Program for Corporate Leaders, and Director Accreditation Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand.
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

Sep 2016 - Present

- Independent Director, AP (Thailand) Plc.

Aug 2015 - Present

- Independent Director and Chairman of the Audit Committee, Banpu Power Plc.

Positions in Non-Listed Companies

Jan 2016 - Present

- Director, Kirloskar Brothers (Thailand) Limited

Jan 2016 - Present

- Experts and Chairman of the Audit Committee, Office of the Securities Exchange Commission (SEC)

Work Experience

Sep 2016 - Apr 2017

- Advisor, The Corporate Governance and Risk Management Committee, AP (Thailand) Plc.

2008 - May 2015

- Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank Plc.

2014 - Feb 2015

- Vice Chairman, Vina Siam Bank, Vietnam

Apr 2011 - Feb 2015

- Director, SCB Securities Co., Ltd.

2011 - 2014

- Director, Vina Siam Bank, Vietnam

2008 - 2011

- Chairman of the Board, SCB Securities Co., Ltd.

2008 - 2011

- Director, TRIS Corporation Co., Ltd.

2005 - 2011

- Director, TRIS Rating Co., Ltd.

Mr. Vaughn Nigel Richtor

63 years old



Director

• Member of the Board of Executive Directors

Date of Appointment : December 28, 2007

Education and Training Course

- Bachelor of Arts (Business Studies, First Class Honors), London Southbank, UK
- Corporate Finance Program, London Business School, UK
- General Management Program Cedep and Management in International Banking Cedep, Insead, Fontainebleu, France
- Directors Colloquium on Corporate Governance, International Financial Reporting Standards (IFRS) and its implications on Indian Banking Sector and Director's Liabilities and Competition Law, ING Vysya Bank Ltd. India
- Legal Developments in Corporate Governance, Accounting and Finance Developments, Developments in Directors and Officers, Insurance and Regulator Update – APRA, ING Direct, Australia
- Various other courses in Insurance, Asset Management, Credit and Financial Analysis, Capital Market, also lectured and written for Euromoney, The Treasurer and the FTA Journal
- Regular speaking & writing engagements on Leadership, Customer Service, Corporate Culture, IT and ING Direct Philosophy and Business Model
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Sep 2018 – Present

- Advisory Board Member (Consultancy on Governance and Culture), Rhizome Pty Ltd.

Nov 2017 – Present

- Director, Velldan Pty Ltd.

Nov 2017 – Present

- Chairman, Ratesetter Australia Pty Ltd.

Nov 2017 – Present

- Advisor, Spriggy, Australia

Oct 2017 – Present

- Director, Gordon District Cricket Club, Sydney, Australia

Nov 2016 – Present

- Advisory Council Member, Australian Digital Currency and Commerce Association

Work Experience

Oct 2017 – 2018

- Advisor, Ernst & Young Australia

Jul 2016 – Jun 2018

- Advisory Council Member, Humanity in Business

Dec 2016 – Nov 2017

- Non Executive Director, Ratesetter Australia Pty Ltd.

Jul 2016 – Jul 2017

- Advisor, ING Group N.V.

Sep 2014 – Jun 2016

- Member of Challengers & Growth Countries Management Team, ING Bank N.V.

Sep 2014 – Jun 2016

- Member of Leadership Council, ING Bank N.V.

Aug 2012 – Jun 2016

- CEO and Member of the Board, ING Bank (Australia) Limited

Aug 2012 – Jun 2016

- Member Council Australian Bankers' Association

Aug 2012 – Jun 2016

- CEO Retail Banking Asia, ING Bank N.V.

Feb 2010 – Jun 2016

- Member of Board of Directors, Member of Risk Committee, Member of Audit Committee, and Member of Remuneration Committee, ING Bank (Australia) Limited

2014 – Mar 2015

- Member of Board IT Steering Committee, ING Vysya Bank Ltd. India

Jun 2009 – Mar 2015

- Member of Corporate Governance Committee, Member of Audit Committee, Member of Board Credit Committee, Chairman of Risk Management and Review Committee, and Member of Remuneration Committee, ING Vysya Bank Ltd. India

Mar 2012 – Sep 2014

- Member of Retail Banking International Management Team and Member of Senior Leadership Team, ING Group N.V.

2000 – Jul 2014

- Member of Management Council, ING Group N.V.

Feb 2011 – Mar 2013

- Non Executive Director and Member of Strategy Committee, KB Financial Group

Jan 2010 – Jul 2012

- CEO, ING Banking Asia



Mr. Christopher John King

74 years old

Independent Director

- Member of the Audit Committee
- Member of the Nomination, Remuneration and Corporate Governance Committee

Date of Appointment : September 1, 2004

Education and Training Course

- Bachelor of Laws (LL.B) (Honors), University of Bristol, UK
- Postgraduate Practical Certificate in Law, University of Singapore
- Solicitor of the Supreme Court, Hong Kong
- Attorney and Counselor at Law of the Supreme Court, The United States District Court for Northern California
- Attorney and Counselor at Law of the Supreme Court, California
- Solicitor of the Supreme Court, England and Wales
- Director Certification Program, Thai Institute of Directors Association
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

2017 - Present

- Director, MGK Ltd.

2013 - Present

- Chairman of the Audit Committee, Kingfisher Holdings Ltd.

Jun 2009 - Present

- Director, Kingfisher Holdings Ltd. and three subsidiaries, namely,
 - Southeast Asian Packaging and Canning Ltd.
 - Oceanic Cannery Co., Ltd., and
 - KF Foods Ltd.

Work Experience

1992 - Oct 2018

- Director, Thivatharn Ltd.

Nov 2012 - Jun 2016

- Director, Singer Leasing (Thailand) Limited

2005 - Jun 2016

- Independent Director, Chairman of Nominating and Remuneration Committee, and Member of Audit Committee, Singer Thailand Plc.

Apr 2013 - Apr 2014

- Director, Big C Supercenter Plc.

1997 - 2004

- Partner, Linklaters LLP., London

1997 - 2003

- Managing Partner, Linklaters (Thailand) Ltd.

Mr. Piti Tantakasem

48 years old



Director and Chief Executive Officer

- Member of the Board of Executive Directors
- Member of the Credit Committee
- Member of the Risk Management Committee

Date of Appointment : January 1, 2018

Education and Training Course

- Doctor of Philosophy (Ph.D.), Business Administration, Bangkok University in Collaboration with The University of Nebraska-Lincoln, USA
- Master of Business Administration, The University of North Carolina at Chapel Hill, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- Energy Literacy for a Sustainable Future Program, Thailand Energy Academy
- Chartered Financial Analyst, CFA Institute
- Financial Derivatives, EuroMoney Training
- Executive Education: Building Leading Customer-Centric Organization
- Director Certification Program, Boards that Make a Difference, and Anti-Corruption for Executive Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand.
- Cyber Resilience Leadership Seminar, TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Apr 2009 - Present

- Director, National ITMX Company Limited

Aug 1996 - Present

- Director, Tiyana Company Limited

Work Experience

Apr 2017 - Dec 2017

- Member of the Nomination Committee, PTT Exploration and Production Plc.

Apr 2015 - Dec 2017

- Member of the Risk Management Committee, PTT Exploration and Production Plc.

Oct 2014 - Dec 2017

- Independent Director, PTT Exploration and Production Plc.

Sep 2016 - Apr 2017

- Chairman of the Nomination Committee, PTT Exploration and Production Plc.

Oct 2014 - Apr 2017

- Member of the Corporate Governance Committee, PTT Exploration and Production Plc.

May 2017 - Dec 2017

- Chief Financial Officer, TMB Bank Plc.

Nov 2008 - Apr 2017

- Chief Wholesale Banking Officer, TMB Bank Plc.

Oct 2016 - Jun 2017

- Sub-committee Member, Public Sector Development Commission Sub-committee on Public Finance and Budgeting Development, Office of the Public Sector Development Commission (OPDC)

Jun 2016 - Jun 2017

- Senior Expert Committee, Senior Expert Committee in Organizational Psychology on the Committee of the Public Sector Development Commission, Office of the Public Sector Development Commission (OPDC)

Apr 2017 - May 2017

- Chairman of Sub-committee, Financial and Accounting Sub-committee, State Railway of Thailand (SRT)

Feb 2017 - May 2017

- Director, State Railway of Thailand (SRT)

Dec 2016 - Apr 2017

- Honorary Member, Office of the Energy Conservation Promotion Fund Management Sub-committee

Jun 2014 - May 2016

- Sub-Committee Member, Project Sub-Committee, Thailand Board of Investment (BOI)

Apr 2011 - Apr 2015

- Director, TRIS Corporation Limited and TRIS Rating Company Limited

> Chief Officers



Mr. Piti Tantakasem

48 years old

Chief Executive Officer

Education

- Doctor of Philosophy (Ph.D.), Business Administration, Bangkok University in Collaboration with The University of Nebraska-Lincoln, USA
- Master of Business Administration (MBA), The University of North Carolina at Chapel Hill, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University

Work Experience

- Jan 2018 – Present
- Chief Executive Officer, TMB Bank Plc.
- May 2017 – Dec 2017
- Chief Financial officer, TMB Bank Plc.
- 2008 – Apr 2017
- Chief Wholesale Banking Officer, TMB Bank Plc.
- 2007 – 2008
- First Senior Vice President, Head of Large Corporate Client, KASIKORNBANK PCL.

Mrs. Prapasiri Kositthanakorn

54 years old

Chief Financial Officer

Education

- Master of Business Administration (MBA), Assumption University
- Bachelor of Business Administration (Magna Cum Laude), Assumption University
- Certified Public Accountant

Work Experience

- 2018 – Present
- Chief Financial Officer, TMB Bank Plc.
- 1998 – 2018
- Partner, PricewaterhouseCoopers Legal and Tax Consultants Ltd.
- 1994 – 1997
- Assistant Vice President, Investment Banking Department, The Industrial Finance Corporation of Thailand
- 1991 – 1994
- Assistant Vice President, Corporate Finance Department, Morgan Grenfell Thai Company Limited

Mr. Johannes Franciscus Grisel

59 years old

Chief Risk Officer

- Member of the Credit Committee
- Member of the Risk Management Committee

Education

- Master of Business Administration, Nyenrode University, The Netherlands
- Bachelor of Business Administration, Hogeschool Nyenrode, The Netherlands

Work Experience

- 2018 – Present
- Chief Risk Officer, TMB Bank Plc.
- 2017 – 2018
- Chief Operation Officer – Risk, ING Bank N.V., Amsterdam, The Netherlands
- 2015 – 2018
- Director, Chairman of the Risk Management Committee, and member of the Credit Committee, TMB Bank Plc.
- 2016 – 2017
- Head of Corporate Operational Risk Management, ING Bank N.V., Amsterdam, The Netherlands



Mr. Senathip Sripaipan

47 years old

Chief Wholesale
Banking Officer

Education

- Master of Business Administration (MBA), University of North Carolina at Chapel Hill, USA
- Master of Science, Computer Information Systems, Assumption University
- Bachelor of Engineering, Engineering, Chulalongkorn University

Work Experience

- 2017 – Present
- Chief Wholesale Banking Officer, TMB Bank Plc.
- 2012 – 2017
- Managing Director, S Ventures Co., Ltd.
- 2007 – 2017
- Managing Director, Business Navigator Consulting
- 2005 – 2006
- Senior Consultant, Bain & Company (Southeast Asia)

Miss Chompoonoot Pathomporn

55 years old

Chief SME
Banking Officer

Education

- Master of Business Administration, Bangkok University
- Bachelor of Accountancy Commerce and Accountancy, Accounting, Thammasat University

Work Experience

- 2018 – Present
- Chief SME Banking Officer, TMB Bank Plc.
- 2014 – 2018
- Head of Branch Banking, TMB Bank Plc.
- 2013 – 2014
- Head of HR, TMB Bank Plc.
- 2009 – 2012
- Head of Corporate Service Group, TMB Bank Plc.

Mr. Ronald Bart Huisman

45 years old

Chief Retail
Banking Officer

Education

- Master degree in Law, Business Law and Civil Law, University of Leiden, The Netherlands
- Bachelor in Law, Business Law and Civil Law, University of Leiden, Netherland

Work Experience

- 2015 – Present
- Chief Retail Banking Officer, TMB Bank Plc.
- 2010 – 2015
- CEO, ING Austria
- 2013 – 2014
- Programme Executive Cybercrime Resilience, ING Bank N.V., Amsterdam, The Netherlands
- 2006 – 2010
- Director of Payments, ING Retail Netherlands

> Management Team

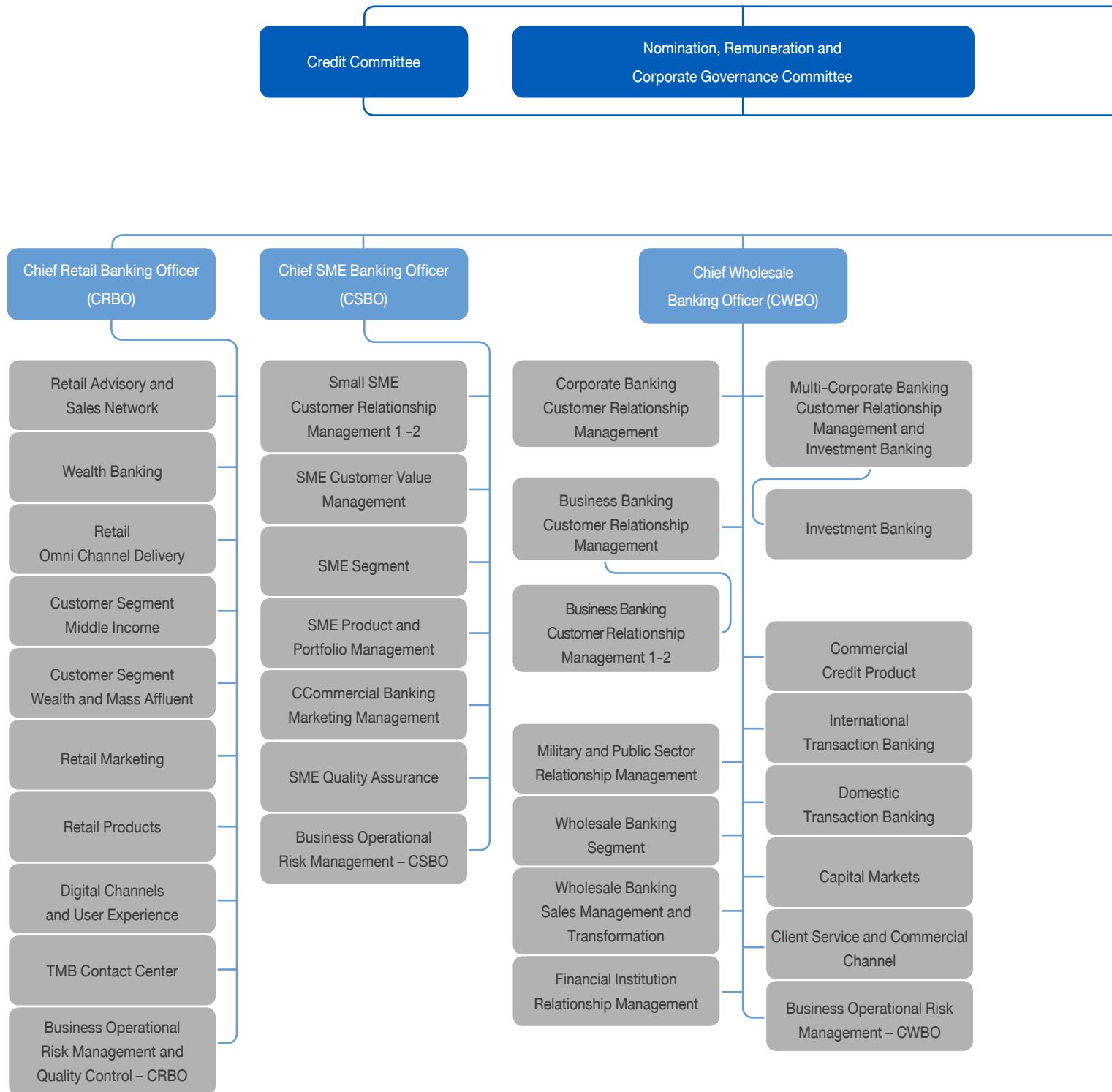
Information as of December 31, 2018

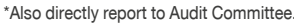
Chief Executive Officer	
M.L. Ayuth Jayant	Head of Corporate Governance
Mr. Sunthorn Ruckpanich	Head of Audit
Mrs. Kanchana Rojvatuny	Head of Corporate Branding and Communications
Mrs. Patraporn Sirodom	Head of Human Resources
Mr. Naris Aruksakunwong	Head of Strategy
Chief Risk Officer	
Mr. Woraboon Chinwatanakit	Head of Market Risk Management
Mr. Kridchawat Nopsuntia	Head of Small Enterprise and Retail Credit Underwriting
Mr. Ekanat Kieatinapasin	Head of Corporate Credit Underwriting
Mr. Rabil Pornpatkul	Head of SE Portfolio Monitoring
Mrs. Suvanee Kam	Head of Legal
Mrs. Chirdprapa Chaladsoontornvatee	Head of Credit Restructuring
Mr. Varoon Kanjanapoo	Head of Compliance
Mr. Prawin Khurowat	Head of Corporate Operational Risk Management
Miss Luiza Karolina Rosinska	Head of Credit Risk Intelligence
Chief Financial Officer	
Miss Somkid Preechasammakul	Head of Finance Business Partner
Miss Arwiwan Tangtrongchit	Financial Controller
Mr. Andrew Kent Jan	Head of Balance Sheet Management
Chief Operating Officer	
Mr. Montree Thirasakthana	Head of Enterprise Architecture and IT Management
Mrs. Rattana Arkachaisri	Head of Operations and Services
Mr. John James McLeary	Head of Information Security Office
Mr. Sutthikan Rungsrithong	Head of Information Technology
Chief Wholesale Banking Officer	
Mr. Suttichai Tiranuchit	Head of Wholesales Banking Segment
Mr. Vikran Paovarojkit	Head of Multi-Corporate Banking Customer Relationship Management and Investment Banking
Mrs. Pachana Rujirek	Head of Corporate Banking Customer Relationship Management
Miss Busarat Bencharongkul	Head of Capital Markets Product Sales
Mr. Alexander Nondh Langfeldt	Head of International Transaction Banking

Mr. Weerachai Amornrat-Tana	Head of Military and Public Sector Relationship Management
Mrs. Chantachuen Khaomali	Head of Business Banking Customer Relationship Management
Mr. Saranya Phuphatana	Head of Capital Markets
Mr. O-Larn Sukalavanij	Head of Commercial Credit Product
Mr. Pirapong Nithikraiut	Head of Business Banking Customer Relationship Management
Mr. Thanawat Veerachayapornkul	Head of Business Banking Customer Relationship Management
Mrs. Varanitch Ujjin	Head of Client Service and Commercial Channel
Mr. Rachakorn Chayapirad	Head of Domestic Transaction Banking
Mr. Yongyoot Luangrattanamart	Head of Investment Banking
Mr. Mogul Posayapisith	Head of Wholesale Banking Sales Management and Transformation
Chief SME Banking Officer	
Mr. Prompong Pattanateeradej	Head of SME Product and Portfolio Management
Miss Sukanya Treesanaejit	Head of Small SME Customer Relationship Management
Mr. Peerapatana Ketboonchoo	Head of SME Customer Value Management
Mr. Jakrapant Jarutirasarn	Head of Small SME Customer Relationship Management
Mr. Robert Pike	Head of SME Segment
Mr. Rujikorn Pavasuthipaisit	Head of Commercial Banking Marketing Management
Chief Retail Banking Officer	
Dr. Benjarong Suwankiri	Head of ME by TMB
Mrs. Natthawan Apiratanapimolchai	Head of Customer Segment Middle Income
Mr. Chavamon Vinijtrongjit	Head of Primary Bank Products
Mrs. Kidakarn Chudsuwan	Head of Mutual Funds Products
Mr. Pathrawut Supsavaipol	Head of Bancassurance Products
Mr. Yuenyong Songsiridej	Head of Wealth Banking
Mr. Martijn Van Keulen	Head of Digital Channels and User Experience
Miss Waranee Wanrat	Head of Channel Planning and Implementation
Mr. Thakorn Aimjirakul	Head of Retail Advisory and Sales Network
Mr. Jaray Jianthanakanon	Head of Retail Lending Products
Mr. Maximilian Hempel	Head of TMB Contact Center
Mrs. Marie Ramlie	Head of Retail Products

> Organization Chart

As of December 31, 2018





> Thai Economy and Banking Industry

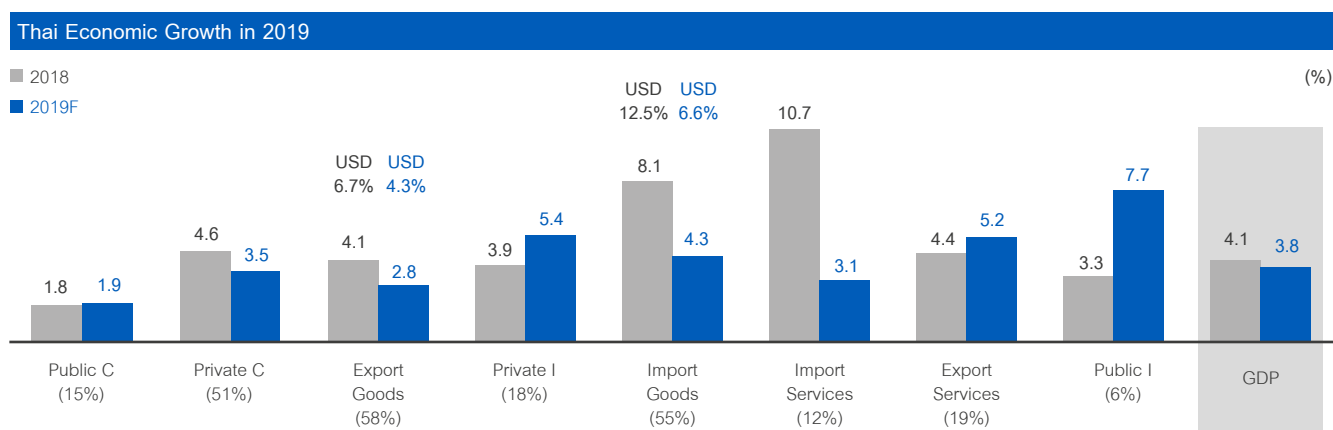
Thai Economy in 2018

2018 was the year with continual growth momentum for Thai economy against the backdrop of heightened risks from external factors. In the first half of the year, every economic engine continued to operate especially merchandise exports, which grew by 11% from global trade recovery as well as robust economies of trading partners. Similarly, tourism sector, led by Chinese tourists, expanded strongly. In addition, domestic economic activities were vigorous. Private consumption rose mainly from durable goods consumption, which benefited from the unlock of the first-car buying scheme. Private investment showed a clear rising trajectory, though not at accelerating pace. This was in line with the improving confidence of both consumers and businesses. Furthermore, the money injected from government investment projects rise at the similar growth rate as last year. As a result, in the first half of 2018 Thai economy achieved a remarkable 4.8% growth rate.

However, economic engines decelerated in the second half of the year, particularly merchandise exports and tourism. Merchandise exports was undermined by the effect of US-China trade tension as Thai was a part of Chinese supply chain, while the number of Chinese tourists this year has not fully recovered from the Phuket boat accident. Still, domestic activities continued to drive the economy. Consumption received an extra boost from government policies on household spending, while private investment continually improved, in line with business sentiment index that has consistently floated above 50 since 2017. In conclusion, the robust economic drivers during the first half of the year, albeit the deceleration in the second half, resulted in Thai economic growth of 4.1%, close to 2017 growth rate.

Economic Outlook for 2019

TMB Analytics expects Thai economy to continue to gain traction, though slowdown from last year, and grow by 3.8%. Domestic factors will be the main growth drivers. Private consumption will consistently elevate, though not at an accelerating pace. Private investment outlook is positive, supported by escalating capital utilization in several industries. Moreover, investment by S-Curve industries, which have been approved by BOI in 2016-2017 in automotive, petrochemical, electrical appliances, and electronics, is expected to happen. In addition, some of the production bases could be relocated to Thailand. This is in line with the public investment plan which becomes more solid especially the Eastern Economic Corridor's infrastructure projects such as the high-speed train linked 3 airports, U-Tapao airport project, and Laem Chabang deep sea port, which amount to more than 100 billion baht. However, the downside risks to Thai economic growth will come from external factors including global economic slowdown and escalating trade tension, which will weaken exports. Merchandise export growth is expected to grow by 4.3%, lower than 6.7% last year. Tourism will grow consistently as Chinese tourist arrivals return to normal. Regarding financial market, Thai policy rate can potentially increase from 1.75% to 2%. Thai baht will be more volatile than the previous year from uncertainties of major central banks' monetary policy implementation such as lower-than-expected Federal Fund rate hike. Thai baht tends to depreciate due to sluggish exports. Foreign capital inflows will fluctuate because of the tightening global liquidity, pressuring Thai baht to depreciate from 32.3 baht per US dollar last year to average at 32.75 baht per US dollar in 2019.



Source : NESDB, MOC and TMB Analytics
() indicates percentage share to GDP



For more economic update and industry analysis, please visit TMB Analytics webpage at www.tmbbank.com/en/analytics or scan the QR code.

Thai Commercial Banks in 2018

Commercial banks had stronger growth as loan expansion accelerated. Credit expanded at a faster pace than deposits. This caused L/D ratio to increase from 96.3% to 98.3%. Liquidity in Thai banking system at year-end stood at THB3.4 trillion, contracting from THB3.5 trillion from the same period last year. Total assets of domestically registered commercial banks rose 3% to THB17.3 trillion.

Commercial banks' total loans in 2018, stood at THB13.2 trillion, expanding by 6%. The main factor was 9% surge of consumer loans including housing loan, auto loan, credit card loan, and personal loan. This was consistent with acceleration of private consumption. Large corporate loan growth surged at 4.7% growth rate. The growth came mainly from services, commerce, and real estate, which were led by public investment and positive business confidence. Small and Medium Enterprises' (SME) loan, slowed down from last year and expanded by 4.1%, especially in commerce and services sectors.

MLR of the five largest commercial banks were averaged at 6.20% at the end of 2018, which was the same as the previous year, even though BOT hiked the policy rate from 1.50% to 1.75% in December 2018. Commercial banks maintained the same lending rate to mitigate the interest burden of their customers especially SMEs. As a result, the spread between MLR and 12-month time deposit rate was maintained at 480 basis points.

In 2018, commercial banks' deposits grew 3.9% from last year to THB13.4 trillion mainly from current deposits. Consequently, the share of time deposits was reduced from 38% to 37% of total deposit. Five largest banks' average time deposit interest rates stood still despite 0.25% increase in policy rate. This partly reflected banks' ample liquidity.

Total NPLs (gross NPLs) of commercial banks as of December 2018 increased from THB14 billion at the same period last year to THB443 billion. NPL ratio, though marginally increased by 2 basis point, remained elevated at 2.93%. It was largely driven by NPLs from SMEs loans, especially in construction, manufacturing and commerce business as a result of tougher competition from e-commerce as well as modern trade penetration into provincial market. Retail's NPL ratio was stable at 2.7%. The largest increase was from mortgage loans due to rising loans to second or third home borrowers with deteriorating credit standards.

The net profit of commercial banks registered in Thailand stood at THB192 billion in 2018, albeit fee income contraction, increased by THB18 billion or only 10% from last year thanks to 4% higher interest income from loan expansion as well as lower provisioning expenses by 13%. Fee and service income declined by 5% due to banks' cancellation of transfer fees as well as drop in Bancassurance and mutual fund fees.

Trend of Commercial Banks in 2019

The commercial banking industry is expected to exhibit a robust performance in alignment with increase in investment by both public and private sectors. It will likely gain momentum from Eastern Economic Corridor (EEC) including infrastructure projects and corporate investment. This will benefit industries along the supply chain especially contractor and construction material industries. Additionally, upward trend of increasing tourist arrivals will be beneficial to services and commerce businesses.

Loan quality will be expected to improve slightly from investment, domestic consumption, and foreign tourist expenditures. However, SMEs could suffer from tepid purchasing power of low-income people as a result of sluggish agricultural prices.

Personal loan and credit card's loan growth are likely to be on an upward trend due to the unlock of the first-car scheme as well as improvement in farm income. Mortgage loan will gradually recover this year after the tepid growth thanks to the expansion of the urban area along with the mega projects, mass transit, and rail system connected regions together. However, the quality of mortgage loans needs close monitoring. This is because a prolonged low interest rate will lead to search-for-yield behaviors, which result in speculation on properties. In addition, more intense loan competition among financial institutions can encourage households to excessively borrow, which could potentially decrease the household's debt serviceability and hence causes the rise of delinquency rate.

Deposits are likely to grow more to support loan growth. Therefore, the rising deposit competition will soon start, though not in aggressive manner due to ample liquidity resulted from extremely accommodative monetary policy implementation of major central banks including Bank of Thailand. However, the faster growth of loan over deposit will lead to the tightening liquidity.

Regarding the trend of commercial banks in 2019, the outlook for the disruptive themes will be described as follows:

1. Digital Banking

Banks will invest significantly in digital infrastructure, particularly in technology and people since it does not only enhance simplicity to the customer's accessibility, but also increases speed and decreases the cost of operation relatively to other channels. The cost efficiency becomes even more important after a significant drop of fee income from the elimination of transaction fees on digital platforms last year. Besides cost efficiency, digital banking will evolve financial services by building up customer experiences. Big data analytics will play a major role in analyzing and extracting the insightful customer behaviors along the customer journey. This could be considerably favorable for laying down the strategy and innovating financial products which can satisfy customer's demand. Additionally, banks could utilize such data to have a better risk management to prevent against the uncertainty and volatility in the economy. Moreover, banks also need strong IT securities. It is essential to protect against cyber risk, which is potentially harmful to the digital systems and lower user's confidence if the system is under siege. Additionally, organization structure will be changed to be consistent with the digital environment by focusing on swift and nimble movement. This agility structure will make a cumbersome traditional culture become more strategically customer-centric and faster deliverables to satisfy customers in this digital era.

2. National e-Payment

National e-payment is a national agenda to promote a standardized and up-to-date electronic payment system to reduce transaction costs for households, businesses as well as government sector, and to allow for local financial institutions to compete efficiently with others to create a foundation for Thai banking system. After the project was initiated in late 2015, it has achieved important milestones including Any ID scheme or PromptPay, and the expansion of EDC and QR payment availability. This year the e-payment will be fully adopted by government to transfer cash, e.g. social benefits and tax refunds, to households. E-Payment could be spurred e-Commerce. However, the amendment on the Revenue code to cover e-Commerce sites and other online businesses, which was approved by the NLA last year, could concern online vendors.

3. Fintech

Fintechs have become a recent trend, especially for payment and transfer, investment, and insurance. The main reason why Fintechs become popular because they solve the customer's right financial pain points by applying current technology with an economical operating cost via Venture Capital.

Consequently, the Bank of Thailand and the Securities and Exchange Commission established Regulatory Sandbox to innovate financial products and services by trial on the real customers before launching to the public. This trial will limit the unexpected risk from such innovation and possibly leads to the good governance for the regulators. For this year, some other services would be launch out from Fintechs, for instance, Peer-to-Peer Lending, Robo-Advisor, or crowd funding via Initial Coin Offering (ICO).

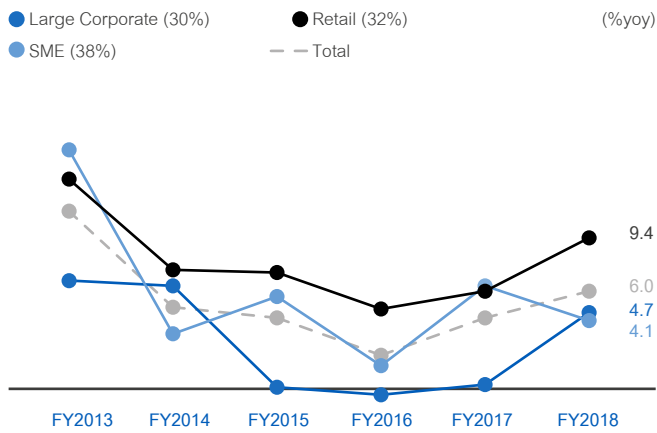
4. Regional Partnership

Alliance and partnership among ASEAN banks plus Chinese and Japanese counterparts will increase. The establishment of Qualified ASEAN Banks (QABs) will increase the opportunities for Thai commercial banks to do business around the region. On the other hands, regional commercial banks also gain opportunities to establish in Thailand. Such mutual benefit will facilitate transaction in either trading or investment for private demand.

5. e-Marketplace Platform

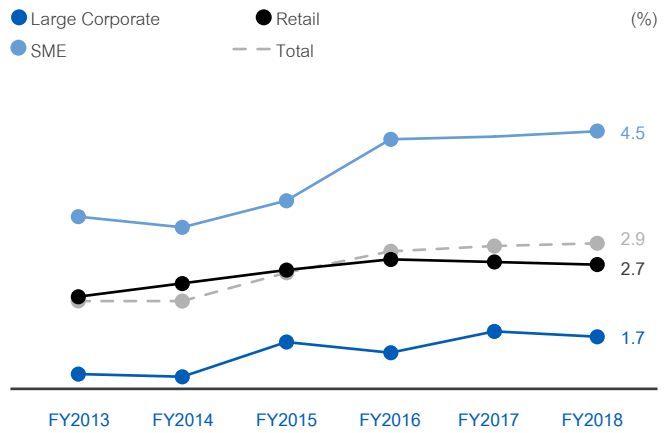
In 2019, commercial banks and financial institutions will transform themselves from financial intermediaries toward marketplace consistent with the change of consumer behaviors. With strengths in large customer base and understanding customers, Bank of Thailand already provided guidelines for commercial banks and financial institutions in providing marketplace channel for transaction exchanging and online payment between retail customers and business customers.

Banking Industry: Loan Growth



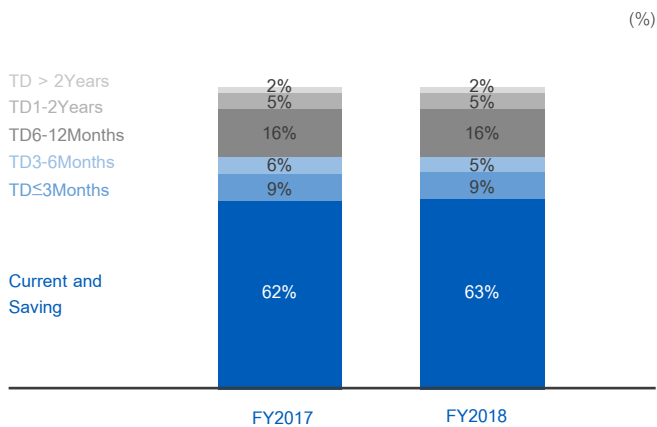
Source: Bank of Thailand

Banking Industry: NPL Ratio



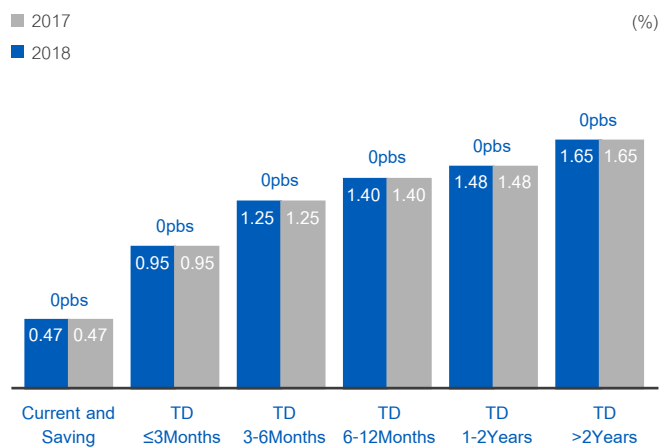
Source: Bank of Thailand

Banking Industry: Composition of Deposits by Maturity



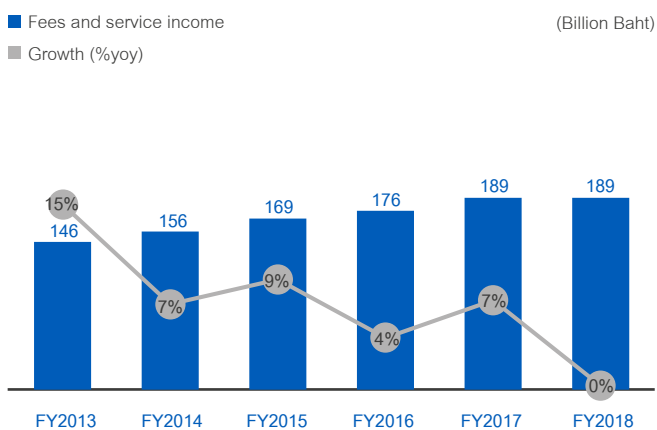
Source: Bank of Thailand

Banking Industry: Interest Rate by Deposit Maturity



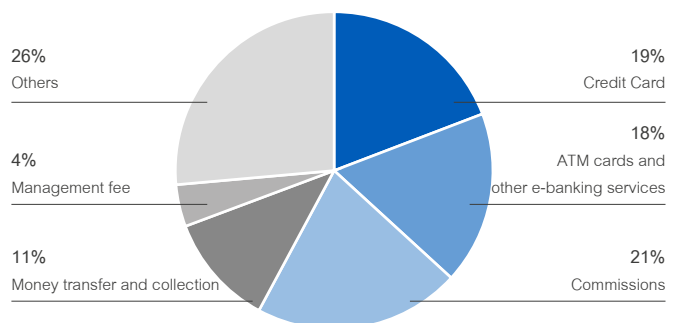
*Average from 5 largest commercial banks' rates
Source: CEIC

Banking Industry: Fee Income



Source: Bank of Thailand

Banking Industry: Fee Income Structure



Source: Bank of Thailand

> Strategy and Business

Brand Aspiration

TMB empowers customers to make the most of their lives

Our Brand

Make THE Difference

Rooted in core brand DNAs:

- **Challenge status quo** - Always challenge market norms to make things better for customers
- **Committed to quality** - Pay attention to every detail to deliver the highest product and service quality to customers
- **Genuine** - Be transparent and put customers' best interests first
- **Simple and Easy** - Make banking easy for customers

How We Plan to Deliver – TMB 7 Strategic Intents

Have Strong Customer Understanding

TMB emphasizes on the importance to understand customers at both individual and industry levels (including cross-segment) so that the Bank can develop products and services that suit customer needs.

Grow Quality Deposits

TMB aims to acquire quality deposits while managing the cost of deposits to be in line with leading peers. The quality deposits can in turn be redeployed into quality assets that provide the Bank with sustainably profitable returns.

Build Transactional Banking Excellence

TMB prioritizes transactional banking since it serves the basic banking needs of all customers and thus allows the Bank to become closer to and understand customers better.

Better visibility of customers transactions also provides the Bank with better liquidity management, better risk management and lower funding cost.

For TMB, transactional banking excellence also means serving customers in the most efficient and effective way.

Recurring Non-Interest Income

TMB intends to build non-interest income capability with a healthy balance of non-credit related income and credit fee income. This will ensure sustainable bottom-line through business cycles.

Optimize Capital and Liquidity Utilization

TMB is strongly committed to deliver the level of profits expected by investors.

To achieve this, the Bank focuses on growing in customer segments with higher risk-adjusted return, such as SME segment, while proactively managing our liquidity, as well as increasing share of wallet by cross-selling value-added products and services to existing customers.

Ensure Cost Efficiency

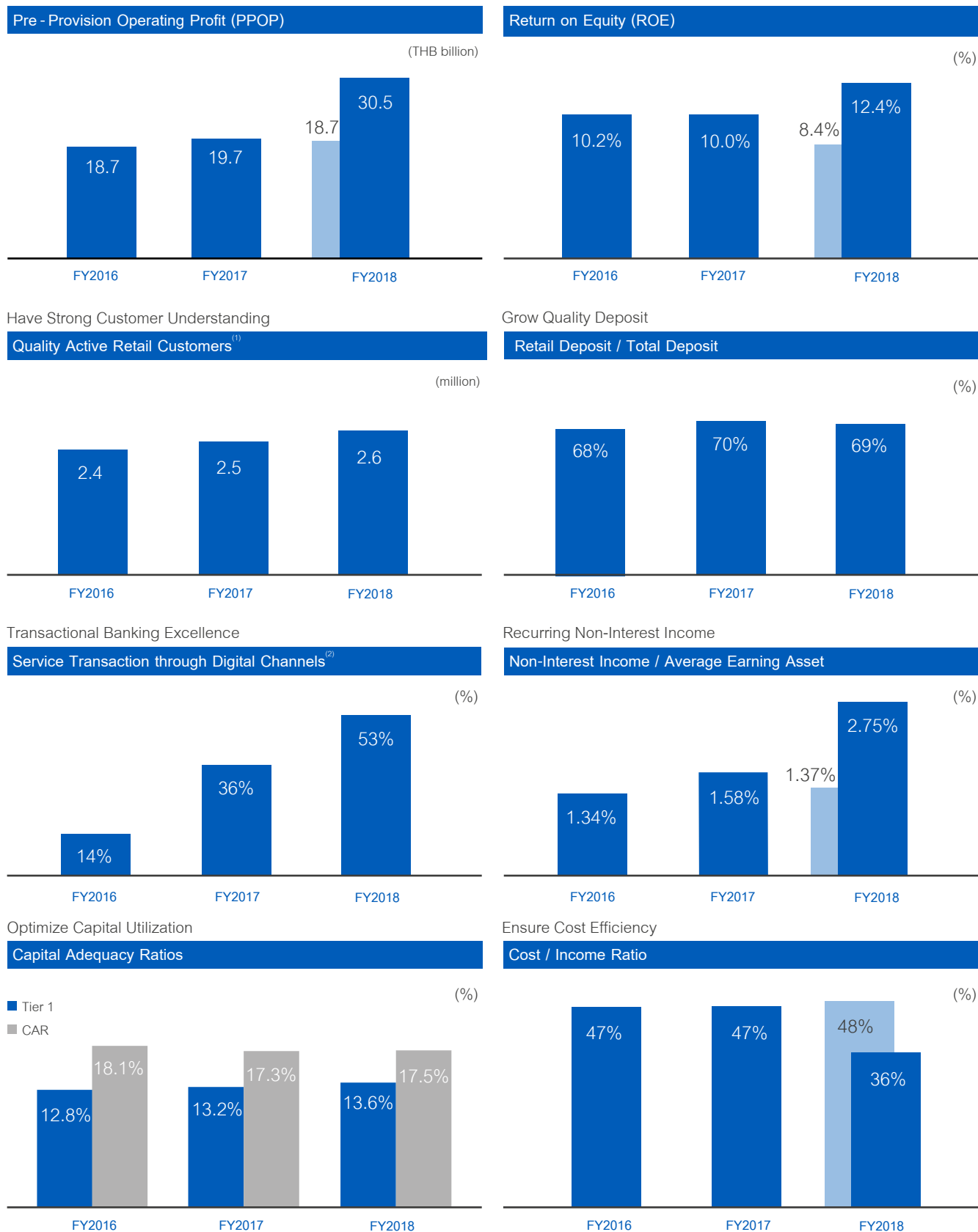
As TMB grows, the Bank must ensure greater levels of efficiency in terms of business model and operational processes.

Efficiency will be driven forwards in every part of the organization through Lean Organization and Lean Six Sigma initiatives to support the strong growth of sales and servicing transactions.

High Performance and Empowered Organization

TMB aims to build highly competent and productive staff who has the mind-set and skillset to collaborate cross-functionally and to make decisions that align with the Bank's strategies.

Key Performance Indicators



■ Tier 1

■ Exclude gain on selling 65% TMBAM stakes

⁽¹⁾ Based on monthly transactional activity and average deposit balance ⁽²⁾ Digital Channels are internet and mobile banking

TMB Transformation Program

To deliver our strategic business model, the Bank followed a four-stage plan to transform TMB into a customer-centric and high-performance organization. The transformation program will affect every aspect of the Bank. It will enhanced value for all stakeholders, including customers, shareholders, employees and Thai society.

Stage	Key Highlights	Status
1. Strengthen the foundation 2008 - 2009	<ul style="list-style-type: none"> • Reorganization • End-to-end process improvement • HR transformation • Raised service standards • Enhanced risk management 	Complete <ul style="list-style-type: none"> • Improved overall asset quality • Achieved top quartile employee engagement
2. Acquire good customers 2010 - 2011	<ul style="list-style-type: none"> • Customer base expansion in SME and retail banking • Service and operational excellence • Products and services that match with customers' needs • Physical channel optimization • Brand enhancement 	Complete <ul style="list-style-type: none"> • Successfully grew customer base through improvement of quality services and products which matched with customer needs • Branch renovation and relocation • Launch of Make THE Difference
3. Differentiate and deepen share of wallet 2012 - 2014	<ul style="list-style-type: none"> • Transactional banking excellence and branded customer experience • Leveraged transactional relationship with customers to offer the right products that answer customers' needs • Better quality of assets (larger proportion of SME lending) • Introduced integrated channel with focus on digital transformation 	Complete <ul style="list-style-type: none"> • Successful release of flagship transactional products • Cross-Selling based on customer understanding at industry and segment level • Optimization of loan portfolio • Offer best-in-class e-Channels
4. Induce a game change and enter into new business 2015 onwards	<ul style="list-style-type: none"> • Focus on building the right digital platform that address customer needs and lifestyles to empower them to make the most of their lives • Develop employee capability and restructure organization to allow the employees to work at their full potential • Potentially enter into new businesses that suit customer needs • Build Data analytic capability to leverage on data enrichment to be able to offer right products and services to the customers at better efficiency • Introduce new way of working and revamp key process to ensure simple and easy banking experiences 	On track <ul style="list-style-type: none"> • Prepared infrastructure for digital platform to serve National E-Payment • Prepared IT capability to ensure digital channels stability • Reduced employee corporate layer down from 6 to 5 to improve agility • Introduced customer data roadmap to improve in data completeness, quality and enrichment • Moved from isolated department to cross-function work group resulted to shorten process and build collaboration that would ultimately improve efficiency

Wholesale Banking

Our Intent

We will continue to be customers' most advocated operating bank and value-added business partner. We will help corporates to maximize their business potentials through our financial and business solutions.

2018 Summary

TMB launched supply chain solution program and continued to strengthen core focus on digital transactional banking to truly answer customers' need. TMB successfully penetrated value-added products and services especially advisory services which results in higher portion of fee income. In addition, TMB also focused on proactive risk management and portfolio optimization.

- **Digital transactional banking:** TMB successfully developed and delivered various digital transactional solutions including PromptPay BillPayment, PayAlert (Request-to-pay) and mobile applications for merchants. TMB successfully converted thousands of corporate customers to digital platform through TMB Business Click and TMB Business Touch. In addition, TMB was one of the first in Thailand to launch e-market place for donations, which answer the need in cashless society.
- **Supply chain solutions:** Riding on the established footprint of supply chain solutions, TMB continued to create impact in a larger scale by expanding solutions not only to corporates, but also to government and military organizations. In 2018, TMB received "The Best in Treasury and Working Capital Award" from THE Asset for supply chain solution for Public Sector. TMB also successfully implemented supply chain digital platform to a number of leading corporates in Thailand.
- **Customer centric and Agility way of working:** TMB strived to timely deliver need-based products and customer experience by successfully adopting Agility way of working in product development as well as to enhance staff capabilities and to drive an innovation culture in the workplace. TMB also successfully leveraged technology in automation and streamlining internal processes, as well as eliminating duplicated work and roles which led us to the cost-competitive operating platform.

Plans for 2019

- **Leader in supply chain connectedness:** TMB will continue to strengthen leadership position in supply chain by offering innovative digital business and financial solutions that makes the connection across supply chains more efficient. TMB not only helps customers with their financial needs but also helps customers to optimize their operations, improve efficiency, reduce operating costs and enhance customers' supply chain visibilities and capabilities with real-time transactional information and analytics through e-Supply chain solutions. TMB will continue to expand supply chain's customer base to SMEs while continue to actively invest in technology platform.
- **Integrated digital transactional banking:** TMB will continue to develop solutions to incorporate digital platform with traditional transactional banking products and services including digital payment solutions, SME solutions and customized solutions based on customers' needs. TMB will also selectively enter into partnership with the right technology partners to deliver customized value-added propositions with Simple & Easy end-to-end process through digital transactions and channels.
- **Core business expansion and portfolio optimization:** TMB will continue to drive sustainable growth by strengthening core area while manages long-term income diversification for sustainable portfolio, including increasing proportion of long-term loan for yield enhancement. TMB will continue to aggressively expand the customer base especially mid-sized corporate and SMEs with industry-focused approach. TMB will also continue to focus on sustainable growth by emphasizing on good-quality asset acquisitions and comprehensive monitoring activities.
- **TMB as value-added advisor:** TMB will continue to enhance people capabilities to be value-added advisors in rendering professional advice and expertise to customers. TMB will also build high-trust culture and value chain collaboration as an aim to be best place to work. TMB will continue to embrace agility way of work and continue to attract young talents especially through "Management trainee" program to cover both sales and product development.

SME Banking

Our Intent

TMB aims to become the most advocated bank for SMEs in Thailand by unleashing our SME clients' sustainable growth potential via simple & easy, needs-based transactional and lending solutions.

2018 Summary

In 2018, TMB SME focused on delivering its strategy to become SME's main transactional bank through simple, easy-to-use solutions that match customer business needs. This is seen in the significant growth of SME One Bank account openings to enable customers to transact conveniently. The number of new SME One Bank accounts increased by 4X of which 90% are registered on digital channels. The volume of SME transactions grew almost fourfold in 2018, marking a much higher level of transactional activity among TMB SME customers.

At the same time, TMB SME acquired credit customers effectively while providing superior credit experience for existing consistently transacting good customers. Our substantial 60% quality growth in new credit limit setup was driven by a strong focus on quality through modeling, end-to-end process efficiency, and leading innovation in new products and channels including online lending. While achieving tremendous limit setup growth, TMB SME ensured cost efficiency and provided a seamless banking customer experience through simplifying processes and leveraging new technologies. TMB SME became a first bank to launch online loan application for SMEs in 2018, enabling funding accessibility, simplicity, and convenience to small SMEs.

Our credit initiatives and marketing programs have been enhanced by strong customer understanding and effective customer database management using data-driven analytics. Analytics and value chain collaboration prioritizing customer experience have led to improvements in customer satisfaction and advocacy scores. TMB SME continues to serve customers in convenient and valuable ways by providing customers with ease of inquiry for business and credit needs through innovative channel services such as Call Me Now, in which our call center calls back customers within 5 minutes of their submitting a request via the TMB Biz Touch app, and SME Advisory services which have become available in many TMB branches.

Plans for 2019

- Acquire quality transacting SME customers via an attractive primary bank customer value proposition (CVP), relevant needs-based credit programs, strong contextual marketing awareness, and an enhanced multichannel sales & service model.
- Build primary banking usage through 360° data analytics and customized customer experience while enabling simplicity, ease, and convenience of SME collections and payment transactions.
- Convert primary bank customers to credit and acquire quality credit customers based on analytics, efficiency, and prompt delivery of sufficient credit amount to the right customers through multiple channels.
- Ensure credit portfolio quality by acquiring quality credit customers who transact, while monitoring and lowering portfolio NPL ratio.

Retail Banking

Our Intent

Become the most advocated bank of choice by offering relevant need-based products and services through omni-channel and delivering the easiest transactional banking experience

2018 Summary

Both make **THE** Difference brand philosophy and customer centricity continued to be the main reasons behind our growth. While we continued to remain focused in deposit-led-strategy, 2018 was a pivotal year for us as we continued our commitment to understand more about our customers and both their complex journeys and behaviors in the rapid-changing world over different series of moments. We continued to put our core focus on and managed in a sustained effort in driving the quality main bank status amongst new and existing customers.

We continued enthusiastically in matching the needs of our customers through many of our need-based leading flagship products and services which include but not limited to **TMB ALL Free** - country's best transactional product which offers zero charges when customers do their daily transactions, **TMB Wave** - wearable contactless payment device which helps customers maximize their convenience when making payments, **TMB No Fixed** - flexible savings which offers high rate and even higher when using TMB ALL Free regularly, **TMB WOW** - a recently award winner from The Asian Banking & Finance Institution on being country's most disruptive CRM or gamified loyalty program which allows customers to earn and burn points as they do their banking routines, **TMB TOUCH** - our mobile banking app which allows customers to fulfill their financial needs upon clicks, **TMB Advisory** - a new wealth management service platform which offers complimentary consultations through personal financial advisors over interests of investment and protection as well as **ME by TMB** Group Products - high rate digital savings by ME Save, unlimited money transfer and transactional deposit by ME Move and life insurance by ME Sure. As of 2018, we are proud to have 2.6 million retail customers who are currently active and consistently bank with us.

In addition, we made an official debut on 2 of our new Flagship Stores, locating at United Silom and Icon Siam. These new stores, equipped with many of state-of-the-art technologies to lift customer experience, were put to be a Prototype Branch Model, boasting both a new way of digitized banking and omni-channel. Upon store entry, visitors are personally greeted by navigators and directed to explore the avatars of their own (personal identity) based on their profiles, financial likes and needs. Upon finding out the avatars, they are then connected to and matched with the solutions or offerings that are specifically designed for them. The introduction of our new Flagship Stores significantly supports our visionary digital banking and commitment to offer relevant products and services through omni-channel customer experience.

Plans for 2019

- Continue deposit-led strategy and grow main bank customers amongst key sub-segments by providing superior value and complete banking solution on "Best Daily Banking"
- Provide meaningful need-based products and services through personalization at the right time to match the needs of our customers
- Provide customers a greater accessibility to our products and services through seamless omni-channel experience with digital channel as primary focus
- Strengthen customer experience management framework to deliver the best customer experience

> Risk Management and Key Risk Factors

1. Risk Management

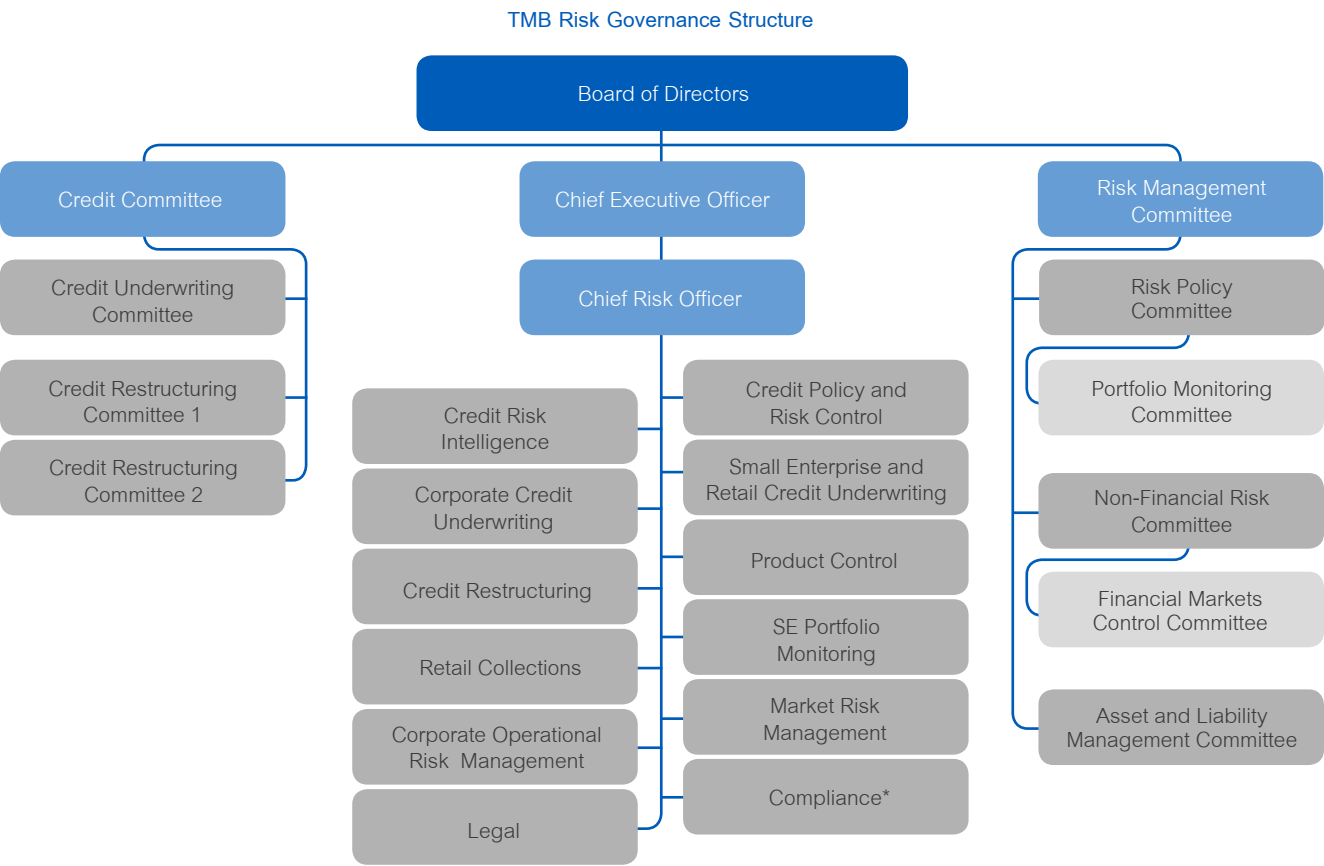
1.1 Overview of TMB's risk management

In TMB, risk management is of primary importance in order to create shareholder value by ensuring a sustainable balance between risk and return and compliancy to regulatory requirements. The general Risk Management Framework consists of a clear Governance Structure, a consistent Risk Management Process and embedding a Risk Culture in the first Line of Defense. Moreover, Risk measurement is fully integrated in the strategic planning. All of this translates into a straightforward Risk Management strategy in which:

- Products & portfolios are structured, underwritten, priced, approved and managed appropriately;
- Compliance with internal and external regulations and guidelines is monitored continuously;
- Our risk profile and risk appetite are transparent and consistent;
- Delegated authorities are consistent with the Bank's overall strategy and risk appetite;
- Communication to internal and external stakeholders on risk management and value creation is transparent.

1.2 Risk governance structure

TMB maintains a risk governance structure that is intended to strengthen risk management while ensuring that risk-taking authorities are cascaded down from the Board to the appropriate committees and functional levels. Risk issues and the changing regulatory and business environment are managed in an efficient and effective manner. Moreover, to maintain the independence of the compliance function, Compliance has a dual reporting line to the Audit Committee and Chief Risk Officer.



*Also report directly to Audit Committee

The Board of Directors (BoD) holds ultimate responsibility of bank-wide risk management. The Risk Management Committee (RMC) has been delegated by the Board of Directors to review and oversee the management of all risks across the Bank and is authorized to approve certain parts of Bank's risk management strategies, policies, frameworks and standards, as well as aggregate risk tolerance and risk concentration levels. However, Business Units as the 1st Line of Defense are primarily responsible for managing risks within their responsible portfolio, several risk committees provide forums to discuss and decide about specific risk areas:

1. **The Risk Policy Committee:** assists the RMC in fulfilling its oversight of internal policies, frameworks, standards, risk appetite targets, as well as issues related to credit risk management.
 - **The Portfolio Monitoring Committees** serve as a discussion forum for Business functions and Risk functions with a primary focus on credit portfolio monitoring to ensure appropriate proactive credit portfolio management and alignment with business strategy.
2. **The Bank Non-Financial Risk Management Committee:** to manage the Non-Financial risks of the Bank and its subsidiaries by establishing the Non-Financial Risk strategy and policies and oversee to ensure that they are implemented effectively at all levels of granularity. To emphasize the effectiveness of the "Three Lines of Defense" risk governance model, the Bank set up 3 Business Unit Non-Financial Risk Committees for Retail, SME and Wholesale Banking, reporting to Bank Non-Financial Risk Committee
 - **The Financial Markets Control Committee:** serves as a cross-functional forum for business, operations, information technology and risk management functions with a primary focus on business practices and the risk and control environment and end-to-end value chain of the Bank's Financial Markets undertakings and its product approval and review.
3. **The Asset and Liability Management Committee:** assists the RMC in all matters related to the asset and liability management and balance sheet management.

All the risk management related functions are under the leadership of the Chief Risk Officer (CRO). The CRO, as a member of the Bank's executive committee (CEC) and reporting directly to the Chief Executive Officer, oversees and promotes the development and implementation of consistent bank-wide risk management.

1.3 Risk management process

Risk Management in TMB consists of 4 key risk management processes:

1. **Risk identification:** TMB classifies risks which are arising in daily business activities into 5 key risk areas: Credit Risk, Market Risk (including but not limit to Foreign Exchange Risk and Interest Rate Risk), Liquidity Risk, Non-Financial Risk and Strategic Risk.
2. **Risk assessment & measurement:** TMB uses different methods and tools to measure various risk types in both quantitative and qualitative measures. In addition, TMB also conducts Stress Testing to measure quality and resilience of the Bank's portfolio and the Bank's tolerance to stress event scenarios.
3. **Risk Monitoring and Control:** TMB controls, mitigates and monitors risks by setting key risk indicators, as well as risk limits at the bank-wide level, portfolio level, product level, and other levels as may be appropriate.
4. **Risk Reporting & communication:** Status of various risk types as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

3 lines of Defense:

Over the last years, TMB has invested significantly in further strengthening a risk management culture where all employees in the Business units (1st line) identify risks, consider the impact, report if necessary and apply appropriate risk mitigation strategies. Investments include training, tooling, processes and policies. Risk Management units under the Chief Risk Officer perform 2nd line of defense duties of formulating risk strategy, policies and appropriate risk structures, provide oversight & monitors 1st line of defense and actively challenges the risk – return trade-off in the Business units. Internal audit as the 3rd line of defense provides independent and objective assurance on the effectiveness of controls and recommends improvements to the governance, risk & control framework.

2. Key Risk Factors

Key risk factors that could arise from the Bank's business operation are as follows.

2.1 Credit risk

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

TMB's credit risk management objective is to maximize the Bank's risk-adjusted return by maintaining credit risk exposure within acceptable levels and build a sustainable competitive advantage by integrating risk management into business activities and strategic planning. In recent years, TMB has improved and continues to improve its credit risk management capabilities with investments in people, risk management governance, processes, measurement tools and systems including the development of an economic capital framework, improved risk measurement processes, credit assessment & origination and tools, such as risk rating models, application- behavioral-, and collection scorecards, and established frameworks which set out credit policies, procedures, and guidelines covering the measurement and management of credit risk. This has been achieved while further building a stronger credit culture within TMB, based on thorough knowledge of our borrowers and executed by well-trained staff according to our 3 lines of defense risk management framework. The 3 lines of defense principle helps us to mitigate credit risk within TMB and consists of 3 principles:

- Management and staffs of TMB Bank business units have primary responsibility and accountability for the effective control of credit risks incurred by their business units ("**1st line of defense**").
- Credit Risk Management ("**2nd line of defense**") partner with and support the 1st line of defense's risk management activities. Risk management functions are independent of the management and staff that originate the credit risk exposures.
- Audit operates as the "**3rd line of defense**". Audit is to provide an independent assurance of the design and effectiveness of internal controls over the credit risks inherent to TMB's business performance.

2.1.1 Credit risk factors

Credit quality

Further improving the quality of TMB's assets remains a key priority. Non-Performing Loans (NPL) arises when debtors fail to repay debts according to an agreed schedule. This may lead to loss of interest income but sometimes also of the principal balance, whether in whole or in part, which thereby will affect TMB's profitability and capital adequacy.

TMB manages the quality of its credit portfolios by monitoring and reviewing status of our borrowers and/or counterparties constantly, both at individual level and at portfolio level. Also here the 3 lines of defense approach is applicable: dedicated Relationship Managers monitor their Wholesale and SME Customers at an individual level. Credit Risk data and analytics is supporting on a portfolio level. In our Retail portfolio, the focus is on portfolio management. Special attention is paid to problem exposures, which are subject to more frequent review and reporting. Early warning triggers, Qualitative Risk Score, and Behavior Risk Level are in place to detect customers that may be moving toward adverse classification or further deterioration of their performance. Dedicated Credit Restructuring teams and Credit Restructuring Committees are established to restructure problem loans in an effective manner and to provide advice on debt restructuring conditions. TMB sets aside loan loss provision in accordance with guidelines from the Bank of Thailand (BOT). TMB also takes IBNR provisions (loss incurred but not yet recognized) for performing loans as a further cushion for losses expected as a result of future events. IBNR provisioning is calculated using PD (probability of default) based on risk level, EAD (exposure at default) based on loan types or debtor types, and LGD (loss given default) based on collateral types.

The Bank's Risk Appetite Statement (RAS) expresses the type and level of Credit Risk that the Bank is willing to tolerate in pursuit of its strategic objectives. RAS aims to ensure that the Bank's actual risk exposure is consistent with its strategic objectives and that exposure moving beyond tolerance risk levels is timely identified and acted upon. The RAS is determined based on consideration of TMB Bank's financial plan. The RAS contains a set of quantitative statements which are measured and reported on a monthly basis towards RMC and Executive Committee. This RAS also forms the basis of the quarterly Portfolio Monitoring Committees in order to timely address possible boundary breaches.

Impairment in value of physical collateral

A substantial portion of TMB's loan portfolio is secured by physical collateral and other assets, the value of which may be affected by the overall economic conditions of Thailand. For example, a downturn in the real estate market could result in the principal amount of loans secured by real estate exceeding the loan-to-value proportion compared to that at the time of origination. A decline in the value of collaterals securing loans may result in an increase in the Bank's allowance for doubtful accounts. TMB manages collateral value impairment risk by establishing a collateral appraisal policy and executing procedures which are in accordance with BOT's regulations. The reappraisal frequency is also driven by the level of risk measured by the borrower's loan performance.

Credit concentration

Concentration risk in credit portfolios is an important aspect of credit risk management. TMB manages and monitors credit concentration with respect to industries, countries and borrowers by establishing and managing Bank-wide industry diversification thresholds, country limits and customer concentration to manage both existing and potential exposures within acceptable levels to ensure appropriate diversification of the portfolio and avoid excessive credit risk exposure in certain industries, countries or borrowing groups. In addition, TMB has established a risk-based Single Exposure Limit and Single Lending Limit to manage the maximum exposure and the maximum limit for single obligor and related lending. Managing concentration risk remains a major focus in TMB's Credit Risk Management prioritization.

2.1.2 Credit-related policy

1. Classification and provisioning policies

The Bank has conducted the loan classification and provisioning, including qualitative classification, in line with the BoT's notification regarding worthless or irrecoverable assets and doubtful assets which may be worthless or irrecoverable by commercial banks. Commercial loans are classified by debtors, whereas consumer or retail loans by accounts based on delinquent period. If customers use both types of credits, the loans are classified by debtors based on their main income source so as to truly exhibit the asset quality and make sufficient provisioning. Moreover, in addition to provision made according to the above mentioned BOT's notification, the Bank sets aside additional provisions by a collective approach for debtors classified as special mention and normal for each credit rating according to the Bank's policy.

2. Policy on provisioning for off-balance sheet items

TMB estimates the liabilities arising from off-balance sheet items on a quarterly basis to make appropriate provision in line with the BoT's notification regarding Classification and Provision of the Financial Institutions as follows:

1. Provisions for off-balance sheet items with high credit risk are made by using a BoT-specified credit conversion factor of 1.0 for capital adequacy calculation.
 - 1.1 In case the off-balance sheet obligations of a debtor are classified, according to the BoT's guidelines, as sub-standard, doubtful, doubtful of loss, and loss assets, the Bank must set aside provisions at the same rate as the provisioning rate of the same debtor in the balance sheet.
 - 1.2 In case the off-balance sheet obligations of a debtor are classified as special mention and normal assets, the Bank sets aside provisions based on the amount of estimated potential loss by using the collective approach.
2. For off-balance sheet items with a credit conversion factor less than 1.0 and classified as special mention and normal assets, the Bank also sets provisions by the collective approach.
3. For liabilities other than those in 1 and 2 above, the provision is made only for the contingent liabilities that are very likely to become a loss.

3. Non-performing loan (NPL) and potential non-performing loan management

The Bank is aware that to manage the Non-Performing Loan (NPL) and Potential Non-Performing Loan Management will impact to the overall bank performance. So that the Bank set the "Non-Performing Loan and Potential Non-Performing Loan Management" with the objective to reduce the NPL based on the principle of Proactive correction and fast track measures to convert NPL to normal loan.

The Bank set NPL Prevention (in 2nd line of defense) under Credit Restructuring to perform proactively on Potential NPL who will take care of debtors who start to be delinquent on the term loans and fall in "Early Warning Sign (EWS)" or having significant deterioration in risk profile. Especially, the debtors who are classified as Special Mention (SM) requiring close monitoring. To be more efficient, Relationship Manager (RM) will co-ordinate with NPL Prevention Team to negotiate with debtors to identify debtors' problems and to set appropriate solutions based on nature of the problem. For example, in case of short term liquidity problem, the Bank may consider term extension, restructuring loan facility, and etc. In case of long term problem such as higher competition or lower sale, the Bank may consider long-term restructuring based on debt service ability¹.

To comply with the policy, Documentation Team and Legal & Strategy Team will co-ordinate with NPL Prevention Team to prepare any document or agreements to be guideline of such measurement. To monitor the implementation, the Monitoring Team will closely follow up all actions relating to contracts by working along with NPL Prevention Team to ensure that the risk is controlled until the accounts are converted back to normal.

For NPL, to set the Debt Restructuring Plans which comply with the Bank's Policies and Regulations, all Credit Restructuring Teams will work with Legal Strategy Team to set appropriate plan before negotiating with Debtors. However, in order to have effective reduction of NPL, the Bank may consider selling NPLs that are not able to finalize Debt Restructuring Plans by groups or by cases.

2.2 Market risk

Market risk is defined as the potential losses due to changes in the price of market parameters. The main parameters are interest rates, foreign exchange (FX) rates, equity and commodity prices. For risk management purposes, the Bank has established various market risk policies, which set standards and guidelines for market risk management. The business units designated with the responsibility for market risk management accomplish this task under the standards set in the policies, while Market Risk Management independently monitors the bank-wide market risk.

¹ Small Enterprise (SE) Portfolio: Before May 2017, NPL Prevention Non-Performing Loan Preventive (NPLP) team managed DPD customers on Bucket Management concept. Non-DPD customers were managed by Business Units, with a focus on sales. SE Portfolio Monitoring (SEPM) was established in May 2017 (with a combination of Monitoring part under SE BU, and SE NPL Prevention team under), with the primary objective to improve SE portfolio quality and turn this portfolio into a growing healthy portfolio. SEPM takes care of both Non-DPD and DPD customers.

The Bank controls the actual market risk exposures by setting limits within the Bank's risk appetite approved by the Board of Directors. The significant market risks are as follows:

2.2.1 Foreign exchange risk

Foreign Exchange Risk means the potential losses of earnings and/or shareholder value of the Bank resulting from changes in foreign exchange rates arising from exposures in, both on- and off-balance-sheet, the Trading and/or Banking Books. The losses may arise from the devaluation on the conversion of foreign currency positions, including losses from foreign exchange trading transactions, or translations from one currency to another.

The Bank's Capital Markets is responsible for managing foreign exchange positions of the Bank's Trading Book. In addition, Market Risk Management puts in place a framework of market risk management measures. These measures are designed to minimise the excessive risk from unfavourable changes in market conditions, which adversely affect the prices or returns on the Bank's trading portfolios related to foreign currencies, with strict limits on:

1. Delta - Defined as the rate of change of the option value with respect to changes in the price of underlying asset.
2. Gamma - Defined as the rate of change of the delta with respect to changes in the price of the underlying asset.
3. Vega - Defined as the rate of change of the option value with respect to the volatility of the underlying asset.

Within these limits, Capital Markets is responsible for trading and managing the portfolio and optimising the return on the funds invested. Adherence to the limits is monitored by Market Risk Management.

2.2.2 Interest rate risk

Interest rate movements directly affect the Bank's earnings or economic value. Interest rate risk management is undertaken in accordance with the policy framework as approved by the Bank's Board of Directors, by establishing and monitoring various risk curbing limits such as Earnings-at-Risk limit, Economic Value of Equity. The ALCO is delegated by the Board of Directors to oversee the firm-wide structural interest rate risk to stay within the Bank's aggregated interest rate risk limit.

The Bank has adopted interest rate risk management measures to cushion the interest rate volatility, e.g. rebalancing of assets and liabilities or setting of a proper mismatch by considering external and internal factors including interest rate forecasted by TMB Analytics.

2.3 Liquidity risk

Liquidity risk is 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 deemed adequate for its operations causing damage to the Bank. The Asset and Liability Management Committee (ALCO) is responsible for the oversight of liquidity management. The primary aim is to provide liquidity to the Bank in order to ensure that the liquidity position in both domestic and foreign currencies are sufficient for the Bank's normal operations as well as for any crisis that may arise and that the Bank's liquidity level is to exceed the minimum as required by Bank of Thailand (BoT) and comply with the risk framework approved by the Risk Management Committee and the Board of Directors. The Bank reviews its liquidity management plan and strategy for a normal and critical situation at least once a year, or under special situation due to material changes that may impact the Bank's position. This is to ensure the alignment with the Bank's core policy, the organization structure, the regulations, and the ever-changing market condition. The Bank and each company in the Bank's financial group manage liquidity risk separately.

The Balance Sheet Management (BSM) is the unit of the Bank responsible for overall liquidity management and Capital Markets is responsible for day-to-day liquidity management. Balance Sheet Management is also responsible for liquidity risk measurement, and reporting the performance of the liquidity management to the ALCO. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a 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.

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

Most of the Bank's funding was mainly from deposits. The Bank's ongoing quality deposit strategy seeks to further strengthen its financial position and operating results in order to boost depositors' and customers' confidence. Meanwhile, priority is also given to liquidity risk management by maintaining the level of liquid assets, keeping abreast of risk levels on a daily and monthly basis, setting risk indicators limits, and taking proactive steps to contain risks at an acceptable level. 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.

2.4 Non-financial risk

Non-financial risk is defined as the risk of loss, both financial and non-financial, resulting from inadequate or failed internal processes, people, and systems, or from external events. This definition includes legal risk, but excludes strategic and reputational risk. TMB adopts the Basic Indicator Approach (BIA) by using gross income as a proxy in the calculation of value equivalent to operational risk-weighted asset (RWA).

Non-financial risk management at the Bank is managed through a governance structure where the Board of Directors holds the ultimate responsibility for bank-wide risk management. The Board has delegated several non-financial risk management related authorities to the Bank Non-Financial Risk Committee: BNFRC, chaired by the CEO, whose responsibilities are to manage the non-financial risks of the Bank and its subsidiaries by establishing the Non-financial Risk strategy and policies and oversee to ensure that they are implemented effectively at all levels of granularity.

The Bank has applied the "Three Lines of Defense" risk governance model aligning with COSO (the Committee of Sponsoring Organizations of the Treadway Commission). The Bank set up 3 BU (Retail Banking, SME Banking and Wholesale Banking) Non-Financial Risk Committees: BU NFRC, chaired by CRBO, CSBO and CWBO, respectively, reporting to BNFRC, to emphasize the effectiveness of the "Three Lines of Defense" Model at lower level in the organization and enable the management from lower levels to steer the operational & compliance risk management in their Business Units.

Under "the Three Lines of Defense" principle, Business and Support Units (BU/SUs) as the 1st Line of Defense, are primarily responsible and accountable for their own operational risk management and control. Business Operational Risk Management (BORM) is the function under BU/SUs with joint reporting line to CORM, responsible for the advisory service and support of the respective business areas in developing, formulating, and implementing the non-financial risk policies, monitoring and measuring the non-financial risk profile of the respective business areas.

The Bank has established a dedicated Corporate Operational Risk Management (CORM), the 2nd Line of Defense, reporting to the CRO, to oversee specific non-financial risk management concerns which is processing risk, control risk, unauthorized activity risk, information (technology) risk, crisis management & business continuity / disaster recovery risk, fraud risk, personal & physical security risk, and workplace safety risk. CORM developed Non-financial Risk Management Policies to ensure that the non-financial risks are properly identified, assessed, monitored, reported, analyzed, and controlled in a systematic and consistent manner. The policies provide the foundation and common infrastructure for delivering, maintaining, and governing operational risk management.

Compliance is the 2nd Line of Defense, reporting to the CRO, to oversee Compliance risk, one of the non-financial risk management. Compliance developed the Compliance Policy to ensure that the Compliance risk are properly managed.

Legal and Financial Control are the 2nd Line of Defense, reporting to the CRO and CFO, respectively, oversee the legal risk and the financial control risk which are also under coverage of the non-financial risks.

Audit operates as the "3rd Line of Defense". Their mission is to provide an independent assurance of the design and effectiveness of internal controls established by the first (BU/SUs) and second (CORM, Compliance, Legal, Financial Control) line of defense. In carrying out this work, Audit will provide specific recommendations for improving the governance and the risk & control framework.

The Bank has applied the Basel New Capital Accord (Basel II) guidelines. Risk Appetite Statement (RAS) and various policies have been established to manage the operational risk, including coverage of all key processes and tools, such as Risk & Control Self-Assessment (R&CSA), Key Risk Indicators (KRI), Incident Management, Action Tracking, Product and Service Approval Process (PSAP), Outsourcing Risk Management, Business Continuity Plan and Disaster Recovery Plan (BCP / DRP), and Key Control Testing (KCT).

The Bank's Risk Appetite Statement (RAS) expresses the type and level of non-financial risk that the Bank is willing to tolerate in pursuit of its strategic objectives. RAS aims to ensure that the Bank's actual risk exposure is consistent with its strategic objectives and that exposure moving beyond tolerance risk levels is timely identified and acted upon.

The RAS is determined based on consideration of TMB Bank's vision, the TMB Way, strategy, objectives and historical data. The RAS contains a set of quantitative and qualitative statements. The Quantitative statements are measurable and are informed by the strategic priorities of the organization. The Qualitative expressions of non-financial Risk Appetite describe the acceptable and unacceptable attitudes and behaviors of the organization as a whole.

The process of measuring, monitoring and reporting of RAS are made through non-financial risk dashboard (NFRD) on an ongoing basis which aims to promote pro-active risk management response. In case the Bank moves towards or beyond the tolerance level, the responsible units will highlight the issue during NFRD reporting on the Bank Non-Financial Risk Committee (BNFRC), management and staff are expected to take actions to bring down to its tolerance level.

R&CSA is a process that helps to identify and assess key risks and controls as well as to determine the mitigating actions. The Bank has also established KRI's at corporate and business level to be a warning signal for all levels of management, enabling them to proactively manage and control their non-financial risks. Incident management is established to enable detection, resolution, analysis of non-financial risk incidents, as well as collection of loss data. This incident reporting and response process is key in order to facilitate management's insight in and awareness of the actual costs of non-financial risks, existing control weaknesses, and the Bank's specific risk profile. The Bank implement the GRC system as the tool for incident management and response and keeping track of the status of the actions which come from audit and non-audit findings to ensure that they are monitored and managed efficiently by all relevant parties.

To ensure that products and services are offered in a safe and responsible manner, the Product and Service Approval Process (PSAP) is established to set guidelines for sign-off and approval of new products and services. This due diligence process ensures that the potential risks created by the new products and services are properly identified and addressed, and that the necessary infrastructure and controls are in place to support the new business.

The Bank has established its Outsourcing Risk Management Policy to set out the principles and standards for the effective identification of major risks created by outsourcing and management of such risks.

The Bank has established its Business Continuity Management (BCM) Policies and Standards to provide guidance and standards for all units to develop a Business Continuity Plan. The Business Continuity Management under CORM is set up to oversee the implementation of BCM Policies and Standards, monitor and lead the co-ordination of group-wide BCP initiatives to raise the overall BCP / DRP readiness of the Bank.

The Bank has established the Key Control Testing (KCT) governance to provide guidance and standards for all Business and Support Units for implementation. KCT is the set of methods and processes used for the key control identification, maintenance and testing in order to keep non-financial risks related to business activities actively within TMB Bank's risk appetite, ensure the effectiveness of controls and building proactive risk culture.

In terms of non-financial risk management at the subsidiaries, the subsidiaries have aligned with and adopted TMB's Non-financial Risk Management Policies and Framework where applicable. Their organization structure includes their own dedicated non-financial risk management. They also implemented non-financial risk tools such as R&CSA, incident reporting, KRI, and BCP.

2.5 Strategic risk

TMB is aware of the possible strategic risk that results from the strategic plans, business plans, strategic implementations and controls which may be inappropriate and/or inconsistent with both internal and external business environments.

TMB's vision is, **"TMB inspires people to Make THE Difference"**. In order to achieve this vision, TMB developed a 5-year rolling strategic plan focusing on a Deposit-Led Strategy and Transactional Banking Excellence. This will create a strong foundation for sustainable growth whilst TMB builds towards achieving market leadership.

The crystallization of our strategy are reflected in continuous improvements of key financial performances. In order to better manage the strategic risk, TMB improved the processes of performance tracking and strategic risk control. Regular meetings of the management team and business units are held to review performance results together with remedial planning in case of target shortfalls. A strategic risk dashboard has been developed and is updated regularly to keep management informed and aware of the changing strategic risk status. A self-assessment of strategic risk is also regularly evaluated by management.

In all, TMB strongly determined to maintain a high level of strategic risk management. Starting from the process of strategic planning, organization restructuring, staffing and project implementation as well as performance monitoring, all must be in line with the Bank's key strategies. In addition, the strategic plan itself is reviewed regularly to ensure it stays relevant with the changing business environment.

3. External Risk Factors

Apart from key risk factors from daily business activities as mentioned above, unexpected changes in business environment or regulations could also affect the Bank's operating performance as well as shareholders' returns. However, the Bank ensures that such risk factors have been consistently monitored and managed.

3.1 Risk from economic condition

TMB Analytics expected Thai economy in 2019 to grow 3.8% decelerating down from 4.1% in the previous year. The main driving factors will be domestic factors. Both consumption and investment will continue to expand. Private consumption will remain robust, though not at an accelerating pace. Private investment outlook is positive, supported by escalating capital utilization in several industries. Moreover, investment by S-Curve industries, which have been approved by BOI in 2016-2017 in automotive, petrochemical, electrical appliances, and electronics, is expected to happen. In addition, some of the production bases could be relocated to Thailand. This is in line with the public investment plan which becomes more solid especially the Eastern Economic Corridor's infrastructure projects such as the high-speed train linked 3 airports, U-Tapao airport project, and Laem Chabang deep sea port, which amount to more than 100 billion baht.

However, the downside risks to Thai economic growth will come from external factors. Global economic will decelerate reflecting from the downward revision of global GDP growth from 3.7% to 3.5%. Moreover, the trade tension between US and China could escalate, pressuring global trade. IMF expects global trade to expand by 4.0%. This is consistent with TMB Analytics' export growth forecast of 4.3%, which is lower than 6.7% growth of the previous year. Moreover, uncertainties of major central banks' monetary policy implementation will be a factor to watch especially the inconsistency of Federal Fund rate hike, which could increase volatility of fund flows and affect domestic financial market outlook, both interest rate and Thai baht. Thai policy rate can potentially increase from 1.75% to 2%. Thai baht will be more volatile. Moreover, subdued prices of some agricultural products, such as rubber and palm oil, are still worrisome as they could affect private consumption, while risks from domestic factors especially political stability are less prominent.

The Bank is fully aware of economic uncertainties and put in place a framework to manage the risks. TMB Analytics, the Bank's in-house economic research unit, has played an important role in closely monitoring and assessing the economic conditions as well as cooperating with business units on regular basis. This is to ensure that the Bank's operation is resilient and ready against any unexpected uncertainties. We also provide economic and financial information as well as industry outlook for our clients

3.2 Risk from material changes in regulations

It is the Bank's obligation to comply with statutory rules and regulations issued by relevant authorities, e.g., Financial Institutions' Businesses Act, Bank of Thailand's Regulations and Notifications, the Securities and Exchanges Act, the Securities Laws and Regulations as issued by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Anti Money Laundering Laws and their Royal Decrees. In addition, foreign act which substantial impact to the banking industry has also in place.

Compliance has been established in which responsible for providing advice, recommendations and opinions on various issues, cooperative with the relevant functions within the Bank in order to ensure that the Bank and its subsidiaries are in compliance with applicable statutory laws, rules and regulations as well as the Bank's internal policies and procedures. Substantial issues shall be escalated to the Bank's management and committees to effectively manage compliance risk.

The Bank of Thailand (BOT)

During the year 2017, BOT issued regulations, and guideline as following summary;

BOT emphasized on Banking Governance especially on customer protection on financing services according to Market Conduct. BOT also revised principles and guidance to support Banking Technology and Innovations including Mobile Payment, Cyber Resilience, and also preparation on financial industry for Financial Sector Assessment according to International Standard.

Significant issued regulations and guideline; Revision of regulation on Consolidated Supervision, Regulations Procedures and Conditions for Conducting Credit Card Business for Commercial Banks, Reverse Mortgage, Debit Chip Card Thai-Standard, Permission for Commercial Banks to operate e-Money service, PromptPay Registration Practice for e-Money, Guidelines for Quick Response Code (QR Code) for Payment and Money Transfer, and Information Technology Risk Governance and Implementation Guideline.

Moreover, the BOT will be moving towards of the foreign exchange regulation reform in order to further promoting ease of doing business and flexibility in managing foreign exchange exposures by the changes would include further reducing documents for cross border fund transfer, streamlining the rules regarding foreign currency deposit accounts and emphasis given to allowing more flexible in response to evolving and serve the technology and business innovations service.

The Securities and Exchange Commission (SEC)

The Securities and Exchange Commission (SEC) has issued guidelines on Wealth Advice to serve wealth advice service business in providing advice and propose investment solutions by taking into account the best interest of investors is important to support long term financial well-being, including issued the clarification of Compliant Process to ensure the to effectively manage on customer's compliant with the objective to be standard of practices which the intermediary shall comply with and undertake business by taking into account the best interest of client (fair dealing). Nonetheless, the Bank has effective disciplinary measure on offended employee.

The Office of Insurance Commission (OIC)

OIC has issued a notice on the Rules of Issuance an insurance policy, Offering an insurance and Reimbursement under the insurance policy including performing duties of insurance brokers or the Bank, which OIC is determining the Bank to set up effective controls on selling insurance in all channels including management, controls & monitoring and assessment selling-behavior result from all channels to ensure the insurance selling process by taking into account the best interest of client.

3.3 Emerging risk

1. Digital disruption

Relevance: While innovation and digitization provide financial institutions with new growth opportunities, banks can be impacted by the lack of preparation for new technologies and financial innovation. The implications and risks that come with the digital finance and innovation also include information security, financial fraud, etc. These innovations can significantly disrupt the entire value chain of traditional financial business and bank's business model, products and services.

Mitigation: TMB has implemented Digital Transformation program including development of digital branding, agile organization, IT infrastructure, data analytics and searching for right digital partnership in order to enhance the competitive advantage by keeping up with the pace in digital driven era. TMB proactively analyzes and identifies potential risks and opportunities associated with the innovation of digital and fintech and new technologies such as big data, machine learning, etc. to find effective countermeasures to better serve value added solutions to our customers.

2. Cybersecurity and customer data privacy

Relevance: Banks are expecting to be impacted by the cyber and privacy breach that can occur more frequently and can significantly damage reputation and trust, and in severe cases significant fine and penalty. As the technology has been rapidly evolving, it also brings the risks that pose challenges on privacy and information protection.

Mitigation: TMB acknowledges that the cybersecurity will only increase in the importance and require greater resources to securely manage the operation. Thus, TMB has the corporate-wide information security and cybersecurity strategy and framework in place. In addition, the board also oversees the information security/cyber security strategy and effectiveness of the implementation. TMB actively engages with regulators to monitor changes in regulatory related to cybersecurity and privacy which will likely be more stringent in the future in order to best protect information and privacy and to be fully complied with the regulatory changes.

3. Climate change

Relevance: TMB recognizes that the environmental risks from climate change could result in indirect financial risks. Financing to irresponsible-environmental borrowers will not only be a significant source of immediate reputational risk but also undermine long-term sustainability in both asset value and profitability of the Bank.

Mitigation: TMB realized that banks play important role in addressing climate-change issue and facilitating the transition to a low-carbon economy through financial products and services. TMB firmly integrated Environmental and Social Responsibility (ESR) policy that is drawn from risk management point of view in all credit and commercial loans approval process. This is to ensure that the Bank pays extra attention on the environmental impacts responsibilities. In addition, TMB is the first Thai commercial bank to issue Green Bond with International Financial Corporate (IFC) to exclusively finance climate projects, particularly renewable energy and energy efficiency which is in line with TMB's green lending expansion plan.

3.4 Shareholder risk

Shareholder risk may arise if the return from investment is not as initially expected. Returns from the investment in shares can be in the form of capital gains and/or dividend income.

The Bank aims to consistently maintain its operating performance and prudent risk management in order to generate sustainable returns for shareholders in the long run. Nevertheless, there are other external factors, which are beyond the Bank's control, that have the potential to affect the volatility of TMB share prices e.g. domestic and international political situations, foreign fund flows including the unpredictable circumstances. Hence, shareholders must be aware of all risk factors in which out of the Bank's control and decide on investment to suit their acceptable risk levels.

> Management Structure

Board of Directors

The Board of Directors as of December 31, 2018 consisted of 12 members, 7 holding non-executive directors positions, 4 independent directors, and 1 holding executive director position.

Name	Position	Date of Appointment	Term of Office ⁽⁴⁾ (Year-Month)
1. Mr. Prasong Poontaneat ⁽¹⁾	• Chairman of the Board	June 20, 2018	6 months
2. General Apirat Kongsompong ⁽²⁾	• Director	Nov 14, 2018	2 months
3. Mr. Philippe G.J.E.O. Damas	• Director • Chairman of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee	December 28, 2007	11 years
4. Mr. Singha Nikornpun	• Independent Director • Chairman of the Audit Committee	January 10, 2014	5 years
5. Mr. Siripong Sombutsiri	• Independent director • Chairman of the Nomination, Remuneration and Corporate Governance Committee • Member of the Risk Management Committee	April 10, 2015	3 years 9 months
6. Ms. Catherine Low Peck Cheng ⁽³⁾	• Director • Chairman of the Risk Management Committee • Member of the Credit Committee	April 12, 2018	9 months
7. Mr. Chumpol Rimsakorn	• Director • Chairman of the Credit Committee • Member of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee	April 7, 2017	1 year 9 months
8. Mr. Vaughn Nigel Richtor	• Director • Member of the Board of Executive Directors	December 28, 2007	11 years
9. Mr. Yokporn Tantisawetrat	• Director • Member of the Board of Executive Directors • Member of the Risk Management Committee • Member of Credit Committee	June 1, 2015	3 years 7 months
10. Mr. Christopher John King	• Independent director • Member of the Audit Committee • Member of the Nomination, Remuneration and Corporate Governance Committee	September 1, 2004	14 years 4 months
11. Mr. Praisun Wongsmith	• Independent director • Member of the Audit Committee	February 12, 2016	2 years 11 months
12. Mr. Piti Tantakasem	• Director • Member of the Board of Executive Directors • Member of Credit Committee • Member of the Risk Management Committee • Chief Executive Officer	January 1, 2018	1 year

Remark:

⁽¹⁾ Mr. Prasong Poontaneat was appointed as a director and chairman to replace Mr. Rungson Sriworasat from effective from June 20, 2018

⁽²⁾ General Apirat Kongsompong was appointed as a director to replace General Chalemchai Sitthisad effective from November 14, 2018

⁽³⁾ Ms. Catherine Low Peck Cheng was appointed as a director to replace Mr. Johannes Franciscus Grisel effective from April 12, 2018

Average term of office for every director in Board of Directors is 4.6 Years

M.L. Ayuth Jayant* is Secretary to the Board.

* Mr. Naris Aruksakunwong was appointed as Secretary to the Board since January 1, 2019 to replace M.L. Ayuth Jayant who was Secretary to the Board until December 31, 2018.

The Board meeting shall be held at least once a month, the meeting shall be held on the last Wednesday of every month. In case of an urgent case, the Board can arrange a special meeting as deemed necessary.

Directors Authorized to Sign to Bind the Bank

Mr. Piti Tantakasem, Chief Executive Officer, or any two directors are authorized to co-sign with the Bank's seal affixed.

The scope of roles and responsibilities of the Board of Directors is as follows:

1. Principles for Directors

1. Understand and execute their oversight role, including understanding the Bank's risk appetite.
2. Exercise their fiduciary duty, duty of loyalty, and duty of care to the Bank under applicable Thai laws and supervisory standards.
3. Avoid conflicts of interest and the appearance of such conflicts, and institute and enforce measures to monitor and avoid potential conflicts by the Bank's personnel in dealings with other persons and organizations.
4. Commit sufficient time and energy to fulfilling their responsibilities.
5. Avoid direct participation in day-to-day management of the Bank except executive director.
6. Secure information from management to enable the Board to fulfill its functions. It is the Board's responsibility to decide what information it wants.
7. Excuse themselves from decisions when they themselves or someone related to or connected with them have a conflict of interest.
8. Provide oversight of the senior management of the Bank by exercising their duty and authority to question and insist upon straightforward explanations from management and receive on a timely basis sufficient information to judge the performance of management.
9. Ensure that the Bank's confidential information and customer information is not given either inadvertently or deliberately to third parties and shall not use the information to seek gains without the Bank's consent or permission by law.

2. Function of the Board

The Board has delegated the management and day to day running of the Bank to the Chief Executive Officer including implementation of the strategy approved by the Board. The Board plays an important role in determining policies and overseeing the Bank to ensure appropriate and adequacy process and resources to enable operations in accordance with those policies, and to ensure monitoring, control, and audit of the implementation. In addition, The Board approves vision, mission, and strategy and ensure that vision, mission, and strategy are implemented by management. The Board shall review vision, mission, and strategy annually according to the change of economy and business competition. The other authorities and duties of the Board are as follows:

1. Strategy and Policy

- 1.1 Approve, monitor and update the overall business strategies of the Bank, including on risk governance, risk, sustainability and culture.
- 1.2 Approve overall business plan, budget, and risk appetite.
- 1.3 Safeguard the longer-term value of the Bank, which include the brand and corporate reputation.
- 1.4 Approve all credit limits for amounts in excess of the amount delegated to other board committees or management.
- 1.5 Approve all other risk limits and policies as prescribed by the Bank of Thailand and other relevant regulators.
- 1.6 Determine a calendar each year that sets forth and schedules the issues to be discussed by the Board during the year. Substantive issues such as strategy, financial performance and progress against budget and operational plans, capital planning, actual risk profile, Chief Executive Officer's performance evaluation and operational oversight issues such as product approval process should be prioritized over formalistic issues.
- 1.7 Approve the authority or the delegation of authority to approve credit, market risk limits, acquisitions, disposals, investments, or realization or creation of a new venture.
- 1.8 Ensure that the policies adopted by the Bank apply to and are implemented by each of its subsidiaries, or that each subsidiary adopt and implement policies of equivalent effectiveness.

2. Compliance

- 2.1 Oversee management's actions and consistency with Board policies as part of the checks and balances embodied in sound corporate governance.
- 2.2 Oversee Bank operation to provide fair service to customers
- 2.3 Ensure and oversee a proper and efficient whistleblowing policy and procedure
- 2.4 Meet regularly with senior management to review policies, establish communication lines and monitor progress toward corporate objectives.
- 2.5 Promote Bank safety and soundness, understand the regulatory environment and ensure the Bank maintains an effective relationship with its regulators.
- 2.6 Provide sound advice to management and recommend sound practices gleaned from other situations.
- 2.7 Review and, where permissible or required under applicable regulations, consider approval of connected transactions as prescribed by the Securities and Exchange Commission and related party credit limits as prescribed by the Bank of Thailand.
- 2.8 Oversee Bank disclosure of significant corporate governance to shareholder's meeting and public in order to strengthen the bank's good corporate governance

3. Organization

- 3.1 Organize the Board and its committees in a way that promotes efficiency and strategic discussion.
- 3.2 Establish certain specialized committees to assist the Board in its oversight function and to advise the Board on issues requiring specific technical expertise.
- 3.3 Periodically assess the effectiveness of its own governance practices, including nomination and election of Board members and management of conflicts of interest, determining where weaknesses exist, and making changes as necessary.
- 3.4 Develop and maintain an appropriate level of expertise as the Bank grows in size and complexity.
- 3.5 Select, monitor and where necessary replace key executives, while ensuring that the Bank has an appropriate plan for executive succession and that any intended successor(s) will be qualified, fit and proper to manage the affairs of the Bank.
- 3.6 Select, evaluate and determine the compensation of the Chief Executive Officer as well as certain key senior executives.
- 3.7 Ensure that Bank's compensation and benefits programs are appropriate and consistent with the strategic objectives and are compliant with relevant regulations.
- 3.8 Continuously review the internal structure of the Bank to ensure that there are clear lines of accountability for management throughout the organization.

Executives

As of December 31, 2018, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 25 persons as follows:

No	Name-Surname	Position
1	Mr. Piti Tantakasem	Chief Executive Officer
2	Mr. Senathip Sripaipan	Chief Wholesale Banking Officer
3	Ms. Chompoonoot Pathomporn ¹	Chief SME Banking Officer
4	Mr. Ronald Bart Huisman	Chief Retail Banking Officer
5	Mr. Johannes Franciscus Grisel ²	Chief Risk Officer
6	Mrs. Prapasiri Kositthanakorn ³	Chief Financial Officer
7	Mr. Lorenzo Tassan-Bassut ⁴	Chief Operating Officer
8	Ms. Arwiwan Tangtrongchit	Financial Controller
9	Ms. Somkid Preechasammakul ⁵	Head of Finance Business Partner
10	Ms. Pimolwan Puarattana-Aroonkorn	Head of Finance Business Partner - Commercial
11	Mr. Thawatchai Trongnamsukij	Head of Finance Business Partner - CRO
12	Mrs. Jitrawadee Srivichit	Head of Finance Business Partner - Retail
13	Mr. Mate Kanokpibool	Head of Financial Payment and Control
14	Mr. Andrew Kent Jan	Head of Balance Sheet Management
15	Mrs. Kwanhatai Sukhumtammarat	Head of Financial Data Maintenance and Processing
16	Mr. Chalermchai Paisithmongkol	Head of Central Treasury
17	Mrs. Voraluck Chokchaitam	Head of Asset Liability and Capital Management
18	Ms. Waree Thanmongkolswad	Head of Financial Regulatory Management
19	Mrs. Suphavadee Wuthithien	Head of Regulatory Analysis - BoT Reporting

No	Name-Surname	Position
20	Mrs. Kamolmarn Staworn	Head of Regulatory Analysis - Financial Reporting
21	Ms. Veeraya Mahakhan	Head of Financial Reporting Services
22	Mrs. Patcharee Leelarasamee ⁶	Head of Balance Sheet Analytics
23	Mr. Wutthikai Bunyanusat ⁷	Head of Accounting Control
24	Ms. Maline Laoitthi ⁸	Head of Financial Data Management Centre
25	Ms. Munlika Thanataweerat ⁹	Executive Finance Business Partner

Remark:

¹ was appointed as Chief SME Banking Officer effective from August 1, 2018

² was appointed as Chief Risk Officer effective from July 9, 2018

³ was appointed as Chief Financial Officer effective from April 1, 2018

⁴ was Chief Operating Officer until December 31, 2018

⁵ was appointed as Head of Finance Business Partner effective from January 15, 2018

⁶ was appointed as Head of Balance Sheet Analytics effective from February 5, 2018

⁷ was appointed as Head of Accounting Control effective from October 16, 2018 until February 27, 2019

⁸ was appointed as Head of Financial Data Management Centre effective from May 1, 2018

⁹ was Executive Finance Business Partner until January 6, 2019

Company Secretary

The Board of Directors has appointed M.L. Ayuth Jayant* to hold position of Company Secretary. (see more detail about education, work experience, and training course related to company secretary's function in attachment 1)

* Mr. Naris Aruksakunwong is appointed as Company Secretary since January 1, 2019 to replace M.L. Ayuth Jayant who was the Company Secretary until December 31, 2018.

The Company Secretary's roles and responsibilities are to perform duty in compliance with laws and follow up activities of the Board of Directors and Board Committees, management, and the Bank's to be in line with relevant laws, regulations, and articles of association of the Bank. The Company Secretary is also to support the Board of Directors, board committee, management, and the Bank to implement operation in line with good corporate governance.

The Company Secretary has roles and responsibilities as follows:

1. For the Bank

- 1.1 To monitor and supervise the Bank's overall operation to comply with relevant laws and regulatory requirements including resolution of Board of Directors, resolution of annual general meeting of shareholders.
- 1.2 To file and keep the Bank's important documentation such as certificate, memorandum & articles of association, shareholder register, licenses and power of attorney, etc.
- 1.3 To push for guidelines so that the Bank shall formulate policies, comply with good corporate governance and conduct regular review.
- 1.4 To act as contact person of the Bank

2. For the Board

- 2.1 To advise the Board of Directors and management on laws and regulations relevant to their duties
- 2.2 To oversee and conduct meetings of the Board and board committees established by the Board of Directors to be in line with laws, regulations, articles of association, charters, and best practices
- 2.3 To perform the Board's secretary and board committees' secretary as assigned including Chief Executive Committee, record accurate and complete minutes, inform to relevant management the resolution and follow up the resolution implementation
- 2.4 To oversee the changes of directors and examine director's qualifications in case of appointment of new directors and director to replace director who resigned by rotation in line with regulatory requirements and the bank's strategy and business direction, including propose the issue to the Bank of Thailand for endorsement
- 2.5 To review director's qualifications during the directorship period to ensure that the qualifications are always in line with regulatory requirements
- 2.6 To oversee insider information and conflict of interest practices of directors
- 2.7 To facilitate directors' training and development
- 2.8 To provide the Board's and Board Committees' performance assessment
- 2.9 To arrange Directors and Officers Liability Insurance (D&O Insurance) for the directors and management.

3. For the Shareholders

- 3.1 To conduct shareholders' meeting to be in line with laws, articles of association and good corporate governance principle, including perform duty of secretary to the shareholders' meeting.
- 3.2 To oversee the right of shareholders and create good relationship with shareholders.

Board of Directors' Meeting

In 2018, details of the meeting attendance of the Board of Directors and board committee members are as follows:

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Credit Committee
Total no. of meetings in 2018	14	23	12	14	12	20
1. Mr. Rungson Sriworasat ⁽¹⁾	5/5					
2. Mr. Prasong Poontaneat ⁽²⁾	8/8					
3. General Chalermchai Sitthisad ⁽¹⁾	8/10					
4. General Apirat Kongsompong ⁽³⁾	2/3					
5. Mr. Philippe G.J.E.O. Damas	14/14	23/23		12/14		
6. Mr. Singha Nikompun	14/14		12/12			
7. Mr. Siripong Sombutsiri	11/14			11/14	9/12	

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Credit Committee
Total no. of meetings in 2018	14	23	12	14	12	20
8. Mr. Johannes Franciscus Grisel ⁽¹⁾	3/3				3/3	5/5
9. Ms. Catherine Low Peck Cheng ⁽⁴⁾	10/11				8/9	13/15
10. Mr. Chumpol Rimsakorn	14/14	23/23		14/14		20/20
11. Mr. Vaughn Nigel Richtor	14/14	22/23				
12. Mr. Yokporn Tantisawetrat	13/14	22/23			11/12	18/20
13. Mr. Christopher John King	13/14		11/12	13/14		
14. Mr. Praisun Wongsmith	14/14		11/12			
15. Mr. Piti Tantakasem	14/14	23/23			11/12	17/20
Average of meeting attendance (%)	93%	98%	95%	90%	90%	92%

Remark:

⁽¹⁾ Not currently board member

⁽²⁾ Mr. Prasong Poontaneat was appointed as a director and chairman to replace Mr. Rungson Sriworasat effective from June 20, 2018

⁽³⁾ General Apirat Kongsompong was appointed as a director to replace General Chalermchai Sitthisad effective from November 14, 2018

⁽⁴⁾ Ms. Catherine Low Peck Cheng was appointed as a director to replace Mr. Johannes Franciscus Grisel effective from April 12, 2018

Notes:

(1) Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.

- The Board of Executive Directors meetings no. 3/2561, 7/2561, 9/2561, 11/2561, 13/2561, 15/2561, 17/2561, 19/2561, Special session no. 1/2561 Mr. Philippe G.J.E.O. Damas joined the meetings through Skype for business system.
- The Nomination, Remuneration and Corporate Governance Committee Meetings Special session no. 2/2561. Mr. Philippe G.J.E.O. Damas joined the meetings through Skype for business system.

(2) Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.

- The Board of Executive Directors meetings no. 3/2561, 7/2561, 9/2561, 11/2561, 13/2561, 15/2561, 17/2561, 19/2561, 21/2561, Special session no. 1/2561. Mr. Vaughn Nigel Richtor joined the meetings through Skype for business system.

(3) Mr. Johannes Franciscus Grisel is a director who does not have residence in Thailand.

- The Credit Committee meetings no. 1/2561, 3/2561, 4/2561, Mr. Johannes Franciscus Grisel joined the meetings through Skype for business system.

(4) Ms. Catherine Low Peck Cheng is a director who does not have residence in Thailand.

- The Credit Committee meetings no. 9/2561, 11/2561, 13/2561, 15/2561, 19/2561 Ms. Catherine Low Peck Cheng joined the meetings through Skype for business system.

(5) Mr. Christopher John King

- The Nomination, Remuneration and Corporate Governance Committee Meetings Special session no. 2/2561, Mr. Christopher John King joined the meetings through Skype for business system.

Remuneration for Directors and executives

1. Directors' remuneration

The Bank has fairly set the directors' remuneration criteria, compositions and amounts based on Fiduciary Duty at appropriate level. In addition, the directors' remuneration shall be in accordance with accountability and responsibility of the directors compared with the listed companies and companies in the same industry and similar size.

In addition, directors' remuneration must be sufficient and attractive to nominate qualified directors and retain directors who has knowledge and capability to perform their duty and dedicate themselves to contribute to the Bank. The Nomination, Remuneration and Corporate Governance Committee has reviewed the directors' remuneration on an annual basis, and then propose to the Board for endorsement and also put it in agenda of the Annual General Meeting of Shareholders for approval annually.

Directors' remuneration criteria

1. Monthly fee consists of

1.1 Retaining fee = Director is entitled to the retaining fee for one position only.

1.2 Committee fee = Director is entitled to the committee fee for every board and committee that he/she sits on.

2. Attendance fee = Director is entitled to the attendance fee for every meeting where he/she is present.

Cash remuneration by committee is as follows;

		Remuneration (baht)		
		Retaining Fee (Per Year)	Committee Fee (Per Year)	Attendance Fee (Per Meeting)
Board of Directors	Chairman	1,800,000	1,800,000	40,000
	Member	384,000	384,000	30,000
Board of Executive Directors	Chairman	1,440,000	1,440,000	40,000
	Member	422,400	422,400	31,200
Audit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Nomination, Remuneration and Corporate Governance Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Risk Management Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Credit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600

The directors who are the Bank's executives do not receive the remuneration according to the Bank's regulations and the representative directors who are the executives of ING Bank N.V. will not receive the remuneration under ING's policy.

In case additional remuneration is required for newly formed committees, the Board of Directors shall provide such remuneration and ensure that the total remuneration for the directors shall not exceed THB 40 million as approved by the shareholders' meeting.

In 2018, the Annual General Meeting of Shareholders has approved the distribution of directors' bonus at the rate 0.5 percent of dividend paid among the directors for 2017 operational performance and the Board be granted the authority to set up detail of the allocation. In this regard, the director who is the Bank's executive and the representative directors who are the executives of ING Bank N.V. will not receive the directors' bonus.

In 2018, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB 31,083,200 and directors' bonus amount of THB 13,152,470.51 The details are as follows:

Name of director	Position
1. Mr. Rungson Sriworasat ⁽¹⁾ (Until May 31, 2018)	Receiving THB 1,700,000 for serving as Chairman of the Board of Directors. Receiving THB 1,878,924.35 for directors' bonus.
2. Mr. Prasong Poontaneat ⁽²⁾ (Since June 20, 2018)	Receiving THB 2,270,000 for serving as Chairman of the Board of Directors.
3. General Chalermchai Sitthisad ⁽¹⁾ (Until October 31, 2016)	Receiving THB 816,000 for serving on the Board of Directors. Receiving THB 1,252,616.24 for directors' bonus.
4. General Apirat Kongsompong ⁽³⁾ (Since November 14, 2018)	Receiving THB 188,000 for serving on the Board of Directors.
5. Mr. Philippe G.J.E.O. Damas	Receiving THB 5,273,600 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,252,616.24 for directors' bonus.
6. Mr. Singha Nikompun	Receiving THB 2,584,800 for serving on the Board of Directors and as Chairman of the Audit Committee. Receiving THB 1,252,616.24 for directors' bonus.
7. Mr. Siripong Sombatsiri	Receiving THB 3,058,200 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of the Risk Management Committee. Receiving THB 1,252,616.24 for directors' bonus.
8. Mr. Chumpol Rimsakorn (Since April 7, 2017)	Receiving THB 4,735,200 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 939,462.18 for directors' bonus.
9. Mr. Praisun Wongsmith	Receiving THB 1,833,000 for serving on the Board of Directors and as Member of the Audit Committee. Receiving THB 1,252,616.24 for directors' bonus.
10. Mr. Yokporn Tantisawetrat	Receiving THB 3,792,000 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Credit Committee and Member of the Risk Management Committee. Receiving THB 1,252,616.24 for directors' bonus.
11. Mr. Christopher John King	Receiving THB 2,497,200 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,252,616.24 for directors' bonus.
12. Mr. Vaughn Nigel Richtor	Receiving THB 2,335,200 for serving on the Board of Directors and as Member of the Board of Executive Directors. Receiving THB 1,252,616.24 for directors' bonus.
13. Mr. Johannes Franciscus Grisel ⁽¹⁾	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
14. Ms. Catherine Low Peck Cheng ⁽⁴⁾	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
15. Mr. Piti Tantakasem	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.

Remark:

⁽¹⁾ Not currently board member

⁽²⁾ Mr. Prasong Poontaneat was appointed as a director and chairman to replace Mr. Rungson Sriworasat effective from June 20, 2018

⁽³⁾ General Apirat Kongsompong was appointed as a director to replace General Chalermchai Sitthisad effective from November 14, 2018

⁽⁴⁾ Ms. Catherine Low Peck Cheng was appointed as a director to replace Mr. Johannes Franciscus Grisel effective from April 12, 2018

Other remuneration and benefits

No other benefits

2. Remuneration for executive officers

During the fiscal year ended December 31, 2018, the Bank's 25 executives as defined by the Bank and align with definition of SEC received remuneration in a total amount of THB 247 million (included balance of remuneration for management movement during the year), consisting of salary, bonus, provident fund and other benefits. ("executives as defined by the Bank and align with definition of SEC" refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department and staff who may know the financial information before public.)

The Bank provides TMB Performance Share Bonus 2010 (TMB PSBP 2010). The objective is to support and reinforce the Bank's high-performance value, by offering long-term incentives to employees whose decisions and actions materially impact the Bank's performance or who have strategic value to the Bank. Regarding to TMB PSBP 2010 ended in 2014, some executives will be entitled to receive the last remaining shares in 2018, from their previous performance year (2012-2014).

Personnel

1. Number of Employees

As of December 31, 2018, the Bank has a total number of 8,373 employees which can be classified by gender, age, nationality, and working location as follows:

Topic	2018	2017	2016
1. No. of employees classified by gender:			
1.1 Male	2,413 persons	2,505 persons	2,657 persons
1.2 Female	5,960 persons	6,042 persons	6,323 persons
2. No. of employees classified by age:			
2.1 Age < 30	2,626 persons	2,509 persons	2,598 persons
2.2 Age 30-39	2,842 persons	2,952 persons	3,095 persons
2.4 Age 40-49	1,733 persons	1,899 persons	2,115 persons
2.3 Age > 50	1,172 persons	1,187 persons	1,172 persons
3. No. of employees classified by nationality:			
3.1 Thai	8,344 persons	8,518 persons	8,950 persons
3.2 Foreigner	29 persons	29 persons	30 persons
4. No. of employees classified by working location:			
4.1 Head Office	4,516 persons	4,316 persons	3,924 persons
4.2 Branch:			
Bangkok and Greater Area	1,674 persons	2,186 persons	2,257 persons
Provincial Area	2,176 persons	2,038 persons	2,792 persons
Overseas Branch	7 persons	7 persons	7 persons

2. New Employees

The Bank has a total number 2,785 New employees

Topic	2018	2017	2016
1. No. of new employees classified by gender:			
1.1 Male	689 persons	559 persons	393 persons
1.2 Female	2,096 persons	1,642 persons	1,326 persons
2. No. of new employees classified by age:			
2.1 Age < 30	1,818 persons	1,369 persons	1,072 persons
2.2 Age 30-39	777 persons	687 persons	547 persons
2.4 Age 40-49	172 persons	134 persons	89 persons
2.3 Age > 50	18 persons	11 persons	11 persons

3. Terminated employee

Topic	2018	2017	2016
1. No. of retired employees (including early retirement)			
1.1 Male	41 persons	61 persons	47 persons
1.2 Female	47 persons	46 persons	56 persons
2. No. of resigned employees and the rest:	2,959 persons	2,527 persons	2,592 persons

4. The Bank's employees broken down by group as follows:

Group	2018 No. of employees (persons)	2017 No. of employees (persons)	2016 No. of employees (persons)
Chief Executive Officer	1	1	1
Direct Report to Chief Executive Officer	8	7	8
Audit	55	57	68
Corporate Branding and Communications	25	27	30
Corporate Governance	12	13	17
Human Resources	57	62	73
Strategy and Transformation	25	21	22
Chief Wholesale Banking Officer	1	1	1
Direct Report to Chief Wholesale Banking Officer	19	22	18
Business Banking Customer Relationship Management	2	32	
Business Banking Customer Relationship Management 1	148	96	133
Business Banking Customer Relationship Management 2	151	117	150
Capital Markets	22	23	55
Capital Markets Product Sales	28	28	
Client Service and Commercial Channel	49	84	63
Commercial Credit Product	27	13	11
Commercial Lending and Investment Banking	-	20	11
Corporate Banking Customer Relationship Management 1, and 2	91	91	89
Domestic Transaction Banking	72	45	39
International Transaction Banking	35	35	33
Investment Banking	17	16	8
Military and Public Sector Relationship Management	19	15	15

Group	2018 No. of employees (persons)	2017 No. of employees (persons)	2016 No. of employees (persons)
Multi-Corporate Banking Customer Relationship Management	57	49	71
Wholesale Banking Segment	31	31	22
Chief SME Banking Officer	1	1	1
Direct Report to Chief SME Banking Officer	11	10	14
Commercial Banking Marketing Management	33	25	23
Small SME Customer Relationship Management 1	151	145	216
Small SME Customer Relationship Management 2	152	151	209
SME Customer Value Management	92	92	121
SME Product and Portfolio Management	22	20	18
SME Segment	3	2	6
Chief Retail Banking Officer	1	1	1
Direct Report to Chief Retail Banking Officer	26	18	18
Bancassurance Products	8	6	10
Channel Planning and Implementation (Bank Channel Development)	11	12	15
Retail Advisory and Sales Network	3,921	4,138*	4,423*
Retail Omni Channel Delivery (Branch Operations Excellence)	55	86	83
Customer Segment Middle Income	4	3	4
Customer Segment Wealth and Mass Affluent	2	5	5
Wealth Banking	106		
Digital Channels and User Experience	34	32	69
ME by TMB	39	39	39
Mutual Fund Products	8	6	5
Primary Bank Products	7	6	7
Retail Lending Products	26	26	25
Retail Marketing	78	76	73
Retail Products	21	26	25
TMB Contact Center	525	613	626
Chief Risk Officer	1	1	1
Direct Report to Chief Risk Officer	5	6	8
Compliance	30	29	38

* Branch Banking

Group	2018 No. of employees (persons)	2017 No. of employees (persons)	2016 No. of employees (persons)
Corporate Credit Underwriting	33	26	27
Corporate Operational Risk Management	36	17	30
Credit Policy and Risk Control	56	105	140
Credit Restructuring	127	127	112
Credit Risk Intelligence	56	56	57
Credit Risk Management	75	84	115
Legal	55	27	28
Market Risk Management	15	17	17
SE Portfolio Monitoring	153	163	
Small Enterprise and Retail Credit Underwriting	39	29	20
Chief Financial Officer	1	1	1
Direct Report to Chief Financial Officer	28	26	3
Balance Sheet Management	44	18	17
Finance Business Partner	22	19	39
Financial Control	74	76	97
Chief Operating Officer	1	1	1
Direct Report to Chief Operating Officer	190	129	128
Enterprise Architecture and IT Management	32	34	
Information Technology	280	267	274
Operational Excellence	-	22	34
Operations and Services	697	752	747
Operations Control	-	70	72
Information Security Office	34	-	-

5. Staff's total number during the past three years

Bank's employees	As of December 31, 2018	As of December 31, 2017	As of December 31, 2016
total number	8,373 persons	8,547 persons	8,980 persons

6. Key labor disputes during the past three years

As of December 31, 2018

Type of case	No. of cases	Status
1. Lawsuit brought by the Bank against employees	18	
1.1 Internal fraud	18	
- Case not yet finalized	8	Cases are under the Court's proceedings.
- Case finalized	10	
2. Lawsuit brought by employees against the Bank	26	
2.1 Unfair termination of employment	24	
- Case not yet finalized	13	Cases are under the Court's proceedings.
- Case finalized	11	
2.2 Demotion	1	
- Case not yet finalized	-	
- Case finalized	1	
2.3 Request for adjust the performance evaluation	1	
- Cannot yet finalized	1	Cases are under the Court's proceedings.
- Case finalized	-	

7. Staff's compensation

The Bank is well aware that employees are its valued resources and key contributors towards its success and achievement. Therefore, the Bank gives priority to the boosting of the employees' morale and ensure that they receive compensation based on their performance, skills and competence, as well as other welfare and benefits that are reasonable, fair and comparable to other financial institutions'.

Total compensation and types of compensation for employees

The Bank has compensation scheme in the form of base salary and variable pay depending on the business achievement. The industry benchmarking is conducted among financial institutions to ensure the competitiveness. The Bank has continued to review and update the information to ensure proper compensation package including the required working tools to be aligned with the scope of work and responsibilities, regardless of the corporate title or ranking. Corporate operational risk is also taken into consideration for total compensation. The overall compensation scheme is designed to drive the "Pay for Performance" culture depending on the performance of the Bank and employees.

In 2018, total compensation for the employees given in the forms of salary, cost of living allowance, other allowance that related to work, variable pay by performance and others accounted for THB 7,851 million.

Provident fund

The Bank and Employees have jointly established The Registered Provident Fund of TMB Bank Public Company Limited which is managed by The Board of Directors of The Registered Provident Fund of TMB Bank Public Company Limited that comprised of employers, which come from the appointment and employees which come from the election from the member. The fund is managed with Employee's Choice which contribution at 5% - 10% of the staff's salary is paid by the Bank into the Fund and The Bank's employee may choose to pay their own portion into the Fund at the rate of 2% - 15% of their salary.

Other welfares and fringe benefits

Medical care - The Bank provides medical services to staff through health insurance company with efficient and convenient service standards and cover dental treatment. The Bank also provides annual health checkup for all levels of staffs in term of health preventive care. Since 2016 the medical check-up program was properly provided by considering the range of ages and risk opportunity that might occur from work environment in some functions. The Bank also provides in-house medical clinic at the Head Office and its office at AIA Capital Center Building with specialized physicians to give medical treatment and health consultancy, with a few beds for sick staffs and initial medical care during the work hours.

Group life insurance, severe diseases insurance, personal accident insurance, and medical financial support for accident from work - The Bank provides options for staffs to choose the health insurance program to suit with their needs. These insurance programs are aimed at strengthening the employees' security while working with the Bank. The insurance is also covered 24 hours for both working hours and over time. Including the preparation of life insurance to staffs who work in areas including four most risky southern provinces namely Yala, Pattani, Narathiwat and Songkhla, as well as the medical financial support in case of accident that might be occurred from work.

Welfare loans – The Bank has been providing staff welfare loans that are referred to processes and product which are provided to customers, as well as encourage employees to adhere to the financial discipline. Besides, emergency loan is provided to ease staff's difficulty.

Other subsidies

The Bank provides other forms of subsidies to employees on several occasions, e.g. grants for staff's wedding, child's birth, ordination, Islamic pilgrimage, and scholarship for staff's children. The Bank also grants gratuity to the employees in case they themselves or any of their family members have passed away.

Employee activities – The Bank supports a wide range of clubs and activities for employees based on their own interests. These allow employees to relax and enjoy recreational activities together, creating work life balance and happiness in the workplace.

Canteen - The Bank has provided the canteen at its Head Office where employees can enjoy quality food and drinks in a low price and nice environment.

Fitness – The Bank supports and provides a fitness facility at head office, this will help to improve their health and well-being and promote a healthy workplace

Recreation – The Bank provides the facilities for employee's convenience during the break, this will allow the employee to recharge and perform more efficiently

8. Human Resource Development

Human Resources Development Policy

The Bank emphasizes in embedding Core and Leadership Competency into our employees' development programs. Moreover, agile way of work with the structure of Flat organization is implemented to improve the employee capabilities, increase working experience diversity to be the fundamental of Succession Planning and Talent Management. For those who are identified as Talents, they are developed through an intensive development programs with the aim to build them to be future leaders for TMB as well as preparing them for the critical positions that aligned with the succession planning. The talent management program covers the talent identification criteria, nomination process and reviewing sessions among top executives committee. The development program is designed and customized to match with the development needs of each talent group, while the program approaches are integrated all learning solutions including classroom training, workshop, community of practice, e-learning, business site visit, etc.

In 2018 and to be continued in 2019-20, there are some key changes in TMB Learning & Development concept, which will strengthen the development impacts and encourage employees to have self-learning. Those areas that TMB will focus more are;

1. Applying 4 level of Kirk-Patrick Model for the Functional Development Programs to ensure that the expected business results and behaviors are clearly defined prior to the design of any development programs
2. Involving more from Senior Management and People Manager in co-designing the development programs with HR, in order to build accountability and create the sense of ownership in developing their people
3. Providing Blended Learning Journey with the digital technology that can combine various development solutions (classroom training + virtual classroom + community of practices + knowledge sharing) into one learning platform, where employees can learn anywhere, anytime and any device
4. Strengthening the development contents by creating more Integrated/ Intervention Program with clear objectives, instead of having the variety of Fragmented programs
5. Shifting the e-learning contents from Long-form learning to be more Bite-sized/ Micro learning which is flexible, self-pace, and structured for easy consumption with clear single objective

Human Resources Development with the Business Plan Alignment

Core Competency Training Roadmap

Training roadmap for the Bank's staffs has been designed to strengthen Core and Leadership Competency for our people. We customized training contents and topics to fit staff and executive at all levels through analyzing key behaviors and skills required for the Bank's employees at different proficiency levels.

The significant factors such as expected behaviors, required skills, and proficiency levels, are used to analyze and develop content of the curriculum, through various methods, for example, learning from direct experience, learning from each other, classroom training, E-Learning, and community of practice. The Bank has also set a training path for employees throughout the organization in order to create a sustainable learning environment as well as encouraging our employees to develop the required competencies to meet standard criteria.

Leadership Development Program

TMB focuses on the development of the leaders at all levels. Therefore, the program has been designed to align with the expected roles and responsibilities to be able to handle all the challenges. The program offers the curriculum to build the right mindset, skill set and tool set. "First Line Manager" and "Manager of Manager" programs are designed based on the role of People Managers, which need to understand their responsibilities and practically apply on daily basis. They will learn mindset, skillset, toolset that enhance them to become a better manager. For the senior leaders and top management, the program focuses on widening the business perspectives and understanding key business challenges to prepare for rapid change in the industry. The program "Food For Thought" was developed to provide the learning opportunity to exchange views and share knowledge and expertise. This also includes the inspirational session and workshop run by many well-known professionals and experts.

TMB Learning Platform

In December 2018, TMB has launched the new learning platform replacing the previous one with the aim to enhance the learning effectiveness. With the new TMB learning platform, employees can learn and interact with the training programs through any mobile devices. The community of discussion and knowledge sharing space can be created with easy access. It fully supports the concept of learning at anywhere, anytime and any device. Not only the new learning platform, but the E-Learning contents also be provided with more than 400 courses to the employees, so they can choose the program that matches with their needs.

Functional Expertise Enhancement

TMB has provided the essential functional training programs to our employees through the blended learning approach including classroom training, E-Learning, community of practices. Sample of those programs are Credit Analysis, the Bank's product knowledge, crucial rules and regulations and banking & financial system to maximize their performance outcome and accuracy.

Process Improvement for operational excellence

In order to align with the bank strategy on maximizing the Bank's resources for cost and quality control efficiently, the Bank has applied Six Sigma and Lean concept to improve working process within the organization. The training program itself is provided to all level of our employees to create awareness and understanding.

Operational Risk Management and Security Awareness

With the concern on the impact to the customers and the Bank's reputation, risk management and security awareness are one of the aspects that the Bank has seriously focused. We have then provided various risk and security related training programs i.e. Corporate Operational Risk Management, Anti Money-Laundering, Promoting risk Awareness 2018, Cyber Threats etc. to our people through the Bank E-Learning system which our employees in all over the country can easily get access to study at any their convenience time.

In 2018, the Bank provides training to increase knowledge and skill which divided by courses, class, and employees attending courses as follows:

2018 Courses	No. of Courses	No. of Classes	Total No. of Attended Staff
Internal training courses	141	608	14,590
External training courses	78	84	255
Total Internal/ External Training	219	692	14,845
E-Learning study courses	7	7	28,273
Training courses for Branch	30	172	5,905
Training courses for SME	6	19	249
Training course for license staff	9	43	2,196
Training courses for other staff	183	501	8,691

Employees are trained on average 38 hours per person per year.

9. Measures for employee security

The Bank regards importance of its staff's safety, occupational health, and environment for staff and visitors. The Bank has Workplace Safety, Physical Security Policy and Occupational Safety, Health and Environment of The Workplace Committee Minimum Standard which indicates detail as below.

1. The Bank develop the measure for staff's safety, occupational health, and environment to align with the relevant laws, international standards, and other requirement which the Bank applied in the Bank's safety work environment culture for staff and visitors for sustainable practices.
2. The Bank recognize that the safety of workplace is every staff's responsibility, supervisor shall be the good role model as leader and support and encourage all staff to aware off about the safety of workplace as well as oversee the staff operation and the visitor or outsider according to the Bank's rules with respect to the safety and occupational safety in order to set the highest safety for every process.
3. The Bank support all staff engagement and visitor or the outsource party who working in the Bank to have the safety, and occupational health and environment.
4. The Bank support the resources in term of budget, time, human, and relevant tools in arranging the safety, occupational health and environment. The Bank set up the Safety, Occupational safety and environment committee for working and the committee is reviewed every 2 years.

The Bank set up the Safety, Occupational Safety and Environment Committee to align with Ministerial Regulation on the Prescribing of Standard for Administration and Management of Occupational Safety, Health, and Environment B.E. 2549 as detail below.

- Safety, Occupational Safety and Environment Committee consists of the chairman, employer representative, and employee representative and secretary.
- Safety, Occupational Safety and Environment Committee has the following authority and responsibilities:
 1. Consider policy and work plan to propose management regarding safety workplace in order to prevent and reduce any accidents or injure, or illness causing from work or unsafe workplace
 2. Report and recommend to management regarding the improvement measure for compliance with the safety workplace law and safety workplace standard in order to create safety environment for staff and external parties who have their activities in the Bank's office area
 3. Support the Bank safety workplace' activities
 4. Consider and propose the management on the Bank rule and manual regarding safety workplace and standard
 5. Survey the Bank's operations regarding safety workplace and monitor the occurred injure statistic data in the Bank's office area at least once a month
 6. Consider and propose the management with respect to the project or the training plan including the role and responsibility regarding safety workplace
 7. Design the reporting mechanism for every employee if there is any unsafety workplace
 8. Report the committee's annual operating performance including problem and obstructed as well as recommendation

Bank arrange the human resource who has the responsibility in conducting the monitoring on safety workplace alignment with the safety workplace law. The alignment shall cover for other safety workplace laws, organize fire drill at least once a year, organize basic fight fighting training, organize environmental inspection, organize special health checkup as risk factor, organize safety walkthrough, provide building structure safety inspection by certified external building inspector and report as per regulation.

Bank arranges the campaign for encourage more safety workplace and achieve the objective and build employee awareness to reduce employee's risk behavior in the workplace by communicating the following activities:

- Promote safety awareness by organizing safety activity quarterly basis
- Discussion session with respect to the safety
- Health and Safety day
- Create the safety poster and symbol
- Campaign regarding the using of safety equipment
- Join the external activities regarding the safety

10. Human Capital Management (HCM)

The Bank has implemented the Human Resource information system or Human Capital Management (HCM) for managing Human Resource information in order to meet the main objectives below.

- To improve productivity from workforce management and time reduction on operational work.
- To improve HR service delivery from more user-friendly interface and Self-Service functionalities with accurate and real-time information for higher employee satisfaction
- To empowering People Managers to better manage their employees from self-service functions and have access to information without asking supports from HR
- To enhance HR capabilities from leveraging more effective end-to-end processes to free up time for more strategic partnership tasks
- To increase efficiency in system security

There are standard modules which are implemented as following

- Organization Management
- Position Management
- Profile Management
- Benefit & Compensation
- Payroll
- Discipline
- Recruitment
- Performance Management
- Training
- Career Management and Succession Plan
- Time and Absence Management

> Corporate Governance

1. Corporate Governance Policy

The Board of Directors is well aware of the importance and benefits of good Corporate Governance and thereby set out the Corporate Governance Policy as written guideline since 2006 and the policy was reviewed annually to ensure that the policy is up-to-date and suit for the current situation as well as align with the international standard of good Corporate Governance. The Corporate Governance Policy has also been posted on the Bank's website for information of the Bank's employees and for public. The Board of Directors has ensured strict and on-going compliance by the employees.

Since 2017, Board of Directors has reviewed the Bank Corporate Governance Policy and applied SEC's Corporate Governance Code to the bank business to be comply with the good corporate governance and international standard, proper conduct the Bank business with efficiency, integrity, absence of fraud and corruption, transparency and accountability to enhance confidence of shareholders, investors, stakeholders, society and all related parties.

In 2018, Bank's Corporate Governance Policy has been considered to be revised comply with SEC's Corporate Governance Code* by applying 8 principles with respect to the corporate governance of the listed company, as well as the banking industry code of conduct issued by Thai Banker Association, aiming at its coverage align with the rapid change in corporate governance development (Detail is indicated in topic "9.7 Other Corporate Governance Practice") to ensure that the policy is aligned with the international standard and best practice.

**SEC Corporate Governance Code is revised base on 2012 SET Good Corporate Governance of the listed company, the key updated areas are related to the Board of Director's responsibilities in each business flow as well as new changes factors.*

The Board of Directors has put its best efforts in ensuring that the Bank's operation is in accordance with the Corporate Governance Policy. It is considered an important duty of the directors and employees to drive the Bank's business efficiency and effectiveness, create security, build public confidence in investment, and increase the business value for continuous and sustainable growth.

Principles of Corporate Governance of the Bank

1. The Bank shall operate business with care, efficiency, and effectiveness for stability and sustainable growth in accordance with its organization culture, TMB Way is comprising of 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.
2. The Bank shall operate business in compliance with good corporate governance principles without fraud and corruption, and based on key fundamentals of accountability, responsibility, equitable treatment and transparency.
3. The directors and employees shall protect the Bank's benefits, whilst taking into account the benefits, rights and equality of stakeholders. This will enhance the confidence of both domestic and foreign investors and contribute to an increase of the Bank's share value.
4. The Bank shall operate business in compliance with laws, rules and regulations, and relevant regulatory requirements.
5. The Bank shall determine guideline to treat the customer and stakeholders with fairness and transparency.
6. The Bank shall prevent any conflict of interest among the Bank, directors, employees and stakeholders, and to determine scope of responsibilities of the Board and executives to stakeholders.
7. The Bank shall determine comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.
8. The Bank shall accurate, complete and timely disclosure of the Bank's financial report and information affecting the decision-making.

2. Board Committees

To achieve effective and efficient performance, the Board has appointed board committees to relieve its burden in monitoring or consideration of important businesses of the Bank. The board committees have the authority to make decision on behalf of the Board subject to the Board's delegation of authority.

The Board has determined the scope of duties and responsibilities of the board committees in accordance with their missions. The segregation of duty is clearly defined without duplication of work, as well as in compliance with the regulatory requirements. In addition, the board committees' meetings must be held on a regular basis to report their performance for the Board' acknowledgement.

The board committees comprise:

1. Board of Executive Directors
2. Audit Committee
3. Nomination, Remuneration and Corporate Governance Committee
4. Risk Management Committee
5. Credit Committee

(1) Board of Executive Directors

As of December 31, 2018, the Board of Executive Directors was composed of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2018)
1. Mr. Philippe G.J.E.O. Damas	Chairman	Non-Executive Director	23/23
2. Mr. Chumpol Rimsakorn	Committee Member	Non-Executive Director	23/23
3. Mr. Vaughn Nigel Richtor	Committee Member	Non-Executive Director	22/23
4. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	22/23
5. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)	23/23

Notes:

- (1) Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.
- The Board of Executive Directors meetings no. 3/2561, 7/2561, 9/2561, 11/2561, 13/2561, 15/2561, 17/2561, 19/2561, Special session no. 1/2561 Mr. Philippe G.J.E.O. Damas joined the meetings through Skype for business system.
- (2) Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.
- The Board of Executive Directors meetings no. 3/2561, 7/2561, 9/2561, 11/2561, 13/2561, 15/2561, 17/2561, 19/2561, 21/2561, Special session no. 1/2561. Mr. Vaughn Nigel Richtor joined the meetings through Skype for business system.

M.L. Ayuth Jayant is Secretary to the Board of Executive Directors.

Mr. Naris Aruksakunwong was appointed to replace M.L. Ayuth Jayant who was the secretary to the Board of Executive Directors until December 31, 2018. Mr. Naris Aruksakunwong was appointed as secretary to Board of Executive Directors since January 1, 2019.

The Board of Executive Directors' meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Board of Executive Directors.

The scope of responsibilities is as follows

- To review business performance of the Bank in detail on behalf of the Board.
 - Review and recommend annual budget and business plan of TMB including capital planning.
 - Conduct tracking of financial result and performance by business segment of TMB.
 - Oversee performance of subsidiaries.
- Review and recommend or approve large capital expenditure in relation to plan and strategy according to delegation of authority.
- Review and recommend new business models that are strategic for the Bank including equity participation.
- Monitor progress of transformation that build capabilities of the Bank for the future.
- Monitor progress of the branding and corporate communications programs.
- Review the overall performance of the Chief Executive Committee and provide advice to management as appropriate on urgent or important issues and review the critical issues raised by the management and propose to the Board.
- Oversee the Bank's digital transformation and IT investment plans to ensure sufficient investment in IT architecture, infrastructure and supporting systems to effectively support the digital transformation that covers digital business, security, and risk.
- Ensure appropriate governance on customer data management, data quality, and information security.
- Review control, implementation and monitor IT security and cybersecurity controls (threats and vulnerabilities) to ensure reliability, accessibility, security, and stability in accordance with policy and risk appetite, including regular disclosure of IT and cyber security reports to BoD
- Undertake such additional tasks as are related to and considered by the BoED to be necessary to achievement of the foregoing responsibilities or as may be assigned to it by the Board.

(2) Audit Committee (oversight TMB and Financial business group)

As of December 31, 2018, the Audit Committee was comprised of 3 members whose qualifications must conform to the Securities and Exchange Commission's requirements as follows:

Name	Position	Note	No. of the meeting in attendance (as of Dec 31, 2018)
1. Mr. Singha Nikornpun	Chairman	Independent Director	12/12
2. Mr. Christopher John King	Committee Member	Independent Director	11/12
3. Mr. Praisun Wongsomth	Committee Member	Independent Director	11/12

Member of the Audit Committee with well experienced and reviewing financial statement

1. Mr. Singha Nikornpun
2. Mr. Praisun Wongsomth

Mr. Sunthorn Ruckpanich is Secretary to the Audit Committee.

The Audit Committee's meeting is usually held once a month or as deemed necessary and instructed by the Chairman of the Audit Committee.

The scope of responsibilities is as follows:

1. To review the Bank's financial statements to ensure accuracy and adequacy.
2. To review and ensure that the Bank has suitable and efficient internal control system and internal audit and reviewing to ascertain that internal audit function is independent. Hiring, transferring, removal of Head of Audit shall be concurred by Audit Committee before submission to Nomination Remuneration and Corporate Governance (NRCC) for endorsement and Board of Directors for approval respectively.
3. To evaluate the efficiency and effectiveness of the performance of Head of Audit.
4. To review and approve the Annual Audit Plan of Internal Audit.
5. To review to ensure compliance with the laws and regulations imposed by the BoT, SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
6. To select, nominate and recommend remuneration of the Bank's external auditor by taking into account credibility, adequacy of resources, experience and independence including recommend dismissal of the external auditor. The Audit Committee shall meet with the external auditor without the members of executive management being present as often as it determines but at least once a year.
7. To approve audit-related and other services engagements with the Bank's external auditor.
8. To review connected transaction or transaction that may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and regulation and that transactions are entered with reasonableness for the benefit to the Bank.
9. To prepare audit committee report, signed by the chairman of the Audit Committee, and disclose it in an annual report of the Bank. The report should at least contain the following information;
 - (1) The Audit Committee's opinion regarding the accuracy, completeness and integrity of the Bank's financial statements.
 - (2) The Audit Committee's opinion regarding adequacy of the Bank's internal controls.
 - (3) The Audit Committee's opinion regarding compliance with applicable laws and regulations.
 - (4) The Audit Committee's opinion regarding suitability of the Bank's external auditor.
 - (5) The Audit Committee's opinion regarding transaction that may lead to conflict of interest.
 - (6) The number of the meeting held during the year and number of each member's attendance.
 - (7) Overall opinion on the discharge of Audit Committee's duties according to its charter.
 - (8) Other information, within the scope of the roles and responsibilities of Audit Committee, which is deemed to be necessary for shareholders and general investors.
10. To commence investigation without delay upon being informed by external auditor of suspicious circumstance and report to SEC and external auditor the preliminary result within 30 days. The committee also is to report to the Board of Directors so that the Board can rectify the issues within the timeline specified by Audit Committee on the following findings or suspected transactions or actions:
 - (1) Conflict of interest;
 - (2) Fraud, possible fraud, or significant deficiency of internal control;
 - (3) Breaching of the applicable laws and regulations.In case where the Board of Directors or executive management fail to rectify the issues within the specified timeline, Audit Committee shall report to BOT, SEC and SET, and ensure disclosure in the Bank's annual report.
11. To perform appropriate action upon being informed of suspicious circumstance by internal staff and/or external parties including whistleblowers.
12. To review the appropriateness of corrective measures and actions taken by management in response to the reports or instructions from BOT, SEC and SET and any other relevant regulators.
13. To review the accuracy and reliability of the financial statements of the Bank's subsidiaries, and to review compliance with the policies, processes and standards set by the Bank for its subsidiaries, including those related to internal controls and audit.
14. To perform any other duties as delegated by the Board of Directors and agreed by the Audit Committee.
15. To perform other duties as required by law.

**(3) Nomination, Remuneration and Corporate Governance Committee
(oversight TMB and Financial business group)**

As of December 31, 2018, the Nomination, Remuneration and Corporate Governance Committee was comprised of 4 directors not holding executive position, namely:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2018)
1. Mr. Siripong Sombutsiri	Chairman	Independent Director	11/14
2. Mr. Philippe G.J.E.O. Damas ⁽¹⁾	Committee Member	Non-Executive Director	12/14
3. Mr. Chumpol Rimsakorn	Committee Member	Non-Executive Director	14/14
4. Mr. Christopher John King ⁽²⁾	Committee Member	Independent Director	13/14

⁽¹⁾ Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.

- The Nomination, Remuneration and Corporate Governance Committee Meetings Special session no. 2/2561. Mr. Philippe G.J.E.O. Damas joined the meetings through Skype for business system.

⁽²⁾ Mr. Christopher John King

- The Nomination, Remuneration and Corporate Governance Committee Meetings Special session no. 2/2561, Mr. Christopher John King joined the meetings through Skype for business system.

M.L. Ayuth Jayant is secretary to the Nomination, Remuneration and Corporate Governance Committee.

Mr. Naris Aruksakunwong was appointed to replace M.L. Ayuth Jayant who was the secretary to the Nomination, Remuneration and Corporate Governance Committee until December 31, 2018. Mr. Naris Aruksakunwong was appointed as secretary to Normination, Renuneration, and Corporate Governance since January 1, 2019.

The meeting of this Committee is usually held once a month or as deemed necessary and instructed by the Chairman of the Nomination, Remuneration and Corporate Governance Committee.

The scope of responsibilities is as follows:

1. Nomination

- 1.1 Review and recommend to the Board policies, criteria and methods, including an appropriate skills matrix, for the recruitment selection and nomination of
 - (a) Members of the Board
 - (b) Members and chairpersons of each Board Committee
 - (c) Representatives of the Bank as directors, chairpersons and chief executives of companies which are subsidiaries or where the Bank is entitled to nominate one or more representatives as director
 - (d) Senior management
- 1.2 Screen, shortlist and propose to the Board for nomination or appointment qualified candidates for the positions mentioned above.
- 1.3 Recommend to the Board appropriate succession plans for senior management.
- 1.4 Review and monitor the implementation and effectiveness of the policies, criteria, methods and plans referred to above and report thereon to the Board at least annually.

2. Remuneration

- 2.1 Review the overall remuneration structures policies and practices of the Bank as well as oversee the public disclosure thereof, including those on benefits, performance evaluation, incentive awards and severance payments, to ensure they are consistent with the decisions of the Board and the Bank's culture, objectives, strategy and control environment, promote long term shareholder value, and take fair account of the roles, responsibilities, management of risk and performance of the individuals concerned, and of market benchmarks; and make recommendation to management and the Board as appropriate.
- 2.2 Recommend to the Board (subject to further approval by the shareholders where required) the amount of actual remuneration and benefits of members of the Board and of Board Committees.
- 2.3 Approve (or in the case of the CEO of the Bank recommend to the Board for approval) the actual remuneration and benefits, including any incentive award or severance payment, of senior management.

3. Corporate Governance

- 3.1 Review and where appropriate recommend to the Board changes to applicable policies, codes, rules and guidelines including those governance, sustainability and culture to ensure the highest standards of good corporate governance and ethics in line with best international practice, and supervise, monitor and report to the Board at least annually on the implementation and effectiveness thereof.
- 3.2 Recommend to the Board the appropriate size and composition of the Board and Board Committees, and the mandates of each Board Committee.
- 3.3 Recommend to the Board policies criteria and methods for the periodic evaluation of the performance of the Board and Board Committees, implement the same and report the results to the Board.

4. Other Responsibilities

- 4.1 Undertake such additional tasks as are related to and considered by the NRCC to be necessary to achievement of the foregoing responsibilities or as may be as signed to it by the Board
- 4.2 Make such reports and disclosures on its work to the Board, regulators, shareholders and the public as are required by applicable regulations or deemed appropriate in the interests of good governance.

(4) Risk Management Committee

(oversight TMB and Financial business group)

As of December 31, 2018, the Risk Management Committee was comprised of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2018)
1. Ms. Catherine Low Peck Cheng ⁽¹⁾	Chairperson	Non-Executive Director	8/9
2. Mr. Siripong Sombutsiri	Committee Member	Independent Director	9/12
3. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	11/12
4. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)	11/12
5. Mr. Johannes Franciscus Grisel ⁽²⁾	Committee Member	Management (Chief Risk Officer)	6/6

Notes:

⁽¹⁾ Ms. Catherine Low Peck Cheng (attend the meeting 8/9) was appointed as director to replace Mr. Johannes Franciscus Grisel (attend the meeting 3/3) effective on April 12, 2018.

⁽²⁾ Mr. Johannes Franciscus Grisel (attend the meeting 6/6) was appointed as Chief Risk Officer to replace Mr. Franciscus Gerardus Rokers (attend the meeting 6/6) effective on July 9, 2018.

Ms. Adchara Sarnsuwan is secretary to the Risk Management Committee

The meeting of this Committee is usually held monthly or as deemed necessary and instructed by the Chairman of the Risk Management Committee.

The scope of responsibilities is as follows:

- To propose to the Board a framework and policies for risk governance and overall risk management, including major risks such as credit risks, market risks, liquidity risks, operational risks, strategic and reputational risks, etc.
 - To advise the Board on appropriate risk related policies, appetite, tolerance and strategy for the Bank and its business units including authority or the delegation of authority to approve credit.
 - To recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite.
 - To approve significant policies and framework that govern the management of risks, including risk governance matters, and which have been delegated to RMC by the Board.
 - Ensure and regularly review appropriate Technology, Information and cyber risk governance, policy, and appetite that meet international standards
 - Regularly monitor Technology, Information and cyber risk against appetite as a part of overall risk oversight
- To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the financial institution's risks are at appropriate levels.
 - To approve the supplemental risk limits as defined in the relevant policies and frameworks.
 - To review the adequacy of the Bank's risk management policy and systems, and the effectiveness of policy and systems implementation in terms of identifying, measuring, aggregating, controlling and reporting these risks by top management and Chief Risk Officer.
 - To review and monitor all risks and risk management practices, including internal control and compliance processes and systems.
- To approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committees.

4. To report the risk management performance and all risk management matters and measures to the Board, and to the Audit Committee for any improvements needed to ensure the effectiveness of the policy implementation including progress of implementation on risk culture.
5. To advise on the development and maintenance of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact of their actions on the Bank and its business units.
6. To advise on the alignment of compensation structures in relation to the management of risk, within the Board's risk appetite.
7. Appointment, transfer, removal of CRO and performance appraisal of CRO's performance shall be concurred by Risk Management Committee
8. To perform other duties as delegated by the Board of Directors or regulatory requirements.

(5) Credit Committee

As of December 31, 2018, the Credit Committee was composed of 5 members as follows:

Name	Position	Note	No of the meeting in attendance (as of Dec 31, 2018)
1. Mr. Chumpol Rimsakorn	Chairman	Non-Executive Director	20/20
2. Ms. Catherine Low Peck Cheng ⁽¹⁾	Committee Member	Non-Executive Director	13/15
3. Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	18/20
4. Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)	17/20
5. Mr. Johannes Franciscus Grisel ⁽²⁾	Committee Member	Management (Chief Risk Officer)	10/10

Notes:

⁽¹⁾ Ms. Catherine Low Peck Cheng (attend the meeting 13/15) was appointed as director to replace Mr. Johannes Franciscus Grisel (attend the meeting 5/5) effective on April 12, 2018.

Ms. Catherine Low Peck Cheng is a director who does not have residence in Thailand.

• The Credit Committee meetings no. 9/2561, 11/2561, 13/2561, 15/2561, 19/2561 Ms. Catherine Low Peck Cheng joined the meetings through Skype for business system.

⁽²⁾ Mr. Johannes Franciscus Grisel (attend the meeting 10/10) was appointed as Chief Risk Officer to replace Mr. Franciscus Gerardus Rokers (attend the meeting 10/10) effective on July 9, 2018.

Mr. Ekanat Kieatinapasin is secretary to the Credit Committee.

The Credit Committee's meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Credit Committee.

The scope of responsibilities is as follows:

1. To approve the following:
 - 1.1 credits,
 - 1.2 credit restructuring,
 - 1.3 NPL Write-off, and NPL Sales
 - 1.4 NPA Acquisition, NPA Sales and NPA Write-off which exceed the Management's approval authority and are NOT related parties or group limits NOT exceeding the Single Lending Limit (SLL).

2. To review specific credits proposals for related parties or in which group limits exceed the SLL prior to submission to the BOD for approval
3. To review the credit decisions of the most senior executive credit committees
4. To approve credit and related risks for transactional investments or underwriting commitments which exceed the Management's approval authority.
5. To perform other duties as delegated by the Board of Directors or regulatory requirements.

(6) Other committees of Management Level

The Board or the Board Committees will appoint core committees in management level for supporting the Board or Board Committee to perform duty under scope and responsibility approved by the Board or Board Committee.

Core committees in executive level which there are Chief Executive Officer and Chiefs as chairman are as follows:

1. Chief Executive Committee (CEC)

The CEC is to operate long term strategy of the Bank and conduct regular review of progress in achieving its goals. To propose the Annual Business Plan, Annual Budget, Capital Budget, Headcount Plan to the Board for consideration and approval and control headcount against headcount plan, to consider and approve investment, main projects of the Bank, branding, advertising, corporate communication, and measures to deal with crisis situations. In addition, the CEC is to consider strategic plan of subsidiaries and review their performance.

2. Risk Policy Committee (RPC)

The RPC is to assess the integrity and adequacy of the credit management of the Bank, to review and endorse or approve the Bank's credit risk policies, framework, guidelines, credit underwriting guidelines and standards, and credit criteria of products within the delegated authority.

3. Non – Financial Risk Committee (NFRC)

Non-Financial Risk Committee (NFRC) is to identify, measure and monitor the Operational, Compliance and Legal risks of the Business Units/ Support Units with appropriate quality of coverage (granularity) and to ensure that appropriate management action is taken by the responsible (business) managers at the appropriate level of granularity.

4. Credit Underwriting Committee (CUC)

The CUC is to consider, recommend, and approve for all matters relating to credit risk and issuer risk and approve credit within delegated authority, to endorses credit that exceed approval authority to the Credit Committee for consideration. In addition, the CUC is able to sub-delegation and power to sign to related person.

5. Credit Restructuring Committee (CRC)

The CRC is to approve credit restructuring in management level, to consider and approve for all matters relating to credit risk, investment risk, The CRC is to review status and plan for all matters relating to credit restructuring, nursing period and write off.

6. Asset and Liability Management Committee (ALCO)

The ALCO is to define and decide on the formulation and execution of asset and liability management policies and to endorse/approve for all matters relating to the asset and liability management of the Bank. In addition, The ALCO is to define the policies regarding liquidity risk management, market risk management, balance sheet management, and market risk economic capital management.

7. Digital Strategy Committee

The IT Steering Committee is to endorse IT Strategic Plan and Blueprint to ensure proper alignment with corporate plan, to be informed and updated of the Bank and Market crucial banking technology.

8. Human Resource Committee (HRC)

The HRC is to consider and approve the framework governing the Bank's human resources management policy, compensation standards, rules and regulations, succession plan, performance review, salary adjustment, bonus and incentive award of employees at below Group Head. The HRC is to approve the governance structure of job grading and function title or any issues under HR transformation and also to approve the Bank's human resource development structure and corporate culture.

9. The Disciplinary Action Committee (DAC)

The DAC and Senior DAC are entitled to decide the disciplinary penalty for guilty employees and the indemnification for the Bank.

10. Customer Experience Management (CXM)

The CXM is in charge of customer experience and ensure that customers' complaints are properly managed.

11. Safety, Occupational Health and Work Environment Committee

To consider policy and plan on workplace safety and safety outside works; organize projects encouraging and supporting safety-related activities; and investigate regulations and manuals on safety, occupational health and working environment to be in line with Ministerial official laws.

12. Anti-Fraud Steering Committee

To govern the Bank's fraud risk management system and process so as to mitigate impacts to the Bank's business appropriately.

3. Recruitment of directors and top executive officers

For recruitment of directors, the Bank considers Board diversity including professional skills, expertise, experiences, and gender. The Bank required qualification of directors align with the Bank's strategy which prepare in form of skill matrix. In some case, the Bank recruit directors form considering of Director Pool data base.

The Bank has the guideline in nominate the director as following:

3.1 Independent director and director nomination criteria

1) Recruitment of Independent Director

The Bank has been aware that independent directors take a vital role in safeguarding the interests of the Bank and the minor shareholders. To enhance independence of the Board of Directors and manage conflicts of interest pursuant to the regulatory criteria and the corporate governance principles, the Board has formulated criteria for nomination of independent directors from professionals of diversified fields with proper qualifications and experience who can deliver independent opinions and have fairness in the performance of duty by applying skill matrix as the tools for consideration. The Nomination, Remuneration and Corporate Governance Committee shall make preliminary consideration of the nomination of independent directors before submission to the Board meeting or the shareholders' meeting (as the case may be) for appointment thereof. The basic qualifications of an independent director shall be defined by the Bank which more stringent than that under the criteria set by the Capital Market Supervisory Board.

Board of Director establish the independent director qualification that indicate the term of independent director not longer than 9 years consecutively. Any independent director who has their term for 9 years, could be re-elect for another term of independent director after their resignation for 2 years. the bank also applied the condition according to Bank of Thailand notification that indicated as the person who will retire and has the term for longer than 9 years, if such person will be reappointed the term of independent director for the reappointed period shall not exceed May 1, 2022. Therefore, any independent director who dedicated its knowledge and experience in the bank business for longer than 9 years, the Bank might consider reappoint them for another term according to such rational.

Qualification of Independent Directors

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major share holder, or any person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.
2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
3. Not be a person who having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of other directors, executives, major shareholders, a person having controlling power, or a person to be nominated as the director and executive or that who has controlling power over the Bank or its subsidiary.
4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

Business relationship in the above paragraph shall cover any ordinary course of business or trade for business engagement purpose, property rent, transaction relevant to asset or service, giving or receiving financial assistance in form of loan or guarantee, offering assets as collateral, and any other similar conduct, which causes the Bank or its counterparty to be liable for debt settlement to another party in an amount equivalent to 3 percent or more of the net tangible assets of the Bank or twenty million baht or more, whichever is lower. The calculation of the said debt is accordance with the calculation of a connected transaction prescribed in the Capital Market Supervisory Board's notification regarding criteria on connected transactions mutatis mutandis. However, consideration of the said debt shall include the debt incurred during the one-year period prior to the date on which such business relationship takes place.

5. Not be and have not been an auditor of the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Bank, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Bank has been working, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
6. Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million baht a year from the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.
7. Not be a director who has been appointed as a representative of the Bank's director, the major shareholder, or the shareholder related to the Bank's major shareholder.
8. Not engage in the business of the same nature as or competing with that of the Bank or its subsidiary. The independent director shall not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than one percent of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Bank or its subsidiary.
9. Not maintain in the independent director position longer than 9 years, unless they have been discharged from such positions or status for no less than 2 years prior to the day the appointment
10. Not have any characteristics that prevent the director from giving independent opinions on the Bank's operations.

In this regard, any revision/amendment/relaxation of the criteria or qualifications of the independent directors to be announced later on by the Capital Market Supervisory Board, the Securities and Exchange Commission, the Stock Exchange of Thailand or the Bank of Thailand shall be applied accordingly.

2) Recruitment of Non-Executive Directors

The Board of Directors has put in place a definite and transparent director nomination policy and process. the Nomination, Remuneration and Corporate Governance Committee is responsible for the selection, screening, and nomination of qualified persons to the Board of Directors for consideration according to the regulation requirement as well as the good corporate governance by using the Board Skills Matrix to be the support tool before proposing to the shareholders' meeting for further election as directors of the Bank. Apart from the qualifications prescribed in the Bank's Articles of Association and the appropriate personal qualifications, the persons nominated must be competent, knowledgeable and experienced in bank and relevant business operations with the possession of leadership skills, visionary and strategic ideas that can lead the Bank to a strong and long-term sustainable growth and must be able to dedicate their time for the optimum benefits of the Bank.

In case of vacancy due to the resignation of a director before finishing the term, the Board of Directors shall appoint a person to fill the vacant position through the nomination made by the Nomination, Remuneration and Corporate Governance Committee. The said new director shall hold office only for the remaining term of office of the director whom he/she has replaced, unless remaining duration of director's term of office is less than two months.

The shareholders are allowed to vote for the election of directors by individual This voting use the majority votes of the shareholders who attend the meeting and have voting rights.

3) Appointment of member of the Board Committees

For appointment of board committees' members, the Nomination, Remuneration and Corporate Governance Committee shall consider and endorse the nominees before submission for approval and appointment by the Board of Directors. The selection is based on the expertise specifically required for each particular board committee. Members of the board committees shall have professional skills, specific experience, and free from conflict of interest. In addition, each committee shall have the composition and qualifications as prescribed by the regulatory criteria as well as Board Skills Matrix.

3.2 Recruitment of top executive officers

In the appointment process of the executive at "Head of" level and above, the Nomination, Remuneration and Corporate Governance Committee is responsible for consideration to acquire and screen the qualified persons from both internal and external sources as defined by the Bank's rules and regulations. Moreover, criminal and NCB checked are required. Then the nominated persons will be proposed to the Board of Directors for approval as well as other required functions to comply with laws and regulations of government authorities related to financial service business.

Regarding the appointment process of the executive at “Team Head” level and below, the executive shall consider, select and appoint qualified persons as deemed appropriate.

The succession plan for key positions has been established and reviewed annually. In this regard, the recruitment process to fill the position of the executive who will soon complete a specific term shall be made by the Nomination, Remuneration and Corporate Governance Committee duly in advance.

Performance Appraisal of the Chief Executive Officer

Nomination, Remuneration and Corporate Governance Committee has been assigned to appraise the CEO's performance as well as corporate's performance in the following areas:

- 1) Profit and Efficiency
- 2) Risk Management
- 3) Sustainable growth
- 4) Digital transformation

4. Consolidated supervision policy

The Bank has determined the management and control structure of the subsidiaries in aspect of generating strategic plan and nominating representative directors to jointly manage the subsidiaries and reorganize to take responsibility of the subsidiaries as appropriate.

4.1 Mechanism for Supervision

The Bank has mechanism to supervise subsidiaries for controlling the operation of subsidiaries in which to keep benefit covering investment, The Board of Directors has determined “Consolidated Supervision Policy”, which includes policies as follows

1. Accounting Policy

To determine the accounting and financial report policy for the Bank to collect related information from the subsidiaries for generating consolidated financial report correctly, in the same direction and in compliance with the Bank of Thailand's rule and regulation and analyzing performance and financial status of the subsidiaries correctly and promptly for controlling and following.

2. Corporate Governance Policy, Policy on Confidential & Insider Information and Conflicts of Interest

Corporate Governance Policy determine the policy for the subsidiaries to conduct under business ethic and the morality and the best practices are concerning in good corporate governance and best practices which should be in line with Good Corporate Governance Policy.

Policy on Confidential & Inside Information and Conflicts of Interest is applied both the bank and the subsidiary companies to prevent conflict of interest issue and misusing the internal information and aligned with the bank's policy.

3. Anti-Corruption Policy

Anti-Corruption Policy determine the policy for the subsidiaries to conduct in the same manner of the Bank, as well as applying the relevant laws on such matter. This is to support the bank and subsidiaries' intention in anti-corruption, anti-bribery dealing with either government or private sector.

4. Risk Management Policy

To determine the risk management policy of the subsidiaries covering various aspects of risk relating to companies' performance and impacting the stability of the Group Companies including market risk management, liquidity risk management, operational risk management and credit risk management.

5. Compliance Policy

To determine the policy for the subsidiaries to conduct under Compliance Policy and relevant Regulatory Policy such as Regulatory Compliance, Bank of Thailand's Regulatory, Compliance and Know your Customer, Anti-Money Laundering Act, and Counter Terrorism Financing Act.

6. Corporate Communication Policy

To determine the policy for the subsidiaries to conduct in the same way and promote Bank image in aspect of name and brand and disclose information of the subsidiaries.

7. Audit Policy

To determine the roles of Internal Audit (AUD) and Independent Credit Review (ICR) and the Audit Committee's oversight role in conjunction with the roles of the Bank management and external auditor on auditing, controlling and monitoring the Group Companies. The ultimate objective is to ensure sound control culture and good governance throughout the Financial Business Group.

4.2 Representative Director Appointment

The objective is to manage and control the subsidiaries carefully under consolidated supervision policy, the Bank sets guideline of representative director appointment as follows:

1. The Bank nominates directors by proportion of the Bank's shareholding.
2. Chairman of the Board must be appointed by the Bank's Board of Directors.
3. Managing Director or Chief Executive Officer's nomination must be endorsed by the Bank's Board of Directors. (The nomination of Managing Director of all companies in Solo Consolidation Group must be approved by the Bank of Thailand).
4. Chief supervising the subsidiaries companies proposes the Bank's executives as representative directors by:
 - 4.1 Propose to the Board of Directors (BoD) the appointment of new representative directors through Chief Executive Committee (CEC), and Nomination, Remuneration and Corporate Governance Committee (NRCC) respectively or other guidelines that will be set up by the Board of Directors in the future.
 - 4.2 Propose to the CEC the re-appointment of the existing representative directors.
5. The Bank may consider appointing outside expert to be a director as appropriate.
6. In case there are more than one Bank's representative directors in the subsidiaries, the Bank may nominate a Lead Director who are position Head of and above on to gather and propose information and performance for each company.
7. The person who is appointed to be a representative director could be appointed as managing director or authorized director or others. However, such person must not be appointed in aforementioned positions in more than 3 business groups.
8. Bank's representative director has no conflict of interest with the Company to which the Bank will send the representative director.

4.3 Duty of Representative Directors

1. All representative directors shall not receive any remuneration in terms of cash and non-cash for being representative directors.
2. Attend all Group Companies' Board meetings to determine the Group Companies' Policies and Strategies to align with the Bank, which a lead director will work with
 - 2.1) Strategy and Transformation to ensure timely communication of direction and strategy from the Bank to representative Directors regarding business matters.
 - 2.2) Related Chief/BU regarding oversight in TMB risk management area shall regularly report the summary of risk issues of the group companies to RMC of the bank every 6 months or as deem appropriate.
3. Supervise the operation of the subsidiaries to be compliance with Bank's policies, plans, rule and regulation efficiently and effectively, as well as ensure no Conflict of Interest issue.
4. Propose policy, strategy, performance and opinion to the Bank.
5. Report performance of the subsidiaries or any material change that may have an impact on the Bank such as capital increase/decrease of the subsidiaries, business sale and purchase/merging, change in financial status, change in business group or change in rules/regulatory bodies/specific laws of each business.
6. Monitor and protect all benefits of the Bank.
7. Other duty as specified by the Bank.

4.4 Transactions that requires approval by the Bank before Voting in the subsidiaries' Board Meetings

1. Policy and strategy that will significantly impact on going business operation or nature of business.
2. Increase or decrease of registered capital.
3. Approvals of dividend payout.
4. Investment or divestiture of other business which subsidiary holds more than 10% of paid-up capital.
5. Selling of core asset.
6. Entering into business contract/agreement that is worth more than 15% of net tangible asset (NTA).
7. Liquidation/ Debt Moratorium /Bankruptcy.
8. Transactions related to the Bank and connected persons to the company following Compliance Policy.
9. Borrowing transaction over 15% of NTA and Letter of Guarantee to third party with transaction over 15% of NTA.
10. Change of image, business format or brand.
11. Other matters that have significant impacts on the Bank's business and the liability for representative directors.

5. Control on use of inside information

The bank has the procedure with respect to the non-compliance issue against the Financial Business Act B.E. 2551 and the related notifications according to Securities and Exchange Act B.E. 2535 (as amended), and relevant notifications, anti-corruption and anti-bribery law when doing any activities with private or government entities, insider trading according to Securities and Exchange Act B.E.2535 (as amended), intellectual property law.

In addition, the Bank established Policy on Confidential & Insider Information and Conflict of Interest, and code of conduct for both executives and employee. This is to operate the bank business according to the banking industry code of conduct and transparency as well as equal treatment of all stakeholder.

5.1 Policy and procedure on insider information

The Bank has issued Regulations and guidelines in written in Code of Conduct, TMB Policy on confidential & Inside information and Conflicts of Interest including operating manual regarding Conflicts of Interest, Trading & Investment of TMB's Financial Instrument as operating guideline of director, executive, and employee.

Directors and executives are required to sign for acknowledgement and compliance with the practice on reporting online the change in the directors and executives' securities holding to the Office of Securities and Exchange Commission within 3 days from the date of securities holding change in response to Section 59, Securities and Exchange Act, B.E. 2535 (as amended). In addition, they are responsible for reporting such change to the Sustainability and Corporate Governance to record the matter and summarize the shareholding portion of the directors and executives and their spouses and children before submission to the Board of Directors for acknowledgement monthly. The Bank also informs them of the penalties given the failure to comply with such requirement.

The Bank is aware of the importance of monitoring the use of inside information, especially non-public information that may impact its share price. As such, The Bank has assigned Financial Regulatory Management to be the only unit responsible for submitting the financial statements and all financial reports to the SET and the SEC after undergoing a correctness and completeness review by the Audit Committee and the Board of Directors respectively to make sure The Bank's inside information is not prematurely disclosed to the public.

Guidelines to prevent inside information the Bank prohibited the executives and staffs who have permanent or occasionally potential access to the Bank's inside information to trading securities until 24 hours after disclosure information to public. The executives and staffs shall not disclose the Bank's inside information to any of their family members and/or other persons even though the staffs and/or their family members do not sell/buy the securities and/or do not gain any benefit in any form and to prevent for personal benefits and whatsoever or the others' benefits. Moreover, if there is any event that may have an effect to The Bank's securities price. Bank will set the additional period to prohibit relevant covered person regarding to trading The Bank securities.

Compliance is responsible for supporting Management with the implementation, enforcement and updating of the aforementioned policy and procedure and also provides for appropriate monitoring mechanism to ensure compliance with the policy, operations procedure as well as relevant laws and regulations.

The Bank imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly, which is in line with the Securities and Exchange Commission Act regarding the use of inside information.

5.2 Penalty measures

The Bank's punishment for the violating of Financial Institution Business Act, B.E.2551, using of inside information accords with the provisions of the Securities and Exchange Act B.E. 2535 (as amended), violating of Non-Violation Against Intellectual Property Rights or Copyrights, Anti-Corruption, Anti-bribery for the Bank's benefit or Anti-bribery in business dealing with government and private organization and all other relevant rules and regulations of the authorities. It has also imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly.

6. Auditor's remuneration

6.1 Audit fees

The Bank and its subsidiaries paid audit fees to:

- The Bank and its subsidiaries' auditor in the previous accounting year amounting to THB 10,938,000.
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year THB 444,074.

6.2 Non-audit fees

The Bank and its subsidiaries paid fees for non-audit services i.e. special purpose audit and engagements to perform agreed-upon procedures to:

- The Bank and its subsidiaries' auditor in the previous accounting year totaling THB - together with future payment due to incomplete work in the previous accounting year totaling THB 125,000.
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year.

7. Other Corporate Governance Practices

The Bank continuously adheres to the Corporate Governance Policy (See detail in item 1 page 88) to ensure that the Bank's management system is efficient, free from corruption, transparent and accountable so as to build trust and confidence among its shareholders, investors, stakeholders, society and all related parties. Regarding the above implementation, the bank received the corporate governance rating for the listed company from IOD as "excellent"

The Bank implemented Corporate Governance guidelines in accordance with the good corporate governance principles of listed companies prescribed by the Principles of Good Corporate Governance for Listed Companies by SET and SEC's Corporate Governance Code for Listed Company, Criteria of Corporate Governance Report of Thai Listed Companies - CGR by IOD, and international standard such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard), Sustainability Disclosure Standard (GRI) and Sustainability Reporting Disclosure (SDG)

In 2018, Board of director and sub-committees considered their role and responsibility to align with the regulations and the bank environment which the significant areas of implementation consist of:

Good corporate Governance for listed company	The bank implementation
<p>Board of director's role and responsibility</p> <p>Principle 1: role of Board of director as leadership including the customer treatment according to market conduct</p> <p>Principle 2: set up the organization objective and target for sustainability</p> <p>Principle 3: efficiency Board of Director</p> <p>Principle 4: nominate and develop the executive and human resource</p> <p>Principle 5: support the innovation and conduct responsible business</p>	<p>According to principle 1 – 5 the bank has implemented the following areas.</p> <p>(1) Consider establishing role and responsibility of board of director and board committees for more stringent such as:</p> <ul style="list-style-type: none"> • Sustainability strategy • Innovation / Technology investment • Emerging risk management and human resource management (see detail in "Emerging risk" topic) <p>(2) Review the qualification of the independent director and number of the independent director (see item 3.1 Qualification of Independent Directors)</p> <p>(3) Apply skill matrix to be the tool for director's nomination process and development of director's skill</p> <p>(4) Review the board of director's performance assessment methodology by including the cross assessment</p>
<p>Principle 6: oversee for proper risk management and internal control</p> <p>Principle 7: soundness of financial information disclosure</p>	<p>According to principle 6 – 7 the Bank has implemented the following areas. The Bank's board committees reviewed their role and responsibility to incorporate the entire risk and emerging risk management, information technology risk, customers' information risk, and risk management culture as well as the relationship between the risk taker and the risk management functions in the Bank and the financial business group. (see item 2 Board Committee page 88)</p>
<p>Principle 8: Support on the shareholder's communication and participation</p>	<p>The bank has set up the process for allowing the minor shareholder to submit the question regarding the annual general meeting via the Bank's available channel. (https://www.tmbbank.com/ir/share_meetings/agenda)</p>

Responsibilities of the Board of Directors

Board of Directors' structure

The Bank requires that the Board of Directors' structure has diversity of necessary experiences, professional skills, expertise and gender. The Board shall contain proper composition of members according to the resolution of annual general meeting. The Board shall also establish a clear scope of responsibilities with balance of management power without allowing any person or group of persons to have unlimited power. For recruitment of directors, the qualification of directors must be aligned with the Bank's strategy. In some case, the Bank recruit's new directors from Director Pool data base. (see item 2.1(1) Recruitment of independent director and (2) Recruitment of non-executive director)

Composition of the Board of Directors

The Board shall comprise non-executive directors, executive directors and independent directors. The independent directors shall have at least the number set by the Capital Market Supervisory Board. Each independent director must have qualifications as prescribed by the Bank which are more stringent than the criteria set by the Capital Market Supervisory Board.

The Board of Directors consists of 12 directors who have knowledge, experience, professional skill, and expertise in diversified fields as follows:

- 4 Independent Directors (one-third of the total number of directors)*
- 7 Non-Executive Directors
- 1 Executive Director

The shareholders can be assured that the directors as representatives of the shareholders could perform their duty independently and there is appropriate balance of power.

**According to Securities and Exchange Commission Requirement*

Board Meeting

The Board meeting shall be held at least once a month. In an urgent case, the Board may arrange a special meeting as deemed necessary. The meeting date shall be scheduled in advance so that the Board members are able to plan the attendance of every meeting. The meeting agenda shall be endorsed by the Chief Executive Officer and approved by the Board Chairman.

The Bank sends the meeting documents and invitation letter to directors at least 5 business days in advance so that the directors will have sufficient time to study and consider in advance the information to support their decision making on each agenda. The directors can additionally request necessary information regarding the meeting agenda from the management. The average length of the meeting is approximately 3 hours. The Chairman shall declare the meeting open and proceed with the business on the agenda. The time shall be adequately allocated for the management to present the information and for the Board members to make careful consideration before decision making. The voting of each agenda, the Board almost pass unanimously. The Chairman shall summarize issues as the meeting resolution. Directors who have conflict of interest on that agenda shall leave the meeting and shall have no right to vote.

The Board Secretary is responsible for preparation of written minutes of the meeting, arrangement of systematic filing for inspection and submission of the minutes to the government agencies within the specified period. See more detail of the meeting attendance of the Board of Directors and board committee members in "Board of Directors' meeting".

In 2018 Directors in Board of Directors had attend the meeting by average at 93% of the total meetings arranged during the year, in the meeting all directors had participated and provided the useful recommendation for the bank business.

Non-Executive Directors and Independent Directors' Meeting (without Executive Directors)

Non-executive directors and independent directors shall arrange meeting without presence of the executive directors to consider and discuss important issues. Normally the meeting shall be arranged after the Board of Director's meeting. The meeting among the independent director, and meeting among the non-executive director was arranged in April 2018.

In addition, the meeting between Audit Committee Chairman and Risk Management Committee Chairman for discussion the efficiency of the risk management was also arranged in September 2018.

Segregation of Duties and Balance of Power of Non-Executive Directors

Chairman of the Board of Directors, and Chief Executive Officer shall not be the same person to prevent any person or group of persons to have unlimited power and to ensure balance of power. The Chairman of the Board of Directors shall not serve in any position of the committees.

Segregation of Duties, Roles, and Responsibilities between the Board of Directors and Executive

Member of the Board (except the executive directors) shall not be the Bank's staff and shall not involve in normal daily executive activities of the Bank. The Board of Directors has the Charter or the Corporate Governance Policy which indicate the authority, role, and responsibility of the Board of Director that specified the framework of role that will be referred when supervision.

Terms of Directorship

The terms of directorship shall be in accordance with Clause 17 of the Bank's Article of Association which states that at each annual general shareholders' meeting, at least one third of the directors shall retire. Should the total number of directors cannot be divided exactly by 3, the number of directors closest to the 1/3 ratio shall apply. Retiring directors may be re-elected.

Term of directorship for independent director was indicated in the bank policy that each independent director shall have term of directorship not longer than 9 consecutive years starting from the appointed date. If any independent director has its term of directorship for 9 consecutive years, he or she is required to retire for at least 2 years prior to be re-elected as independent director. (see item 1 Independent director and director nomination criteria)

Role Assumption of Directorship in Other Companies

To ensure that the directors have adequate time to perform their duties for the Bank, the Board limits directors from assuming a position in other companies as per regulations of the SET, the SEC and the Bank of Thailand, taking into account the effectiveness of the directors assuming position in companies. Details are as follows:

1. A director of the Bank may assume directorship in not more than 5 listed companies * (both domestic and offshore).
2. Directors of the Bank are able to assume a position or several positions, including chairman of the board, executive director, or an authorized signatory director in other companies in not more than 3 business groups (both domestic and offshore). A company that is not a part of a business group shall be treated as one business group.
3. Directors shall disclose the information regarding assumption of directorship in other companies to the Bank as per regulatory requirements and the Bank's regulation.

Remark * included TMB

Assumption of Position in Other Companies by Chief Executive Officer

The Chief Executive Officer of the Bank shall perform full-time duties for the Bank. An assumption by the Chief Executive Officer of any position in other companies or organization shall require approval by the Board.

Roles and Responsibilities of Chairman of the Board of Directors

The chairman is responsible for leading the board. The chairman's duties should at least cover the following matters

- (1) Oversee, monitor, and ensure that the board efficiently carries out its duties to achieve the company's objectives.
- (2) Ensure that all directors contribute to the company's ethical culture and good corporate governance, joint consider with Chief Executive Officer in determine the board of director's meeting agenda and oversee that significant issues were incorporated in the agenda.
- (3) Promote a culture of openness and debate through ensuring constructive relations between executive and non-executive directors, and between the board and management.

Chairman shall be chairperson in the board of director meeting and the bank's shareholders' meeting. Chairman of the Board of Director is non-executive director which in line with the Corporate Governance Notification which stated that Chairman could be independent director or non-executive director.

Roles and Responsibilities of Chief Executive Officer

The Chief Executive Officer's principal duties are to implement the Bank's strategies, plan, and ensure the smooth functioning of the Bank according to the policies set by the Board. The Chief Executive Officer has ultimate responsibility for the performance of the Bank.

Board of Directors

The Board of Directors approves the Bank's vision & mission, and both short-term and long-term strategies in line with the economic condition, emerging risk, sustainability, risk management organization culture and competition in the financial market. In annually, the Board of Directors reviewed the Bank's vision & mission and strategies regularly so that the Bank's vision & mission and strategies are practicable, flexible and adjustable to match the complicated and fast changing financial business.

Additionally, the Board of Directors regularly monitors the management's implementation to ensure that the Bank's vision & mission and strategies is effectively, efficiently and transparently achieved. (See more details in "Board of Directors".)

Board Committees

To achieve effective and efficient performance, the Board has appointed board committees to relieve its burden in monitoring or consideration of important businesses of the Bank. (See more details in “Board Committees”.)

Company Secretary

The Board of Directors has appointed M.L. Ayuth Jayant* to hold position of Company Secretary. The Company Secretary’s roles and responsibilities are to perform duty in compliance with laws and best practice. See more details in “Company Secretary”.

* Mr. Naris Aruksakunwong was appointed as Company Secretary since January 1, 2019 to replace M.L. Ayuth Jayant who was Company Secretary until December 31, 2018.

Directors’ Remuneration

The Board has fairly set the directors’ remuneration criteria, compositions and amounts based on Fiduciary Duty at appropriate level. In addition, the directors’ remuneration shall be in accordance with accountability and responsibility of the directors compared with the companies in the listed companies as well as the companies in the same industry and similar size. See more details in “Directors’ Remuneration”.

Directors’ Bonus

The Board has important role in policy’s setting, oversee the Bank’s performance, and there are strong and sustain performance. The Board fairly set the directors’ bonus in proper rate and consistent with the Bank’s performance as well as comparable to that of the industry in which the Bank operates. The Nomination, Remuneration and Corporate Governance shall consider the directors’ bonus, and then propose it to the Board for endorsement, and also include it in the agenda of the annual general meeting of shareholders for approval. The Board shall ensure that the Bank discloses the bonus of each individual director in the reports such as Form 56-1 and annual report in compliance with the regulatory requirements. See more details in “Directors’ remuneration”.

Directors’ Performance Assessment

The NRCC has arranged assessment of directors’ performance of duties in Board and Board Committees as well as individual director by applying self assessment and cross assessment to reflect their performance efficiency and problems and obstacles during the year, the recommendation will be gathered for improvement consideration, and will send the assessment form that is approved by the NRCC to all directors.

Assessment’s Criteria

The criteria for assessment cover various areas including Structure of the Board, Board meeting, the Board’s and Board Committees’ performance of duties, Relationship with management, Self-development of directors, and Board’s practice of Roles and responsibilities of the Board.

Assessment’s Process

The self-assessment is undertaken in three tiers as follows:

1. Assessment of the whole Board of Directors’ performance
2. Assessment of the performance of each board committee (i.e. Board of Executive Directors, Audit Committee, NRCC, Risk Management Committee and Credit Committee)
3. Self-assessment of individual Board member
4. Cross assessment
 - Directors in Board of Directors or Sub-Committees assess the chairman of the Board of Director or Chairman of Sub-Committees
 - Chairman of each committee assess all members of Board of Director, or Sub-committees

Assessment’s Method

1. The self-assessment of the Board of Directors shall be made by all Board members.
2. The self-assessment of the board committees shall be made by all members of the board committees, member of the Board (by volunteer) and the Bank’s executives who take position in the board committees on an individual committee basis.
3. The self-assessment of individual board members shall be made by all board members.
4. Cross assessment which the chairman of each committee shall assess each director in such committee, while director in each committee shall assess the chairman of such committee.

Topic	assessor		
	Chairman of each committee	Member of each committee	Secretary of each committee
1. Assess the efficiency	•	•	•
1.1 board of director			
1.2 sub-committees	•	•	•
2. Individual	•	•	
3. Cross assessment	•		
3.1 Chairman assess member			
3.2 Member assess Chairman		•	

NRCC shall gather the result from the assessment and propose to Board of Director for acknowledgment and inform the result to the secretary of the Board Sub-Committees to review and adjust the relevant process for the efficient meeting.

Enhancement of Directors' Training and Performance

The Bank encourage the directors to participate in training courses to expand their knowledge at least one course related to their directorship, which are provided by Thai Institute of Directors (IOD) such as Director Accreditation Program (DAP), Director Certification Program (DCP) or other programs which are relevant to good corporate governance, Anti-Corruption, risk management, IT Risk Cybersecurity, director's roles and responsibilities under the laws and relevant government regulations or the bank's business operations. This aims at enhancing directors' skills and competency, and the Bank shall be responsible for all expenses. In addition, the training course for directors shall be arranged with the alignment with the bank's strategy and directors such as IT Risk & Cyber security.

The Bank encourage foreign directors who do not reside in Thailand to participate in professional director training courses from abroad which is equivalent to the programs provided by Thai Institute of Directors (IOD) as well as support them to take Thai Institute of Directors training course.

Foreign directors who do not reside in Thailand have joined overseas training course which is equivalent to the program of IOD. The Bank also encourages them to attend training courses of IOD.

Whenever there is an appointment of new director, If the new director did not have the director's training record, the Bank shall provide the IOD training course for receiving the information with respect to the directors' role and the responsibility according to the legal, as well as the guideline for director's duties according to SET, SEC rules and guidelines including the good corporate governance. The Bank also provide the internal training courses for directors for improvement in term of the bank's business operation and director's responsibility.

Currently, 5 of the existing directors had joined DCP program, 1 director joined DAP program 2 directors joined both DAP & DPC and 3 Foreign directors who do not reside in Thailand have joined overseas training course which is equivalent to the program of IOD. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank's business, risk management, IT and director's responsibilities.

In 2018, the directors have attended the additional training courses and seminar as follows:

Directors	Training Courses and Seminars
Mr. Philippe G.J.E.O. Damas	• Cyber Resilience Leadership Seminar, TMB Bank Plc.
Mr. Singha Nikornpun	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Audit Committee Forum: TFRS 15: Ready for the Challenges, KPMG in Thailand • Audit Committee Forum: Cyber Security - Advances to the more complex level, KPMG in Thailand

Directors	Training Courses and Seminars
Mr. Siripong Sombutsiri	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Bangkok Sustainable Banking Forum 2018, BoT
Ms. Catherine Low Peck Cheng	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Crisis Management, ING Bank • Data Protection, ING Bank • Data @ Risk, ING Bank • Data Analytics, ING Bank • Sanctions, ING Bank • Transformational Change and Leadership, ING Bank • Cyber Crime Awareness, ING Bank
Mr. Chumpol Rimsakorn	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Bangkok Sustainable Banking Forum 2018, BoT • IT Governance and Cyber Resilience Program (ITG), IOD • Advance Master Management (AMM), National Institute of Development Administration (NIDA)
Mr. Yokporn Tantisawetrat	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Bangkok Sustainable Banking Forum 2018, BoT • IT Governance and Cyber Resilience Program (ITG), IOD
Mr. Vaughn Nigel Richtor	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc.
Mr. Christopher John King	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc.
Mr. Praisun Wongsmith	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • IT Governance and Cyber Resilience Program (ITG), IOD • Bangkok Sustainable Banking Forum 2018, BoT
Mr. Piti Tantakasem	<ul style="list-style-type: none"> • Cyber Resilience Leadership Seminar, TMB Bank Plc. • Bangkok Sustainable Banking Forum 2018, BoT

The detail of their training courses are provided in the part of brief biography of the Board of Directors.

New Director Orientation

The Bank provides an orientation for new directors whenever there is a change of director. Director's manual, documents and useful information are provided to support the important information and prepare the new directors in performing his/her duty through electronic media. In this regard, the Company Secretary shall have the following responsibilities:

- To provide the Bank's Information such as the Bank's history, important official documents, major shareholders, vision and mission, financial statements, business structure, management structure, term of directorship, directors' remuneration, etc.
- To provide information on the regulations and best practices for directors, e.g. rules and regulations for directors of related regulatory agencies, the Bank's policies and practices for directors, do's and don'ts for Bank directors, director fiduciary duty checklist, directors & officers liability & corporate reimbursement insurance.
- To arrange meeting with the Bank's executives to enquire in-depth information about business operation of the Bank. Bank also inform the new regulations rule and laws for the directors acknowledgement.

Executive Succession Plan

The executive succession plan is prepared by the Bank as it is a key composition of the personnel strategic planning. The Bank has policy, work plans, and procedures in connection with its vision, mission and business goal as well as organizational culture to ensure that the executive succession is carried out smoothly and the succession personnel shall be prepared to ensure continuous operations of the Bank.

Sustainability Governance

Nomination, Remuneration and Corporate Governance Committee (NRCC) is assigned for overseeing the bank's sustainability area by indicating the target of sustainability indicator in economic, social, and environment areas such as the community project which is conducted via TMB foundation, result of the customer satisfaction score, risk management in the bank's product, related issues with respect to the sustainability and environment as well as efficiency of resource and energy consumption.

Role of Stakeholders

The Bank gives priority to equal treatment to all stakeholders to ensure they fully enjoy their rights with fairness and appropriate treatment. The Bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer Centricity is the core working principle for all TMB staff. It underlines the bank's ability to understand and gain deeper insight into customer needs and drives the entire TMB team in finding better answers for our customers. Customer information shall be kept confidential and conditions under the agreements made with business partners shall be strictly complied. The Bank's business operations shall be based on fair, free from corruption and ethical competition. All employees shall be treated fairly and equally. Training shall be provided to enhance staff's knowledge, capacity, potential and efficiency and job rotation opportunity shall be offered to increase their performance efficiency. Bank continuously develops employees' capability in long-term by offering development programs for all levels of employees. The Bank shall determine fair compensation scheme which is comparable to that of similar industry. The Bank shall also promote corporate governance culture within the organization.

In addition, the Bank has the measures to compensate for the damage of stakeholders concerning legal injury of stakeholders by the Bank.

In 2018, the Bank reviewed the laid down relevant policies in 17 areas for all stakeholders as follows:

Policy for Shareholders

The Bank has policy to protect interest of shareholders and equitable treatment of all shareholders including major shareholders, minority shareholders, institutional investors and foreign shareholders, e.g. right to attend and vote at the shareholders' meeting, right to express their opinion independently at the shareholders' meeting, right to propose agenda items and nominate persons to be elected as directors in advance, right to profit sharing, and right to completely, transparently, regularly and timely obtain adequate information on business performance.

The Bank's guidelines for shareholders

The Bank ensure that business operation is transparent and free from corruption, taking into account sustainable and long-term growth based on the Bank's full potential and capability. This is to enhance the Bank's value in terms of both share price and attractive dividend payment. See more details in "Rights of Shareholders" and "Equitable Treatment of Shareholders".

Policy for Employees

The Bank supports and develops capability of employees for highest performance capacity. The employment shall be fair and appropriate for employees with career advancement opportunities and returns that reflect their ability. The Bank shall welcome employees' opinions and promote team work spirit. Employees shall be treated with politeness and their individuality shall be respected no double standard criteria. The Bank shall provide good welfare and good work environment and standard with occupational safety standard and shall concern for all employees' well-being. Consideration of employment, promotion, rotation, and punishment of employees shall be based on fair treatment. In addition, the Bank provides plan to use human resources for the Bank's optimum benefits.

The Bank's guidelines for employees

The Bank shall provide good benefits and favorable work environment by determining occupational health and safety standard and assure comprehensive well-being of all employees. For instance, nurse(s) are stationed at the infirmary every day at the Bank's office building and its office at AIA Capital Center Building, and doctor is available for treatment of ill employees. The Bank also provides medical treatment welfare for employees (in case of out-patient) who are treated at government and private hospitals. The employees are entitled to the annual medical treatment fee according to their level. Annual health check-up and provident fund (employee's choice) to secure their career as well as group life insurance, group health insurance (in case of accident), personal accident insurance, and health and accident insurance while traveling for the Bank's business are also provided. The Bank offers loans to help alleviate employees' difficulties, i.e. staff welfare loans, etc.

The Bank has the internal procedures which align with the human right principal and Audit Committee has the regular report for oversight on thus relevant control procedures.

The Bank has established a Safety, Occupational Health and Working Environment Committee and appointed a safety officer to work in accordance with the rules and procedures prescribed by the law to comply with the Safety Act. Occupational Health and Working Environment

In addition, the Bank continuously develops employees' capability by offering development programs for all levels of employees. Training program are classified many parts such as bank's business, professional area, and leadership & co-working through classroom training, digital training (E-Learning) and external training. In addition, the Bank places importance on Anti- Corruption, the Bank provides training programs on policy and guideline of Anti-Corruption for employees by setting of classroom training for new employees and providing of digital training (E-Learning) for employees on yearly basis as the mandatory training course of the bank. Details about the Bank's guidelines for employees are provided under "Human Resources Development" and "Measures for Employee Security".

Policy for Customers

The Bank has policy to apply customer centricity strategy in its business operations to provide the customers with diversified services and products that can well respond to their needs and to create maximum customer satisfaction and to create maximum customer satisfaction.

The Bank's guidelines for customers

The Bank has cultivated organizational culture "TMB WAY" comprising 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity to all employees for encouraging employees emphasizes on Customer Centricity, working of the same direction, and clearly understanding of customer behavior.

TMB truly understands that accessibility to bank loans is crucial for SME. TMB, therefore, continues to develop process and enhance operational efficiency. TMB has employed SMART Tools such as mobile tablet which provides staff more mobility and flexibility serve customers. Which such a tool, staffs can instantly offer products and service that meet customers' need at customers' site.

In terms of digital banking service, TMB offers TMB Business Touch which is the first mobile business banking application in Thailand. TMB WAVE is launched as Innovative product to support cashless society. TMB WAVE apply the disbursement using Chip technology which need shot time for spending transaction, as well as the transaction is secured under EMC or Euro pay, MasterCard, VISA standard.

In addition, the Bank has in place the work unit in charge of providing consultation on products, services, solutions to problems, and receiving customer complaints. This assures the customers of the Bank's confidentiality policy and that their information is treated as strictly confidential without disclosure or misuse for personal benefits.

Policy for Business Partners

The Bank operates business operation with partners sustainably and in long term and as good business alliances. The Bank has criteria for partner treatment, for example, in term of procurement, employment, leasing and high purchase. Qualified business partners are included in the Vendor List and price comparison is carried out before any procurement, employment, leasing and hire purchase. In addition, The Bank carefully and strictly complies with the criteria for fairness to all parties and transparent, free from corruption, auditable practice so as to maximize mutual benefits.

The Bank's guidelines for business partners:

The Bank establish Procurement policy that sets out the criteria for selecting partners who incorporate the social and environmental issues as their consideration, this also including human rights issues. The Bank also conducts risk assessment and internal control procedures through Risk Control Self-Assessment (RCSA) process. Key Control testing is regular perform after RCSA processes

The Bank has set out guidelines for employees responsible for procurement, employment, leasing and hire purchase as follows:

1. Procurement officers and those related to procurement process shall perform duty impartially, honestly, independently and transparently regarding contact and coordination with suppliers, The supplier list and information related to the bidding shall not be disclosed to other parties except for the public information of the supplier.
2. Procurement officers and relevant persons, including their direct family members, who have direct or indirect interest with procurement and employment, for example, employee, director, partner or advisor of the sale company, shall not participate in considering the specific procurement whether there is remuneration or not. The Bank has provided the in-house training regarding NO GIFTS POLICY to encourage the transparency.
3. Procurement officers and relevant persons, including their direct family members, should not be the one borrowing from or lending to the existing suppliers or suppliers who are making an offer to the Bank.
4. Procurement officers and persons related to procurement shall prepare self-declaration when the person related to procurement receives is considered under the selection process. This is to promote the transparency and avoid any conflicts of interest or corruption issues.

The Bank's guidelines for selection partners:

For selection partners, the Bank will not select partners who is broker but the Bank will select partner who are manufacturer, distributors, or distributing agent that there are goods itself as well as consider other important factors including type of goods or services, expertise and experience of business, financial status, history of business, faithfulness and experience of executive management, and information of goods' safety.

1. Selection process involve in the due diligence and KYC shall ensure that all candidates have the complete qualifications and the bank shall review and screen the supplier list regularly every 6 months to ensure that the bank has the proper supplier list with the good record according to the bank policy especially the Anti-Corruption and align with the Collective Action Coalition: CAC.
2. The bank also screens the supplier to ensure no conflict of interest issue between the supplies as well as the bank's officer.
3. The procurement committee is appointed to validate the supplier at a specified value of the transaction. The committee also certified the supplier selection is transparent arranged. The supplier contract is usually review by Legal department for fairness of both the bank and the suppliers.

Policy for Creditors

The Bank has policy to honor and strictly conform to contact and commitment with creditor includes condition, guarantee, cash management, not default of debt, and other matter that has made agreement with creditors. Loan and interest repayment are completely and timely made to all creditors. Loan condition are rigorously complied with and no misuse of the loans is allowed.

The Bank's guidelines for creditors:

The Bank shall operate business based on its full potential and capability to build creditors' confidence in the Bank's good financial status and debt service capacity. Balance Sheet Management also prepare the accurate financial status and financial information and report to the creditors with loyalty all along. In addition, the Bank operates efficient cash management to ensure that financial status of the Bank is stable and strong as well as good liquidity management to be in order payment debts to creditors timely.

Policy for Competitors

The Bank has code of conduct and policy to conduct business based on fair and free competition with honesty and integrity as well as fairness for services providing to the customers and rejection of corruption in all its forms, and not to damage, sabotage, destroy or restrict the business of the competitors.

The Bank's guidelines for competitors:

The Bank shall offer the products and services which suit for the customer's needs based on the fair treatment, the customers also freely select their satisfied product and services. The Bank shall not engage in any dishonest or inappropriate action in order to obtain the competitors' confidential information and shall refrain from attacking the competitors' reputation with false allegations.

Policy for Investors

The Bank shall disclose correct, complete and sufficient information for investors' decision in a timely and appropriate manner.

The Bank's guidelines for investors:

See more details in "Disclosure and Transparency".

Policy for Government Agencies

The Bank has policy to conduct its business to ensure strict compliance with the laws, rules and regulations and relevant regulatory requirements, in addition the employee would be communicated on such regulations for their strict implementation, the Bank also provide good cooperation to the regulators such as to comply with the anti-money laundering law, the national anti-corruption law, etc.

Policy on Social and Environmental Responsibility

The Bank introduce "Hackathon project" in order to encourage the staff for innovative thinking which will create the new product and service for serving the community and environment. One outcome from this project such as TMB Travel Card was launched for providing the customer more convenient and reduce their cost of transportation to the branch office. The customer could exchange their foreign currency via debit their account through the mobile phone.

The Bank operates its business as well as encourage the employee's awareness based on Corporate Social Responsibility (CSR) principles, supporting various activities to promote sustainable quality development of the society and environment such as lending to the green environment project, energy saving project in TMB building. The Bank provides credit lending support to projects aimed at preserving the natural environment under the IFC Green Bond program. The Bank sets the Environment & Social Responsibility (ESR Policy) policy as a guideline for considering credit to any entities who having their activities with affects society and the environment. The bank will not provide loans to businesses that do not comply with the Bank's policy.

The Bank also builds good relationships with the communities in which the Bank operates and allocates budget from its income to implement CSR activities according to the policy.

The Bank set up 2018 target on green bond lending and 2019 target on eco-efficiency (Detail in Policy and Direction towards Social Responsibility)

The Bank's guidelines for Corporate Social Responsibility:

See more details in "Corporate Social Responsibility".

Policy on Compliance with International Human Rights Principle

The Bank places importance on equality of all stakeholders and shall not commit any conduct that violates human rights, including discrimination on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing. These practical policies have been specified in the Code of Conduct of the Bank. The Bank determines hiring of any persons based on fair employment and respect human rights by considering from a person's caliber, the bank proceed appropriate compensation according to the position structure as well as market rate.

The Bank's guidelines for violation of human rights

All employees must treat all stakeholders with politeness, respect and honor, not behave inappropriately or violation of human rights regarding discriminate via verbal, ground of the difference in origin, race, religion, language, age, education, gender, disability, physical or health condition, personal status, and economic or social standing.

Policy on Non-Violation Against Intellectual Property Rights or Copyrights

The Bank operates its business without violating or exploiting copyrighted works or intellectual property, unless legal permission is granted by the copyright owners. The Bank has specified the policy on usage of information technology system and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

The Bank's guidelines on non-violation against intellectual property rights or copyrights:

In aspect of information technology, system development, procurement of IT program and equipment, the Bank complies with the Copyright Act and supports the legal protection of the Department of Intellectual Property. The Bank also welcomes inspection by the copyright owner. In addition, the Bank ensures that the employees do not, either in part or whole, copy, modify or publicize the copy or original material. Programs which are not licensed to the Bank/ .exe file/ songs/ games/ and other links to automatic installation are prohibited.

Anti-Fraud Policy, Anti-corruption Policy, and Gift, Entertainment, Donation and Sponsorship Policy

The Bank emphasizes on prevention and suppression of fraud, bribery, and corruption within the Bank. The Bank sets out policies, standards and procedures with strict measures for fraud and corruption detection in order to reduce fraud and corruption-related losses and to enhance efficiency and effectiveness in fraud prevention and suppression within the Bank.

The Bank provides preventive measures prohibiting an outsider to use the Bank to commit illegal actions as well as measures protecting persons who deny corruption or make complaints on fraud, corruption, and bribe from harassment, harm, penalty, demotion or threats such as Anti- Fraud Policy, Anti-Corruption Policy and TMB Anti-Money Laundering/Combating of Financing Terrorism (AML/ CFT) Policy, etc.

The Bank places importance on anti-bribery for the Bank's business benefits or anti-bribery in any business agreement with government and private organizations. The Bank also determines Gift, Entertainment, Donation and Sponsorship Policy for use as guideline by the employees. The bank shall not accept gifts or endorsements, while any providing gifts or entertainment shall be arranged according to the context of business with the clear guideline, on necessary or traditions practices.

The Bank's guidelines on anti-fraud, gift & anti-bribery:

All employees must report the received gift or the entertainment transaction if such transaction is unable to be rejected according to Gift, Entertainment, Donation and Sponsorship Policy.

In addition, all employees must attend the training course with respect to AML/CFT, Anti-Fraud every year in order to aware their responsibility in prevent any fraud or bribery in the Bank.

Anti-Corruption Policy

The Bank give important to operate the Bank with fairness and adhere responsibility for all stakeholders. The Bank operate align with principle of good corporate governance and code of conduct to ensure that the operation' of the Bank is transparency and absent all aspect of corruption. The Bank attained certified membership status in the Private Sector Collective Action Coalition Against Corruption (CAC).

The Bank provides anti-corruption policy in order that directors and employees use to be guideline for operation to ensure that the Bank acts as organization with full transparency. The Bank oversees directors and employees to abide by this policy strictly and also provide penalty to employees in case of violation of the policy as well as provide awareness of the participation and responsibility of the Bank to prevent corruption and also make organization's culture to be a zero-tolerance on anti-corruption. In addition, the Bank has measured to protect and give fairness to employees who deny or inform clue action on corruption from harassment, harm, penalty, demotion or threats.

In addition, the Bank provides risk management process on corruption in Risk & Control Self-Assessment – RCSA process, regular perform on key control testing according to RCSA by business units under 3 Lines of Defense and Market Conduct bank wide, to protect and monitor risk from corruption, monitoring result of assessment from policy's implementation as well as provide training to employees to ensure that they have knowledge on anti-corruption policy and guideline.

See more details in "Anti-Corruption".

The Bank's guidelines on anti-corruption:

Bank communicates to all employees to acknowledge and understand the policy via infahNet every year. The training course regarding Anti-Corruption is set as the mandatory course for everyone which the training is provided via E-learning system. Anti-Corruption course is the mandatory course for new employees. In addition, the Risk & Control Self-Assessment process also incorporate the anti-corruption as one topic for considering the risk mitigation action.

Policy on Whistle Blowing or Complaints

The Bank has whistle blowing policy and guideline for employees and all stakeholders' complaints to ensure that all stakeholders are able to communicate, report, or complain about improper actions such as violations of laws and regulations, misconduct and unethical behaviors, embezzlement, frauds, corruption, violation of rights, and any matter that lead to the Bank's damage.

The Bank provides channels to enable the stakeholders to report or make complaints either in writing or through the Bank's website. Policies and procedures are in place to ensure that the complaints will be forwarded to the concerned work units for quick investigation and correction as well as reporting to the Audit Committee for acknowledgement. The whistleblowers will be notified of the Bank's action.

In addition, the Bank has measured to protect whistleblowers from harassment, harm, penalty, demotion or threats from the whistle blowing.

The Bank's guidelines on Whistle Blowing or Complaints:

Bank provides the channel for the stakeholder to report any violation or complaint case either written via email or the bank's website. The reporter will be protected from harassment, harm, penalty, demotion or threats from the whistle blowing. Compliance monitor the corrective actions regarding complaint cases to ensure that the actions were rapidly processed.

Policy on Management of Conflict of Interest

The Bank imposes strict measures on management of conflict of interest or related transaction or connected transaction. The important transactions that may pose a conflict of interest are considered and approved by the Board of Directors and in accordance with the rules and regulations of the related agencies. These transactions are treated in the same manner as those made with the outsiders (an arm's length basis) and the stakeholders shall not participate in the approval process.

The Bank has policy on transactions with persons who having conflict of interest for directors, employees in order to treat such transactions with fairness, transparency and in accordance with the relevant regulatory requirement. The Bank also discloses accurate and complete information on such transactions in Form 56-1 and annual report.

Furthermore, at the Board of Directors' meeting, directors shall inform the Board of their conflict of interest before consideration of such particular agenda item. Such conflicts of interest shall be minutes by Secretary to the Board. The director with conflict of interest shall also abstain from participating in the discussion of such particular agenda item.

The Bank's guidelines on Manage conflict of interest:

All management and employee shall report, avoid, and prevent any conflict of interest issues by informing the management in higher level or the relevant party regarding the beneficial of interest under their areas and they will not participate or attend the meeting for such transaction. The approval or consideration on such transaction shall be conducted by other person or the management in higher level in order to prevent the conflict of interest issue. In addition, directors and managements, under SEC definition, must prepare the disclosure regarding the share equity held in other companies in order to prevent any conflict of interest or misuse of internal information issues.

Policy on Internal Control

The Bank sets out internal control policy for both managing and operational levels and puts in place the efficient, appropriate and adequate internal control systems with regular assessment. The Audit Committee of which all members are the Independent Directors is assigned to oversee the internal control system. The Audit function, which directly reports to the Audit Committee, has duty to audit performance of all units such as accounting, finance, management to ensure that the operations are in accordance with the related rules, regulations and laws as well as the annual audit plan, and that the benefits of the Bank and the stakeholders are best protected.

Business Ethics and Code of Conduct

The Board of Directors realizes that good practice enables the Bank to conserve and uplift its honor and reputation. The Business Ethics and Code of Conduct, that align with the banking industry code of conduct and the good corporate governance, are thus prepared as guidelines for the directors, executives and employees and both directors, executives and employees has signed off for acknowledgement the code of conduct. The strict compliance which is reflected in their daily work will enhance reliability and trust among the stakeholders.

Disclosure and Transparency

Disclosure

The Bank's financial and non-financial information relevant to the business and operating results are disclosed in both Thai and English correctly, completely, sufficiently, transparency, and timely, which reflects its actual business operation and financial status. All stakeholders have equal access to the information. The significant information is disclosed to the public in accordance with the criteria and regulations concerning the disclosure of information of the SET and SEC, and the good corporate governance principles such as to submit the financial report to the SET and SEC within the specified timeframe. The Bank's financial statements did not contain any transactions to which the auditor had qualified opinion. The financial statements have never been revised under the order of the SET and SEC. In addition, the Bank performs Management Discussion and Analysis (MD&A) on a quarterly basis and discloses such information on the Bank's website to inform the investors and enable them to better understand changes in the Bank's financial position and operating results in each quarter. The Bank also discloses remuneration for the directors and executives in Form 56-1 as well as annual report, and the shareholding of the Bank's securities by the directors and executives in Form 56-1 as well as annual report.

Investor Relations

The Bank places importance on management of investor relations, both institutional and individual investors, domestic and overseas, taking into account the quality, correctness, completeness, transparency, adequacy and timeliness of information disclosed to investors, securities analysts, etc. The Bank's management team arranges meetings with investors and securities analysts on a regular basis to present the quarter and annual operating results of the Bank. The management team also regularly participates in seminar and non-deal roadshow with local and foreign investors, including securities analysts both domestic and overseas. This is to build their confidence in the Bank's performance and establish long-term relationship.

The Bank has established Investor Relations unit to correspond and communicate with investors, securities analytics, etc. as well as to provide them with accurate and complete information of the Bank, both financial and general information, in a timely manner and in accordance with the relevant laws or regulations. This is to support the decision-making, create confidence and enhance good image of the Bank. The Bank's Investor Relations could be contacted at Floor 28, TMB Head Office Tel. 02-242-3475, Fax. 02-299-1211, website: <http://www.tmbbank.com/ir> Besides, shareholder services can be contacted at Floor 28, TMB Head Office Tel. 02-299-2729 Fax. 02-299-2758.

In 2018, the Bank provided information to analysts and investors regularly as summarized in the table below:

Types of meeting	Number of meetings	Number of companies	Number of investors
One-on-one meeting	44	63	80
Conference Calls	28	29	40
Analyst Meeting and Group meeting	6	120	213
Live Webcast	2	42	42
Investor Conference and Non-Deal Roadshow	6	25	52
Total	86	279	427

The Bank's website

At present, disclosure of information on the website is a fast and convenient way that allows easy and equitable access to information by shareholders and the public. The Bank therefore provides information about the Bank on the its website (www.tmbbank.com) in both languages, Thai and English, in addition to those disclosed in the annual report and Form 56-1. The information can also download.

The Board of Directors' Responsibility for Financial Report

The board has presented responsibilities concerning the company's financial reports alongside the auditor's report in the company's annual report.

Rights of shareholders

The Bank places importance on protection of the rights of the shareholders and encourages the shareholders to fully exercise their rights. This covers the shareholders' basic rights, i.e. sale/purchase or transfer of shares, business profit sharing, receipt of relevant and adequate information of the Bank. The shareholders are also encouraged to exercise their rights to attend the shareholders' meeting and vote on appointment or discharge of directors, appointment of auditor and on other issues affecting the Bank such as dividend allocation, capital increase/decrease, approval of connected transactions, and determination or adjustment of Articles of Association and Memorandum of Association, etc. In this regard, the Bank shall not commit any conduct infringing or undermining shareholders' rights.

Annual General Meeting of Shareholders

The Bank has policy to encourage all groups of shareholders including minority shareholders, institutional shareholders, and foreign shareholders to attend the annual general meeting of shareholders. In 2018, the Annual General Meeting of Shareholders was held at 14.00 hrs. on Thursday, April 12, 2018, at the Auditorium, 7th Floor, TMB Head Office, 3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok. The date, time and venue of the Annual General Meeting of Shareholders were set taking into account mainly the convenience of the shareholders. The meeting procedures conformed to the good corporate governance principles as summarized below:

Before the Meeting Date

For the 2018 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET's communication system on March 8, 2018 or 35 days prior to the meeting date. The Bank also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Bank's website (www.tmbbank.com) in the section "Investor Relations" under the title of "Annual General Meeting of Shareholders" on March 8, 2018 or 35 days prior to the meeting date to enable the shareholders to have sufficient time to study the information. The Bank also assigned its registrar, Thailand Securities Depository Co., Ltd. (TSD), to deliver the said documents in printed copies to the shareholders 21 days before the meeting date, which was align with policy and longer than the legal requirement.

The invitation letter contained objectives and rationale as well as the opinions of the Board of Directors on each agenda item, accompanied by complete and sufficient details of each item for consideration. The shareholders were clearly informed which item would be for consideration and which one for acknowledgement. Moreover, in the invitation letter, the shareholders were informed of the details regarding necessary evidence documents to be brought to the meeting as well as meeting procedure, voting rules with a CD of the Bank's annual report (the shareholders can request for the annual report in printed form) and other relevant information attached thereto. In addition, the invitation letter was also published in the newspaper for 3 consecutive days in accordance with the law.

A proxy form was also enclosed to allow the shareholders to appoint any independent directors or other persons as their proxies in case they could not attend the meeting. A foreign shareholder who has appointed a custodian in Thailand to be share depository and trustee has to use the Proxy Form C. which can be printed from the Bank's website.

For convenience of registration, the Bank coordinated with institutional investors on preparation of proxy prior to the meeting date.

On the Meeting Date

The meeting was carried out with transparency, fairness, and equitable treatment of all shareholders. Appropriate registration procedure was prepared by the Bank, with facilities provided by Bank staff, classified by type of attendees, i.e. shareholders attending in person and proxies attending on shareholders' behalf. The barcode system was used to ensure rapid and accurate registration procedure. Voting card was available for each attendee to vote on each item of the agenda. Moreover, the Bank also provided shuttle bus service at various spots and sufficient parking space to serve the shareholders.

In 2018, the Annual General Meeting of Shareholders was attended by a total of 3,454 shareholders and proxies holding an aggregate number of 31,565,538,084 shares which accounted for 72% of the total issued and paid-up shares. 10 out of 12 directors attended this meeting. The Chairman of the Board of Directors served as Chairman of the meeting, and Chairman of each board committee including the Executive Board of Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee were present to clarify and answer questions of relevant issues. The Chief Executive Officer and Chiefs were also present at the meeting.

Before starting the meeting, the Chairman assigned the Company Secretary to clearly inform the meeting of the voting and counting methods. For more convenience of foreign shareholders, a simultaneous English translation was provided by the Bank's staff. In this regard, the shareholders' rights to study the Bank's information memorandum would not be undermined, such as no abrupt distribution of additional document with key information during the meeting, no addition of new items on the agenda or change in the key information without prior notice to the shareholders, no prohibition of meeting attendance of late attendees, and so on.

During the meeting, the Chairman proceeded with the meeting in order of the items on the agenda. The Chairman also encouraged the shareholders to cast votes and raise questions and comments. Importance was given to all the recommendations or comments made by the shareholders, with all questions comprehensively clarified and all useful suggestions brought into account.

The vote casting and vote counting were undertaken openly and transparently Weerawong, Chinnavat and Partners Ltd., external legal consultant represented by Mr. Wittaya Kaewkangsdan, Miss Rapeeporn Sangjampa, and volunteers for shareholders, namely Miss Suphatra Chongchingam, Miss Nattawee Hasitpanichkul, were invited to be inspectors of the voting method, collection of ballots, counting and the voting results on all agenda items. The Company Secretary announced the voting result of all agenda items.

The meeting minutes and detailed votes on all items, as well as essence of shareholders' inquiries, clarifications of the Board of Directors & CEO and resolutions were recorded completely and accurately by the Company Secretary.

After the Meeting

After the meeting, resolutions of the meeting were disclosed via the SET system on Thursday, April 12, 2018, at 20.07 hrs. with voting details, i.e. approved, disapproved and abstain, of each agenda item. Minutes of the meeting which contained complete details including attendance record of the directors, clarification on key items, summary of questions, answers and comments during the meeting were submitted to the SET and related agencies within 14 days after the meeting date, and posted on the Bank's website (www.tmbbank.com), both Thai and English version, for verification by the shareholders. The Bank also arranged systematic filing for the minutes of the shareholders' meeting.

Furthermore, the Bank provided a video recording of the meeting in DVD format for the shareholders who could not attend the meeting. Interested shareholders can contact the Bank for details.

Equitable Treatment of Shareholders

The Bank places importance on and assures all shareholders of their rights to fair and equitable treatment, i.e. major shareholders, minority shareholders, institutional investors, and foreign shareholders. All shareholders are treated with fairness and equality as summarized below:

Rights to purchase, sale, or transfer the Bank's shares

Thailand Securities Depository Co., Ltd. (TSD) has been appointed as the Bank's registrar to facilitate all services for all transactions related to registration of the Bank's shares, namely sale/purchase or transfer of shares.

Rights to profit sharing

The Bank allocates profit to its shareholders in form of dividend payment, taking into account sustainable long-term growth built upon the Bank's full potential and capability. The dividend payment is also in line with the capital adequacy, reserve allocation and conditions of relevant laws.

Rights to regularly and timely obtain adequate information on business performance

The Bank ensures that the shareholders are provided with complete news and information apart from those disclosed via the SET's communication system. All significant and updated information are posted on the Bank's website (www.tmbbank.com).

Rights to attend the shareholders' meeting

All shareholders have equitable right to attend the meeting. Opportunity is opened to those who are unable to attend the meeting in person to appoint proxies to attend at the meeting on their behalf. The Bank has arranged to have available for appointment as proxies its directors/independent directors who do not have interests in the business on the agenda.

Right to vote at the shareholders' meeting

At each meeting of shareholders, the Bank specifies that the rights to vote shall be accordance with the amount of shares held by the shareholders, with one share equivalent to one vote. The vote counting will be carried out openly and accurately. The majority votes will be considered as the resolution except for special resolutions of certain cases set forth by the laws requiring the votes of at least three-fourths of the votes of all the shareholders attending the meeting and having the rights to vote. With regards to the voting method, the shareholders can vote to agree, not agree, or abstain from on each agenda in the voting card. The Bank collects the voting cards from the shareholders on every agenda item that needs to be voted for resolution. The shareholders shall be requested to mark the voting cards, according to their own opinions, indicating whether to not approve or abstain on each agenda. In case the shareholder did not submit or not mark the voting card, it shall be considered that the shareholder approved that agenda.

The barcode system is used for vote counting to facilitate fast and accurate process. The Bank will notify the shareholders of the voting result on every item once the counting is finished, divided into approval votes, dissenting votes and abstentions, as well as invalid ballots. The resolutions of the meeting according to the voting result on each item will be recorded in writing and all ballots will be kept for further examination.

Right to Propose Agenda, Director Nominees, and Question for AGM by Minority

The Bank allows the shareholders to propose agenda items and nominate persons to be elected as directors in advance, as well as allows the shareholder to propose Question for AGM in advance. The shareholders must comply with criteria specified by the Bank. At the 2018 Annual General Meeting of Shareholders, the Bank allowed the minority shareholders to propose agenda items and nominate persons to be elected as directors 3 months in advance, prior to the ending date of the fiscal year or from October 1 onwards. Details, procedures and methods of the proposal and nomination were provided on the Bank's website (www.tmbbank.com) in "Investor Relations" section under the title of "Propose Agenda, Director Nominees, and Question for AGM by Minority" and to notify via the SET system

Right to appoint directors individually and determine directors' remuneration

At every Annual General Meeting of Shareholders, one-third of the total number of the directors of the Bank shall retire. The Bank has set an agenda item concerning election of the Bank's directors. The shareholders are allowed to vote for election of individual directors. The shareholders have the right to choose the person (s) that they deem having proper qualifications to perform duties as directors so as to safeguard the shareholders' interests. This will enable the Bank to have directors from diversified fields to represent the shareholders.

In addition, the shareholders have the rights to consider and approve the directors' remuneration. Adequate information on directors' remuneration is also provided to support the shareholders' consideration.

Right to appoint Auditors and determine audit fees

At every Annual General Meeting of Shareholders, the Bank has set an agenda on appointment of the Bank's auditors and consideration of the audit fees. The Bank also provides sufficient details of the proposed auditors and audit fees for consideration of the shareholders.

Protection against abuse of inside information

The Bank has written policy and guidelines for keeping and preventing abuse of inside information, and information that the Bank not yet disclose to public which significant to change of price or value of share. The Bank has regulation on the use of inside information and also ensure strict compliance to prevent any director, executive or employee in the position or status having opportunity to access to the Bank's inside information or related persons which defined by government agencies from exploiting such information for his/her own benefits or for others' benefits such as trading share before insider information are disclosed to public, using details or confidential information of the Bank/ customers to operate business competing with the Bank's/customers' businesses or exploit any benefit from his/her authority and responsibility.

The Bank require that the directors, Chief Executive Officer, Chiefs, Senior Executive Vice President, Executive Vice President or Heads (or equivalent), and Team Heads (or equivalent), in Finance Control, Financial Business Partner, Balance Sheet Management, and other persons defined by Chief Financial Officer shall disclose and report to the Securities and Exchange Commission (SEC) the Bank-issued securities held by them, their spouses and minor children, as well as any changes thereof, such as sale, purchase, transfer or acceptance of transfer of those securities in the report format and within the period of time specified by the SEC.

In addition, the management is required to report on a monthly basis the Bank-issued securities held by directors, management, their spouses, and minor children to the Board for acknowledgement, and to prepare a summary report on any changes of the Bank-issued securities held by directors, management, their spouses, and minor children and disclose such information in the annual report.

> Bank's Securities and Shareholders

Bank's Securities

Bank's capital

As of December 31, 2018, the Bank's registered capital was THB 41,903,301,555.05 of which THB 41,659,298,454.50 was paid up, comprising Ordinary shares 43,851,893,110 shares at par value of THB 0.95/share.

Thai Trust Fund

As of December 31, 2018, Thai Trust Fund was no longer issued by the Bank.

The number of shares or impacts on shareholders' voting rights from the issuance of Non-Voting Depository Receipt (NVDR)

Non-Voting Depository Receipt (NVDR) is a trading instrument issued by Thai NVDR Co., Ltd., a subsidiary wholly owned by Stock Exchange of Thailand (SET). By investing in NVDRs, investors will receive all financial benefits including dividends, right issues or warrants, as if they had invested in a company's ordinary shares. Unlike ordinary shareholders, NVDR holders are not entitled to voting rights in a shareholders' meeting except for the case of voting to pass a resolution concerning the delisting of shares from the SET. If the Bank's shares are issued as NVDRs in a great number, its shares with voting rights will decrease and the voting rights of other shareholders will increase.

As of April 24, 2018, the latest share register closing date for the right to receive the dividend payment from the 2017 operating profit, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 5,043,971,032 shares or 11.50% of the Bank's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at www.set.or.th/nvdr.

Dividend Payment Policy

The Bank's policy

The Bank has set out a policy on the dividend payment from financial statements (Bank only). The dividend payment is subject to the Bank's operating performance, the long-term benefits to the Bank's shareholders, the Bank's capital adequacy and reserve requirements as well as the relevant legal conditions. In addition, the dividend payment must be in line with the BOT's Notification, SorNorSor. 5/2559, Re: Classification and Provision of the Financial Institutions, dated June 13, 2016 which states that as long as financial institutions have not yet written off impaired assets or have not yet made full provision for assets and contingent liabilities whether they are impaired or not, financial institutions are not allowed to pay dividends nor any other forms of returns to its shareholders; and the BOT's Notification, SorNorSor. 20/2558, Re: Regulation for Accounting Treatment of the Financial Institutions, Section 8: Dividend Policy dated December 4, 2015, requiring that financial institutions should not make dividend payments out of unrealized profits or profits that are not based on actual cash flows, such as profits from mark to market values of securities, out of any profits derived from the reclassification of financial assets, nor should financial institutions make dividend payments out of profits from the sale of assets, which are not actually completed and which may result in abnormal profits or losses, such as profits from the sale of properties foreclosed, where a repurchase option is part of the agreement.

In addition, under the BOT's Notification SorNorSor. 12/2555, starting from 1 January 2016 onwards, the Bank is required to maintain a capital conservation buffer above regulatory minimum capital requirements, and if the Bank's minimum capital requirements fall within certain specified ranges, constraints would be imposed and distributions including dividends would be restricted. The Bank aims to maintain capital levels above these ranges as part of its capital planning and dividend policy considerations.

Policy of subsidiary companies

Subsidiary companies' dividend payments are subject to the approval of their respective boards of directors and to be proposed at their shareholder meetings for approval. The Bank has not set out a payment rate. Their dividend payments will depend on their operational performance and business plans and must be complied with each company's regulations and relevant laws governing the company's dividend payment.

Major Shareholders

Below is the list of the 10 largest shareholders at the latest share register closing date on April 24, 2018, in order to determine the rights to receive the 2017 operating profit and the dividend payment as follows:

Major shareholders	Number of ordinary shares	%
1. MINISTRY OF FINANCE	11,364,282,005	25.92
2. ING BANK N.V.	10,970,893,359	25.02
3. THAI NVDR CO.,LTD.	5,043,971,032	11.50
4. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	920,694,178	2.10
5. MRS. SOMPORN JUNGRUNGRUEANGKIT	560,000,000	1.28
6. ROYAL THAI ARMY	546,489,860	1.25
7. THE BANK OF NEW YORK MELLON	460,785,098	1.05
8. STATE STREET BANK EUROPE LIMITED	440,049,446	1.00
9. BUALUANG LONG-TERM EQUITY FUND	397,110,200	0.91
10. ELECTRICITY GENERATING AUTHORITY OF THAILAND REGISTERED PROVIDENT FUND	328,328,110	0.75

Source: Information on the latest share register closing date on April 24, 2018 prepared by Thailand Securities Depository Co., Ltd. Investors may look for the list of major shareholders from www.set.or.th



Investors may look for the list of major shareholders from www.set.or.th or scan the following QR code

> Other Related Information

and Factors Affecting Investment Decision

Related Transaction

Transaction with related parties which occurred during the year

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, related parties' transactions with key management and other related parties, outstanding balances with related parties, senior management personnel compensation, other benefits payable to the senior management personnel, were disclosed in notes to financial statements for the year ended December 31, 2018.

Measures or procedures to approve the making of related transactions

In conducting its business, the Bank shall adhere to its principles, integrity, transparency and maximize its interest by emphasizing the prevention of conflicts of interest and also to related party transactions and connected transactions according to the regulatory requirements. To that effect, the Bank requires that its Directors and Senior Management at Head of level and higher to disclose their relations or connections in any business with any conflicts of interest on a quarterly basis. Moreover, the TMB Policy on Confidential & Insider Information and Conflicts of Interest and a Procedure Manual have been issued and enforced in order to eradicate conflicts of interest. Transactions with related parties or connected persons are carried out by the Bank on an arm's length basis. In addition, the Bank's Directors and Executives who may have conflicts of interest in such transactions are neither allowed to participate in the approval thereof, nor to vote in a meeting.

The Bank has no policy to grant any direct loan to Directors or Senior Management. Loans provided to or investments in any entity in which the Bank, its Directors or Senior Management have conflict of interests are subject to the consideration of the project's viability, operational performance or feasibility analysis with terms, conditions and prices to be the same as those approved for other clients in general. The loan or investment amount must be controlled so that it will not exceed an appropriate limit and is subject to unanimous approval of TMB's Board of Directors. The concerned Directors or Executives shall not participate in the approval of such transaction and the approval must be consistent with the regulations of related authorities.

The Bank has assigned the Audit Committee to prevent and mitigate the conflicts of interest. Those transactions that have potential conflicts of interest that exceed the set threshold values or limits must be submitted to the Audit Committee for validation and/or approval prior to execution. Related and/or connected transactions will be disclosed on a complete and transparent basis according to the criteria of the relevant regulators.

Related and/or connected transactions in the future will be executed as per such policy and procedures specified. The Policy and procedures will be updated regularly and also whenever there are changes in related laws and regulations. For those transactions that fall below the set threshold values or limits, a report will be prepared and submitted periodically to the Audit Committee. Information on all of these transactions will be completely and transparently disclosed in accordance with the criteria set by the regulator.

For future related party transactions, the Bank shall continue to adhere to its principles to maximize the interest of the Bank and our shareholders, whereby at a minimum, pricing and terms and conditions will be on arm's length basis in accordance with the above-mentioned Policy and Operational Guidelines. Also, the Policy and the Operational Manual will be updated to be in line with the changes of the regulatory requirements and internal criteria.

Persons who may have conflicts of interest to hold more than a 5% of stake in subsidiary company or associated company instead of direct shareholding by the Bank

The Bank has not allowed any person who may have a conflicts of interest to hold more than a 5% of stake in subsidiary company or associated company on its behalf.

Legal disputes

On December 31, 2018 TMB does not have an unsettled legal dispute which has the potential to negatively impact its assets, as the claimed amount is worth over 5% of net equity according to financial statements of bank.

> Corporate Social Responsibility

1. Policy and Direction towards Social Responsibility

Vision

TMB inspires people to Make **THE** Difference

Mission

- Empower CUSTOMERS to make the most of their lives
- Deliver consistent performance to create sustainable values for SHAREHOLDERS
- Transform organization into the best place to work for EMPLOYEES and provide opportunities and development that allow them to unlock their full potentials to challenge status quo
- Engage to create more value to the SOCIETY while ensuring sustainability

Following a major transformation in 2009, when Make **THE** Difference journey began, the bank remains on that same path today in providing better solutions for our customers. This is why all staff continue to challenge in every aspect of working lives and in the delivery of customer service and satisfaction. The Bank committed to change, whether it is the working process, staff capability or the organization itself. All these efforts have one single aim – to find a better answer for valued customers – with the goal of winning the customers trust and to becoming the most advocated bank in Thailand.

The Bank places importance on good corporate governance, code of conduct for directors, code of conduct for employees, and business operations with responsibility to all stakeholders including shareholders, employees, customers, business partners, creditors, competitors, investors, government agencies, as well as society and environment. This is to ensure that they are treated well, leading in turn to sustainable development of the Bank, society, and the country's economy.

The Bank has policy to operate business for a sustainable growth by enhancing operating efficiency, developing product and service and empowering employees. By adhering to corporate social and environmental responsibility, the Bank aims to create value for all stakeholders. This policy is aligned with the 8 principles of Corporate Social Responsibility's Guideline of the Stock Exchange of Thailand. Details are as follows:

1. Fair Trade Practice

The Bank is fully aware that it is important to operate its business fairly as stated in the corporate governance policy regarding Role of Stakeholders. The Bank gives priority to equal treatment to all stakeholders to ensure they fully have their rights with fairness and appropriate treatment. The Bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information shall be kept confidential and strictly complied with the condition on the counterparty's agreement. The Bank's business operations are based on fair, corruption-free and ethical competition. All employees are treated fairly and equally. Training are provided to enhance staff's knowledge, skills and competency. The Bank increases employees' job opportunity by offering internal rotation which also help improve working efficiency. The Bank determines fair compensation scheme which is in line with industry standard. The Bank also promotes corporate governance culture within the organization.

2. Anti-Corruption

The Bank realizes that corruption compromises the stakeholders' confidence in the Bank's operation and that corruption could cause legal penalties, by both civil and criminal law. The Bank provides anti-corruption policy for directors and employees to aware of the risk and corporate governance issue also comply with the appropriate organization's risk management mechanism and monitors them consistently. There are disciplinary measures and penalties for those who fail to comply with the policy. The Bank shall also provide protection and fairness to employees who deny an act constitutes corruption or report an incident of corruption. All of these will help increase the employees' awareness of the anti-corruption culture and ensure that the Bank operates with full transparency. Both director and management are encouraged to aware of the governance risk and proper risk management culture.

3. Human Rights

Respecting human rights is part of the Bank's operation. The Bank established the policy with respect to employee's engagement and compensation & benefits that places importance on the equality of all employees and does not commit any conduct that violates human rights, including discrimination against individual on grounds of the difference in origin, race, language, age, training & education, institution, gender, disability, physical or health condition, workplace safety, personal status, and economic or social standing.

The policy regarding vendor's selection and screening also established to commit that the Bank's vendor is operated without the human rights violation. The Supplier Code of Conduct is established to notify the Bank's vendors to comply with.

The Bank's customers have the right to receive the legal protection and receive the Bank's good quality of product and service therefore the product and service will be delivered with the fairness on the fees, security, product's feature and terms & conditions as the customers is perceived via the advertisement or the relevant agreement.

The Bank's Code of Conduct encourages everyone to create a good working environment by not presenting any behavior that infringes on the others' privacy. It's also encourages for no abusing human rights by treating or practicing in differences standard because of any different in race, religion, language, age, education, gender, disability, physical or mental health, status of economic or social of person.

4. Fair Labor Treatment

The Bank is fully aware that employees play an important role in driving the Bank's business and bringing positive changes to society. The Bank, therefore, selects, develops, promotes, and retains high caliber staff so that the Bank can achieve its target efficiently and effectively. The Bank ensures appropriate and fair compensation as well as a transparent appointing, transferring, bonus and penalties. The Bank also encourages and supports employees to improve their knowledge and skills. Lastly, the safety of working environment is also provided.

Projects which introduced in the organization in order to improve the quality of work such as

- Stress management training
- Ergonomic work place
- In-house medical clinic
- Childcare facilities
- Indoor air quality
- Illumination of area
- Noise level control
- Temperature control
- Humidity control

The Bank also aware of the employee's health and safety which the statistic in 2018 show as below:

- | | |
|-----------------------------|--------|
| • Accident cases | - No - |
| • Employee health / illness | - No - |

5. Responsibility to Customers

The Bank places importance on maximum customers' satisfaction and confidence in the Bank. It thus aims to genuinely offer quality products that suit for the customer and also disclose the product and service clearly and completely and excellent services to customers by focusing on their needs and benefits. Furthermore, the Bank shall not make unfair terms and conditions, and must follow the business agreement strictly, honestly, carefully and consistently.

The Bank also places importance on responsibility on all service operation processes (end-to-end process), which is the basic right of the customer. This also support the business's sustainability growth. The Bank raise the higher standard on 9 market conduct management systems: (1) Corporate culture and roles and responsibilities of board of directors and senior management; (2) Product development and client segmentation; (3) Remuneration scheme; (4) Sales process; (5) Communication and training; (6) Data privacy; (7) Problem and complaint handling; (8) 3 lines of defense; (9) Operation and business continuity.

6. Environmental

The Bank places importance on environment preservation through its credit underwriting policy, by not supporting the businesses that could cause both direct or indirect environmental impacts. The Bank also comply with the United Nation Global Compact (UNGC) by providing an environment-friendly work place.

7. Social Development and Community Management

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any business benefits.

Bank also encourage the employees to develop their knowledge and skill and set the internal project for creating on new product development and providing better customer's experience.

8. Innovations and Distribution of Innovations

The Bank encourages employees to creatively develop and improve working process for efficient and effective operations. This results in cost-efficiency improvement, an efficient use of resources, a faster service which leads to an increase in customers' satisfaction.

From the 8 principles mentioned above can be summarized with the Bank's stakeholders in table as follows:

8 Core Principles / Stakeholders	Fair Trade Practice	Anti-Corruption	Human Rights	Fair Labor Treatment	Responsibility to customer	Community and social development	Environmental management	Innovation and Distribution of Innovation
Shareholders	•	•			•	•		
Employees	•	•	•	•		•	•	•
Customers	•	•			•	•	•	•
Business partners	•	•		•				
Creditors	•							
Competitors	•							
Investors	•	•						
Government Agencies		•				•		

As presented on above table, the bank aware of the important of all stakeholders therefore the bank has established the Corporate Governance Policy and Code of Conduct that considers the Bank of Thailand's good governance guidelines for financial institutions, the principles and best practices of good corporate governance of listed companies of The Securities and Exchange Commission.

The Bank's policy therefore indicates 8 principles of corporate governance code as below

Principle 1: Establish clear leadership role and responsibilities of the board

Principle 2: Define objectives that promote sustainable value creation

Principle 3: Strengthen board effectiveness

Principle 4: Ensure effective CEO and people management

Principle 5: Nurture innovation and responsible business

Principle 6: Strengthen effective risk management and internal control

Principle 7: Ensure disclosure and financial integrity

Principle 8: Ensure engagement and communication with shareholders

Bank also establishes the monitoring process including the channel for reporting any breach cases regarding the Bank's code of conduct, related internal control related policies.

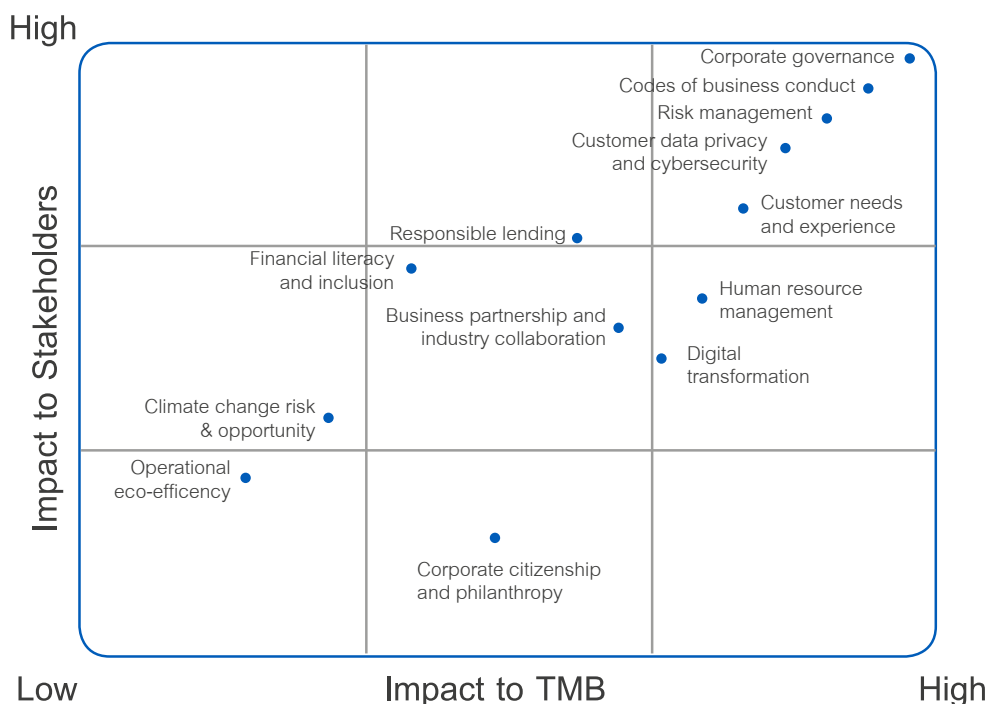
In addition, since in 2018 there are issues and trend which has significant impact to the bank such as:

- Industry 4.0 Regulations - cashless society and new regulations
- Global Connectivity & Digitalization - rapid information
- Changing Consumer - high customers' expectation, need more employees' skills

From the above trend, the Bank has the chance to develop and manage the challenge as follows.

- Introduce new service and product with proper information management
- Develop the deep analytic process related to the customer's need
- Develop the system for supporting the changes of new product and service for secured information
- Develop the employee's training and development program for readiness on the new product and service

Stakeholder	Concern or Expectation	Participation path	Project initiative
1.Shareholder	Clear disclosure	- Data Disclosure process	- define responsible unit
2. Employee	Appropriate compensation	- Human capital management and remuneration process	- fair employment - Learning organization
3. Customer	Innovation product for providing the convenient financial service for the customers	- Product and service development - Sell process	- Technology investment to improve the service quality and support lean project and TMB Way Award
4. Partner	Transparent process	- Operational and BCP process	- Set the standard procedure
5. Competitor	Anti-Corruption	- Complaint management process	- Fair compete
6. Regulators	Compliance with laws	- Customer privacy, customer information security	- Secured information
7. Community	Environment conservation	- Operational process	- Energy Consumption - Credit lending - Fai-Fah project



Sustainable Development Goals: SDGs

The Bank's business partial support the UN sustainable development goals as follows:



Goal 1 No Poverty

The Bank encourages people to equally reach financial service and the Bank believe that provide the basic financial knowledge to the community will help to up lift the people quality of life from their poverty.



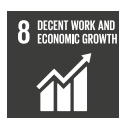
Goal 4 Quality Education

The Bank encourages youth's education and learning via Fai-Fah. The supporting program are provided such as skills with respect to art, music, sport, and language. The program is opened for all youth who in needed to unlock their potential and self-development in their interested activity as well as allow them to express their creativity in appropriate way. The other communities' activity under Fai-Fah project also support the education and sustainable environment development.



Goal 7 Affordable and Clean Energy

The Bank provides financial support to the substitute energy and energy conservative project in order, by this program the bank expected that the community could reach to more clean energy.



Goal 8 Decent work and Economic Growth

The Bank business lead to the growth of the business and employment. The bank also respects the human right and fairly employee treatment.



Goal 9 Industry Innovation and Infrastructure

The Bank applies the technology and digital to develop the innovation for sustainable development on the digital banking road map according to philosophy "Make THE Difference" which aim to build the creative and valuable difference.



Goal 13 Climate Action

The Bank continues its improvement on the internal resource efficiency consumption as well as reduce the impact from climate change by supporting the financial lending to any substitute energy projects to enable the community reach to its low-carbon society.

2. Sustainability Report

TMB Sustainability is the part of 2018 Annual Report which align with TMB vision, mission and culture on the bank corporate responsibility regarding social and environment.

TMB Sustainability framework builds on 4 dimensions

- (1) Organization sustainability
- (2) Industry sustainability
- (3) Environment sustainability
- (4) Social sustainability.

The Bank applied GRI Standards in the sustainability report which support the sustainable development in nationwide according to the nation target on SDGs such as SDG no. 4 (Supporting Lifelong Learning Opportunities for All), SDG no. 8 (Promoting Continuous Economic Growth), SDG no. 9 (Developing Infrastructures that Promote Innovation into a Sustainable Industry).

The Bank aware of the significant financial service to the customers and the stakeholders for good experience. In order to achieve such concept, the bank set up the human resource development program to provide the staff training and work improvement process as well as the data management including safety workplace and the complaint management and BCP process.

In 2018, TMB has significant sustainability activities as following:

Economic

- NPS Ranking: No. 3 for overall bank

Environment

- Leader in digital banking: Top 3

Social

- Online banking stability: Improve digital channel availability, reliability, security

All dimensions are closely overseen by sound corporate governance and business ethics to ascertain equality, transparency and fairness of the Bank's operations to all stakeholders. The disclosure report of the Bank's operations related to Corporate Social Responsibility and Environmental Management (CSR) during the period of 1 January 2018 – 31 December 2018 is based on the 8 principles of the Stock Exchange of Thailand's Guideline for Corporate Social Responsibility including:

1. Fair Trade Practice
2. Anti-Corruption
3. Human Rights
4. Fair Labor Treatment
5. Responsibility to Customers
6. Community and Social Development
7. Environmental Management
8. Innovations and Distribution of Innovations

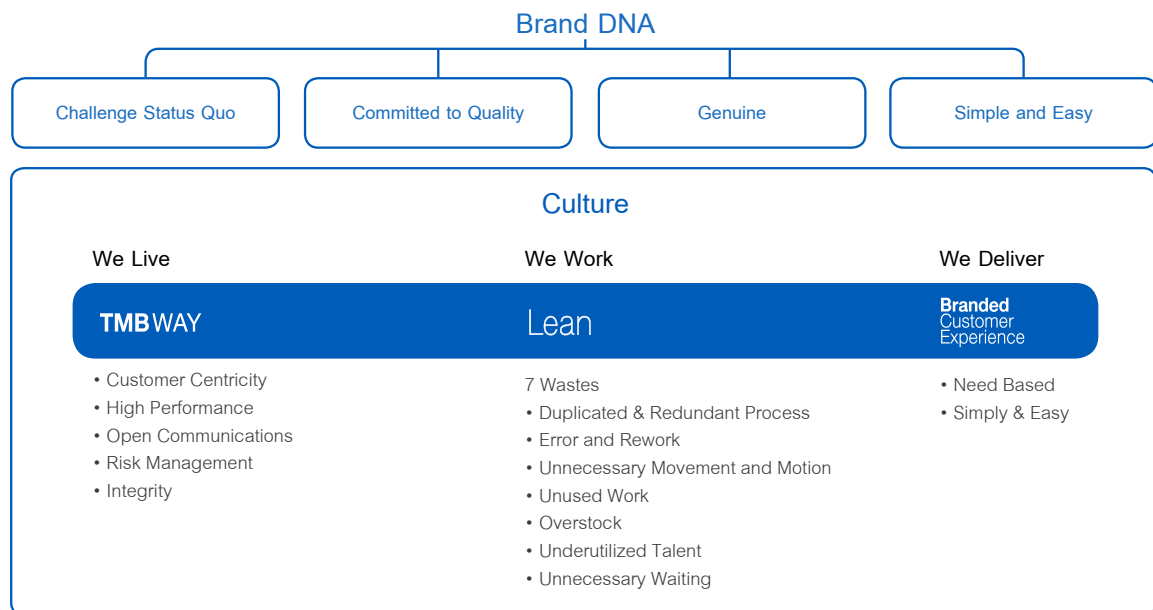
3. Policy Implementation

In 2018, the Bank adhered to 8 principles of CSR which can be described as follows:

1. Fair Trade Practice

1.1 The Bank operates business with prudence, efficiency, and effectiveness for stable and sustainable growth in accordance with 3 major parts as (1) "TMB Way", the organization culture. TMB Way comprises of 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity. (2) Lean: The Way we work, the lean process will be applied to the normal work process for highest effectiveness of business (3) Branded Customer Experience: The Way we deliver, the bank shall deliver the experience to the customer for achieve the target and get increased benefits after using the bank's service under "Need-Based" and "Simple & Easy" concept. The bank has brand's philosophy as Make **THE** Difference.

Brand's Philosophy: Make THE Difference



- 1.2 The Bank operates business in compliance with good corporate governance principles without fraud and corruption as well as adherence to ethic and code of conduct.
- 1.3 The directors and employees, who are provided the employee's training roadmap and relevant development plan including the employee engagement programs such as CAREER by ME, Talent program, Work-Heart program, protect the Bank's benefits, whilst taking into account all stakeholders with fairness and transparency. This enhances the confidence of both domestic and foreign investors, leading to "the most advocated Bank in Thailand".
- 1.4 The Bank strictly operates business in compliance with laws, rules and regulations, and relevant regulatory requirements.
- 1.5 The Bank prevents any conflict of interest among the Bank, directors, employees and stakeholders, and determines comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.
- 1.6 The Bank ensures that its information, both financial and non-financial, is disclosed correctly, completely, timely and transparently through channels that can be easily accessed by the public.

2. Anti-Corruption

The Bank shall operate with fairness and responsibility to all stakeholders. The Bank operates aligning with principle of good corporate governance and code of conduct to ensure that the Bank establishes the proper governance risk mitigation mechanism for oversight and ensuring its operation is transparent and corruption-free. The Bank also attained certified membership status in the Private Sector Collective Action Coalition Against Corruption (CAC). The Bank defines anti-corruption policies (including anti-bribery), providing guidelines for directors, executives, and all employees to operate and conduct business in a transparent manner, prohibiting its directors, executives, and employees to bribe or offer gifts or money to individuals, government officials / government entities, or companies to gain undue business benefits or influence over business dealings. It also prohibits any engagement of corruption-including expression of interest or acceptance of such acts for the benefit of oneself or other persons.

The Bank defines employees' code of conduct on offering or accepting gift and giving or accepting entertainments from other individuals. The accepting gifts or other benefits or accepting entertainments are not allowed. Offering gifts or other benefits or entertainments are allowed only in proper manners without having any form of influence over decision making, offering or accepting bribery is also prohibited. In this regard, offering gift and giving entertainments in certain occasions are allowed based on tradition, custom or culture. This includes gift given to each other as per social manner which employees must be done carefully and in compliance with the Bank's policy on Gift, Entertainment & Donation.

The Bank provides overall anti-corruption risk assessment on, along with anti-corruption risk assessment in Product and Service Assessment Process that may lead to attempts in corruption within departments and operations such as Procurement unit, NPL management, NPA management, TMB Foundation management, and Charity Foundation. Risk & Control Self-Assessment (R&CSA) is adopted to assess the risk, R&CSA provides clear scope of risk identify, mitigation, efficiently keeps track of risk factors, maintains them at an acceptable level, and prepares for any additional risks in the future.

The Bank establishes whistle blowing policy against corruption and improper actions such as fraud, violations of laws, misconduct, unethical behaviors, embezzlement, violation of rights, and any matter that leads to the Bank's damage.

The Bank educates new employees on anti-corruption. New staffs are trained about the anti-corruption policy during the orientation. In addition, these courses are prepared as e-learning courses for all employees, including tests to assess knowledge and understanding about anti-corruption for all employees. The Bank communicates its anti-corruption policies via its website to various stakeholders and general public to broadcast its intention and commitment about anti-corruption.

3. Human Rights

The Bank's Code of Conduct encourages everyone to create a good working environment by not presenting any behavior that infringes on the others' privacy. It's also encourages for no violate human rights by treating or practicing in differences standard because of any different in race, religion, language, age, education, gender, disability, physical or mental health, status of economic or social of person.

The Bank places importance on equality of all employees and ensure that it does not commit any conduct that violates human rights, including discrimination against individuals on grounds of differences of origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, and economic or social standing.

The Bank collaborates with Thai Bankers' Association to provide career opportunity for persons with disabilities across the country to earn the living for their families and communities by hiring as service contractor. More than 89 persons have been hired for administration job in deferent locations, including the Thai Red Cross Society, sub Thai Red Cross nationwide, and Health Promoting Hospital nationwide. This is to ensure they have opportunities to equality, as well as development of sustainable community and society.

4. Fair Labor Practice

The Bank has set up the policies and regulations to enhance fair labor practice at the Bank. Details are as follows.

4.1 " Staff Guidebook " has been developed not only to provide employees with useful information, but it also consists of the Bank's core culture, employee's rights and code of conduct. In addition to the guidebook, which is fundamentally given to new joiners, these information are also accessible for all employees via other channels, such as Intranet at HR Minisite.

4.2 The Bank fully complies with the Labor Protection Act B.E.2541, Labour Relation Act B.E.2518 , Social Security Act by setting up rules and regulations to enforce internally, for instance, regulations in working days/normal working hours/holidays, wage payment/overtime pay/holiday pay and holiday overtime pay, holiday, leave, discipline, disciplinary action and procedure, grievance, discharge of employment and severance payment. Moreover, the Bank fully complies with other relevant Laws namely 'Persons with Disabilities Empowerment Act, B.E. 2550'.

4.3 Code of Conduct has been disseminated to current staffs and new joiners of the Bank to ensure their understanding and strict adherence to it. It is also to enhance good relationship and workplace environment and maintain the governance with customers and staff.

4.4 The Bank's "Total Compensation" policy is aligned with the Bank's strategic direction which aims to encourage and enhance staff performance. The compensation is, therefore, evaluated on both the Bank's operating performance and individual performance, so called Pay-for-Performance. The objective is to provide opportunities for career development. Moreover, the Bank benchmarks its staff compensation with Thai banking industry rate on regular basis to ensure the fair remuneration.

4.5 Other welfare and benefits are provided to support employees' working and living standard such as Provident Fund, Medical Welfare, Medical Checkup, Social Security Fund and etc.

4.6 The Bank places high importance in the career path of current employees, thus encourages employees to learn and understand themselves in order to best improve their skills and grow their career path, regardless of whether it is inside or outside their current functions, with the support of their supervisors and the Bank. For example, the Bank regularly provides both internal and external training for employees. There are knowledge management systems for research and study, e-learning for self-development and other than the task of their own responsibility. "CAREER by ME" and Job Search system allow employees to explore job opportunities available internally so that employees are able to plan and develop their career path efficiently.

4.7 The Bank has the policy of employee's skill development. The Bank provides training for all staff on a regular basis to enhance employee's competency. The contents and training methods are always revised and updated. As such, staff could develop the skills they need for their job and future roles. In addition, the Bank continues to promote its culture of self-improvement by cultivating awareness and positive attitudes as well as encouraging employees to be innovative.

4.8 The Bank understands the importance of communication with employees. Therefore, HR Communication, HR Mini-site, HR on Call and Yammer have been initiated as additional channels for the Bank to communicate with employees as well as a channel to share useful information among employees. Moreover, HR Website is an easy-to-access source of information and as a result, supports employees for more opportunities to participate in the Bank's activities.

5. Responsibility to Consumers

The Bank strictly complies with the Consumer Protection Act B.E. 2522. In consumer protection regarding advertising, the Bank avoids the use of information that may be unfair to consumers and the use of information that may have adverse effects on society. In addition, the Bank does not advertise in a way which could cause psychological harm or irritation. As for consumer protection regarding contracts, each and every contract shall be provided with clear and adequate terms and conditions, agreements, expenses, period of contract, and termination of contract and is in clear, easy-to-understand language and fonts. Consumers have a right to study the contracts before making their decisions. In addition, the Bank will not stipulate unfair terms and conditions and will not take any actions to mislead consumers.

The Bank provides business continuity management policies and standards as a guidance for all units to develop a business continuity plan as well as to assess and test the readiness to ensure that the Bank has readiness on business continuity plan, continuous customer service, and IT disaster recovery plan under crisis circumstances.

The Bank placed importance on keeping and protecting customers' personal information. The Bank provides written policy and guidelines for keeping and preventing the use of inside information, as well as regulation on the use of inside information and also ensure strict compliance to prevent any director, executive or employee in the position or status with access to the Bank's inside information from exploiting such information for his/her own benefits or for others' benefits such as using details or confidential information of the Bank/customers to operate business competing with the Bank's/customers' businesses, or exploiting to gain any benefit from his/her authority and responsibility.

6. Community and social development

In 2018, TMB continues valuing the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation e.g., FAI-FAH learning centers, FAI-FAH for Community Projects as well as other CSR Project including TMB | ING PARKRUN, the annual mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

Besides, the Bank also joins with other organizations i.e., Thai Bankers Association (TBA) in "Financial Literacy for the Disabled to promote financial security for themselves and their families.

The Bank as the member of the Thai Bank Associations, under the association the Bank is a part of working team who raising the quality of financial services business such as

- Payment system infrastructure for digital evolution (National e-payment)
- Economic support (Lending with low interest rate for SME)
- Community support (Financial literature)
- Preparation for ASEAN community
- Preparation for alignment with the laws and regulations

7. Environmental management

The Bank recognized the climate change issue and the bank has arranged the program for improving environment in the head office building as follow.

1. Renovating the office area by changing the electronic bulb from the previous type to LED in order to save the power and the life of the equipment is longer than the previous fluorescent.
2. Renovating the office area environment by incorporating the energy saving concept as follow.
 - 2.1. Changing the air conditioner from Split type to Variable Refrigerant Flow in order to save the energy
 - 2.2. Limit the number of electricity equipment at each desk which causing energy saving.
 - 2.3. Changing the curtain to be 100% UV reduction in order to protect the high temperature from external, this helping to reduce the external impact to the compressor then the energy is saved.
 - 2.4. Installing the film to reduce UV in south and west area in order to protect the high temperature from outside building for saving environment.
 - 2.5. Selecting the rubber flooring tiles which got the green certificate and using low V.O.C glue for environmental saving.
 - 2.6. Using the dura clean wall paint in order to increase the brightness of the area and help reduce the number of electric bulbs for saving environment
 - 2.7. Changing Fresh Air System to increase the oxygen volume and reduce carbon dioxide within the whole office building causing the fresh air for the employee.
 - 2.8. Changing AHU in the office area to increase the effectiveness of the compressor for saving energy.
 - 2.9. Installing Variable Speed Drive (VSD) to control AHU motor speed for energy saving.
 - 2.10. Channing the chiller in the compressor to increase the effectiveness of the existing one for saving energy.
 - 2.11. Changing the technology of the office elevator and service elevator to be Inverter and computer controller in order to increase the effectiveness of the service and saving energy.
 - 2.12. Changing the technology of the escalator to be Inverter and computer controller in order to increase the effectiveness of the automation service which encourage and create the awareness for employees and the customers in saving the environment.
 - 2.13. Replacing new capacitor bank @ MDB to increase power factor of Electrical System.

In addition, the Bank also continues the environment saving program such as the recycle paper by donate the used paper to the other company for other uses or join the local program such as the plant forest project.

The Bank takes into the consideration for the electricity energy saving then the bank has initiated the electricity censor system in the toilet in order to save the electricity energy and effectively make use of the resources and lead to sustainability performance. The electricity energy usage in the head office and branches offices in 2015 – 2018 show the improvement as below.

Electricity Energy Usage (Partial Peak)	Unit	Year			
		2015	2016	2017	2018
Head office	KWh	17,446,000	17,585,000	17,324,400	16,846,000
Branches offices	KWh	26,864,210	25,534,140	24,405,685	19,655,880

The Bank set the target to reduce the energy usage by introducing 3 mechanism such as

1. Install VSD & AHU equipment to reduce the electricity expense approximately THB 247,004 per annum
2. Change the electric bulb to LED to reduce the electricity expense approximately THB 662,120 per annum
3. Control Chiller to synchronize with current weather to reduce the electricity expense approximately THB 990,815 per annum

The Bank support SME entrepreneur by granting the loan to the corporate entity who initiate its environment saving project. The Bank established Environmental and Social Responsibility Policy to be guideline for credit underwriting and customer screening prior final the credit limit approval. The credit lending under this program is classified into 2 major categories (1) general industry (2) special industry which have the specific credit conditions or the negative impact to the environment and need to have certain checking and monitoring process in order to ensure the negative impact is mitigated.

8. Innovations and Distribution of Innovations

The Bank encourages employees to creatively develop and improve working process for efficient and effective operations. This results in cost-efficiency improvement, an efficient use of resources, a faster service which leads to an increase in customers' satisfaction.

4. In-process business that impacts to social responsibility

The Bank operates business with responsibility in social and environment. In 2018, The Bank has not been investigated in case of violation of any social and environment law by government agencies, and also has not been publicized of any case that would impact the Bank's operation, reputation or trust.

The Bank takes into the account for saving water supply, in 2018 the Bank still continues using special T-shirt for TMB | ING PARKRUN program for several years. The water supply savings during 2015 – 2018 are shown below.

Water Supply Usage	Unit	Year				Total Water Supply Saving
		2015	2016	2017	2018	
TMB ING PARKRUN	litre	240,000 L.	360,000 L.	300,000 L.	300,000 L.	1,200,000 L.

In 2018, the Bank launch campaign to reduce and recycle of garbage by introduce the program categorize the garbage type.

5. After Process CSR

Besides in-process CSR, where the Bank integrates the principles of social responsibility into its business operations, the Bank has also established sustainable after-process CSR projects that reflect Make THE Difference Philosophy through FAI-FAH Programs focusing on giving more to inspire youths & communities as follows:

- **FAI-FAH'S YOUTH LEARNING CENTERS:** Currently, FAI-FAH under TMB foundation have four centers which are FAI-FAH Pradiphat, FAI-FAH Prachautis, FAI-FAH Chan, and FAI-FAH Bangkok Noi. These four learning centers offer free skill enhancing activities such as arts, sport, music, etc., to community kids aged between 12 – 17 years as well as other necessary soft skills with the aim to promote the 'giving back' mindset and create the sustainable changes to the society.

- **FAI-FAH BRIDGE:** The project main purpose was to make access for children in communities more feasible by supporting to learn through innovative arts activities at their schools. In 2018, FAI-FAH Bridge reach more than 150,000 students across more than 80 schools in Bangkok and Vicinity areas.

- **FAI-FAH ART FESTIVAL:** The annual art & life skill's exhibition initiated by FAI-FAH kids under the theme of "Ordinary Kids are Beautiful", inspiring FAI-FAH kids to unleash their potentials after learning at FAI-FAH centers and ripple out to TMB Employee as well as to the society.

- **FAI-FAH FOR COMMUNITY (Community Improvement Projects):** With the commitment to give more to communities, the Bank's volunteers from nationwide branches as well as Head Office have continuously participated in Community Improvement Projects in Y2018 with more volunteering synergies across business units including Advisory & Sales Network (ASN) Team, Business Banking Customer Relationship Management (BB) Team, and SME Customer Relationship Management (SE) Team. This year, TMB volunteers led and inspired 37 community projects covering 5 key community needs, i.e., 1) Better Health & Environment, 2) Sufficiency Economy, 3) Better well-being for the Disabled, 4) Better Education and 5) Cultural Preservation. Expect more than 50,000 community residents would get direct and/or indirect benefits from these 37 Community Improvement Projects. In addition to the above, TMB also initiated and partnered with other organizations for CSR purposes including.

- **TMB | ING PARKRUN 2018:** The annual Mini-Marathon activity to support Cardiac Children Foundation of Thailand. This program has run consistently for 4 years (since 2014) till present. In Y2018, there were more than 10,000 runners joining the program including the new platform of having Virtual Park Run, the total donation amount plus 1 Million Baht TMB Top up = 9.17 Million Baht to support altogether 305 beneficiary children under the Cardiac Children Foundation. (Remark: the supporting budget per children in Y2018 = 30,000 Baht)

- **FINANCIAL LITERACY FOR THE DISABLED:** TMB Bank Public Company Limited, as one of the fifteen members of the CSR Club under the Thai Bankers' Association, had involved as part of the key network to plan and develop financial curriculum for the disabled. Key objective is to successfully derive the appropriate financial literacy curriculum specifically suited among the disabled group of people to promote financial security for themselves and their families. The first pilot financial literacy activity had been done for 2 days during Q4'2018 among the disabled employed by The Red Cross Society. The pilot test result will be reviewed to develop the proper financial literacy curriculum & tools in Y2019, with around 1,000 disabled people who will get benefit from this project.

- **Overall project achievement in 2018**

1. Develop the skill for financial literacy to the incapability people and the target leader around 30 persons.
2. Incapability people could apply the financial literacy regarding financial discipline and financial analytic, financial saving into their life and family for their sustainability living.
3. Develop the prototype course regarding the financial discipline for the incapability people, the working team has developed the course which encourage the incapability people could apply their knowledge into the practice and lead to more understanding among their community.

FAI-FAH, the core CSR program inspired by TMB is committed to continue creating the ripple effect that could inspire and give more to Kids & Communities according to our TMB Make THE Difference philosophy.

> Internal Control

Opinion of the Board of Directors on Internal Control and Risk Management

Internal control is an important cornerstone of the bank's operating model and strategic direction, both at management and operational levels, emphasizing sound organizational structure, segregation of duties, and delegation of authority of decision-making. This to ensure that the interests of all the bank's stakeholders and the bank own benefits are appropriately taken into account. The Board of Directors (through the Audit Committee, Risk Management Committee, and Nomination, Remuneration and Corporate Governance Committee) has been tasked with oversight of internal controls, risk management policies & processes and good governance. Audit carries out reviews over the Bank's overall operations, related and connected transactions and reports findings to the Audit Committee and the Audit Committee reports to the Board of Directors accordingly. This in order to provide assurance to Directors and support Directors and Management with reporting in order to take initiatives, if deemed appropriate.

The Board of Directors meeting no. 1/2562 held on 23 January 2019, attended by members represented in the Audit Committee, has reviewed the report on the Bank's internal control assessment proposed by the Head of Audit. Internal auditors conducted the assessment based on the Internal Control's 5 Key Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

The Bank's internal control and risk management are generally at the appropriate level which require continual improvements in order to meet changes and emerging risk in business environment of digital world. The Board of Directors is aware of the current status of the Bank's internal controls and risk management, and exercises supervision over management's efforts on ongoing internal control improvement. Moreover, Audit Committee has recommended management taking remedial actions to address identified deficiencies and reporting progress to the committee and the Board of Directors on a regular basis.

Gate Keepers

Head of Audit

The Board of Directors has appointed Mr. Sunthorn Rukpanich to hold position of Head of Audit.
(See profile of Head of Audit in attachment 1)

Head of Compliance

The Board of Directors has appointed Mr. Varoon Kanjanapoo to hold position of Head of Compliance.
(See profile of Head of Compliance in attachment 1)

> Statement of the Audit Committee

In 2018, the Bank's Audit Committee, served fully by 3 independent directors who were not the Bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarized as follows.

1. Review the Bank's financial statements to ensure accuracy and adequacy.
2. Review and ensure adequate and efficient internal control.
3. Review connected transaction or transaction which may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and SET regulation and that transactions are entered with reasonableness for the benefit to the Bank.
4. Review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit. Recommend to the Management for reminding staff to strictly comply with the laws and regulations.
5. Select and propose to the Board of Directors and Shareholder meetings the appointment including propose dismissal of Bank's external auditor and annual audit fee. In addition, the Committee is responsible for approving other non-audit-related engagements with the Bank's external auditor.
6. Closely supervise the Bank's internal audit function including approving internal audit plans and assessing audit performance to ensure sufficient audit resources and that all auditing activities were independently and effectively conducted in accordance with the regulatory requirements.
7. Review and follow up on observations of regulators, and external and internal auditors to ensure appropriate response actions.

The Audit Committee held 12 meetings in 2018, and the attendance record of each committee member is reported in the Shareholding and Management section in the Annual Report. Overall, the Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. Relevant executive officers were invited to attend and clarify issues in the meetings. The Audit Committee made inquiries and took into account clarifications from the Management and the external auditor as to the accuracy and adequacy of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with external auditor that the Bank's financial reports fairly present accurate and reliable information in material aspects in compliance with generally accepted accounting principles. In addition, any transactions which may cause conflict of interest were reviewed to verify they were reasonable and appropriate, most of them being found to be in the normal course of business or supporting normal course of business conducted on an arm's length basis. Furthermore, the Audit Committee has assessed the performance, independence of external auditor and also periodically changes of the external auditor has been made appropriately and compliance with the regulatory requirement. The Audit Committee agreed to propose the Board of Directors to seek shareholders' meeting approval on the appointment and remuneration of the independent auditors of KPMG to be the Bank's independent auditors for the year 2019.

The Bank's internal control systems and regulatory related compliance are generally at the appropriate level which require continual improvements in order to meet changes and emerging risk of business environment in digital world. The bank continually pays high attention to the internal control execution and enforcement, providing necessary training to the staff including follow up issues, investigation, root causes and corrective measures, imposing of disciplinary action to assure internal control effectiveness. Moreover, Audit Committee has emphasized the management to take remedy actions to address deficiencies identified and report progress to the Audit Committee regularly.



(Mr. Singha Nikompun)
Chairman of Audit Committee

> Report of the Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee ("NRCC") was appointed by the Board of Directors comprising four committee members - two independent directors and two non-executive directors. In this regard, the Chairman of the NRCC is an independent director.

In 2018, the NRCC carried out its responsibilities duties within the scope of authority given by the Board of Directors, holding 14 meetings. Each member attended meetings and performed their duties on important matters as follows:

Nomination

1. Screening and nominating duly qualified candidates for appointment as the Bank's directors to replace directors who resigned before completion of tenure, retiring directors who declined to accept re-election, and directors who retired by rotation, before submission to the Board of Directors, or to the shareholder meeting for approval where required. The NRCC shall consider and nominate persons who are professionals in diversified fields (via skill matrix) with proper qualifications as prescribed in the law, the Bank's Articles of Association, and notification of government agencies as well as knowledge, capability, expertise, and experience in order to be in line with the Bank's direction and business strategy. In addition, the nominated persons must be able to dedicate time for the optimum benefits of the Bank.
2. Consideration and endorsement of the appointment of members of Board committees, namely, the Board of Executive Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, the Risk Management Committee and the Credit Committee, to ensure that each Board Committee comprises directors who have appropriate qualifications and there are sufficient number of committee members to ensure effective performance of duties in compliance with the Charter of each Board committee and the Bank's strategy and business direction prior to submission to the Board of Directors for approval.
3. Screening and recruitment of person with proper qualification to be appointed as senior executives before submission to the Board of Directors for appointment. The NRCC shall consider and recruit persons who have knowledge, capability, and proper experience in diversified fields so as to contribute, support, and push forward achievement of the Bank's business goals.
4. Consideration of the framework with respect to employee's recruitment and promotion and principle or basis for staff compensation without discrimination of gender, personal status, or economic or social standing
5. Consideration and approval of the succession plans for the positions of the chief executive officer and other key management position to ensure that the Bank has an appropriate process for planning and identifying and selecting appropriate persons as successors to important positions in the Bank.

Remuneration

6. Consideration of the remuneration of the number of the Board of Directors and each of Board committees before submission to the Board of Director for consideration and further submission to the shareholder's meeting for approval. In doing so, the NRCC will consider directors' remuneration based on their fiduciary duty and consistent with the accountability and responsibility of the directors.
7. Consideration of directors' bonus before submission to the Board of Director for consideration and further submission to the shareholder's meeting for approval. In doing so, directors' bonus shall be consistent with performance of duty based on the scope of their assigned and shall be consistent with performance of the Bank.
8. Arranging for the performance assessment of the chief executive officer. Each assessment was conducted against predetermined short-term and long-term targets and performance criteria. The NRCC also considers and recommends the compensation and proper benefit scheme for senior executives, prior to submission thereof to the Board of Directors for approval where required. In doing so, consideration of compensation takes into account the scope of the assigned duties and responsibilities as well as the general economic situation and relevant industry benchmarks.

Corporate Governance

9. Consideration of the Corporate Governance Policy, Board of Director and Board Committees Structure, Charter of Board of Director and each Board committee and the revision of the existing board of director's performance assessment by implementing the cross assessment method and implement the skill matrix as the tool for consideration in the process of director nomination that align with corporate governance where requires to meet best practice and Corporate Governance Regulation applicable to the current business environment in which the Bank operates and make recommendations there to the Board of Directors.
10. Reviewing the Bank's business operations for compliance with principles of good corporate governance as well as oversight the establishment on the appropriate corporate KPI in sustainability development area, efficiency, absence of corruption, transparency and auditability, and to ensure that required information is fairly and completely disclosed and that communication be duly made to all employees regarding the Bank's policy on anti-corruption and its code of conduct so as to enhance confidence of all stakeholders.
11. Arranging the performance assessment of the Board of Directors, the Board committees, and individual Board and Board committees members included cross assessment as well as propose result and recommendations to the Board of Directors for acknowledgement. In this regard, the recommendations of the NRCC are aimed at increasing the overall efficiency of the Board of Directors' and Board committees.
12. Regularly review the Bank's operations to ensure compliance with regulatory requirements as well as best practices on corporate governance and sustainability.

The NRCC fully perform duties assigned by the Board of Directors carefully and with transparency for appropriate benefit of the stakeholders.



Mr. Siripong Sombutsiri

Chairman of the Nomination, Remuneration and Corporate Governance Committee

> Report of the Board of Directors' Responsibility for Financial Reports

The Board of Directors is responsible for the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries, and all financial information appearing in the Annual Report. The financial statements for the year ended 31 December 2018 have been prepared in accordance with Thai Financial Reporting Standards with appropriate accounting policies applied on a conservative and consistent basis. Judgement and estimates where required have been applied with careful and reasonable considerations, with adequate material information disclosures made available in the notes to the financial statements that is useful to all shareholders and investors. These financial statements have been audited by independent auditors who have given their unqualified opinions.

The Board of Directors has also adopted and maintained appropriate and effective risk management, internal control, internal audit and compliance, whereby the Bank can assure financial records are accurate, complete and protections are appropriate for the Bank's assets. These controls also serve as preventive measures against any significant operational risk of the Bank. The Board of Directors has appointed the Audit Committee comprising entirely of independent directors responsible for the quality of the Bank's financial reporting, the internal control systems as well as complete and appropriate disclosure of connected transactions. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors is of the view that the Bank has maintained an effective internal control system which provides an adequate and appropriate level of protection, and therefore can assure the reliability of the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries as of 31 December 2018 to be correct, complete, and accurate according to Thai Financial Reporting Standards, related laws and regulations.



Mr.Piti Tantakasem
Chief Executive Officer



Mr. Prasong Poontaneat
Chairman of the Board

> Management Discussion and Analysis

Executive Summary

In 2018, the Bank strengthened its deposit value proposition with “Get More with TMB” concept and could expand deposit base by 6.2%. Meanwhile a key focus on loan was to ensure portfolio quality amid Thailand’s uneven economic recovery cycle. The Bank therefore grew loan selectively and registered a growth of 6.6%. While total operating income rose by 28.3%, non-interest expense dropped by 1.8%. Therefore, PPOP for 12 months was reported at THB30,540 million which grew by 54.7% YoY. Growing PPOP allowed TMB to set higher provision for prudence and preparation for IFRS 9 implementation. Coverage ratio, as a result, rose to 152%. Net profit grew 33.6% YoY to THB11,601 million.

Deposit expanded 6.2% from retail flagship products: TMB could expand its deposit by 6.2% from last year to THB650 billion. The growth was led by non-transactional deposits with 14.3% growth from TMB No-Fixed and 11.5% from ME SAVE, deposit on digital platform. Transactional deposit grew moderately at 2.1%, led by One Bank (+14.5%) for commercial customers and ALL Free (+3.9%) for retail customers. This reflected TMB’s value proposition of “Get MORE with TMB”.

Loan grew 6.6%, led by retail mortgage: To ensure portfolio quality, TMB has selectively grew loans as well as gradually resumed Small SME loans as Thai economy recovered unevenly while facing with external volatilities. Consequently, loan rose 6.6% YTD to THB686 billion. Key driver was retail segment (+17.8), especially from mortgage (+19.7%). This followed by large corporate segment (+5.1%), mainly from trade finance (+17.7%) Small SME loans remained on recovery trend and registered its growth at 1.7% from last year.

An increase in PPOP was from Non-NII and well-managed operating expenses: NII slightly contracted by 1.0% to THB24,497 million as NIM dropped 19 bps to 2.94%. Lower NIM was due to a slow recovery of Small SME, a high yield segment. Non-NII, on the other hand, rose 85.3% to THB23,545 million. Key factor was the recognition of THB11.8 billion gains from TMBAM deal with Eastspring in July 2018. Overall, the Bank reported total operating income of THB48,042 million, rose by 28.3% YoY while operating expenses were well-managed and dropped 1.8% to THB17,475 million. Nonetheless, PPOP increased 54.7% to THB30,540 million.

Higher provision was for IFRS 9 and prudent NPL management: Prudent risk and asset quality management has been one of the Bank’s priorities. In 2018, TMB proactively wrote off NPLs to limit downside risks. With higher PPOP, the Bank decided to add more provision from normal business level in preparation for IFRS 9 and for qualitative loan downgrade. In total, TMB set aside provision of THB16,100 million in 2018 compared to THB8,915 million in 2017. Meanwhile NPL ratio was at 2.76%. Coverage ratio therefore increased to 152% from 143% as of December 2017, reflected an improvement in loss-absorption ability.

After provision, TMB reported THB11,601 million of net profit. The figure increased by 33.6% YoY and represented a return on equity (ROE) of 12.4%.

Discussion of Operating Performance

Details of 2018 financial results including income structure and the discussion of operating performance are as follows.

Figure 1: Selected statement of profit or loss and other comprehensive income

(THB million)	FY2018	FY2017	% YoY
Interest income	35,128	34,713	1.2%
Interest expenses	10,632	9,979	6.5%
Net interest income	24,497	24,734	-1.0%
Fees and service income	12,764	13,533	-5.7%
Fees and service expenses	3,426	2,947	16.2%
Net fees and service income	9,338	10,586	-11.8%
Other operating income	14,208	2,119	570.5%
Non-interest income	23,545	12,705	85.3%
Total operating income	48,042	37,439	28.3%
Total other operating expenses	17,475	17,792	-1.8%
Impairment loss on loans and debt securities	16,100	8,915	80.6%
Profit before income tax	14,467	10,732	34.8%
Income tax	2,866	2,004	43.0%
Profit for the year	11,601	8,728	32.9%
Profit to non-controlling interest of subsidiaries	-	41	-100.0%
Profit to equity holders of the Bank	11,601	8,687	33.6%
Other comprehensive income (loss)	-48	164	-129.2%
Total comprehensive income	11,554	8,892	29.9%
Basic earnings per share (THB/share)	0.2646	0.1982	33.5%

Note: Consolidated financial statements

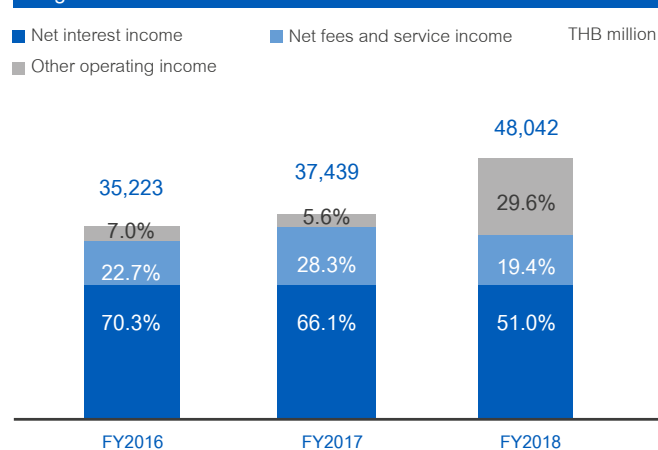
Income structure

In 2018, TMB generated total operating income of THB48,042 million which increased 28.3% from last year. The revenue structure is described as follows.

Net interest income (NII) was the largest portion of the Bank's revenue structure. However, the portion of NII to total operating income in 2018 declined from last year to 51%. This was because in 2018, the Bank recognized significantly higher gain from investment from the deal to sell 65% stake in TMBAM. The ratio of other operating income to total operating income therefore rose to 30%. In the meantime, the portion of net fee and service income was at 19%. In all, the ratio of non-interest income (Non-NII) to total operating income increased to 49%.

If stripping off the gain from TMBAM deal, the revenue structure would have consisted of 68% of NII, 26% of net fee and service income and 6% of other operating income.

Figure 2: Income structure



Note: Consolidated financial statements

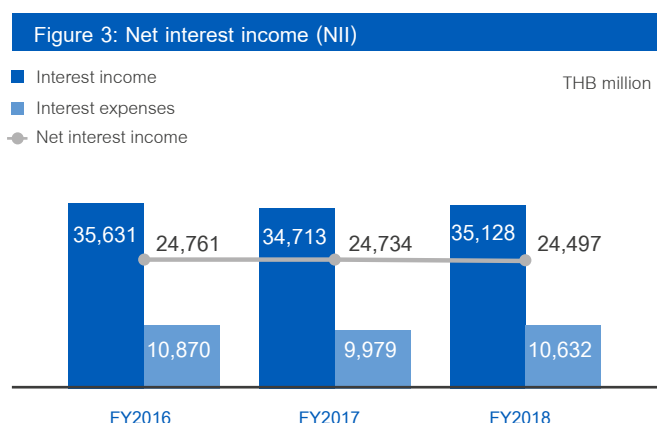
Net interest income (NII) and net interest margin (NIM)

TMB reported 2018 NII of THB24,497 million, a marginal decrease of 1.0% from the same period last year, resulted primarily from non-transactional deposit expansion. Details are as follows.

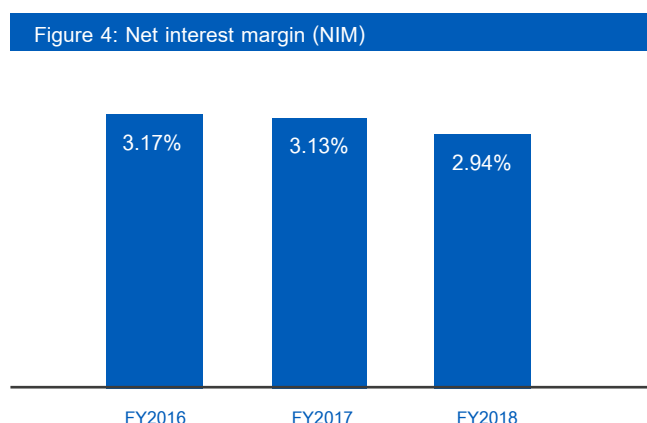
Interest income: Interest income rose by 1.2% to THB35,128 million. Such an increase was due largely to higher interest income on loan and interest income on investment in debt securities. This helped reduce the lower yield on earning assets which was a result of the slowdown in SME loan and the shift toward mortgage and large corporate loans.

Interest expenses: Interest expenses increased by 6.5% YoY to THB10,632 million, mainly owing to higher funding cost and higher deposit volume, especially from non-transactional deposit and the result of primary banking benefit the Bank offered to customers.

Net interest margin: As mortgage expanded robustly while high-yielding SME loan slowly recover amid softening economic growth, NIM was lower to 2.94% in 2018 or from 3.13% in 2017.



Note: Consolidated financial statements



Note: Consolidated financial statements

Figure 5: Net interest income (NII)

(THB million)	FY2018	FY2017	% YoY
Interest income	35,128	34,713	1.2%
Interest on interbank and money market items	1,761	1,824	-3.4%
Investments and trading transactions	56	61	-8.2%
Investments in debt securities	1,220	1,214	0.5%
Interest on loans	32,082	31,580	1.6%
Others	10	35	-71.6%
Interest expenses	10,632	9,979	6.5%
Interest on deposits	5,627	4,990	12.8%
Interest on interbank and money market items	686	744	-7.8%
Contributions to the Deposit Protection Agency	2,965	2,842	4.3%
Interest on debt issued and borrowings	1,278	1,378	-7.3%
Borrowing fee	15	20	-23.4%
Others	61	6	887.0%
Net interest income (NII)	24,497	24,734	-1.0%

Note: Consolidated financial statements

Non-interest income (Non-NII) and Non-interest expenses

Non-interest income: Non-NII consists of net fees and service income and other operating income. In 2018, TMB reported THB23,545 million of Non-NII which rose 85.3% YoY. Key factors are as follows.

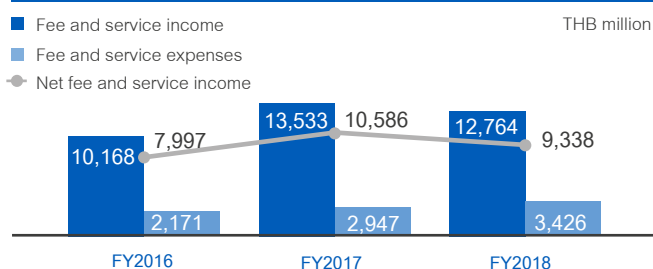
- Net fees and service income was THB9,338 million, declined by 11.8% YoY, due primarily to a slowdown in retail fees from mutual fund and Bancassurance sales while commercial fee maintained a positive momentum when compared to the same period last year.
- Gain on trading and foreign exchange transactions was THB1,529 million, grew by 33.3% YoY. It was mainly attributed to a rise in trading and FX transactions which related to trade finance business.
- Share of profit from investment using equity method was recorded at THB64 million as TMBAM has been our 35% associated company since late 3Q18.
- Gains on investments was THB11,963 million which increased from gain on TMBAM deal at THB11.8 billion in 3Q18.

Non-interest expenses: Total non-interest expenses declined by 1.8%YoY to THB17,475 million, due mainly to a decline in employee expense. Key factors are described as below.

- Personnel expenses dropped by 3.7% YoY to THB8,198 million, due primarily to lower incentive, offsetting the annual salary incremental.
- Premises and equipment expenses increased by 1.4% YoY to THB3,431 million, mainly from rental and maintenance expense.
- Other expenses increased by 1.2% YoY to THB4,537 million, resulting from computer software expense.

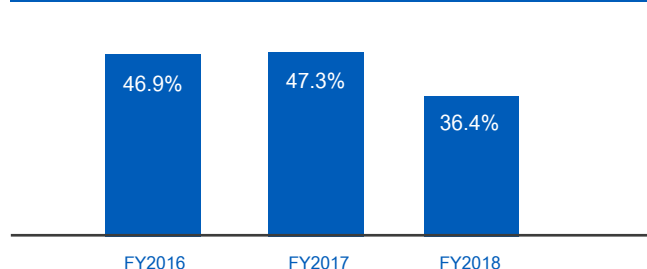
Cost to income ratio: Cost to income ratio was at 36% in 2018. However, if exclude the gain from TMBA deal, cost to income ratio would have rose slightly to 48% from 47% in the same period last year. Going forward, TMB will continue to enhance operational efficiency and improve income generation capabilities to reduce cost to income ratio further. will continue to enhance operational efficiency further to reduce cost to income ratio further.

Figure 6: Net fees and service income



Note: Consolidated financial statements

Figure 7: Cost to income ratio



Note: Consolidated financial statements

Figure 8: Non-interest income (Non-NII)

(THB million)	FY2018	FY2017	% YoY
Fees and service income	12,764	13,533	-5.7%
Fee receive credit	484	568	-14.8%
Other fee and service income	12,280	12,965	-5.3%
Fees and service expenses	3,426	2,947	16.2%
Net fees and service income	9,338	10,586	-11.8%
Gains (losses) on tradings and foreign exchange transactions	1,529	1,147	33.3%
Gains (losses) on financial instrument designated at fair value	-11	-24	-54.9%
Gains (losses) on investments	11,963	64	18,500.5%
Share of profit from investment using equity method	64	-	N/A
Gains on sale of assets	70	209	-66.7%
Dividend income	19	32	-42.3%
Others	574	691	-16.9%
Non-interest income	23,545	12,705	85.3%

Note: Consolidated financial statements

Figure 9: Non-interest expenses

(THB million)	FY2018	FY2017	% YoY
Employee expenses	8,198	8,511	-3.7%
Directors' remuneration	44	45	-1.5%
Premises and equipment expenses	3,431	3,384	1.4%
Taxes and duties	1,264	1,250	1.1%
Loss on impairment of properties foreclosed	26	114	-76.8%
Loss on diminution in value of other assets	98	172	-43.1%
Provisions for other liabilities (reversal)	-124	-166	-25.3%
Other expenses	4,537	4,482	1.2%
Non-interest expenses	17,475	17,792	-1.8%

Note: Consolidated financial statements

Pre-provision operating profit (PPOP)

As a result of revenue generation and operating expenses mentioned earlier, PPOP was reported at THB30,540 million or grew by 54.7% YoY.

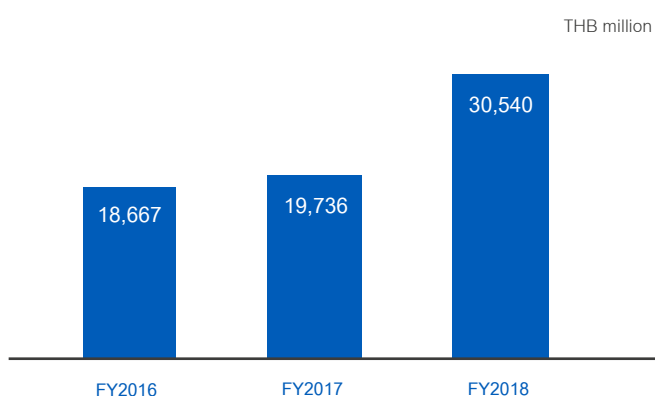
Impairment loss on loans and debt securities

TMB set aside provision for bad debt and doubtful accounts and impairment loss of debt and securities by THB16,100 million which increased THB7,186 million or 80.6% from last year. Such an increase was because in 3Q18, TMB set aside additional provision from its normal business level for prudent qualitative loan downgrade and in preparation for implementation of IFRS 9 in 2020. Coverage ratio, therefore, stood at 152% as of December 2018, compared with 143% as of December 2017.

Net profit to equity holders of the Bank

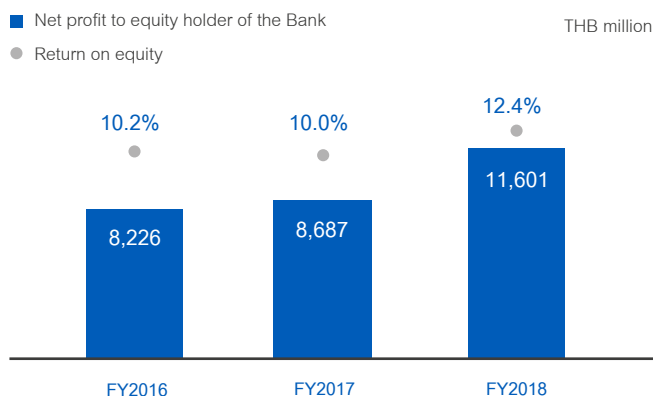
After provision and tax, net profit to equity holder of the Bank was recorded at THB11,601 million, rose by 33.6% YoY or indicated an ROE of 12.4%.

Figure 10: Pre-provision operating profit (PPOP)



Note: Consolidated financial statements

Figure 11: Net profit and ROE



Note: Consolidated financial statements

Discussion of Financial Position

TMB aims to maintain strong financial position as it is a foundation for quality and sustainable growth. The Bank continued to expand and diversify its deposit and loan through retail and SME customer base in order to avoid concentration risk. Asset quality was closely monitored. During the time of slow economic recovery, the Bank accelerated NPL resolution through proactive write-off. This was to limit future downside risk and keep balance sheet clean. Liquidity was also well-managed, and capital was ensured at strong level. Key areas of financial position are as follows.

Figure 12: Selected financial position			
(THB million)	FY2018	FY2017	%YTD
Cash	15,234	17,872	-14.8%
Interbank and money market items, net	113,522	112,534	0.9%
Derivative assets	7,916	8,674	-8.7%
Investments	78,054	61,305	27.3%
Loans to customers (Less deferred revenue)	685,707	643,373	6.6%
Accrued interest receivables	1,308	969	35.0%
Less allowance for doubtful accounts & Revaluation allowance for debt restructuring	32,975	24,969	32.1%
Loans and Allowance - net	654,040	619,373	5.6%
Properties for sale, net	2,614	2,214	18.1%
Premises and equipment, net	11,876	12,071	-1.6%
Goodwill and other intangible assets, net	2,592	2,132	21.6%
Deferred tax assets	401	683	-41.3%
Other receivables - net	1,251	1,690	-26.0%
Other assets	4,212	5,325	-20.9%
Total Assets	891,713	843,872	5.7%
Deposits	649,568	611,430	6.2%
Interbank and money market items	64,267	60,349	6.5%
Debts issued and borrowings, net	35,124	33,352	5.3%
Deferred revenue	17,594	18,908	- 6.9%
Other liabilities	26,382	29,978	-12.0%
Total Liabilities	792,934	754,016	5.2%
Equity attributable to equity holders of the Bank	98,779	89,856	9.9%
Non-controlling interest	-	-	N/A
Total equity	98,779	89,856	9.9%
Total liabilities and equity	891,713	843,872	5.7%

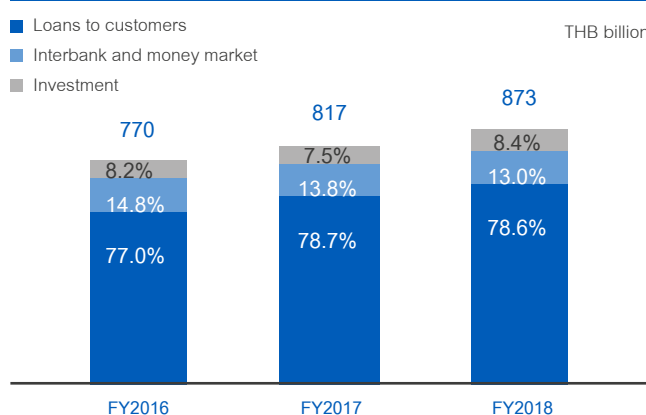
Note: Consolidated financial statements

Asset and asset quality management

Total assets of the Bank and its subsidiaries as of 31 December 2018 were THB891,713 million, an increase of 5.7% from last year. It was attributed to an increase in total loan to customers, net investments, and net properties for sale. Details are as follows.

Earning assets consists of loans to customers, interbank and money market and investment. Loans to customers was also the largest portion of earnings assets, accounting for 79% as of Dec-18. This followed by interbank and money market items of 13% and investment of 8%.

Figure 13: Composition of earning assets



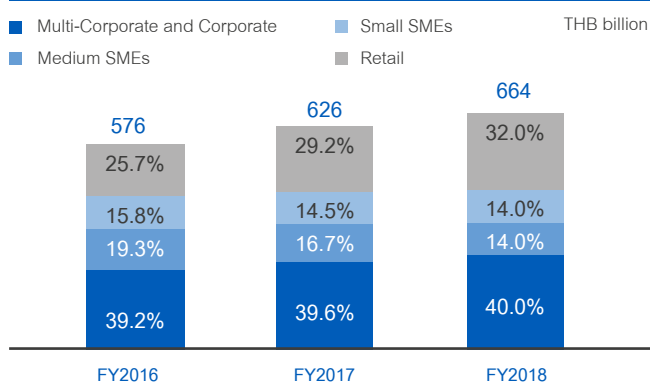
Note: Consolidated financial statements

Loans to customers: As of Dec-18, TMB reported THB685,707 million of total loans (excluding accrued interest receivable), an increase of 6.6% from last year. Key growth driver was performing loan growth in retail and corporate lending while small SME showed a recovery trend.

Performing loans: Performing loans was at THB663,987 million or grew 6.1% YTD. The retail segment especially mortgage loans continued to be the key leading, followed by large corporate segment while small SME continued to recover at a gradual pace. Details are as follows;

- Retail lending remained the key growth driver with 17.8% YTD growth, largely attributed to 19.7% YTD growth in mortgage loans.
- In terms of commercial lending, Large corporate segment (MB and CB loans) grew by 7.1% YTD. SMEs, Medium size SME (BB) and Small SME (SE), contracted by 5.6% YTD. Nonetheless, Small SME continued to recover from the preceding quarter with 2.3% QoQ and registered 1.7% YTD growth.

Figure 14: Performing loan breakdown by segment



Source: Bank-only financial statement

Definition of lending customer segments are as follows:

1) Commercial customers

Multi-Corporate Banking (MB): customer with annual sales volume more than THB5 billion

Corporate Banking (CB): customer with annual sales volume more than THB1 billion to THB5 billion

Medium Sized SMEs (BB): customer with total annual sales volume more than THB100 million to THB1 billion

Small SMEs (SE): customer with annual sales volume up to THB100 million, including owner operators

2) Retail: Individuals

Performing loans structure: In terms of key products, 31% of performing loan was working capital (OD); followed by term-loan & RPN 25%, mortgage of 24%, Trade Finance of 13%, unsecured & credit card of 6% and others 1%.

In terms of loan breakdown by customer segment, the mix marginally changed from December 2017. As of 31 December 2018, MB and CB loan accounted for 40% of total performing loan. This followed by Medium size SME (BB) and Small SME (SE) of 28% and retail lending 32%.

Non-performing loan and NPL ratio: TMB has put priority on asset quality monitoring and continued to manage NPLs with prudence. As of 31 December 2018, the Bank and its subsidiaries' non-performing loans ("NPLs") classified as substandard, doubtful, and doubtful of loss were THB21,720 million, increased by THB4,199 million. The Bank's NPL (on bank-only basis) were THB21,674 million, also rose by THB4,201 million from 31 December 2017. The increase in NPLs was due to the Bank's prudent management as the Bank did a qualitative downgrade of weak loans in preparation for IFRS 9.

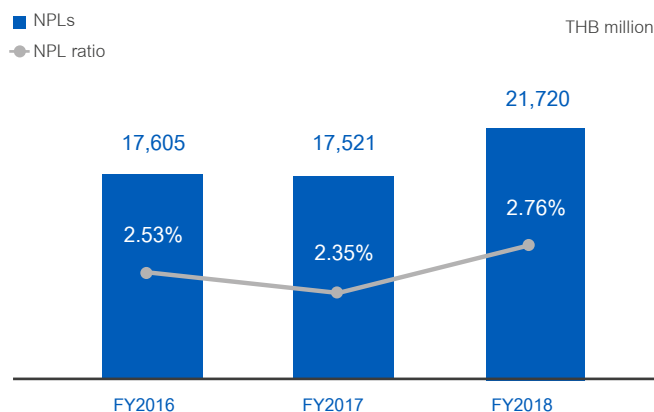
As a result, NPL ratio on consolidated basis was 2.76%, compared with 2.35% as of 31 December 2017 due to prudent portfolio management. On bank-only basis, NPL ratio stood at 2.76%, compared with 2.34% as of 31 December 2017.

Allowance for loan losses: As of 31 December 2018, the Bank and its subsidiaries had the allowance for debt restructuring of THB32,975 million, an 32.1% increase from December 2017. Such an increase was due mainly to the higher provision the Bank set aside to prepare for IFRS 9 and to accommodate NPL write-off. The Bank continued to proactive NPL management, especially by write-off and sale to reduce future downside risks and keep balance sheet clean. In 2018, the Bank wrote-off its NPLs by THB7.5 billion.

From higher balance of allowance, the ratio of allowance to total NPL or coverage ratio on both consolidated and bank-only basis was maintained high at 152%, compared with 143% at the end of 2017. This reflected higher loss absorption ability.

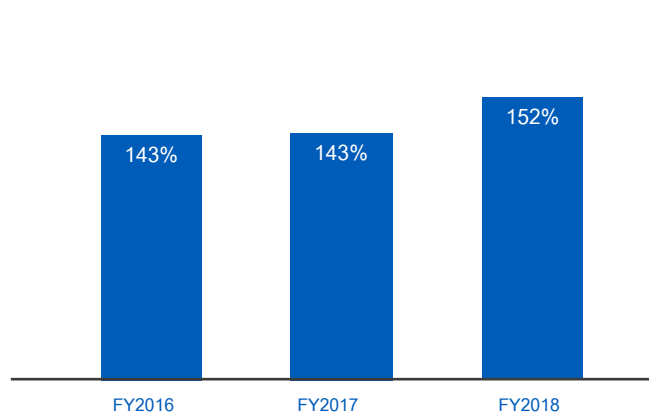
Properties for sale: As of 31 December 2018, net properties for sale increased by 18.1% YTD to THB2,614 million. The ratio of properties for sale to total assets therefore slightly increased to 0.29%, compared with 0.26% as of December 2017. The change was still in line with business plan.

Figure 15: NPLs and NPL ratio



Source: Consolidated financial statements

Figure 16: Coverage ratio



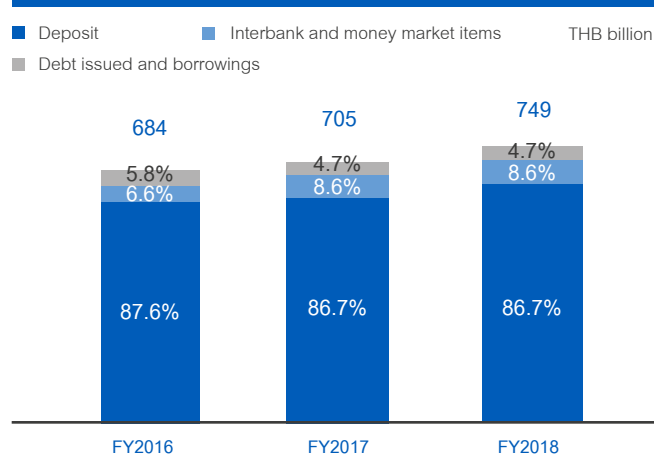
Source: Consolidated financial statements

Liability and liquidity management

As of 31 December 2018, total liabilities of the Bank and its subsidiaries reported THB792,934 million, an increase of 5.2%, in comparison to last year. Details are shown below.

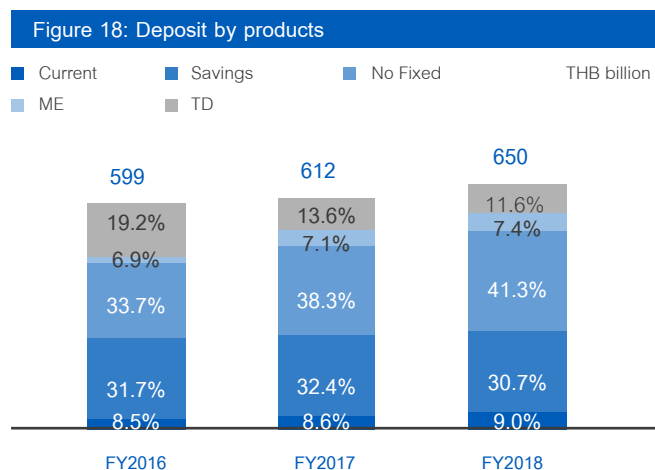
Deposit was the largest composition of interest-bearing liabilities. As of Dec-18, deposits represented 87% of interest-bearing liabilities. This followed by interbank and money market items of 9% and debt issued and borrowings of 5%.

Figure 17: Composition of interest-bearing liabilities



Source: Consolidated financial statements

Deposit: As of 31 December 2018, the Bank and its subsidiaries reported total deposits on consolidated basis of THB649,568 million which increased by 6.2% YTD, mainly driven by retail and commercial customers. This was result of Get MORE with TMB, the Bank's value proposition.



Note: Bank-only financial statement

The Bank's flagship products grew well. Non-transactional deposits grew by 13.9% YTD which led by No-Fixed (+14.3%) as well as ME SAVE, a digital deposit product (+11.5%). In the meantime, transactional deposit rose at moderate pace at 2.1% YTD. This was attributed to growth of One Bank, a transactional deposit for commercial customers which grew 14.6% and 3.9% growth of TMB ALL Free for retail customers.

Overall, the ratio of transactional deposit (CASA-excluded No-Fixed and ME) to total deposit was reported at 40%, relatively stable compared with 40% at end of December 2017.

Retail deposit remained the largest portion of deposit structure as TMB continued to avoid concentration risk from large corporate deposit base and to build retail deposit. As of 31 December 2018, deposit from retail customer base was 69% of total deposit while deposit from commercial customer base was 31%.

Net interbank and money market items: the figure amounted to THB64,267 million which grew by 6.5% YTD, due to liquidity management.

Debt issued and borrowings: As of 31 December 2018, total borrowings on consolidated basis increased by 5.3% YTD to THB35,124 million. An increase was mostly from the issuance of Green Bond USD, amounting to USD60 million in June 2018 and amounting to USD90 million in December 2018 respectively. This helped offset the redemption of CNH senior debt, amounting to CNY600 million in March 2018.

The structure of debt issued and borrowings consisted of 58% of sub-debt, 42% of long-term borrowings and 0.01% of B/E.

Liquidity

TMB has a strong liquidity position and has maintained high proportion of liquid and low-risk assets. As of 31 December 2018, on consolidated basis, total liquid assets represented 18% of the total assets. The liquid assets consisted cash (2%), interbank & money market items (13%) and short-term investment (3%).

In terms of loan to deposit ratio (LDR), the ratio, on consolidated basis was at 106%, increased from 104% as of September 2018 and 105% as of December 2017, respectively.

Shareholder equity and Capital adequacy

As of 31 December 2018, the consolidated equity was THB98,779 million which rose by 9.9% YTD from profit generated during the period.

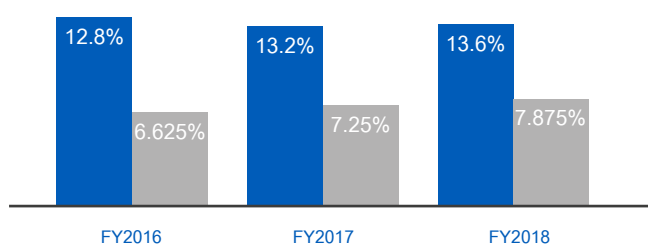
Maintain high capital ratios under Basel III

The Bank consistently ensures robust capital base. As of 31 December 2018, Capital Adequacy Ratio (CAR) of the Bank under Basel III calculation was at 17.5% while CET1 and Tier 1 ratios stayed at 13.6%. Such levels were well above the Bank of Thailand's minimum requirement (including conservation buffer) of 10.375%, 6.375% and 7.875% of CAR, CET 1 and Tier 1 capital ratio, respectively.

TMB will continue to further increase ability to generate income while growing loan based on risk-adjusted return. Asset quality monitoring will remain one of the Bank's priorities as well as ensuring coverage ratio and capital base at high levels.

Figure 19: Tier 1 and BOT's minimum requirement

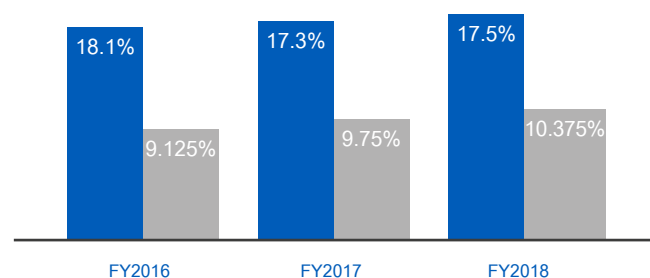
■ Tier 1
■ BOT's minimum requirement



Source: Bank-only financial statement

Figure 20: CAR and BOT's minimum requirement

■ CAR
■ BOT's minimum requirement



Source: Bank-only financial statement



For the disclosure of full details of capital under BASEL III Pillar III, please visit investor relations webpage at www.tmbbank.com/en/ir or scan the QR Code

> Credit Rating

The table below shows credit ratings of TMB assigned by Moody's Investor Services, Standard & Poor's and Fitch Rating in the past 2 years. Changes in 2018 were;

- June 21, 2018: Moody's has upgraded TMB's Baseline Credit Assessment from ba2 to ba1 and changed its Outlook from Stable to Positive.
- September 24, 2018: Fitch Ratings has upgraded TMB's National rating: Long-Term Rating from A+(tha) to AA-(tha) and Subordinated Debt from A to A+.

Credit Rating	December 31, 2017	December 31, 2018
Moody's Investors Service		
Foreign Currency		
Bank Deposits	Baa2 / P-2	Baa2 / P-2
Baseline Credit Assessment (BCA)	ba2	ba1
Senior Unsecured	(P)Baa2	(P)Baa2
Outlook	Stable	Positive
Standard & Poor's (S&P)		
Foreign Currency		
Long-Term Counterparty	BBB-	BBB-
Short-Term Counterparty	A-3	A-3
Stand-Alone Credit Profile (SACP)	bb+	bb+
Senior Unsecured	BBB-	BBB-
Outlook	Stable	Stable
Fitch Ratings		
Foreign Currency		
Long-term IDR	BBB-	BBB-
Short-term IDR	F3	F3
Senior Unsecured	BBB-	BBB-
National		
Long-term	A+(tha)	AA-(tha)
Short-term	F1+(tha)	F1+(tha)
Subordinated Debt	A(th)	A+(th)
Viability Rating	bbb-	bbb-
Support Rating	3	3
Supporting Rating Floor	BB+	BB+
Outlook	Stable	Stable

> Independent Auditor's Report

To the Shareholders of TMB Bank Public Company Limited

Opinion

I have audited the 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 2018, 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 2018 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 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 year. 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 3, 11 and 13.

The key audit matter	How the matter was addressed in the audit
As at 31 December 2018, loans to customers recorded in the consolidated and the Bank only financial statements amounted to Baht 685.79 billion and Baht 685.75 billion (approximately 76.91% and 77.21% of total assets), against which allowances for doubtful accounts of Baht 31.98 billion and Baht 31.95 billion, respectively, were provided.	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.
The estimation of the allowance involves judgments 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.	My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.
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:	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 the 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.

The key audit matter

How the matter was addressed in the audit

- 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.

Valuation of financial instruments in the statements of financial position

For disclosures related to financial instruments and fair values, refer to note 3 and 5.

The key audit matter

How the matter was addressed in the audit

As at 31 December 2018, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 50.04 billion and Baht 50.04 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 7.72 billion and Baht 7.72 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’s and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group’s 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 will 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.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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 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 year 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
14 February 2019

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

		Consolidated 31 December		Bank only 31 December	
Assets	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Cash		15,234,235	17,871,736	15,231,053	17,871,549
Interbank and money market items, net	7, 34.2	113,522,391	112,534,388	113,522,391	111,275,311
Derivative assets	8	7,916,452	8,673,716	7,916,452	8,673,716
Investments, net	9	73,476,647	61,305,161	73,476,629	58,179,756
Investments in subsidiaries and associate, net	10	4,577,259	-	221,942	3,753,633
Loans to customers and accrued interest receivables, net	11, 34.2				
Loans to customers		685,793,189	643,424,651	685,747,048	643,376,740
Accrued interest receivables		1,308,437	969,067	1,308,437	969,067
Total loans to customers and accrued interest receivables		687,101,626	644,393,718	687,055,485	644,345,807
Less deferred revenue		(86,234)	(51,604)	(86,234)	(51,604)
Less allowance for doubtful accounts	11.4, 13, 34.2	(31,975,862)	(24,638,712)	(31,947,442)	(24,608,522)
Less revaluation allowance for debt restructuring	11.7	(999,484)	(330,469)	(999,484)	(330,469)
Total loans to customers and accrued interest receivables, net		654,040,046	619,372,933	654,022,325	619,355,212
Properties for sale, net	14	2,613,771	2,213,599	2,613,771	2,213,599
Premises and equipment, net	15	11,876,263	12,070,715	11,876,236	12,045,447
Goodwill and other intangible assets, net	16	2,592,359	2,131,810	2,592,345	2,069,669
Deferred tax assets	17	400,882	682,970	1,245,983	666,968
Other receivables, net	18	1,251,198	1,689,907	1,220,229	1,637,186
Other assets, net	19, 34.2	4,211,807	5,324,833	4,212,122	5,234,269
Total assets		891,713,310	843,871,768	888,151,478	842,976,315

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

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

		Consolidated 31 December		Bank only 31 December	
Liabilities and equity	Note	2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Liabilities					
Deposits	20, 34.2	649,568,443	611,429,815	649,574,715	611,508,489
Interbank and money market items	21, 34.2	64,266,589	60,349,098	64,266,589	60,349,098
Liabilities payable on demand		3,504,740	3,664,924	3,504,740	3,664,924
Financial liabilities designated at fair value through profit or loss	22	396,560	385,698	396,560	385,698
Derivative liabilities	8	7,327,950	8,558,761	7,327,950	8,558,761
Debts issued and borrowings, net	23, 34.2	35,124,014	33,351,579	35,124,014	33,351,579
Provisions for employee benefits	24	1,220,760	1,301,442	1,219,606	1,270,859
Provisions for other liabilities	25	630,217	544,224	630,061	541,977
Deferred revenue	26	17,593,616	18,907,907	17,593,634	18,907,925
Other liabilities	27, 34.2, 34.4	13,301,508	15,522,773	13,271,849	15,340,480
Total liabilities		792,934,397	754,016,221	792,909,718	753,879,790
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					
43,851,893,110 ordinary shares of Baht 0.95 each					
(31 December 2017: 43,839,858,871 ordinary shares					
of Baht 0.95 each)	28	41,659,299	41,647,866	41,659,299	41,647,866
Premium on share capital	28	403,596	378,931	403,596	378,931
Other reserves		4,810,560	5,097,303	4,810,560	5,097,113
Retained earnings					
Appropriated					
Legal reserve	30, 31	3,000,000	2,550,000	3,000,000	2,550,000
Unappropriated		48,905,458	40,181,447	45,368,305	39,422,615
Equity attributable to equity holders of the Bank		98,778,913	89,855,547	95,241,760	89,096,525
Non-controlling interest		-	-	-	-
Total equity		98,778,913	89,855,547	95,241,760	89,096,525
Total liabilities and equity		891,713,310	843,871,768	888,151,478	842,976,315

P. Tantakam

Mr. Piti Tantakasem
Chief Executive Officer

Prasong Poontaneat

Mr. Prasong Poontaneat
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

		Consolidated For the year ended 31 December	Bank only For the year ended 31 December
	Note	2018	2017
		2018	2017
		(in thousand Baht)	
Interest income	34.1, 37	35,128,359	34,713,277
Interest expenses	34.1, 38	10,631,612	9,979,431
Net interest income		24,496,747	24,733,846
Fees and service income	34.1, 39	12,763,657	13,532,892
Fees and service expenses	39	3,426,064	2,947,211
Net fees and service income		9,337,593	10,585,681
Gains on trading and foreign exchange transactions, net	40	1,528,793	1,146,756
Losses on financial liabilities designated at fair value through profit or loss, net	41	(10,862)	(24,064)
Gains on investments, net	42	11,963,440	64,319
Share of profit from investment using equity method		63,944	-
Other operating income	34.1	662,575	932,103
Total operating income		48,042,230	37,438,641
Other operating expenses			
Employee expenses	34.3, 34.4	8,198,289	8,511,083
Directors' remuneration	34.3	44,415	45,108
Premises and equipment expenses		3,430,873	3,384,031
Taxes and duties		1,263,576	1,249,909
Others	34.1, 43	4,537,510	4,602,285
Total other operating expenses		17,474,663	17,792,416
Impairment loss on loans and debt securities	34.1, 44	16,100,376	8,914,695
Profit from operations before income tax		14,467,191	10,731,530
Income tax	17	2,865,956	2,003,847
Profit for the year		11,601,235	8,727,683
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on remeasuring available-for-sale investments		(79,978)	102,943
Losses arising from translating the financial statements of foreign operations		(10,128)	(50,517)
Income tax relating to items that will be reclassified subsequently to profit or loss	17	18,021	(10,485)
		(72,085)	41,941
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in revaluation surplus on assets		(48,526)	(39,855)
Actuarial gains on post-employment benefit plan	24	79,137	192,772
Income tax relating to items that will not be reclassified subsequently to profit or loss	17	(6,122)	(30,584)
		24,489	122,333
Total other comprehensive income for the year,			
net of income tax		(47,596)	164,274
Total comprehensive income for the year		11,553,639	8,891,957

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 For the year ended 31 December		Bank only For the year ended 31 December	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Profit attributable to:					
Equity holders of the Bank		11,601,235	8,686,655	8,817,459	8,472,105
Non-controlling interest		-	41,028	-	-
Profit for the year		<u>11,601,235</u>	<u>8,727,683</u>	<u>8,817,459</u>	<u>8,472,105</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		11,553,639	8,850,642	8,775,508	8,634,168
Non-controlling interest		-	41,315	-	-
Total comprehensive income for the year		<u>11,553,639</u>	<u>8,891,957</u>	<u>8,775,508</u>	<u>8,634,168</u>
Earnings per share	45				
Basic earnings per share (in Baht)		<u>0.2646</u>	<u>0.1982</u>	<u>0.2011</u>	<u>0.1933</u>
Diluted earnings per share (in Baht)		<u>0.2646</u>	<u>0.1981</u>	<u>0.2011</u>	<u>0.1932</u>

P. Tantakam.

Mr. Piti Tantakasem
Chief Executive Officer

Prasong Poontaneat

Mr. Prasong Poontaneat
Chairman of the Board

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

TMB Bank Public Company Limited Annual Report 2018

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

	Other reserves					Bank only		Retained earnings			
	Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 28)	Revaluation surplus on assets, net (Note 29)	Revaluation surplus on available-for-sale investments, net (Note 9.4)	Translation adjustment arising from translating the financial statements of foreign operations, net (Note 9.4)	Total other reserve	Legal reserve	Unappropriated	Total equity
Year ended 31 December 2017											
Balance at 1 January 2017											
Comprehensive income for the year											
		-	325,406	105,377	5,160,194	(55,959)	67,978	5,277,590	2,120,000	33,730,438	83,070,436
		-	-	-	-	-	-	-	-	8,472,105	8,472,105
		-	-	-	(31,884)	82,441	(40,414)	10,143	-	151,920	162,063
		-	-	-	(31,884)	82,441	(40,414)	10,143	-	8,624,025	8,634,168
Contributions by and distribution to owners											
of the bank											
	28.1, 28.3	-	-	15,401	-	-	-	15,401	-	-	15,401
	28.3	30,864	54,037	(84,901)	-	-	-	(84,901)	-	-	-
	28.3	-	(512)	-	-	-	-	-	-	-	(512)
	31	-	-	-	-	-	-	-	-	(2,622,968)	(2,622,968)
Total contributions by and distribution to owners of the bank											
		30,864	53,525	(69,500)	-	-	-	(69,500)	-	(2,622,968)	(2,608,079)
		-	-	-	-	-	-	-	430,000	(430,000)	-
		-	-	-	(121,120)	-	-	(121,120)	-	121,120	-
		41,647,866	378,931	35,877	5,007,190	26,482	27,564	5,097,113	2,550,000	39,422,615	89,096,525
Year ended 31 December 2018											
Balance at 1 January 2018											
Comprehensive income for the year											
		-	-	-	5,007,190	26,482	27,564	5,097,113	2,550,000	39,422,615	89,096,525
		-	-	-	-	-	-	-	-	8,817,459	8,817,459
		-	-	-	(38,820)	(63,793)	(8,102)	(110,715)	-	68,764	(41,951)
		-	-	-	(38,820)	(63,793)	(8,102)	(110,715)	-	8,886,223	8,775,508
Contributions by and distribution to owners											
of the bank											
	28.1, 28.3	-	-	707	-	-	-	707	-	-	707
	28.3	11,433	25,151	(36,584)	-	-	-	(36,584)	-	-	-
	28.3	-	(486)	-	-	-	-	-	-	-	(486)
	31	-	-	-	-	-	-	-	-	(2,630,494)	(2,630,494)
Total contributions by and distribution to owners of the bank											
		11,433	24,665	(35,877)	-	-	-	(35,877)	-	(2,630,494)	(2,630,273)
		-	-	-	-	-	-	-	450,000	(450,000)	-
		-	-	-	(139,961)	-	-	(139,961)	-	139,961	-
		41,659,299	403,596	-	4,828,409	(37,311)	19,462	4,810,560	3,000,000	45,368,305	95,241,760
Balance at 31 December 2018											

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

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

	Consolidated For the year ended 31 December		Bank only For the year ended 31 December	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operations before income tax	14,467,191	10,731,530	10,723,925	10,376,944
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	1,425,419	1,339,981	1,417,228	1,327,548
Impairment loss on loans and debt securities	16,100,376	8,914,695	16,114,041	8,924,607
Impairment loss on premises and equipment	9,572	22,828	9,572	22,828
Impairment loss on properties for sale and other assets	124,509	286,663	124,497	283,702
Provisions for employee benefits and other liabilities	156,565	18,866	158,618	11,728
Impairment losses on investment (reversal of)	1,263	(21,781)	(28,390)	(87,781)
Losses (Gains) on revaluation of trading investments	1,569	(343)	1,569	(343)
Losses on disposal of intangible assets	-	8,743	-	8,743
Gains on disposal of premises and equipment	(17,238)	(42,918)	(17,209)	(42,618)
Gains on disposal of investments	(113,108)	(42,538)	(112,897)	(42,538)
Profit on the loss of control of a subsidiary	(11,851,595)	-	(7,851,198)	-
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	10,862	24,064	10,862	24,064
Unrealised gains on exchange on derivatives	(471,317)	(382,743)	(471,317)	(382,743)
Unrealised gains on exchange on debentures and long-term borrowings	(74,106)	(1,027,504)	(74,106)	(1,027,504)
Expenses in relation to share-based payments	707	15,401	707	15,401
Share of profit from investments accounted for using the equity method	(63,944)	-	-	-
Net interest income	(24,496,747)	(24,733,846)	(24,437,577)	(24,657,088)
Dividend income	(18,563)	(32,153)	(818,563)	(157,628)
Interest received	33,593,350	33,783,015	33,560,218	33,751,311
Interest paid	(9,338,927)	(8,625,760)	(9,366,810)	(8,626,052)
Income tax paid	(1,288,316)	(2,252,353)	(1,170,218)	(2,166,513)
Profit from operations before changes in operating assets and liabilities	18,157,522	17,983,847	17,772,952	17,556,068
Decrease (increase) in operating assets				
Interbank and money market items	(5,031,505)	1,327,100	(2,290,223)	1,652,366
Trading investments	(674,300)	9,594,034	(674,300)	9,594,034
Loans to customers	(50,469,452)	(59,532,181)	(50,465,397)	(59,542,093)
Properties for sale	(209,272)	251,911	(209,272)	251,911
Other receivables	358,410	166,111	391,494	112,018
Other accrued income	249,383	(197,598)	286,835	(190,767)
Other assets	(313,598)	550,636	(319,666)	569,264
Increase (decrease) in operating liabilities				
Deposits	38,072,664	12,415,970	38,069,993	12,421,459
Interbank and money market items	3,917,491	14,931,619	3,917,491	14,931,619
Liabilities payable on demand	(160,184)	(367,264)	(160,184)	(367,264)
Short-term debt issued and borrowings	-	(748,396)	-	(748,396)
Provision for obligations on transfers of non-performing assets	-	(1,317,048)	-	(1,317,048)
Provision for employee benefits	(246,061)	(144,042)	(246,061)	(144,042)
Provisions for other liabilities	(51,090)	(19,171)	(51,090)	(19,171)
Account payables	182,982	323,123	174,698	323,068
Other accrued expenses	(214,261)	991,044	(128,879)	954,422
Deferred revenue	(1,309,599)	18,680,416	(1,309,599)	18,680,433
Other liabilities	(2,093,982)	3,669,256	(2,258,545)	3,635,159
Net cash provided by operating activities	165,148	18,559,367	2,500,247	18,353,040

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

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

	Consolidated For the year ended 31 December		Bank only For the year ended 31 December	
	2018	2017	2018	2017
	(in thousand Baht)			
Cash flows from investing activities				
Interest received	1,373,467	1,302,289	1,369,051	1,302,147
Dividend received	18,563	32,152	818,563	157,627
Purchase of available-for-sale investments	(80,860,373)	(50,780,623)	(80,860,373)	(43,030,197)
Proceeds from sales of available-for-sale investments	76,804,891	41,534,706	73,679,531	33,840,606
Purchase of held to maturity debt securities	(12,899,503)	(3,984,166)	(12,899,503)	(3,984,166)
Proceeds from redemption of matured held to maturity debt securities	5,285,578	5,284,587	5,285,578	5,284,587
Proceeds from sales of general investments	102,292	121,450	102,292	121,450
Purchase of investments in subsidiaries	-	(258,212)	(25,000)	(258,212)
Proceeds from reduction and sales of investment in a subsidiary	11,437,527	-	11,437,527	-
Purchase of premises and equipment	(1,068,129)	(1,019,780)	(1,059,435)	(1,011,959)
Purchase of leasehold rights	(4,782)	(1,783)	(4,782)	(1,783)
Purchase of intangible assets	(1,019,035)	(761,356)	(1,005,315)	(760,180)
Proceeds from disposals of premises and equipment	141,311	132,328	135,579	130,751
Net cash used in investing activities	(688,193)	(8,398,408)	(3,026,287)	(8,209,329)
Cash flows from financing activities				
Repayments of long-term debts issued and borrowings	(12,679)	(12,465)	(12,679)	(12,465)
Interest paid on long-term debts issued and borrowings	(1,319,889)	(1,195,744)	(1,319,889)	(1,195,744)
Cash receipts on debenture issued	4,868,100	5,430,000	4,868,100	5,430,000
Cash paid for redemption of debenture	(3,008,880)	(10,350,000)	(3,008,880)	(10,350,000)
Expenses in relation to issuance of ordinary shares to employees	(486)	(512)	(486)	(512)
Dividend paid to equity holders of the Bank	(2,630,494)	(2,622,968)	(2,630,494)	(2,622,968)
Dividend paid to non-controlling interest	-	(17,925)	-	-
Net cash used in financing activities	(2,104,328)	(8,769,614)	(2,104,328)	(8,751,689)
Change in translation adjustments of foreign operations	(10,128)	(50,517)	(10,128)	(50,517)
Net increase (decrease) in cash	(2,637,501)	1,340,828	(2,640,496)	1,341,505
Cash at 1 January	17,871,736	16,530,908	17,871,549	16,530,044
Cash at 31 December	15,234,235	17,871,736	15,231,053	17,871,549
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Issuance of ordinary shares to employees	36,584	84,901	36,584	84,901
Reversal of provisions for obligation on transfers of non-performing assets net of written-off a promissory note and accrued interest receivables	-	337,668	-	337,668

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 2018

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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 14 February 2019.

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. A subsidiary is incorporated as limited company under Thai laws and has been operating in Thailand, with its core business being provision of asset management. Details of the Bank's subsidiaries and associate as at 31 December 2018 and 2017 are given in note 10.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs); 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 2018. The application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiaries' accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRSs, the FAP has issued a number of new TFRSs which are not yet effective for current periods. The Bank and its subsidiaries have not early adopted these standards in preparing these financial statements. Those new TFRSs that are relevant to the Bank and its subsidiaries' operations become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRSs - Financial instruments standards

TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) Construction Contracts,
- TAS 18 (revised 2017) Revenue,
- TSIC 31 (revised 2017) Revenue-Barter Transactions Involving Advertising Services,
- TFRIC 13 (revised 2017) Customer Loyalty Programmes,
- TFRIC 15 (revised 2017) Agreements for the Construction of Real Estate, and
- TFRIC 18 (revised 2017) Transfers of Assets from Customers.

The Bank and its subsidiaries have made a preliminary assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and bank only financial statements and expects that there will be no material impact on the consolidated and bank only financial statements in the period of initial application.

TFRSs - Financial instruments standards

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRSs Financial instruments standards on the consolidated and bank only financial statements.

(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

(c) *Functional and presentation currency*

The financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and 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 TFRSs 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 uncertainties is included in the following notes:

Note 8 Derivatives

Note 13 Allowance of 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”).

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank and its subsidiaries, as described in subsidiaries section, 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 (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

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.

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.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

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 statements 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 Bank loss 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 from loss of control over a subsidiary 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.

(b) Foreign currencies

Foreign currency transactions

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

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 recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised 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.

(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 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 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 in debt securities are recorded on settlement dates.

Purchases and sales of investments in equity securities are recorded on trade dates.

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

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

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 allowance for 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.

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 measured at cost less accumulated amortisation and allowance for impairment losses and are presented as a part of "other assets" 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.

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
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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 adjusted. 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.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods 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) 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 is 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.

(q) 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 as income or expense by amortisation using the straight-line basis over the contract periods.

(r) 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).

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 of 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.

(s) 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).

(t) 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 and conditions in the contract. Fee received in advance is recorded as “Deferred revenue” in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide 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 amount is recorded as “Deferred revenue” in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

Dividend income

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

(u) 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.

(v) 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 year that such a determination is made.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

(w) 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.

(x) 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.

(y) 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 Bank Non-financial Risk Committee (BNFRC), the Asset and Liability Management Committee (ALCO), the Portfolio Monitoring Committee (PoMoCo) and the Financial Markets Control Committee (FMCC). Audit Committee holds the responsibility to assure that the internal control and internal audits are appropriate and effective.

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, Legal and Product Control. Under the Credit Risk Management unit, sub-functions including Corporate Credit Underwriting, Small Enterprise and Retail Credit Underwriting, Credit Restructuring, Small Enterprise Portfolio Monitoring, Retail Collections and Credit Policy and Risk Control 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.

The Bank has contingent liabilities by issuing loan payment 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, all of which may impact the value of 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 to be within the Bank's risk appetite.

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 from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank's 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 2018 and 2017, financial assets and liabilities classified by types of interest rates were as follows:

	Consolidated 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	4,577	4,577
Loans to customers net of deferred revenue	442,718	233,148	9,841	685,707
Other financial assets	719	-	3,751	4,470
Total financial assets	486,821	369,000	41,202	897,023
Financial liabilities				
Deposits	549,950	75,074	24,544	649,568
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,167	13,228
Total financial liabilities	562,720	162,812	40,458	765,990
	Consolidated 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	44,417	61,237	6,867	112,521
Investments, net	8,645	52,348	312	61,305
Loans to customers net of deferred revenue	412,201	221,837	9,335	643,373
Other financial assets	898	-	5,353	6,251
Total financial assets	466,161	335,422	39,739	841,322
Financial liabilities				
Deposits	499,694	82,763	28,973	611,430
Interbank and money market items	9,638	49,289	1,422	60,349
Liabilities payable on demand	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	296
Debts issued and borrowings	-	33,340	12	33,352
Other financial liabilities	1,780	-	13,683	15,463
Total financial liabilities	511,408	165,392	47,755	724,555

	Bank only 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	15,231	15,231
Interbank and money market items net of				
deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	222	222
Loans to customers net of deferred revenue	442,672	233,148	9,841	685,661
Other financial assets	719	-	3,721	4,440
Total financial assets	486,775	369,000	36,814	892,589

Financial liabilities				
Deposits	549,956	75,074	24,545	649,575
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated				
at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,138	13,199
Total financial liabilities	562,726	162,812	40,430	765,968

	Bank only 2017			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<i>Financial assets</i>				
Cash	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	44,299	60,102	6,867	111,268
Investments, net	8,645	49,223	312	58,180
Investment in subsidiaries and associate, net	-	-	3,754	3,754
Loans to customers net of deferred revenue	412,153	221,837	9,335	643,325
Other financial assets	898	-	5,217	6,115
Total financial assets	465,995	331,162	43,357	840,514

Financial liabilities				
Deposits	499,761	82,763	28,984	611,508
Interbank and money market items	9,638	49,289	1,422	60,349
Liabilities payable on demand	-	-	3,665	3,665
Financial liabilities designated				
at fair value through profit or loss	296	-	-	296
Debts issued and borrowings	-	33,340	12	33,352
Other financial liabilities	1,780	-	13,501	15,281
Total financial liabilities	511,475	165,392	47,584	724,451

As at 31 December 2018 and 2017, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2018					
	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	-	-	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and associate, net	-	-	-	-	4,577	4,577
Loans to customers net of deferred revenue	451,245	77,987	124,914	21,720	9,841	685,707
Other financial assets	719	-	-	-	3,751	4,470
Total financial assets	566,312	101,745	166,044	21,720	41,202	897,023
Financial liabilities						
Deposits	581,935	38,871	4,218	-	24,544	649,568
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,167	13,228
Total financial liabilities	645,699	59,896	19,937	-	40,458	765,990

	Consolidated 2017					
	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	-	-	-	-	17,872	17,872
Interbank and money market items net of deferred revenue	104,639	1,015	-	-	6,867	112,521
Investments, net	17,191	9,712	34,090	-	312	61,305
Loans to customers net of deferred revenue	416,058	66,124	134,335	17,521	9,335	643,373
Other financial assets	898	-	-	-	5,353	6,251
Total financial assets	538,786	76,851	168,425	17,521	39,739	841,322

	Consolidated 2017					
	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 liabilities						
Deposits	533,090	45,836	3,531	-	28,973	611,430
Interbank and money market items	56,598	1,549	780	-	1,422	60,349
Liabilities payable on demand	-	-	-	-	3,665	3,665
Financial liabilities designated at fair value through profit or loss	296	-	-	-	-	296
Debts issued and borrowings	3,014	7	30,319	-	12	33,352
Other financial liabilities	1,780	-	-	-	13,683	15,463
Total financial liabilities	594,778	47,392	34,630	-	47,755	724,555

	Bank only					
	2018					
	Repricing periods					
	Within	Over	Over	Non-	Non-	
	3 months	3 months	1 year	performing	interest	Total
		to 1 year		assets	bearing	
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	15,231	15,231
Interbank and money market items net of						
deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and						
associate, net	-	-	-	-	222	222
Loans to customers net of						
deferred revenue	451,245	77,987	124,914	21,674	9,841	685,661
Other financial assets	719	-	-	-	3,721	4,440
Total financial assets	566,312	101,745	166,044	21,674	36,814	892,589

Financial liabilities						
Deposits	581,941	38,871	4,218	-	24,545	649,575
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,138	13,199
Total financial liabilities	645,705	59,896	19,937	-	40,430	765,968

	Bank only					
	2017					
	Repricing periods					
	Within	Over		Non-	Non-	
	3 months	3 months	Over	performing	interest	Total
		to 1 year	1 year	assets	bearing	
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	17,872	17,872
Interbank and money market items net of						
deferred revenue	104,079	322	-	-	6,867	111,268
Investments, net	14,066	9,712	34,090	-	312	58,180
Investments in subsidiaries and						
associate, net	-	-	-	-	3,754	3,754
Loans to customers net of						
deferred revenue	416,058	66,124	134,335	17,473	9,335	643,325
Other financial assets	898	-	-	-	5,217	6,115
Total financial assets	535,101	76,158	168,425	17,473	43,357	840,514
Financial liabilities						
Deposits	533,157	45,836	3,531	-	28,984	611,508
Interbank and money market items	56,598	1,549	780	-	1,422	60,349
Liabilities payable on demand	-	-	-	-	3,665	3,665
Financial liabilities designated at						
fair value through profit or loss	296	-	-	-	-	296
Debts issued and borrowings	3,014	7	30,319	-	12	33,352
Other financial liabilities	1,780	-	-	-	13,501	15,281
Total financial liabilities	594,845	47,392	34,630	-	47,584	724,451

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

	Consolidated					
	2018			2017		
	Average balance	Interest ⁽¹⁾	Average interest rate	Average balance	Interest ⁽¹⁾	Average interest rate
	(in million Baht)		(% per annum)	(in million Baht)		(% per annum)
Interest-bearing financial assets						
Interbank and money market items	106,831	1,761	1.65	114,460	1,824	1.59
Investments and trading transactions and investments in debt securities	62,744	1,275	2.03	58,672	1,274	2.17
Loans to customers net from deferred revenue	649,104	32,082	4.94	609,365	31,580	5.18
Total	818,679	35,118		782,497	34,678	
Interest-bearing financial liabilities						
Deposits	605,191	8,589	1.42	574,414	7,832	1.36
Interbank and money market items	47,737	686	1.44	57,579	744	1.29
Debts issued and borrowings	31,617	1,295	4.10	35,835	1,398	3.90
Total	684,545	10,570		667,828	9,974	

⁽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					
	2018			2017		
	Average	Interest ⁽¹⁾	Average	Average	Interest ⁽¹⁾	Average
	balance	(in million Baht)	interest rate	balance	(in million Baht)	interest rate
			(% per annum)			(% per annum)
Interest-bearing financial assets						
Interbank and money market items	106,193	1,752	1.65	113,325	1,808	1.60
Investments and trading transactions						
and investments in debt securities	62,484	1,271	2.03	55,590	1,230	2.21
Loans to customers net from						
deferred revenue	649,058	32,064	4.94	609,317	31,564	5.18
Total	817,735	35,087		778,232	34,602	
Interest-bearing financial liabilities						
Deposits	606,548	8,617	1.42	574,485	7,832	1.36
Interbank and money market items	47,737	686	1.44	57,579	744	1.29
Debts issued and borrowings	31,617	1,295	4.10	35,835	1,398	3.90
Total	685,902	10,598		667,899	9,974	

⁽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.

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 2018 and 2017, the Bank's net foreign currency positions categorised by major foreign currencies were as follows:

	Bank only					
	2018			2017		
	USD	Euro ^(*)	Other currencies ^(*)	USD	Euro ^(*)	Other currencies ^(*)
			(in USD million)			
Spot	(29)	5	15	97	14	(75)
Forward	4	(7)	(16)	(101)	(17)	79
Net position	(25)	(2)	(1)	(4)	(3)	4

^(*) 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 Asset and Liability Management Committee (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 recognizes the importance of holding highly liquid assets that can be quickly converted into cash or used as collateral for raising funds.

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. 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 2018, the Bank Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 105.56% (2017: 105.20%).

The Bank will disclose Liquidity Coverage Ratio (LCR) information on the Bank's website (www.tmbbank.com/ir/capital_funds/basel3) within April 2019.

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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 2018 and 2017 were summarised as follows:

	Consolidated 2018					No maturity	Total
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	(in million Baht)		
Financial assets							
Cash	15,234	-	-	-	-	-	15,234
Interbank and money market items net of deferred revenue	8,403	104,511	296	348	-	-	113,558
Investments, net							
Trading securities and general investments	-	-	4	1,198	91	235 ⁽²⁾	1,528
Available-for-sale securities	-	3,058	17,098	16,438	4,234	2 ⁽²⁾	40,830
Held-to-maturity debt securities	-	500	6,016	17,355	7,248	-	31,119
Investments in subsidiaries and associate, net	-	-	-	-	-	4,577 ⁽²⁾	4,577
Loans to customers net of deferred revenue	122,537	141,981	86,237	146,083	167,149	21,720 ⁽³⁾	685,707
Other financial assets	1,503	479	-	-	212	2,276	4,470
Total financial assets	147,677	250,529	109,651	181,422	178,934	28,810	897,023
Financial liabilities							
Deposits	574,593	31,796	38,920	4,259	-	-	649,568
Interbank and money market items	6,780	55,856	1,150	458	23	-	64,267
Liabilities payable on demand	3,505	-	-	-	-	-	3,505
Financial liabilities designated at fair value							
through profit or loss	-	-	-	298	-	-	298
Debts issued and borrowings	5	2	15,010	15,190	4,917	-	35,124
Other financial liabilities	2,174	1,975	-	-	459	8,620	13,228
Total financial liabilities	587,057	89,629	55,080	20,205	5,399	8,620	765,990
Net liquidity gap	(439,380)	160,900	54,571	161,217	173,535	20,190	131,033
Net cash flow on derivatives	-	68	536	(322)	21	-	303

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	Consolidated 2017 (in million Baht)				
	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years No maturity Total
Financial assets					
Cash	17,872	-	-	-	17,872
Interbank and money market items net of deferred revenue	7,711	103,795	1,015	-	112,521
Investments, net					
Trading securities and general investments	-	8	2	94	309 ⁽²⁾
Available-for-sale securities	-	11,918	8,771	13,986	3 ⁽²⁾
Held-to-maturity debt securities	-	509	941	14,156	-
Loans to customers net of deferred revenue	127,843	131,417	90,324	138,495	17,521 ⁽³⁾
Other financial assets	1,275	746	-	-	3,955
Total financial assets	154,701	248,393	101,053	166,731	21,788
Financial liabilities					
Deposits	528,647	33,299	45,863	3,621	-
Interbank and money market items	6,485	51,534	1,550	749	31
Liabilities payable on demand	3,665	-	-	-	-
Financial liabilities designated at fair value through profit or loss	-	-	-	-	296
Debts issued and borrowings	5	3,011	11	30,266	59
Other financial liabilities	3,964	1,803	-	-	9,151
Total financial liabilities	542,766	89,647	47,424	34,636	931
Net liquidity gap	(388,065)	158,746	53,629	132,095	147,725
Net cash flow on derivatives	-	128	311	(342)	61
					158

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

(1) Including transactions with 1-day term.
(2) Investment in equity securities.
(3) Non-performing loans.

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	At call ⁽¹⁾	Within 3 months	Over 3 months to 1 year	Over 1 year to 5 years (in million Baht)	Over 5 years	No maturity	Total
Financial assets							
Cash	17,872	-	-	-	-	-	17,872
Interbank and money market items net of deferred revenue	7,594	103,352	322	-	-	-	111,268
Investments, net							
Trading securities and general investments	-	8	2	94	516	309 ⁽²⁾	929
Available-for-sale securities	-	8,793	8,771	13,986	2,187	3 ⁽²⁾	33,740
Held-to-maturity debt securities	-	509	941	14,156	7,905	-	23,511
Investments in subsidiaries and associate, net	-	-	-	-	-	3,754 ⁽²⁾	3,754
Loans to customers net of deferred revenue	127,843	131,417	90,324	138,495	137,773	17,473 ⁽³⁾	643,325
Other financial assets	1,275	746	-	-	275	3,819	6,115
Total financial assets	154,584	244,825	100,360	166,731	148,656	25,358	840,514
Financial liabilities							
Deposits	528,725	33,299	45,863	3,621	-	-	611,508
Interbank and money market items	6,485	51,534	1,550	749	31	-	60,349
Liabilities payable on demand	3,665	-	-	-	-	-	3,665
Financial liabilities designated at fair value through profit or loss	-	-	-	-	296	-	296
Debts issued and borrowings	5	3,011	11	30,266	59	-	33,352
Other financial liabilities	3,964	1,771	-	-	545	9,001	15,281
Total financial liabilities	542,844	89,615	47,424	34,636	931	9,001	724,451
Net liquidity gap	(388,260)	155,210	52,936	132,095	147,725	16,357	116,063
Net cash flow on derivatives	-	128	311	(342)	61	-	158

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

5 Fair value of assets and liabilities

5.1 Financial assets and liabilities

The significant different of fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2018 and 2017 were as follows:

	Consolidated			
	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Derivatives assets	7,917	7,937	8,674	8,811
Investments, net	73,477	73,784	61,305	61,928
Total financial assets	81,394	81,721	69,979	70,739
Financial liabilities				
Deposits	649,568	649,586	611,430	611,430
Derivatives liabilities	7,328	7,677	8,559	8,764
Debts issued and borrowings	35,124	35,005	33,352	34,380
Total financial liabilities	692,020	692,268	653,341	654,574

	Bank only			
	2018		2017	
	Carrying value	Fair value	Carrying value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Derivatives assets	7,917	7,937	8,674	8,811
Investments, net	73,477	73,784	58,180	58,803
Total financial assets	81,394	81,721	66,854	67,614
Financial liabilities				
Deposits	649,575	649,592	611,508	611,508
Derivatives liabilities	7,328	7,677	8,559	8,764
Debts issued and borrowings	35,124	35,005	33,352	34,380
Total financial liabilities	692,027	692,274	653,419	654,652

The following methods and assumptions were used by the Bank and its subsidiaries 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.

- Investments:

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, net:

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.

- 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 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 the market interest rate 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.

- 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, fair values 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 observable market 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.
- Level 2: inputs other than quoted prices included within 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 and Level 2 of the fair value hierarchy during the year ended 31 December 2018 and 2017.

5.1.1 Financial assets and liabilities measured at 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
	<i>(in million Baht)</i>			
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152
31 December 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,048	-	5,048
- Interest rate related	-	3,603	-	3,603
Investments				
- Trading investments	-	620	-	620
- Available-for-sale investments	-	36,865	-	36,865
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	386	-	386
Derivatives (trading book)				
- Foreign currency related	-	4,713	-	4,713
- Interest rate related	-	3,728	-	3,728

	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152
31 December 2017				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,048	-	5,048
- Interest rate related	-	3,603	-	3,603
Investments				
- Trading investments	-	620	-	620
- Available-for-sale investments	-	33,740	-	33,740
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	386	-	386
Derivatives (trading book)				
- Foreign currency related	-	4,713	-	4,713
- Interest rate related	-	3,728	-	3,728

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. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying value is reasonable approximation of fair value.

		Consolidated			
	Carrying	Fair value			
	value	Level 1	Level 2	Level 3	Total
			(in million Baht)		
31 December 2018					
Financial assets					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
Financial liabilities					
Deposits	649,568	-	649,586	-	649,586
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005
31 December 2017					
Financial assets					
Derivatives (banking book)	23	-	160	-	160
Investments					
- Held-to-maturity debt securities	23,511	-	23,851	-	23,851
- General investments	309	-	-	592	592
Financial liabilities					
Deposits	611,430	-	611,430	-	611,430
Derivatives (banking book)	117	-	323	-	323
Debts issued and borrowings	33,352	-	34,380	-	34,380

	Carrying value	Bank only			
Fair value					
Level 1		Level 2	Level 3	Total	
(in million Baht)					
31 December 2018					
Financial assets					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
Financial liabilities					
Deposits	649,575	-	649,592	-	649,592
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005
31 December 2017					
Financial assets					
Derivatives (banking book)	23	-	160	-	160
Investments					
- Held-to-maturity debt securities	23,511	-	23,851	-	23,851
- General investments	309	-	-	592	592
Financial liabilities					
Deposits	611,508	-	611,508	-	611,508
Derivatives (banking book)	117	-	323	-	323
Debts issued and borrowings	33,352	-	34,380	-	34,380

5.2 Non-financial assets measured 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	Fair value			
	value	Level 1	Level 2	Level 3	Total
31 December 2018					
					(in million Baht)
Non-financial assets					
Premises, net	9,679	-	-	9,679	9,679
31 December 2017					
Non-financial assets					
Premises, net	9,983	-	-	9,983	9,983

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.

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	
	2018	2017
	<i>(in million Baht)</i>	
Beginning balance	9,983	10,292
Acquisitions	551	545
Disposals/written-off/transfers out	(555)	(540)
Depreciation	(298)	(310)
Loss on impairment during the year	(2)	(4)
Ending balance	<u>9,679</u>	<u>9,983</u>

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 2018 and 2017, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2018	2017
	(in million Baht)	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	41,659	41,648
Share premium	404	379
Legal reserve	3,000	2,550
Net profits after appropriation	40,841	35,129
Other comprehensive income	4,650	4,886
Capital adjustment items on CET1	(57)	(71)
Capital deduction items on CET1	(4,196)	(3,666)
Total Tier 1 Capital	86,301	80,855
<i>Tier 2 Capital</i>		
Allowance for classified assets of “pass” category	3,665	4,940
Subordinated debentures	20,430	20,430
Total Tier 2 Capital	24,095	25,370
Total Capital funds	110,396	106,225
Total Risk-Weighted Assets	637,628	609,097

	The BoT's regulation minimum requirement *	2018	The BoT's regulation minimum requirement *	2017
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	10.375	17.31	9.75	17.44
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.875	13.53	7.25	13.27
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.375	13.53	5.75	13.27
			Bank only	
		2018		2017
			(in million Baht)	
Tier 1 capital				
Common Equity Tier 1 capital (CET1)				
Paid-up share capital		41,659		41,648
Share premium		404		379
Legal reserve		3,000		2,550
Net profits after appropriation		40,514		34,587
Other comprehensive income		4,650		4,885
Capital adjustment items on CET1		(57)		(71)
Capital deduction items on CET1		(5,041)		(3,588)
Total Tier 1 Capital		85,129		80,390
Tier 2 capital				
Allowance for classified assets of “pass” category		3,665		4,940
Subordinated debentures		20,430		20,430
Total Tier 2 Capital		24,095		25,370
Total Capital funds		109,224		105,760
Total Risk-Weighted Assets		625,456		609,875

	The BoT's regulation minimum requirement *	2018	The BoT's regulation minimum requirement *	2017
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	10.375	17.46	9.75	17.34
Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.875	13.61	7.25	13.18
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	6.375	13.61	5.75	13.18

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

According to Bank of Thailand'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 2018 and 2017, the Bank has no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy information for the Bank and the full consolidated financial institutions as at 31 December 2018 through the Bank's website at www.tmbbank.com/ir/capital_funds/basel3 within April 2019.

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.

7 Interbank and money market items, net (assets)

	Consolidated					
	2018			2017		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	5,749	62,024	67,773	5,225	81,756	86,981
Commercial banks	-	17,315	17,315	118	3,045	3,163
Specialised financial institutions	-	5,740	5,740	-	3,200	3,200
Other financial institutions	1	14,615	14,616	8	14,233	14,241
Total	5,750	99,694	105,444	5,351	102,234	107,585
Add accrued interest receivable	-	52	52	-	37	37
Less allowance for doubtful accounts	-	(73)	(73)	-	(20)	(20)
Total domestic, net	5,750	99,673	105,423	5,351	102,251	107,602
Foreign						
US Dollar	1,752	5,229	6,981	1,335	2,294	3,629
Japanese Yen	233	-	233	231	-	231
Euro	151	-	151	245	-	245
Other currencies	502	248	750	545	286	831
Total	2,638	5,477	8,115	2,356	2,580	4,936
Add accrued interest receivable	-	3	3	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(18)	(18)	-	(9)	(9)
Total foreign, net	2,638	5,461	8,099	2,356	2,576	4,932
Total domestic and foreign, net	8,388	105,134	113,522	7,707	104,827	112,534
	Bank only					
	2018			2017		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	5,749	62,024	67,773	5,225	81,756	86,981
Commercial banks	-	17,315	17,315	-	1,910	1,910
Specialised financial institutions	-	5,740	5,740	-	3,200	3,200
Other financial institutions	1	14,615	14,616	8	14,233	14,241
Total	5,750	99,694	105,444	5,233	101,099	106,332
Add accrued interest receivable	-	52	52	-	31	31
Less allowance for doubtful accounts	-	(73)	(73)	-	(20)	(20)
Total domestic, net	5,750	99,673	105,423	5,233	101,110	106,343

	Bank only					
	2018			2017		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Foreign						
US Dollar	1,752	5,229	6,981	1,335	2,294	3,629
Japanese Yen	233	-	233	231	-	231
Euro	151	-	151	245	-	245
Other currencies	502	248	750	545	286	831
Total	2,638	5,477	8,115	2,356	2,580	4,936
Add accrued interest receivable	-	3	3	-	5	5
Less deferred revenues	-	(1)	(1)	-	-	-
allowance for doubtful accounts	-	(18)	(18)	-	(9)	(9)
Total foreign, net	2,638	5,461	8,099	2,356	2,576	4,932
Total domestic and foreign, net	8,388	105,134	113,522	7,589	103,686	111,275

8 Derivatives

As at 31 December 2018 and 2017, 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:

Type of risks	Consolidated and Bank only					
	2018			2017		
	Fair value/Readjustment based on an accrual basis		Notional amount	Fair value/Readjustment based on an accrual basis		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related						
- Trading Book	5,625	5,171	696,768	5,048	4,713	560,289
- Banking Book ⁽¹⁾	1	5	561	48	117	9,479
Interest rate related						
- Trading Book	2,291	2,152	375,459	3,603	3,729	686,419
- Banking Book ⁽¹⁾	83	102	25,165	98	136	25,234
Total	8,000	7,430	1,097,953	8,797	8,695	1,281,421

⁽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 2018, accrued interest receivable and interest paid in advance amounting to Baht 83 million (2017: Baht 123 million) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 102 million (2017: Baht 136 million) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 31 December 2018 and 2017, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated and Bank only	
	2018	2017
	<i>(%)</i>	
Financial institutions	72.50	79.33
Other parties	27.50	20.67
Total	100.00	100.00

9 Investments, net

9.1 Classified by type of investments

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Trading securities - Fair value				
Government and state enterprise securities	1,293	620	1,293	620
Total	1,293	620	1,293	620
Available-for-sale securities - Fair value				
Government and state enterprise securities	40,828	36,862	40,828	33,737
Domestic marketable equity securities	2	3	2	3
Total	40,830	36,865	40,830	33,740
Held-to-maturity debt securities - Cost/Amortised cost				
Government and state enterprise securities	31,119	23,511	31,119	23,511
Total	31,119	23,511	31,119	23,511
General investments - Cost				
Domestic non-marketable equity securities	1,024	1,098	1,024	1,098
Foreign non-marketable equity securities	2	2	2	2
Total	1,026	1,100	1,026	1,100
Less allowance for impairment losses	(791)	(791)	(791)	(791)
Net	235	309	235	309
Total investments, net	73,477	61,305	73,477	58,180

As at 31 December 2018, the Bank had purchase and sales of investment in debt securities with net sales amounting to Baht 718 million (2017: net sales amounting to Baht 68 million), for which the settlement was not due at the reporting date.

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

As at 31 December 2018 and 2017, 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 summarized below.

	Consolidated and Bank only	
	2018	2017
	<i>(in million Baht)</i>	
Property development and construction	34	34
Public utilities and services	14	14
Mutual funds and financial services	47	56
Others	11	11
Total	106	115
Less allowance for impairment losses	(41)	(41)
Investments, net	65	74

Interest in unconsolidated structured entity 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 summarized 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 earns is management fees.

As at 31 December 2018 and 2017, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

As at 31 December 2018 and 2017, 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							
	2018				2017			
	No.	Cost	Fair	Allowance	No.	Cost	Fair	Allowance
	of	value/	value	for	of	value/	value	for
	Com-	book		Impairment	Com-	book		Impairment
	panies	value	value	losses	panies	value	value	losses
			(in million Baht)				(in million Baht)	
- 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	11	730	-	(730)	11	730	-	(730)
Total	13	792	-	(792)	13	792	-	(792)

As at 31 December 2018 and 2017, revaluation surplus (deficit) on investments could be summarized as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Revaluation surplus on investments				
Debt securities	22	36	22	36
Equity securities	-	1	-	-
Total	22	37	22	36
Revaluation deficit on investments				
Debt securities	(68)	(2)	(68)	(2)
Equity securities	-	(1)	-	(1)
Total	(68)	(3)	(68)	(3)
Total revaluation surplus (deficit)				
on investments	(46)	34	(46)	33
Add (less) deferred tax	9	(7)	9	(7)
Net	(37)	27	(37)	26

10 Investments in subsidiaries and associate, net

10.1 Detail of investments in subsidiaries and associate

Companies	Type of Business	Percentage of ownership interest		Paid-up capital		Equity		Consolidated Allowance for impairment losses		At Equity, net		Cost		Allowance for impairment losses		Bank only At cost, net		Dividend income for the year	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
(in million Baht)																			
Subsidiaries and associate																			
Phahonyothin Asset																			
Management Co., Ltd.	Asset management business	100.00	-	25	-	-	-	-	-	-	-	25	-	-	-	25	-	-	-
Phayathai Asset																			
Management Co., Ltd.	Asset management business	100.00	100.00	1,070	1,070	-	-	-	-	-	-	649	3,870	(649)	(679)	-	3,191	-	-
Designee for ETJA Contract Ltd.	Financial support business	-	99.50	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TMB Asset																			
Management Co., Ltd.	Fund management business	35.00	100.00	35	100	4,577	-	-	-	4,577	-	197	563	-	-	197	563	800	125
Total						4,577	-	-	-	4,577	-	871	4,433	(649)	(679)	222	3,754	800	125

* The Company registered the dissolution with the Ministry of Commerce on 26 December 2018 and is currently in the process of liquidation.

** The Company registered the dissolution with the Ministry of Commerce on 29 June 2018 and completed liquidation process on 28 November 2018.

On 27 September 2018, the Bank sold 65% of its interest in TMB Asset Management Co., Ltd., a subsidiary, reducing its ownership interest to 35%, and recognised profit on the loss of control of a subsidiary of Baht 7,851 million, and Baht 7,625 million in the Bank only and consolidated financial statements, respectively. TMB Asset Management Co., Ltd. thereby ceased to be a subsidiary and became an associated company. The fair value of the Bank's retained interest in the associate at the date when control was lost was Baht 4,513 million, which became the carrying value of the Bank's interest in the associate at that date in the consolidated financial statements. The difference of fair value was recognised as a profit on the loss of control of a subsidiary of Baht 4,227 million which is included in "Gain on investments, net" in the consolidated statements of profit or loss and other comprehensive income.

The remaining 35% investment in TMB Asset Management Co., Ltd. is subject to call and put options in the future.

Entire Business Transfer of a Subsidiary

- (a) On 22 November 2018, the Bank has registered Phahonyothin Asset Management Company Limited, which is a new subsidiary, with the Department of Business Development, Ministry of Commerce, to conduct the asset management business, with a registered and paid-up capital of Baht 5 million initially and Baht 20 million on 4 December 2018. The total registered and paid-up capital is Baht 25 million, divided into 2.5 million ordinary shares with a par value of 10 Baht per share. The Bank holds 100% of the registered and paid up capital.
- (b) On 6 December 2018, the Extra-ordinary Shareholders meeting of Phayathai Asset Management Company Limited ("Transferor") unanimously approved to transfer the entire business to Phahonyothin Asset Management Company Limited ("Transferee") in accordance with the resolution of the Board of Directors held on 20 November 2018. The Transferor, agreed to sell, convey, assign, transfer, and deliver to the Transferee, and the Transferee agreed to purchase and acquire from the Transferor, all of the Transferor's assets, liabilities, rights, title, and interest in and to any and all of the entire business and the Transferee agreed to assume the liabilities subject to and in accordance with the terms and conditions as specified in the entire business transfer agreement. The consideration for the transfer of the entire business was the net asset value. The shareholders approved to perform the entire business transfer on 26 December 2018. This agreement is considered as a business combination under common control.

The Bank, the parent company of the Transferor and Transferee, had the objective of the entire business transfer from the Transferor to the Transferee, to restructure the business process as well as to manage the financial business group's benefit. The entire business transfer was under the tax exemption scheme of the Revenue Code for the Transferor, the Transferee, and the shareholders.

- (c) On 23 November 2018, the Board of Directors of Phahonyothin Asset Management Company Limited passed a resolution to approve the entire business transfer from Phayathai Asset Management Company Limited, in accordance with the above business transfer agreement.
- (d) On 26 December 2018, the Transferor entered into the entire business transfer agreement with the Transferee. The Transferor had transferred the net asset and registered the Company's dissolution with the Department of Business Development, Ministry of Commerce on 26 December 2018 and returned the capital to the Bank on the same day.
- (e) Assets and liabilities of Phayathai Asset Management Company Limited which were transferred to Phahonyothin Asset Management Company Limited as at the entire business transfer date were as follows:

	Carrying amounts (in million Baht)
Intercompany and money market items	3,201
Loans to customers, net	18
Other accounts receivable	31
Other assets	1
Other liabilities	(29)
Provision for employee benefit	(1)
Net asset value	3,221

10.2 Disclosure of the statement 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. and Phahonyothin Assets Management Co., Ltd., the subsidiaries, were as follows:

	Statement of cash flows		
	Phahonyothin Asset Management Co., Ltd.	Phayathai Asset Management Co., Ltd.	
	For the period from 22 November 2018 to 31 December 2018	For the period from 1 January 2018 to 26 December 2018 (in million Baht)	For the year ended 31 December 2017
Cash flows from operating activities			
Profit from operations before income tax	3	53	69
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities			
Reversal of loss on loans and debt securities	-	(2)	(1)
Impairment loss on properties for sale and other assets (reversal of)	-	(3)	3
Provisions (reversal of)	-	(2)	2
Net interest income	(4)	(62)	(79)
Interest received	4	57	35
Income tax paid	-	(9)	(2)
Profit from operations before changes in operating assets and liabilities	3	32	27
Decrease (increase) in operating assets			
Intercompany and money market items	(7)	19	(6)
Investments in receivables	-	-	1
Receivables from Legal Execution Department	-	15	16
Receivables from BAM's promissory notes	-	-	20
Other assets	-	-	(3)
Increase (decrease) in operating liabilities			
Other payables	1	-	-
Accrued expenses	1	4	-
Net cash provided by (used in) operating activities	(2)	70	55
Cash flows from investing activities			
Purchase of available-for-sale investments	-	-	(7,750)
Proceeds from sales of available-for-sale investments	-	3,125	7,694
Interest received	-	5	-
Net payment for business transfer	(20)	-	-
Net proceeds from business transfer	-	20	-
Net cash provided by (used in) investing activities	(20)	3,150	(56)

	Statement of cash flows		
	Phahonyothin Asset Management Co., Ltd.	Phayathai Asset Management Co., Ltd.	
	For the period from 22 November 2018 to 31 December 2018	For the period from 1 January 2018 to 26 December 2018 (in million Baht)	For the year ended 31 December 2017
Cash flows from financing activities			
Payment to owners	-	(3,220)	-
Proceeds from issue of shares	25	-	-
Net cash provided by (used in) financing activities	25	(3,220)	-
Net increase (decrease) in cash	3	-	(1)
Cash at 1 January / 22 November	-	-	1
Cash at 31 December	3	-	-

11 Loans to customers and accrued interest receivables, net

11.1 Classified by loan type

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Overdrafts	110,833	118,834	110,833	118,834
Loans	409,053	374,105	409,007	374,057
Bills	165,891	150,468	165,891	150,468
Others	16	18	16	18
Less deferred revenue	(86)	(52)	(86)	(52)
Loans to customers net of deferred revenue	685,707	643,373	685,661	643,325
Add accrued interest receivables	1,308	969	1,308	969
Total loans to customers net of deferred revenue and accrued interest receivables	687,015	644,342	686,969	644,294
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(18,576)	(15,049)	(18,547)	(15,019)
- Provision in excess of BoT's minimum rates required	(13,400)	(9,590)	(13,400)	(9,590)
Less revaluation allowance for debt restructuring	(999)	(330)	(999)	(330)
Loans to customers and accrued interest receivables, net	654,040	619,373	654,023	619,355

11.2 Classified by currency and residency of debtors

	Consolidated					
	Domestic	Foreign	Total	Domestic	Foreign	Total
	(in million Baht)					
Baht	663,989	2,950	666,939	618,387	3,125	621,512
US Dollars	17,603	381	17,984	18,896	2,084	20,980
Other currencies	742	42	784	831	50	881
Total	682,334	3,373	685,707	638,114	5,259	643,373

	Bank only					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	663,943	2,950	666,893	618,339	3,125	621,464
US Dollars	17,603	381	17,984	18,896	2,084	20,980
Other currencies	742	42	784	831	50	881
Total*	682,288	3,373	685,661	638,066	5,259	643,325

* Loans to customers net of deferred revenue.

11.3 Classified by business type and quality of loan classification

	Consolidated 2018					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	11,686	215	1	15	218	12,135
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	384	21,580
Infrastructure and services	66,594	1,203	62	62	578	68,499
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total*	635,893	28,094	2,073	1,927	17,720	685,707

	Consolidated 2017					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	11,130	209	3	-	291	11,633
Manufacturing and commerce	319,212	18,711	760	404	12,302	351,389
Property development and construction	17,034	784	7	-	267	18,092
Infrastructure and services	62,419	1,093	10	-	746	64,268
Housing loans	128,132	3,330	452	545	871	133,330
Others	61,843	1,955	643	64	156	64,661
Total*	599,770	26,082	1,875	1,013	14,633	643,373

	Bank only 2018					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	<i>(in million Baht)</i>					
Agriculture and mining	11,686	215	1	15	210	12,127
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	363	21,559
Infrastructure and services	66,594	1,203	62	62	561	68,482
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total*	635,893	28,094	2,073	1,927	17,674	685,661

	Bank only 2017					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in million Baht)</i>					
Agriculture and mining	11,130	209	3	-	284	11,626
Manufacturing and commerce	319,212	18,711	760	404	12,301	351,388
Property development and construction	17,034	784	7	-	245	18,070
Infrastructure and services	62,419	1,093	10	-	728	64,250
Housing loans	128,132	3,330	452	545	871	133,330
Others	61,843	1,955	643	64	156	64,661
Total *	599,770	26,082	1,875	1,013	14,585	643,325

* Loans to customers net of deferred revenue.

11.4 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 2018			
	Loans to customers and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ <i>(in million Baht)</i>	Minimum rates required <i>(%)</i>	Allowance for doubtful accounts ⁽²⁾ <i>(in million Baht)</i>
Minimum allowance as per BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,720	6,717	100	9,715
Total *	687,015	594,786		18,576
Provision in excess of BoT's minimum rates required				13,400 ⁽³⁾
Total				31,976

Consolidated				
2017				
	Loans to	Net amount	Minimum	Allowance
	customers and	used to set	rates	for doubtful
	accrued interest	the allowance	required	accounts ⁽²⁾
	receivables	for doubtful		accounts ⁽²⁾
		accounts ⁽¹⁾		
	(in million Baht)		(%)	(in million Baht)
Minimum allowance as per				
BoT's Regulations				
Pass	600,675	527,213	1	5,747
Special mention	26,146	14,963	2	457
Sub-standard	1,875	1,154	100	1,238
Doubtful	1,013	444	100	470
Doubtful of loss	14,633	5,024	100	7,137
Total *	644,342	548,798		15,049
Provision in excess of BoT's				
minimum rates required				9,590 ⁽³⁾
Total				24,639

Bank only				
2018				
	Loans to	Net amount	Minimum	Allowance
	customers and	used to set	rates	for doubtful
	accrued interest	the allowance	required	accounts ⁽²⁾
	receivables	for doubtful		accounts ⁽²⁾
		accounts ⁽¹⁾		
	(in million Baht)		(%)	(in million Baht)
Minimum allowance as per				
BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,674	6,689	100	9,686
Total *	686,969	594,758		18,547
Provision in excess of BoT's				
minimum rates required				13,400 ⁽³⁾
Total				31,947

	Bank only 2017			
	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	600,675	527,213	1	5,747
Special mention	26,146	14,963	2	457
Sub-standard	1,875	1,154	100	1,238
Doubtful	1,013	444	100	470
Doubtful of loss	14,585	4,994	100	7,107
Total	644,294	548,768		15,019
Provision in excess of BoT's minimum rates required				9,590 ⁽³⁾
Total				24,609

*

Loans to customers net of deferred revenue add accrued interest receivables

⁽¹⁾ Net amount used to set the allowance for doubtful account: 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 sub-standard, 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 Thai Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Thai Credit Guarantee Corporation.

⁽³⁾ As at 31 December 2018, this included provision of Baht 971 million (2017: Baht 1,160 million) provided for non-performing loans.

For the year ended 31 December 2018, the Bank set aside additional provision of approximately Baht 5,000 million (presented as a part of "Provision in excess of BOT's minimum rates required") in anticipation of strengthening regulatory measures on certain credit risk factors and to be more prudent.

11.5 Non-performing loans

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

As at 31 December 2018 and 2017, the Bank and its subsidiary's NPLs (including interbank and money market items) were summarised as follows:

	2018			
	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)				
NPLs after allowance for doubtful accounts on NPLs (in million Baht)	8,696	18	-	8,714
Total loans after allowance for doubtful accounts on NPLs (in million Baht)	773,474	18	-	773,492
Percentage of net NPLs (%)	1.12	100.00		1.13
NPLs (principal)				
NPLs (in million Baht)	21,674	46	-	21,720
Total loans (in million Baht)	786,451	46	-	786,497
Percentage of NPLs (%)	2.76	100.00		2.76

	2017			
	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>)	7,495	18	-	7,513
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	735,334	18	-	735,352
Percentage of net NPLs (%)	1.02	100.00		1.02
NPLs (principal)				
NPLs (<i>in million Baht</i>)	17,473	48	-	17,521
Total loans (<i>in million Baht</i>)	745,312	48	-	745,360
Percentage of NPLs (%)	2.34	100.00		2.35

For the year ended 31 December 2018 and 2017, the Bank sold non-performing loans, with principal totalling approximately Baht 2,500 million and Baht 1,300 million, respectively, to Asset Management Company. 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 2018, the Bank had loans to customers, amounting to Baht 57,502 million (*2017: Baht 50,177 million*) on which it ceased recognition of interest income on an accrual basis.

11.6 Troubled debt restructuring

For the years ended 31 December 2018 and 2017, 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						
2018						
	Number of debtors	Before restructuring (<i>in million Baht</i>)	Number of debtors	After restructuring (<i>in million Baht</i>)	Asset acquired Type	Fair value (<i>in million Baht</i>)
Type of restructuring						
Transfer of asset	1	3	1	-	Land and building	3
Modification of terms of payments	7,076	20,310	7,076	20,310	-	-
Combination of methods	4	44	4	33	Land and building	11
Total	7,081	20,357	7,081	20,343		14
Term of debt restructuring agreements						
Not over 5 years	1,068	301	1,068	298		
5 - 10 years	4,165	2,615	4,165	2,611		
Over 10 years	1,848	17,441	1,848	17,434		
Total	7,081	20,357	7,081	20,343		

	Consolidated and Bank only 2017				Asset acquired	
	Number of debtors	Before restructuring (in million Baht)	Number of debtors	After restructuring (in million Baht)	Type	Fair value (in million Baht)
Type of restructuring						
Transfer of asset	1	95	1	33	Land and building	62
Modification of terms of payments	6,241	12,231	6,241	12,231	-	-
Combination of methods	6	1,025	5	618	Land and building	354
Total	6,248	13,351	6,247	12,882		416
Term of debt restructuring agreements						
Not over 5 years	1,133	1,382	1,133	1,315		
5 - 10 years	4,076	1,240	4,076	1,240		
Over 10 years	1,039	10,729	1,038	10,327		
Total	6,248	13,351	6,247	12,882		

Supplemental information relating to restructuring debtors for the years ended 31 December 2018 and 2017 was as follows:

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Interest income on restructured debts, which is recognised during the year	378	243
Cash settlement by debtors	1,129	755
Debt asset swap by debtors with rights to buy back when complied with criteria in the agreement	-	347
Losses on debt restructuring, net	669	153

As at 31 December 2018 and 2017, the Bank and its subsidiary had the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	2018		2017		2018		2017	
	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)
Troubled debt restructuring debtors	8,469	15,783	6,123	8,347	8,468	15,774	6,122	8,336

11.7 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Beginning balance	330	177
Increase during the year	669	153
Ending balance	999	330

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

As at 31 December 2018 and 2017, the Bank and its subsidiary 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							
	2018				2017			
	Loans and		Allowance		Loans and		Allowance	
	accrued		for		accrued		for	
	Number	interest	doubtful	Number	interest	doubtful		
	of debtors	receivables	accounts	of debtors	receivables	accounts		
		Collateral			Collateral			
		<i>(in million Baht)</i>			<i>(in million Baht)</i>			
Listed companies under delisting conditions in SET	3	3	-	3	12	10	-	-

12 Classified assets

As at 31 December 2018 and 2017, 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					
	2018					
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
		<i>(in million Baht)</i>				
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	914	17,720	150	265	500	19,549
Total	914	787,860	150	265	507	789,696

Consolidated 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
			<i>(in million Baht)</i>			
Pass	-	702,698	-	-	-	702,698
Special mention	-	26,146	-	-	-	26,146
Sub-standard	-	1,875	-	-	3	1,878
Doubtful	-	1,013	-	-	1	1,014
Doubtful of loss	847	14,633	153	285	469	16,387
Total	847	746,365	153	285	473	748,123

Bank only 2018						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
			<i>(in million Baht)</i>			
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	1,563	17,674	150	265	499	20,151
Total	1,563	787,814	150	265	506	790,298

Bank only 2017						
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets	Total
			<i>(in million Baht)</i>			
Pass	-	702,698	-	-	-	702,698
Special mention	-	26,146	-	-	-	26,146
Sub-standard	-	1,875	-	-	3	1,878
Doubtful	-	1,013	-	-	1	1,014
Doubtful of loss	1,526	14,585	153	285	468	17,017
Total	1,526	746,317	153	285	472	748,753

13 Allowance for doubtful accounts

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

Consolidated 2018							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	
	Pass	Special mention	Sub- standard	Doubtful <i>(in million Baht)</i>	Doubtful of loss		Total
Beginning balance	5,747	457	1,238	470	7,137	9,590	24,639
Allowance for doubtful accounts	395	(38)	(3)	595	10,601	3,810	15,360
Bad debt recovery	-	-	-	-	915	-	915
Bad debt written-off	-	-	-	-	(7,503)	-	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	-	(1,435)
Ending balance	6,142	419	1,235	1,065	9,715	13,400	31,976

Consolidated 2017							
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required	
	Pass	Special mention	Sub- standard	Doubtful <i>(in million Baht)</i>	Doubtful of loss		Total
Beginning balance	5,288	340	1,251	1,049	6,731	10,252	24,911
Allowance for doubtful accounts	459	117	(13)	(579)	9,572	(662)	8,894
Bad debt recovery	-	-	-	-	828	-	828
Bad debt written-off	-	-	-	-	(9,183)	-	(9,183)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(811)	-	(811)
Ending balance	5,747	457	1,238	470	7,137	9,590	24,639

Bank only						
2018						
	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	Total
	(in million Baht)					
Beginning balance	5,747	457	1,238	470	7,107	24,609
Allowance for doubtful accounts	395	(38)	(3)	595	10,615	15,374
Bad debt recovery	-	-	-	-	902	902
Bad debt written-off	-	-	-	-	(7,503)	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	(1,435)
Ending balance	6,142	419	1,235	1,065	9,686	31,947

Bank only						
2017						
	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	Total
	(in million Baht)					
Beginning balance	5,288	340	1,251	1,049	6,701	24,881
Allowance for doubtful accounts	459	117	(13)	(579)	9,582	8,904
Bad debt recovery	-	-	-	-	818	818
Bad debt written-off	-	-	-	-	(9,183)	(9,183)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(811)	(811)
Ending balance	5,747	457	1,238	470	7,107	24,609

14 Properties for sale, net

As at 31 December 2018 and 2017, changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated and Bank only 31 December 2018		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	1,931	492	(117)	2,306
Assets for sales	436	180	(158)	458
Total	2,367	672	(275)	2,764
Add (less) allowance for impairment losses	(153)	(19)	22	(150)
Net	2,214	653	(253)	2,614

	Beginning balance	Consolidated and Bank only 31 December 2017		Ending balance
		Additions	Disposals/ Decrease	
		<i>(in million Baht)</i>		
Assets foreclosed in settlement of debts				
- Immovable assets	1,170	1,202	(441)	1,931
Assets for sales	402	220	(186)	436
Total	1,572	1,422	(627)	2,367
Add (less) allowance for impairment losses	(66)	(93)	6	(153)
Net	1,506	1,329	(621)	2,214

As at 31 December 2018 and 2017, the Bank had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 633 million and Baht 633 million, respectively.

The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2018 and 2017 as follows:

	Consolidated and Bank only	
	2018	2017
	<i>(in million Baht)</i>	
Assets foreclosed in settlement of debts		
Immovable assets		
- Appraised by external appraisers	2,294	1,704
- Appraised by internal appraisers	12	227
Total	2,306	1,931

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15 Premises and equipment, net

As at 31 December 2018 and 2017, changes in premises and equipment were as follows:

	Consolidated													
	2018													
	Cost			Accumulated depreciation			Allowance for impairment losses							
	Net book value as at 1 January 2018	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Reversal of (loss on) impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2018	
(in million Baht)														
Land														
- Cost	1,900	2,144	-	(86)	2,058	-	-	-	-	(244)	-	20	(224)	1,834
- Incremental revaluation *	4,149	4,149	-	(70)	4,079	-	-	-	-	-	-	-	-	4,079
Building under construction	117	117	268	(325)	60	-	-	-	-	-	-	-	-	60
Building														
- Cost	1,912	5,064	283	(113)	5,234	(3,111)	(209)	76	(3,244)	(41)	(2)	2	(41)	1,949
- Incremental revaluation *	1,905	3,734	-	(148)	3,586	(1,829)	(89)	89	(1,829)	-	-	-	-	1,757
Leasehold improvements	351	1,309	137	(84)	1,362	(958)	(113)	76	(995)	-	(8)	8	-	367
Equipment under construction														
and installation	154	154	792	(564)	382	-	-	-	-	-	-	-	-	382
Equipment	1,583	6,287	540	(624)	6,203	(4,704)	(498)	447	(4,755)	-	-	-	-	1,448
Total	12,071	22,958	2,020	(2,014)	22,964	(10,602)	(909)	688	(10,823)	(285)	(10)	30	(265)	11,876

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

Consolidated													
2017													
Cost					Accumulated depreciation			Allowance for impairment losses					
					Disposals/ written-off/ transfers out/ adjustments	Depreciation	Beginning balance	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2017
(in million Baht)													
Land													
- Cost	1,979	2,241	-	(97)		-	-	2,144	-	(262)	(4)	(244)	1,900
- Incremental revaluation*	4,224	4,224	-	(75)		-	-	4,149	-	-	-	-	4,149
Building under construction	37	37	337	(257)		-	-	117	-	-	-	-	117
Building													
- Cost	1,976	5,002	208	(146)		(217)	(2,981)	5,064	(3,111)	(45)	4	(41)	1,912
- Incremental revaluation*	2,076	3,928	-	(194)		(93)	(1,852)	3,734	(1,829)	-	-	-	1,905
Leasehold improvements	377	1,308	117	(116)		(123)	(931)	1,309	(958)	-	18	-	351
Equipment under construction and installation	136	136	676	(658)		-	-	154	-	-	-	-	154
Equipment	1,578	6,267	700	(680)		(511)	(4,689)	6,287	(4,704)	-	-	-	1,583
Total	12,383	23,143	2,038	(2,223)		(944)	(10,453)	22,958	(10,602)	(307)	(22)	44	12,071

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

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2018 amounted to Baht 3,591 million (2017: Baht 3,446 million).

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2018 and 2017 amounted to Baht 909 million and Baht 944 million, respectively.

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

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	Bank only													
	2017													
	Cost				Accumulated depreciation				Allowance for impairment losses					
	Net book value as at 1 January 2017	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2017
							(in million Baht)							
Land														
- Cost	1,979	2,241	-	(97)	2,144	-	-	-	-	(262)	(4)	22	(244)	1,900
- Incremental revaluation *	4,224	4,224	-	(75)	4,149	-	-	-	-	-	-	-	-	4,149
Building under construction	37	37	337	(257)	117	-	-	-	-	-	-	-	-	117
Building														
- Cost	1,976	5,002	208	(146)	5,064	(2,981)	(217)	87	(3,111)	(45)	-	4	(41)	1,912
- Incremental revaluation *	2,076	3,928	-	(194)	3,734	(1,852)	(93)	116	(1,829)	-	-	-	-	1,905
Leasehold improvements	377	1,308	117	(116)	1,309	(931)	(123)	96	(958)	-	(18)	18	-	351
Equipment under construction and installation	136	136	676	(658)	154	-	-	-	-	-	-	-	-	154
Equipment	1,549	6,148	693	(670)	6,171	(4,599)	(501)	486	(4,614)	-	-	-	-	1,557
Total	12,354	23,024	2,031	(2,213)	22,842	(10,363)	(934)	785	(10,512)	(307)	(22)	44	(285)	12,045

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

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 31 December 2018 amounted to Baht 3,591 million (2017: Baht 3,378 million).

Depreciation presented in the Bank only's profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 902 million and Baht 934 million, respectively.

16 Goodwill and other intangible assets, net

As at 31 December 2018 and 2017, changes in goodwill and other intangible assets were as follows:

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Amortisation presented in the consolidated profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 502 million and Baht 381 million, respectively.

	Bank only 2018										
	Cost					Accumulated amortisation					Net book value as at 31 December 2018
Net book value as at 1 January 2018	Beginning balance	Additions	Written-off	Transfers in/(out)	Ending balance <i>(in million Baht)</i>	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance		
Computer software under development	1,727	5,930	60	-	886	6,876	(4,203)	(502)	-	(4,705)	2,171
	343	343	945	-	(867)	421	-	-	-	-	421
Total	2,070	6,273	1,005	-	19	7,297	(4,203)	(502)	-	(4,705)	2,592

TMB Bank Public Company Limited and its Subsidiaries
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	Net book value as at 1 January 2017	Cost			Bank only 2017			Accumulated amortisation			Net book value as at 31 December 2017
		Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	Ending balance	
						<i>(in million Baht)</i>					
Computer software	1,196	5,019	20	(10)	901	5,930	(3,823)	(379)	(1)	(4,203)	1,727
Computer software under development	445	445	740	(5)	(837)	343	-	-	-	-	343
Total	1,641	5,464	760	(15)	64	6,273	(3,823)	(379)	(1)	(4,203)	2,070

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 3,455 million (2017: Baht 3,174 million).

Amortisation presented in the Bank only's profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 502 million and Baht 379 million, respectively.

17 Deferred tax and income tax

17.1 Deferred tax

Movements in deferred tax assets and liabilities during the years ended 31 December 2018 and 2017 were as follows:

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income (note 17.2) (in million Baht)	
Deferred tax assets				
Investments	169	-	10	179
Loans to customers and accrued interest receivables	747	413	-	1,160
Properties for sale	43	3	-	46
Premises and equipment	62	(4)	-	58
Provisions for employee benefits	260	-	(16)	244
Provisions for other liabilities	111	15	-	126
Deferred revenue and other liabilities	327	(32)	-	295
Others	261	120	-	381
Total	1,980	515	(6)	2,489
Deferred tax liabilities				
Investments	6	845	(6)	845
Premises and equipment	1,253	(36)	(10)	1,207
Others	38	-	(2)	36
Total	1,297	809	(18)	2,088
Net	683	(294)	12	401

	At 1 January 2017	Consolidated (Charged) / Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income (note 17.2) (in million Baht)	
Deferred tax assets				
Investments	189	(6)	(14)	169
Loans to customers and accrued interest receivables	680	67	-	747
Properties for sale	23	20	-	43
Premises and equipment	66	(4)	-	62
Provisions for obligations on transfers of non-performing assets	332	(332)	-	-
Provisions for employee benefits	290	9	(39)	260
Provisions for other liabilities	142	(31)	-	111
Deferred revenue and other liabilities	256	71	-	327
Others	112	149	-	261
Total	2,090	(57)	(53)	1,980

	At 1 January 2017	Consolidated (Charged) / Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
		(note 17.2) (in million Baht)		
Deferred tax liabilities				
Investments	-	-	6	6
Premises and equipment	1,291	(30)	(8)	1,253
Others	24	24	(10)	38
Total	1,315	(6)	(12)	1,297
Net	775	(51)	(41)	683

	At 1 January 2018	Bank only (Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
		(note 17.2) (in million Baht)		
Deferred tax assets				
Investments	169	-	10	179
Loans to customers and accrued interest receivables	735	425	-	1,160
Properties for sale	43	3	-	46
Premises and equipment	62	(4)	-	58
Provisions for employee benefits	254	7	(17)	244
Provisions for other liabilities	108	18	-	126
Deferred revenue and other liabilities	327	(32)	-	295
Others	265	116	-	381
Total	1,963	533	(7)	2,489
Deferred tax liabilities				
Investments	6	-	(6)	-
Premises and equipment	1,252	(35)	(10)	1,207
Others	38	-	(2)	36
Total	1,296	(35)	(18)	1,243
Net	667	568	11	1,246

	At 1 January 2017	Bank only (Charged) / Credited to:		At 31 December 2017
		Profit or loss	Other comprehensive income	
		(note 17.2) (in million Baht)		
Deferred tax assets				
Investments	189	(6)	(14)	169
Loans to customers and accrued interest receivables	667	68	-	735
Properties for sale	23	20	-	43
Premises and equipment	66	(4)	-	62
Provisions for obligations on transfers of non-performing assets	332	(332)	-	-
Provisions for employee benefits	285	7	(38)	254
Provisions for other liabilities	140	(32)	-	108
Deferred revenue and other liabilities	256	71	-	327
Others	117	148	-	265
Total	2,075	(60)	(52)	1,963
Deferred tax liabilities				
Investments	-	-	6	6
Premises and equipment	1,290	(30)	(8)	1,252
Others	24	24	(10)	38
Total	1,314	(6)	(12)	1,296
Net	761	(54)	(40)	667

As at 31 December 2018 and 2017, the Bank had tax-deductible temporary differences in relation to investments in subsidiary totaling Baht 649 million and Baht 679 million respectively, for which deferred tax assets have not yet been recognised because certain recognition criteria were not met.

17.2 Income tax

Income tax recognised in profit or loss

		Consolidated		Bank only	
	Note	2018	2017	2018	2017
		<i>(in million Baht)</i>			
Current tax expense					
Current year		2,564	1,977	2,466	1,875
Under (over) provided in prior years		8	(24)	8	(24)
		<u>2,572</u>	<u>1,953</u>	<u>2,474</u>	<u>1,851</u>
Deferred tax expense					
Movements in temporary differences	17.1	294	51	(568)	54
		<u>294</u>	<u>51</u>	<u>(568)</u>	<u>54</u>
Total		<u>2,866</u>	<u>2,004</u>	<u>1,906</u>	<u>1,905</u>

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2018 Tax (expense) benefit	Net of tax	Before tax	2017 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(80)	16	(64)	103	(20)	83
Premises and equipment	(49)	10	(39)	(40)	8	(32)
Provisions for employee benefits	79	(16)	63	193	(39)	154
Others	(10)	2	(8)	(51)	10	(41)
Total	<u>(60)</u>	<u>12</u>	<u>(48)</u>	<u>205</u>	<u>(41)</u>	<u>164</u>

	Bank only					
	Before tax	2018 Tax (expense) benefit	Net of tax	Before tax	2017 Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	(80)	16	(64)	103	(20)	83
Premises and equipment	(49)	10	(39)	(40)	8	(32)
Provisions for employee benefits	86	(17)	69	190	(38)	152
Others	(10)	2	(8)	(51)	10	(41)
Total	<u>(53)</u>	<u>11</u>	<u>(42)</u>	<u>202</u>	<u>(40)</u>	<u>162</u>

Reconciliation of effective tax rate

	Consolidated			
	2018		2017	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		14,467		10,732
Income tax using the Thai corporation tax rate	20	2,893	20	2,146
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(1)	-	(11)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(34)	(1)	(107)
Under (over) provided in prior years	-	8	-	(24)
Total	20	2,866	19	2,004

	Bank only			
	2018		2017	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		10,724		10,377
Income tax using the Thai corporation tax rate	20	2,144	20	2,075
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	-	(1)	-	(11)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the year	-	(6)	-	(13)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(2)	(239)	(1)	(122)
Under (over) provided in prior years	-	8	-	(24)
Total	18	1,906	19	1,905

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 accounting periods which begin on or after 1 January 2016.

18 Other receivables, net

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Receivables from Legal Execution Department	581	468	549	421
Other receivables	939	1,459	939	1,452
Total	1,520	1,927	1,488	1,873
Less allowance for impairment losses	(269)	(237)	(268)	(236)
Net	1,251	1,690	1,220	1,637

19 Other assets, net

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Accrued income	710	1,096	710	1,061
Collateral on derivative transactions	599	898	599	898
Suspense account - debtors	1,408	1,268	1,408	1,268
Prepaid expenses	365	212	365	204
Others	1,369	2,087	1,369	2,039
Total	4,451	5,561	4,451	5,470
Less allowance for impairment losses	(239)	(236)	(239)	(236)
Net	4,212	5,325	4,212	5,234

20 Deposits

20.1 Classified by type of deposits

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Current	58,482	53,034	58,483	53,045
Savings	515,908	475,506	515,914	475,573
Term	75,281	82,989	75,281	82,989
Total	649,671	611,529	649,678	611,607
Less prepaid interest expense	(103)	(99)	(103)	(99)
Total	649,568	611,430	649,575	611,508

20.2 Classified by currency and residency of depositors

	Consolidated					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	636,088	5,613	641,701	602,705	5,556	608,261
US Dollar	5,659	1,726	7,385	2,378	390	2,768
Other currencies	467	15	482	379	22	401
Total	642,214	7,354	649,568	605,462	5,968	611,430

	Bank only					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	636,095	5,613	641,708	602,783	5,556	608,339
US Dollar	5,659	1,726	7,385	2,378	390	2,768
Other currencies	466	16	482	379	22	401
Total	642,220	7,355	649,575	605,540	5,968	611,508

21 Interbank and money market items (liabilities)

	Consolidated and Bank only					
	2018			2017		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	1,850	1,850	-	420	420
Commercial banks	379	32,700	33,079	337	38,290	38,627
Specialised financial institutions	59	22,881	22,940	68	7,905	7,973
Other financial institutions	5,298	56	5,354	4,417	60	4,477
Total domestic	5,736	57,487	63,223	4,822	46,675	51,497
Foreign						
US Dollar	405	-	405	280	7,190	7,470
Other currencies	639	-	639	1,382	-	1,382
Total foreign	1,044	-	1,044	1,662	7,190	8,852
Total domestic and foreign	6,780	57,487	64,267	6,484	53,865	60,349

22 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 31 December 2018 and 2017 were as follows:

	Consolidated and Bank only	
	2018	2017
	<i>(in million Baht)</i>	
Debt issued	397	386
Total	397	386

Proportion of transactions classified by the contract parties based on the amount of the contract as at 31 December 2018 and 2017 were as follows:

	Consolidated and Bank only	
	2018	2017
Contract parties	(%)	
Financial institutions	100.00	100.00
Total	100.00	100.00

23 Debts issued and borrowings, net

	Interest rates		Consolidated and Bank only					
	as at	Maturities	2018			2017		
	31 December 2018 (%)		Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
Subordinated debentures ⁽¹⁾	3.50 and 5.50	2019 ⁽²⁾ and 2022 ⁽²⁾	20,430	-	20,430	20,430	-	20,430
Senior debentures	3.108 and 6mLibor +1.05	2021 and 2025	-	14,602	14,602	-	12,813	12,813
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	5	-	5
Other borrowings	0.00 - 0.75	2018 - 2031	6	81	87	12	92	104
Total			20,441	14,683	35,124	20,447	12,905	33,352

⁽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 were waiting for redeem by the holders.

23.1 Subordinated debentures

23.1.1 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 Debenture.

23.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 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 Debenture.

23.2 Senior debentures

23.2.1 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.

The debentures were matured on 9 March 2018, which has already fully paid with the total amount of CNY 600 million.

23.2.2 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.

23.2.3 On 5 June 2018, the Bank issued unsecured senior debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

23.2.4 On 17 December 2018, the Bank issued unsecured senior debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

23.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2018 and 2017 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2018		2017	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 6 million	6	Baht 12 million	12
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	81	EUR 2 million	92
Total			87		104

24 Provision for employee benefits

24.1 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 - 15% 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 2018 and 2017, the Bank and its subsidiaries contributed Baht 399 million and Baht 396 million, respectively, to the funds (Bank only: Baht 390 million and Baht 387 million, respectively).

24.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Post-employment benefit plans	1,212	1,291	1,211	1,261
Other long-term employee benefit plans	9	10	9	10
Total	1,221	1,301	1,220	1,271

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
At 1 January	1,291	1,442	1,261	1,414
Included in profit or loss:				
Current service cost	259	153	254	149
Loss on benefit settlement	-	3	-	3
Interest on obligation	29	30	28	29
	288	186	282	181
Included in other comprehensive income				
Actuarial gains	(79)	(193)	(86)	(190)
Others				
Benefits paid	(246)	(144)	(246)	(144)
Provision reversed from the loss of control of a subsidiary	(42)	-	-	-
	(288)	(144)	(246)	(144)
At 31 December	1,212	1,291	1,211	1,261

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2018	2017	2018	2017
		(in million Baht)		
Demographic assumptions	(23)	31	(25)	31
Financial assumptions	25	(139)	20	(138)
Experience adjustments	(81)	(85)	(81)	(83)
Total	(79)	(193)	(86)	(190)

(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	
	2018	2017	2018	2017
		(%)		
Discount rate	2.71	2.69, 2.91	2.71	2.69
Future salary growth	4.50	4.50, 5.00	4.50	4.50
Staff turnover rates	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00

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

(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.

	Change (+) in assumption	Consolidated		
		2018		
		Post-employment benefit obligations increase (decrease)	Change (-) in assumption	Post-employment benefit obligations increase (decrease)
		(in million Baht)		(in million Baht)
Discount rate	+1%	(97)	-1%	111
Future salary growth	+1%	104	-1%	(93)
Turnover rate	+1%	(104)	-1%	25
Future mortality	+ 1 year	6	- 1 year	(6)

	Change (+) in assumption	Consolidated		
		2017		
		Post-employment benefit obligations increase (decrease)	Change (-) in assumption	Post-employment benefit obligations increase (decrease)
		(in million Baht)		(in million Baht)
Discount rate	+ 1%	(107)	- 1%	123
Future salary growth	+ 1%	115	- 1%	(103)
Turnover rate	+ 1%	(115)	- 1%	30
Future mortality	+ 1 year	9	- 1 year	(9)

Bank only				
2018				
	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%	(97)	-1%	111
Future salary growth	+1%	104	-1%	(93)
Turnover rate	+1%	(104)	-1%	25
Future mortality	+ 1 year	6	- 1 year	(6)

Bank only				
2017				
	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%	(105)	- 1%	119
Future salary growth	+ 1%	111	- 1%	(100)
Turnover rate	+ 1%	(111)	- 1%	29
Future mortality	+ 1 year	9	- 1 year	(9)

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.

25 Provision for other liabilities

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

Consolidated				
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 33.2) (in million Baht)	Others	Total
At 1 January 2017	433	162	106	701
Provisions increase (decrease)	(105)	8	(41)	(138)
Paid during the year	-	(5)	(14)	(19)
At 31 December 2017 and 1 January 2018	328	165	51	544
Provision increase (decrease)	(24)	(109)	270	137
Paid during the year	-	(12)	(39)	(51)
At 31 December 2018	304	44	282	630

	Bank only			
	Commitment from letters of guarantee issued, avals and other Guarantees	Obligation for litigation cases (note 33.2) (in million Baht)	Others	Total
At 1 January 2017	433	162	106	701
Provisions increase (decrease)	(105)	6	(41)	(140)
Paid during the year	-	(5)	(14)	(19)
At 31 December 2017 and 1 January 2018	328	163	51	542
Provision increase (decrease)	(24)	(107)	270	139
Paid during the year	-	(12)	(39)	(51)
At 31 December 2018	304	44	282	630

26 Deferred revenue

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	17,431	18,774
- Credit card	158	124
- Others	5	10
Total	17,594	18,908

27 Other liabilities

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Accrued expenses	5,644	5,382	5,635	5,275
Accrued interest expenses	459	545	459	545
Deposits and guarantees received	198	1,250	198	1,250
Collateral on derivative transactions	1,943	1,741	1,943	1,741
Suspense accounts electronic money and money transferred	2,761	4,370	2,761	4,370
Suspense accounts - others	580	764	565	749
Other payables	1,259	1,081	1,253	1,078
Others	458	389	458	332
Total	13,302	15,522	13,272	15,340

28 Share-based payments - TMB Performance Share Bonus Scheme

28.1 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 retire pursuant to the Bank's regulation or death are still retained).

For the years ended 31 December 2018 and 2017, the Bank recorded expenses in relation to share-based payments of Baht 0.71 million and Baht 15 million, respectively.

28.2 The offering of new ordinary shares

The offering of new ordinary shares	Par value (Baht/share)	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 2018
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	(64,686,616)	(20,505,084)	-
The fifth offering, 2015	0.95	3.04	53,599,400	(42,049,843)	(11,549,557)	-
Total			387,614,500	(323,154,631)	(64,459,869)	-

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

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

Consolidated and Bank only 2018				
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,839,858,871	41,647,865,927	378,930,710	35,876,140
Issued ordinary shares to employees	12,034,239	11,432,527	25,151,560	(36,584,087)
Expenses in relation to issue of ordinary shares to employees	-	-	(486,024)	-
Expenses in relation to share- based payments	-	-	-	707,947
At 31 December	43,851,893,110	41,659,298,454	403,596,246	-

Consolidated and Bank only 2017				
	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January	43,807,370,307	41,617,001,792	325,405,639	105,376,845
Issued ordinary shares to employees	32,488,564	30,864,135	54,036,957	(84,901,092)
Expenses in relation to issue of ordinary shares to employees	-	-	(511,886)	-
Expenses in relation to share- based payments	-	-	-	15,400,387
At 31 December	43,839,858,871	41,647,865,927	378,930,710	35,876,140

29 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 year were as follows:

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
At 1 January	6,259	6,450
Amortised during the year	(89)	(92)
Derecognised during the year	(86)	(59)
Transferred out during the year	(49)	(40)
Ending balance	6,035	6,259
Less deferred tax	(1,207)	(1,252)
At 31 December, net of deferred tax	4,828	5,007

30 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.

31 Appropriation of profit and dividend payment

(a) On 12 April 2018, the 2018 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2017 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 430 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2017 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 9 May 2018.

(b) On 7 April 2017, the 2017 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2016 operating profit and dividend payment as follows:

- (1) Appropriation of net profit of Baht 410 million to be legal reserve.
- (2) Payment of a dividend of Baht 0.06 per share from the 2016 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 4 May 2017.

32 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2018 and 2017 were as follows:

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Interbank and money market items		
- Deposit under restriction of oversea branch	10	12
Investments in securities		
- Pledged as collateral against repurchase transactions	17,446	19,323
Total	17,456	19,335

33 Commitments and contingent liabilities

33.1 Commitments

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Avals to bills ⁽¹⁾	319	633
Liability under unmatured import bills	2,722	2,529
Letters of credit	15,772	19,360
Other commitments		
- Other guarantees	65,584	62,045
- Amount of unused bank overdrafts	81,632	80,908
- Committed line	3,882	5,566
- Others ⁽²⁾	30,069	23,110
Total	199,980	194,151

⁽¹⁾ As at 31 December 2018, this included bank acceptance amounting to Baht 5 million (2017: Baht 3 million)

⁽²⁾ As at 31 December 2018, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 29,375 million (2017: 22,641 million). The Bank is obliged to return those securities in equivalent amount.

As at 31 December 2018 and 2017, the Bank had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

33.2 Litigation

(a) As at 31 December 2018 and 2017, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 63 cases and 75 cases, respectively (Bank only: claims for 60 cases and 69 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 468 million ⁽¹⁾ and Baht 1,394 million ⁽¹⁾, respectively (Bank only: Baht 259 million ⁽¹⁾ and Baht 1,173 million ⁽¹⁾, respectively).

(b) As at 31 December 2018 and 2017, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 44 million and Baht 165 million, respectively (Bank only: Baht 44 million and Baht 163 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as at 31 December 2018 and 2017 of Baht 1,789 million and Baht 930 million, respectively (Bank only: Baht 1,266 million and Baht 407 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

33.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
Future minimum lease payments				
Within one year	503	534	503	519
After one year but within five years	743	381	743	371
Total	1,246	915	1,246	890

Amount recognised in profit or loss

Lease expense	674	584	662	569
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34 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

The additional information on investments in subsidiaries and associate is disclosed in note 10.

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 countries	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
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
TMB Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank and associate since 27 September 2018, 35% shareholding, less than 50% of directors are representative from the Bank

The pricing policies for particular types of transactions are 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/associate are 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

34.1 Significant related parties transactions with key management and other related parties

Significant related parties transactions for the years ended 31 December 2018 and 2017 with key management and other related parties were as follows:

	Consolidated 2018						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	-	4	-	-	-	28	-
2. Entities with joint control or significant influence over the entity	344	277	4	-	11	191	(38)
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	374	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	1	-	-	-	18	-

	Consolidated 2017						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	22	9	-	-	-	11	-
2. Entities with joint control or significant influence over the entity	341	222	24	-	15	199	58
3. Subsidiaries	-	-	-	-	-	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	2	-	-	-	43	(1)

Bank only 2018							Impairment loss
	Interest	Interest	Fees and	Fees and	Other	Other	on loans and
	income	expenses	service	service	operating	operating	debt securities
			income	expenses	income	expenses	(reversal of)
<i>(in million Baht)</i>							
1. Major shareholders	-	4	-	-	-	28	-
2. Entities with joint control or significant influence over the entity	338	277	4	-	11	191	(38)
3. Subsidiaries	-	-	2,021	-	800	28	-
4. Associate	-	-	374	-	-	-	-
5. Key management personnel of the Bank	1	3	-	-	-	-	-
6. Other related parties	-	1	-	-	-	18	-

Bank only 2017							Impairment loss
	Interest	Interest	Fees and	Fees and	Other	Other	on loans and
	income	expenses	service	service	operating	operating	debt securities
			income	expenses	income	expenses	(reversal of)
<i>(in million Baht)</i>							
1. Major shareholders	22	9	-	-	-	11	-
2. Entities with joint control or significant influence over the entity	334	222	24	-	15	199	58
3. Subsidiaries	-	-	2,798	-	126	-	-
4. Associate	-	-	-	-	-	-	-
5. Key management personnel of the Bank	1	2	-	-	-	-	-
6. Other related parties	2	2	-	-	-	43	(1)

34.2 Outstanding balances with related parties

As at 31 December 2018 and 2017, significant outstanding balances with related persons or parties were as follows:

- 34.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2018 and 2017 were as follows:

		Consolidated and Bank only	
		2018	2017
		<i>(in million Baht)</i>	
Loans to customers and accrued interest receivables, net			
Ministry of Finance		-	687
Deposits (including interbank and money market items - liabilities)			
ING Bank N.V.		12	4

	Consolidated and Bank only	
	2018	2017
	(in million Baht)	
Debts issued and borrowings (including interbank and money market items - liabilities)		
ING Bank N.V.	-	1,634
Other liabilities		
ING Bank N.V.	-	4
Commitments - Derivatives ⁽¹⁾		
ING Bank N.V.	4,867	5,422
⁽¹⁾ Presented in notional amount		
Other commitments		
ING Bank N.V.	16	16

34.2.2 Significant balances between the Bank and its subsidiaries and other entities with joint control or significant influence over the entities as at 31 December 2018 and 2017 were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	(in million Baht)			
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	14,351	16,219	14,351	15,694
Allowance for doubtful accounts				
Entities whose shares are owned or controlled				
by the Ministry of Finance	87	125	87	125
Deposits (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled				
by the Ministry of Finance	11,789	7,877	11,789	7,877
TMB Property Development Co., Ltd.	4	4	4	4
Total	11,793	7,881	11,793	7,881
Debts issued and borrowings (including interbank and money market items - liabilities)				
Entities whose shares are owned or controlled				
by the Ministry of Finance	22,881	9,907	22,881	9,907
Other liabilities				
Entities whose shares are owned or controlled				
by the Ministry of Finance	12	9	12	9
Commitments - Derivatives ⁽¹⁾				
Entities whose shares are owned or controlled				
by the Ministry of Finance	105,161	120,930	105,161	120,930
⁽¹⁾ Presented in notional amount				
Other commitments				
Entities whose shares are owned or controlled				
by the Ministry of Finance	854	1,107	854	1,107

34.2.3 Significant balances between the Bank and its subsidiaries and associate as at 31 December 2018 and 2017 were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Other assets				
Phahonyothin Asset Management Co., Ltd.	-	-	1	-
Phayathai Asset Management Co., Ltd.	-	-	-	1
TMB Asset Management Co., Ltd.	124	-	124	252
Total	124	-	125	253
Deposits				
Phahonyothin Asset Management Co., Ltd.	-	-	6	-
Phayathai Asset Management Co., Ltd.	-	-	-	16
TMB Asset Management Co., Ltd.	50	-	50	62
Total	50	-	56	78

34.2.4 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2018 and 2017 were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Loans to customers and accrued				
interest receivables, net	10	15	10	15
Welfare loans	28	45	28	45
Allowance for doubtful accounts	-	1	-	1
Deposits	223	289	223	280

34.2.5 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2018 and 2017 were as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Loans to customers and accrued				
interest receivables, net	1	31	1	31
Deposits	126	163	126	160
Other commitments	1	45	1	45

34.3 Senior management personnel compensation

For the years ended 31 December 2018 and 2017, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	44	45	44	45
Short-term employee benefits - management	812	846	781	812
Post-employment benefits	43	38	38	33
Share-based payments (performance share bonus)	2	13	2	13
Total	901	942	865	903

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 management personnel of the subsidiaries are those at the level of director and executive officer upwards.

34.4 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 34.3 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.

35 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 100 million and over which was changed in 2017 from Baht 1,000 million and over. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: These are corporate customers and owner operators with annual revenues of less than Baht 100 million which was changed in 2017 from less than Baht 1,000 million. The main products and services are corporate loans, deposits and bancassurance.

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.

Information about reportable segments:

For the year ended

31 December 2018

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	13,395	8,948	2,154	-	24,497
Other operating income	3,619	6,515	13,397	(48)	23,483
Total operating income	17,014	15,463	15,551	(48)	47,980
Operating expenses	(7,867)	(9,086)	(565)	48	(17,470)
Profits from operation	9,147	6,377	14,986	-	30,510
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan - related transactions					(16,043)
Profit before income tax					14,467
Income tax					(2,866)
Profit for the year					11,601
Depreciation and amortisation	192	725	508	-	1,425
Source of operating income breakdown by operating segments					
Third party	23,721	9,280	14,979	-	47,980
Inter - segment	(6,707)	6,183	572	(48)	-
Total operating income	17,014	15,463	15,551	(48)	47,980

*For the year ended**31 December 2017*

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	13,830	8,808	2,131	-	24,769
Other operating income	3,255	7,681	1,744	(56)	12,624
Total operating income	17,085	16,489	3,875	(56)	37,393
Operating expenses	(7,699)	(9,312)	(769)	56	(17,724)
Profits from operation	9,386	7,177	3,106	-	19,669
Other income (expenses), net					-
Provision for doubtful accounts on loans and loan - related transactions					(8,937)
Profit before income tax					10,732
Income tax					(2,004)
Profit for the year					8,728
Depreciation and amortisation	136	725	479	-	1,340
Source of operating income breakdown by operating segments					
Third party	24,081	9,285	4,027	-	37,393
Inter - segment	(6,996)	7,204	(152)	(56)	-
Total operating income	17,085	16,489	3,875	(56)	37,393

*Reconciliation of reportable segment profit or loss**For the year ended**31 December 2018*

	Net interest income	Non-interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	24,497	23,483	(17,470)	-	(16,043)
Bad debts, doubtful accounts and impairment losses	-	53	4	-	(57)
Others	-	9	(9)	-	-
Consolidated financial statements	24,497	23,545	(17,475)	-	(16,100)

*For the year ended**31 December 2017*

	Net interest income	Non-interest income	Consolidated Operating expenses (in million Baht)	Other income (expenses)	Impairment loss on loans and debt securities
Segment reporting	24,769	12,624	(17,724)	-	(8,937)
Bad debts, doubtful accounts and impairment losses	-	116	(160)	-	22
Others	(36)	(34)	92	-	-
Consolidated financial statements	24,733	12,706	(17,792)	-	(8,915)

	Consolidated				
	2018				
	Commercial	Retail	Other		
	Banking	Banking	segments	Elimination	Total
	(in million Baht)				
Assets	592,967	211,987	83,256	3,503	891,713
Liabilities and equity	260,939	450,747	176,524	3,503	891,713

	Consolidated				
	2017				
	Commercial	Retail	Other		
	Banking	Banking	segments	Elimination	Total
	(in million Baht)				
Assets	579,813	179,939	88,149	(4,029)	843,872
Liabilities and equity	236,303	425,314	186,284	(4,029)	843,872

36 Financial position and results of operations classified by domestic and foreign business

36.1 As at 31 December 2018 and 2017, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	2018		2017		Total	
	Domestic	Foreign	Domestic	Foreign		
	business	business	business	business		
			Total			
			(in million Baht)			
Total assets	891,039	674	891,713	843,202	670	843,872
Interbank and money market						
items, net (assets)	112,925	597	113,522	111,977	557	112,534
Investments, net	73,477	-	73,477	61,305	-	61,305
Investments in subsidiaries and						
associate, net	4,577	-	4,577	-	-	-
Loans to customers and accrued						
interest receivables, net	653,998	42	654,040	619,323	50	619,373
Deposits	649,466	102	649,568	611,310	120	611,430
Interbank and money market						
items (liabilities)	64,102	165	64,267	53,005	7,344	60,349
Debts issued and borrowings, net	25,389	9,735	35,124	20,539	12,813	33,352

36.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2018 and 2017 were as follows:

*For the years ended**31 December***Consolidated**

	2018			2017		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	35,111	17	35,128	34,705	8	34,713
Interest expense	10,256	375	10,631	9,448	532	9,980
Net interest income (expense)	24,855	(358)	24,497	25,257	(524)	24,733
Net fees and service income	9,337	-	9,337	10,585	1	10,586
Total other operating income	14,208	-	14,208	2,121	(1)	2,120
Total other operating expenses	17,462	13	17,475	17,781	11	17,792
Impairment loss on loans and debt securities	16,100	-	16,100	8,914	1	8,915
Profit from operations before income tax	14,838	(371)	14,467	11,268	(536)	10,732

37 Interest income

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Interbank and money market items	1,761	1,824	1,752	1,808
Investments and trading transactions	56	61	56	61
Investments in debt securities	1,219	1,213	1,215	1,169
Loans to customers	32,082	31,580	32,064	31,564
Others	10	35	10	35
Total	35,128	34,713	35,097	34,637

38 Interest expenses

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Deposits	5,626	4,990	5,654	4,990
Interbank and money market items	686	744	686	744
Contribution to Deposits Protection Agency and BoT	2,965	2,842	2,965	2,842
Debt issued				
- Subordinated debentures	914	970	914	970
- Others	363	399	363	399
Borrowings	16	29	16	29
Others	61	6	61	6
Total	10,631	9,980	10,659	9,980

39 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	484	568	484	568
- ATM, Debit card, Credit card and other banking electronic	3,267	3,154	3,267	3,154
- Funds and Bancassurance	7,604	8,562	6,411	7,208
- Others	1,409	1,249	1,515	1,365
Total	12,764	13,533	11,677	12,295
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(2,323)	(1,902)	(2,323)	(1,902)
- Others	(1,104)	(1,045)	(843)	(768)
Total	(3,427)	(2,947)	(3,166)	(2,670)
Net	9,337	10,586	8,511	9,625

40 Gains on trading and foreign exchange transactions, net

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2018	2017
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,174	1,078
- Derivatives on interest rates	367	30
- Debt securities	(12)	39
Total	1,529	1,147

41 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 2018 and 2017 were as follows:

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2018	2017
	<i>(in million Baht)</i>	
Net change in fair value	(11)	(24)
Losses on financial liabilities designated at fair value through profit or loss, net	(11)	(24)

42 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	16	41	16	41
- Held to maturity	96	-	96	-
- General investments	-	1	-	1
- Profit on the loss of control of a subsidiary	11,852	-	7,851	-
Total	11,964	42	7,963	42
Reversal of (losses on) impairment				
- Available-for-sale investments	(1)	-	(1)	-
- General investments	-	22	-	22
- Investments in subsidiaries	-	-	30	66
Total	(1)	22	29	88
Net	11,963	64	7,992	130

43 Other operating expenses

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	1,500	1,632	1,374	1,461
Communication expenses	341	346	340	345
Amortisation of intangible assets	502	381	502	379
Losses on impairment of properties foreclosed and other assets	125	286	124	284
Outsourcing expenses	603	542	603	542
Credit collection expenses	447	397	440	391
Software rental expenses	291	324	291	324
Others	729	694	714	674
Total	4,538	4,602	4,388	4,400

44 Impairment loss on loans and debt securities

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts (reversal of)				
- Interbank and money market items	62	(17)	62	(17)
- Loans to customers	15,369	8,779	15,383	8,789
Allowance for debt restructuring on loan to customers	669	153	669	153
Total	16,100	8,915	16,114	8,925

45 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 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:

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2018	2017	2018	2017
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	11,601	8,687	8,817	8,472
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,849	43,831	43,849	43,831
Basic earnings per share <i>(in Baht)</i>	0.2646	0.1982	0.2011	0.1933

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2018 and 2017 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:

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2018	2017	2018	2017
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	11,601	8,687	8,817	8,472
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	43,849	43,831	43,849	43,831
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	3	22	3	22
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	43,852	43,853	43,852	43,853
Diluted earnings per share <i>(in Baht)</i>	0.2646	0.1981	0.2011	0.1932

46 Events after the reporting period

On 14 February 2019, the Board of Directors Meeting of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders with the payment of a dividend of Baht 0.07 per share to the Bank's ordinary shareholders from its 2018 operating results for a total of Baht 3,070 million (Such dividend amount is calculated on the number of issued and paid-up share capital as at 31 December 2018 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.

> Company Information

General Information

Name of the company	TMB Bank Public Company Limited
Nature of Business	Commercial bank's businesses in accordance with Financial Institutions Businesses Act and the businesses concerning financial services under the permission of the Ministry of Finance, the Bank of Thailand, and other parties concerned.
Registration No.	0107537000017

Head Office

Address	3000 Phahonyothin Road, Chom Phon, Chatuchak, Bangkok 10900
Telephone	02-299-1111
Fax	02-299-1211
TMB Phone Banking	1558
Website	www.tmbbank.com

Other referral parties

Share Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng Bangkok 10400 Tel 02-009-9999		
Auditors	Mr Chanchai Sakulkoedsin Or Miss Panthip Gulsantithomrong Or Mrs Wilai Buranakittsophon	CPA CPA CPA	Registered No. 6827 Registered No. 4208 Registered No. 3920
	KPMG Phoomchai Audit Ltd. 50 th -51 st Floors, Empire Tower 1 South Sathorn Road Yannawa, Sathorn Bangkok 10120 Tel 02-677-2000		



For more information of TMB, please visit www.tmbbank.com or scan the QR code.

> Investment of TMB in Other Companies

TMB's Investment in other companies as of December 31, 2018 holding more than 10 % of the paid-up capital in each company were as follows:

	Company	Head Office Location	Type of Business	Type of Capital (Share)
Strategic Investment in Financial Business Companies				
1	PHAYATHAI ASSET MANAGEMENT CO.,LTD. Tel. 0-2354-5001, Fax 0-2354-5014	Bangkok	FINANCE	COMMON STOCK
2	PHAHONYATHIN ASSET MANAGEMENT CO., LTD. Tel. 0-2617-4068-70	Bangkok	FINANCE	COMMON STOCK
3	TMB ASSET MANAGEMENT CO.,LTD. Tel. 0-2636-1800 Ext.1725 (customer service center)	Bangkok	FINANCE	COMMON STOCK
Business Supporting Companies				
4	TMB PROPERTY DEVELOPMENT CO.,LTD. Tel. 0-2299-1159, Fax 0-2242-3138-9	Bangkok	REAL ESTATE	COMMON STOCK
Other Companies				
5	N D GROUP FEEDMILL CO.,LTD.	Lumphun	WHOLESALE, RETAIL	COMMON STOCK
6	NATIONAL ITMX CO.,LTD. Tel. 0-2558-7555, Fax 0-2558-7566	Nonthaburi	SERVICES	COMMON STOCK
7	M_THAI ESTATE CO.,LTD. Tel. 0-2261-1144, Fax 0-2261-1143	Bangkok	REAL ESTATE	COMMON STOCK
8	THAI CHAREONPHOL INDUSTRY CO.,LTD. Tel. 0-5458-1202, Fax 0-5458-1876	Phrae	PRODUCTION	COMMON STOCK
9	TRIS CORPORATION LIMITED Tel. 0-2231-3011, Fax 0-2231-3681	Bangkok	SERVICES	COMMON STOCK
10	WHOLESALE TOWN CO.,LTD. Tel. 0-2531-6860, Fax 0-2532-3009	Bangkok	TRANSPORTATION	COMMON STOCK
11	WING GROUP CO.,LTD. Tel. 0-5333-1315-6, Fax 0-5333-1314, 0-5333-1336	Chiang Mai	GARMENT MANUFACTURER	COMMON STOCK

As of 31 December 2018

Paid-up Capital (Share)	TMB's ownership		
	Amount (Share)	Percentage (%)	Amount (Baht) (net of allowance for diminution in value)
107,000,000	107,000,000	100.00	0.00
2,500,000	2,500,000	100.00	25,000,000.00
10,000,000	3,500,000	35.00	196,942,475.58
10,000	9,993	99.93	4,169,342.92
120,000	30,000	25.00	0.00
500,000	53,703	10.74	46,900,863.18
30,000,000	3,000,000	10.00	0.00
15,500	2,500	16.13	0.00
1,000,000	153,000	15.30	14,361,948.00
22,000	2,200	10.00	0.00
9,000	2,250	25.00	0.00

> Domestic Network

As of 31 December 2018

Branches and Business Centers

Domestic Branches	416 branches (including ME Place)
SME Zone Offices	55 zone offices for Small Enterprise customers 42 zone offices for Business Banking customers
Foreign Currency Exchange Services	1 booth at Head Quarter

Electronic Channels

No. of ATMs	2,066
No. of ADMs	768
No. of All in Ones	57

Digital Channels

TMB Internet Banking	Internet banking service for retail customers through website www.tmbdirect.com
TMB Touch	Mobile banking service application for retail customers. Available for both iOS and Android system.
TMB Business Click	Internet banking service for corporate customers through website www.tmbbizdirect.com
TMB Business Touch	Mobile banking service application for corporate customers. Available for both iOS and Android system.

Phone Banking

Contact Center	1558 International call +66 2299 1558
TMB SME	02-828-2828
Corporate Call Center	02-643-7000 Service hours: 8.00-18.00 on working days

ME by TMB, Digital Banking

ME Place	5 th Floor, Central World
Call Center	02-502-0000
Website	https://www.mebytmb.com
ME by TMB Application	ME Mobile banking service application for ME customers. Available for both iOS and Android system.



For more details of domestic network and service hours, please visit www.tmbbank.com or contact 1558 or scan the QR code.

> Overseas Branches

As of 31 December 2018

Branch	Contact
Vientiane Branch	
Postal Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Registered Address	TMB Bank Public Company Limited 034/2 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Branch Manager	Mr. Chatree Banlengrom
Telephone	856-21-216486, 856-21-217174
Fax	856-21-214726
E-mail address	chatree.ban@tmbbank.com

Cayman Islands Branch

Postal Address	TMB Bank Plc.,Cayman Islands Branch 3000 Phahonyothin Road, Chatuchak, Bangkok 10900 Thailand
Registered Address	Cainvest Bank and Trust Limited P.O. Box 1353 Harbour Place, 5 th Floor, 103 South Church Street, George Town, Grand Cayman, KY1-1108, Cayman Islands
Branch Manager	Mr. Chalermchai Paisithmongkol
Telephone	662-299-1195
Fax	662-242-3139
E-mail address	chalermchai.pai@tmbbank.com

> Main Correspondent Banks

As of 31 December 2018

Country	Correspondent Banks	
Australia	Australia And New Zealand Banking Group Limited Westpac Banking Corp., Sydney	
Austria	Uni Credit Bank Austria AG	
Belgium	BNP Paribas Fortis	
Canada	Bank of Nova Scotia, Toronto	
China	Agricultural Bank of China, Qingdao Bank of China China Construction Bank Bank of Communications	Industrial and Commercial Bank of China Limited HSBC Bank (China) Limited DBS Bank (China) Limited
Denmark	Danske Bank AS	
Finland	Nordea Bank Finland	
France	BNP Paribas Credit Agricole CIB Credit Industriel et Commercial	Natixis Societe Generale
Germany	Commerz Bank AG Deutsche Bank AG	UniCredit Bank AG
Hong Kong	The Hongkong and Shanghai Banking Corporation Ltd.	Industrial and Commercial Bank of China (Asia) Limited.
Indonesia	PT Bank Danamon Indonesia TBK	
India	Axis Bank	
Italy	Deutsche Bank SpA UniCredit SpA	
Israel	Bank Leumi Le Israel B.M	
Japan	Bank of Tokyo-Mitsubishi UFJ Ltd. Okazaki Shinkin Bank Mizuho Bank Sumitomo Mitsui Banking Corporation	Towa Bank Ltd. Yamaguchi Bank Momiji Bank Kitakyushu Bank
Korea	Korea Exchange Bank	
Malaysia	CIMB Bank	
Netherlands	ING Bank N.V.	
Russia	JSC VTB BANK	
Saudi Arabia	The National Commercial Bank	
Singapore	DBS Bank Ltd. Oversea-Chinese Bank Corporation Ltd.	United Overseas Bank Ltd. Bank of Singapore Limited
Sweden	Skandinaviska Enskilda Banken AB	
Switzerland	Credit Suisse AG	UBS AG
Thailand	Bangkok Bank Pcl Bank for Agriculture and Agricultural Cooperative Bank of Ayudhya Pcl Bank of Thailand CIMB Thai Bank Public Company Limited Export-Import Bank of Thailand Government Savings Bank Industrial and Commercial Bank of China (Thai) Ltd. Kasikorn Bank Pcl	Kiatnakin Bank Pcl Krung Thai Bank Pcl Mega International Commercial Bank Pcl Siam Commercial Bank Pcl Standard Chartered Bank (Thai) Pcl Thanachart Bank Pcl Government Housing Bank TISCO Bank Pcl United Overseas Bank (Thai) Pcl.
UK	Barclays Bank Ltd. HSBC Bank PLC National Westminster Bank Plc	Royal Bank of Scotland PLC. Standard Chartered Bank
USA	Bank of America N.A. Bank of New York Mellon N.A. Bank of The West Citibank N.A.	International Finance Corporation JP Morgan Chase Bank N.A. Wells Fargo Bank N.A.

> Attachment 1

Details of TMB's Company Secretary, Head of Audit and Head of Compliance
As of 31 December 2018

M.L. Ayuth Jayant *

60 years old

Position

- Company Secretary
- Head of Corporate Governance

Education and Trainings

- MBA (Accounting and Finance), University of Bridgeport, Connecticut, USA
- Bachelor of Science in Accounting (Second Class Honors), Bangkok University
- IT Governance and Cyber Resilience Program, Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Thai Institute of Directors (IOD)
- Company Secretary Program (CSP), Developing Corporate Governance Policy, and Anti-Corruption for Executive Program (ACEP), Thai Institute of Directors (IOD)
- Knowledge of Sucurity Business Operation for Head of Compliance program, Securities and Exchange Commission (SEC)
- Compliance Officer program, Chulalongkorn University
- Financial Advisor (FA License), Association of Thai Securities Companies (ASCO)
- Advanced Management for Bankers, Wharton School of the University of Pennsylvania, USA

Work Experience

2016 - Dec 2018

- Company Secretary and Head of Corporate Governance, TMB Bank Plc.

2012 - 2016

- Executive Vice President, Head of Compliance, TMB Bank Plc.

2009 - 2012

- Company Secretary, Executive Vice President, Head of Corporate Governance, TMB Bank Plc.

Remarks:

* M.L. Ayuth Jayant was Company Secretary and Head of Corporate Governance until December 31, 2018.

Mr. Naris Aruksakunwong was appointed as Company Secretary in replacement of M.L. Ayuth Jayant starting from January 1, 2019 onward.

Mr. Sunthorn Rukpanich

58 years old

Position

- Head of Audit

Education and Trainings

- MBA (Financial Management), University of Bridgeport, Connecticut, USA
- Bachelor of Economics, Chulalongkorn University
- International Accounting Standards IAS 39/IAS
- Operational Risk Management Forum
- Financial Executive Development Program-FINEX

Work Experience

2018 - Present

- Head of Audit, TMB Bank Plc.

2013 - 2017

- Head of Corporate Credit Underwriting, TMB Bank Plc.

2011- 2013

- Team Head of Corporate Credit Underwriting, TMB Bank Plc.

2006 - 2011

- Team Head of Corporate Credit Underwriting 1, TMB Bank Plc.

Mr. Varoon Kanjanapoo

52 years old

Position

- Head of Compliance

Education and Trainings

- MBA, Eastern Michigan University, USA
- Bachelor of Science, Chulalongkorn University
- Compliance Training on Securities Business for Head Compliance
- Global and Regional Legal & Compliance Conferences
- Rethinking Leadership
- Leadership Program for Manager
- Compliance Office Traning Program

Work Experience

2016 - Present

- Head of Compliance, TMB Bank Plc.

2013 - 2016

- Executive Vice President, Head of Compliance, ANZ Bank (Thai) Plc.

2007 - 2013

- Senior Executive Vice President, Head of Compliance, Head of Compliance & Audit, Head of Legal & Compliance, and Company Secretariat, Standard Chartered Bank (Thai) Plc.

2004 - 2007

- Head of Compliance & Operational Control, Siam Commercial Bank Plc.

> Attachment 2

Details of person who designated as the top executive in charge of accounting and finance business and person who designated to take direct responsibility to control the accounting treatment

As of December 31, 2018

Mrs. Prapasiri Kositthanakorn

54 years old

Position

- Chief Financial Officer (CFO)

Education and Trainings

- Master of Business Administration (MBA), Assumption University
- Bachelor of Business Administration (Magna Cum Laude), Assumption University
- Certified Public Accountant (CPA), Federation of Accounting Professions under The Royal Patronage of His Majesty The King
- Director Certification Program (DCP), Thai Institute of Directors Association
- Attend the training course on the taxation laws, Federation of Accounting Professions under The Royal Patronage of His Majesty The King
- PwC Thailand Symposium 2018: Managing Challenges to unleash corporate growth

Work Experience

2018 - Present

- Chief Financial Officer, TMB Bank Plc.

1998 - 2018

- Partner, PricewaterhouseCoopers Legal and Tax Consultants Ltd.

1994 -1997

- Assistant Vice President, Investment Banking Department, The Industrial Finance Corporation of Thailand

1991-1994

- Assistant Vice President, Corporate Finance Department, Morgan Grenfell Thai Company Limited

Ms. Arwiwan Tangtrongchit

50 years old

Position

- Financial Controller

Education and Trainings

- Master of Public Administration, University of Southern California, USA
- Bachelor of Accountancy, Commerce and Accountancy, Chulalongkorn University
- Director Certification Program (DCP) Thai Institute of Directors Association
- CFO Focus on Financial Reporting, Federation of Accounting Professions under The Royal Patronage of His Majesty The King
- Lean Six Sigma (LSS) executive training, TMB Bank Plc.
- Global Executive Mindset, TMB Bank Plc.
- IFRS9 Management Awareness Workshop, TMB Bank Plc.
- Strategic Workshop on Disruptive Banking, TMB Bank Plc.

Work Experience

2018 - Present

- Financial Controller, TMB Bank Plc.

2009-2018

- Head of Financial Planning and Analysis, TMB Bank Plc.

2000-2009

- Head of Business Financial - Consumer Banking, Standard Chartered Bank (Thai) Plc.

1996-2000

- Business Planning and Human Resources Director, Krungsriyudhaya Card Company Limited

1995-1996

- Assistant Vice President, Citibank N.A.

> Attachment 3

Details of the Subsidiaries Directors

As of December 31, 2018

Phahonyothin Asset Management Co., Ltd.

There are 5 directors as follows:

- Mr. Johannes Franciscus Grisel
- Mrs. Suvanee Kam
- Mrs. Chirdprapa Chaladsoontornvatee
- Mr. Rabil Pornpatkul
- Miss Watee Thanmongkolswad

> Attachment 4

Change in TMB Shares held by Directors and Chiefs in 2018

No.	Name	Position	TMB shares held as of 31 Dec 2017	TMB shares held as of 31 Dec 2018	Change (net) Increase/ (Decrease) in TMB shares
1	Mr. Prasong Poontaneat ¹ Spouse and minor children	Chairman	- -	- -	- -
2	General Apirat Kongsompong ² Spouse and minor children	Director	- -	- -	- -
3	Mr. Philippe G.J.E.O. Damas Spouse and minor children	Director	2,556,580 -	2,556,580 -	-
4	Mr. Singha Nikornpun Spouse and minor children	Independent Director	- -	- -	- -
5	Mr. Siripong Sombutsiri Spouse and minor children	Independent Director	- -	- -	- -
6	Ms. Catherine Low Peck Cheng ³ Spouse and minor children	Director	- -	- -	- -
7	Mr. Chumpol Rimsakorn Spouse and minor children	Director	- -	- -	- -
8	Mr. Vaughn Nigel Richtor Spouse and minor children	Director	- -	- -	- -
9	Mr. Yokporn Tantisawetrat Spouse and minor children	Director	- -	- -	- -
10	Mr. Christopher John King Spouse and minor children	Independent Director	- -	- -	- -
11	Mr. Praisun Wongsmith Spouse and minor children	Independent Director	- 9,100	- 9,100	- -
12	Mr. Piti Tantakasem Spouse and minor children	Director and Chief Executive Officer	6,226,767 -	6,838,700 -	611,933 -
13	Mrs. Prapasiri Kositthanakorn ⁴ Spouse and minor children	Chief Financial Officer	- -	- -	- -
14	Mr. Senathip Sripaipan Spouse and minor children	Chief Wholesale Banking Officer	- -	- -	- -
15	Miss Chompoonoot Pathomporn ⁵ Spouse and minor children	Chief SME Banking Officer	8,769,068 -	9,501,700 -	732,632 -
16	Mr. Johannes Franciscus Grisel ⁶ Spouse and minor children	Chief Risk Officer	- -	- -	- -
17	Mr. Ronald Bart Huisman Spouse and minor children	Chief Retail Banking Officer	- -	- -	- -
18	Mr. Lorenzo Tassan Bassut ⁷ Spouse and minor children	Chief Operating Officer	- -	- -	- -

Remark: ¹ Mr. Prasong Poontaneat was appointed as Chairman, effective from June 20, 2018.

² General Apirat Kongsompong was appointed as Director, effective from November 14, 2018.

³ Ms. Catherine Low Peck Cheng was appointed as Director, effective from April 12, 2018.

⁴ Mrs. Prapasiri Kositthanakorn was appointed as Chief Financial Officer, effective from April 1, 2018.

⁵ Miss Chompoonoot Pathomporn was appointed as Chief SME Banking Officer, effective from August 1, 2018.

⁶ Mr. Johannes Franciscus Grisel was appointed as Chief Risk Officer, effective from July 9, 2018.

⁷ Mr. Lorenzo Tassan Bassut act as Chief Operating Officer until December 31, 2018.

Additional Information

In 2018, the Bank imposed the regulatory fine from BOT and SEC as detailed below.

Regulator	2014 - 2017	2018
	Amount (THB)	Amount (THB)
Bank of Thailand	Bank of Thailand – Financial Institute Act B.E. 2551 amounting THB 1,404,375.- consists of <ul style="list-style-type: none">● Section 24(10) amounting THB 691,875.-● Section 71 amounting THB 712,500.-	Bank of Thailand – Financial Institute Act B.E. 2551 amounting THB 4,903,125 consists of <ul style="list-style-type: none">● Section 60 amounting THB 2,128,125.-● Section 71 amounting THB 2,775,000.-
Securities and Exchange Commission Thailand	none	Securities and Exchange Commission as section 113 of Securities and Exchange Act B.E.2535 (1992) as amended amounting THB 832,000.-

TMB Bank Public Company Limited

3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok 10900

Reg No./TAX ID No. 0107537000017

Tel. 0-2299-1111, [TMBbank.com](https://www.tmbbank.com)