

ANNUAL REPORT 2018

THANACHART CAPITAL
PUBLIC COMPANY LIMITED



***FOCUS
FOR
ACHIEVEMENTS***



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STRATEGIC FOCUSES FOR THE BUSINESS OPERATION IN 2019



- 1** Reorganizing the executive chart and establishing new business units in response to the Business Plan and the Customer Journey to be able to deliver financial products and services efficiently, and meet the customers' demands in every channel of Thanachart Group.
- 2** Being a data-driven organization by leveraging data to create business values in forms of acquisition, retention and deepening.
- 3** Developing and improving the end-to-end process for agility and adopting automation for quicker and more accurate customer services.
- 4** Developing people to be professional and able to provide financial advice and solutions by focusing on knowledge and new set of skills, both in terms of Up-Skill and Re-Skill of the employee in alignment with a more complicated financial environment during the digital era and changing customers' demands.

VISION

To be one of the leading financial institutions that provides fully integrated solutions to our customers' complete financial needs by offering the highest quality products, services, and advice.

BUSINESS PHILOSOPHY

1. Having confidence in employees: Thanachart Group is confident that its employees are the most valuable resources and recognizes that Thanachart Group's growth is largely due to the capability and honesty of its human resources.
2. Dedicating oneself to excellence: Thanachart Group attaches great importance to achievement of excellence. In this connection, it continuously promotes development and improvements, through creation of various innovations amidst fast-paced technological change.
3. Paying attention to social responsibility: Thanachart Group has been paying close attention to corporate social responsibility.

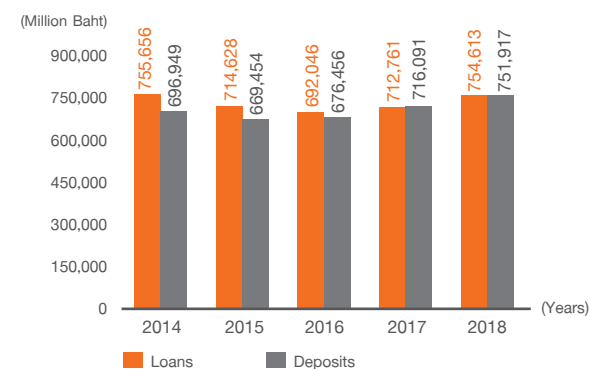


FINANCIAL HIGHLIGHTS

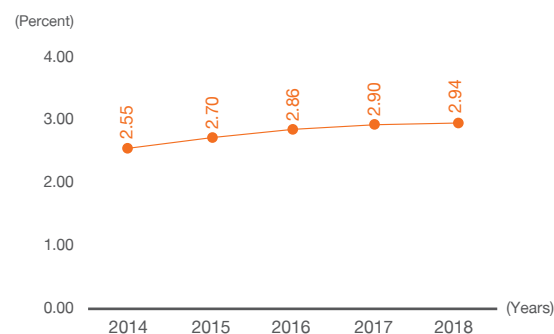
As at and for the year ended 31 December

	CONSOLIDATED				
	2018	2017	2016	2015	2014
Operating Performance (Million Baht)					
Interest Income	46,559	44,681	45,208	48,640	52,940
Interest Expenses	15,792	15,511	16,740	20,910	25,475
Net Interest Income	30,767	29,170	28,468	27,730	27,465
Non-interest Income	13,408	13,402	12,231	12,474	12,443
Net Operating Income ⁽¹⁾	44,175	42,572	40,699	40,204	39,908
Other Operating Expenses	20,979	20,836	21,025	20,319	19,830
Impairment Loss of Loans and Debt Securities	4,785	6,236	6,210	8,600	7,084
Profit before Income Tax	18,411	15,500	13,464	11,285	12,994
Income Tax	2,605	1,159	853	225	2,558
Profit for the Year	15,806	14,341	12,611	11,060	10,436
Net Profit of the Company	7,839	7,001	6,013	5,436	5,120
Net Profit of Non-controlling Interest	7,967	7,340	6,598	5,624	5,316
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	1.54	1.45	1.29	1.12	1.02
Return on Average Equity ⁽²⁾ (ROAE)	12.25	11.80	10.89	10.48	10.39
Interest Spread ⁽³⁾	2.94	2.90	2.86	2.70	2.55
Credit Cost	0.57	0.79	0.86	1.12	0.88
Cost to Income Ratio ⁽⁴⁾	47.49	48.94	51.66	50.54	49.69
Financial Position (Million Baht)					
Loans	754,613	712,761	692,046	714,628	755,656
Non-performing Loans (NPLs)	20,172	18,894	17,289	22,581	33,768
Total Assets	1,060,929	1,025,525	966,867	997,581	1,025,630
Deposits	751,917	716,091	676,456	669,454	696,949
Total Liabilities	923,011	895,455	847,016	886,258	921,354
Total Equity	137,918	130,070	119,851	111,323	104,276
Equity Attributable to Owners of the Company	65,735	62,020	56,891	52,674	51,353

Loans and Deposits



Interest Spread



Definitions and Calculation Formulas

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

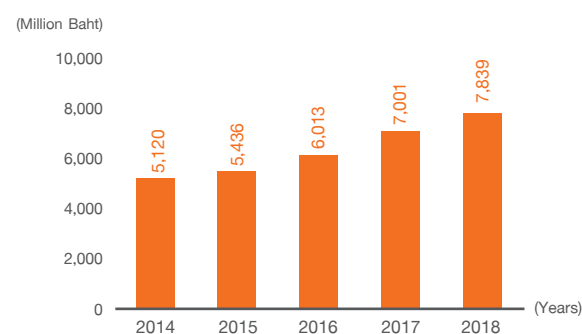
⁽²⁾ Excluding Non-controlling Interests

⁽³⁾ Interest Spread = Yield - Cost of Fund
Yield = Interest Income / Average Earning Assets
(Earning Assets = Interbank and Money Market Items from Interest Bearing + Net Investments + Loans)
Cost of Fund = Interest Expenses / Average Paying Liabilities
(Paying Liabilities = Deposits + Interbank and Money Market Items from Interest Bearing + Debts Issued and Borrowings)

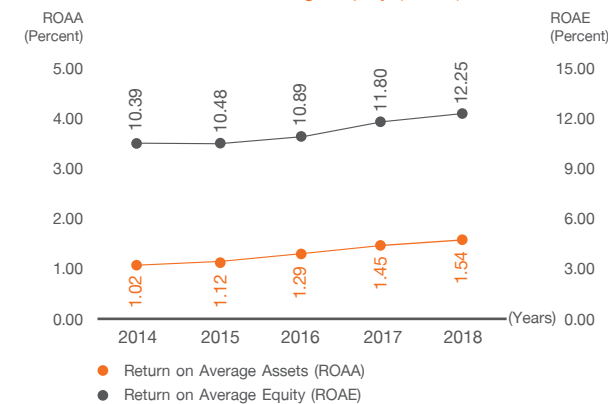
As at and for the year ended 31 December

	CONSOLIDATED				
	2018	2017	2016	2015	2014
Financial Position Quality (Percent)					
Loans to Deposits Ratio	100.36	99.53	102.30	106.75	108.42
NPL-gross to Total Loans	2.40	2.40	2.41	2.96	4.21
NPL-net to Net Total Loans	1.26	1.23	1.12	1.30	2.06
Coverage Ratio ⁽⁵⁾	120.49	131.06	146.79	117.16	84.89
Reserve to Required Reserve ⁽⁶⁾	153.56	170.48	189.19	157.71	132.64
Capital Adequacy (Consolidated Supervision of the BOT)					
Tier I Capital Ratio (Percent)	12.97	12.62	11.30	10.29	9.37
Total Capital Ratio (Percent)	15.57	15.33	15.59	14.71	13.59
Risk Weighted Assets (Million Baht)	786,474	757,218	771,056	763,285	809,876
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	6.74	6.01	5.16	4.61	4.24
Book Value	57.15	53.23	48.83	45.21	42.56
Dividend ⁽⁷⁾	1.00	2.20	2.00	1.80	1.60
Common Shares Outstanding (Million Shares)					
Average-Basic	1,164	1,165	1,165	1,179	1,206
End of Year	1,150	1,165	1,165	1,165	1,206
Share Price ⁽⁸⁾ (Baht)					
Highest	60.25	58.00	44.75	37.00	38.75
Lowest	46.25	43.75	33.00	28.25	30.00
Closing	49.75	56.25	44.00	36.50	31.75
Market Capitalization (Million Baht)	57,965	65,539	51,266	42,527	38,306
Other Information					
Employees	13,893	13,885	14,763	14,905	14,971

Net Profit of the Company



Return on Average Assets (ROAA) and
Return on Average Equity (ROAE)



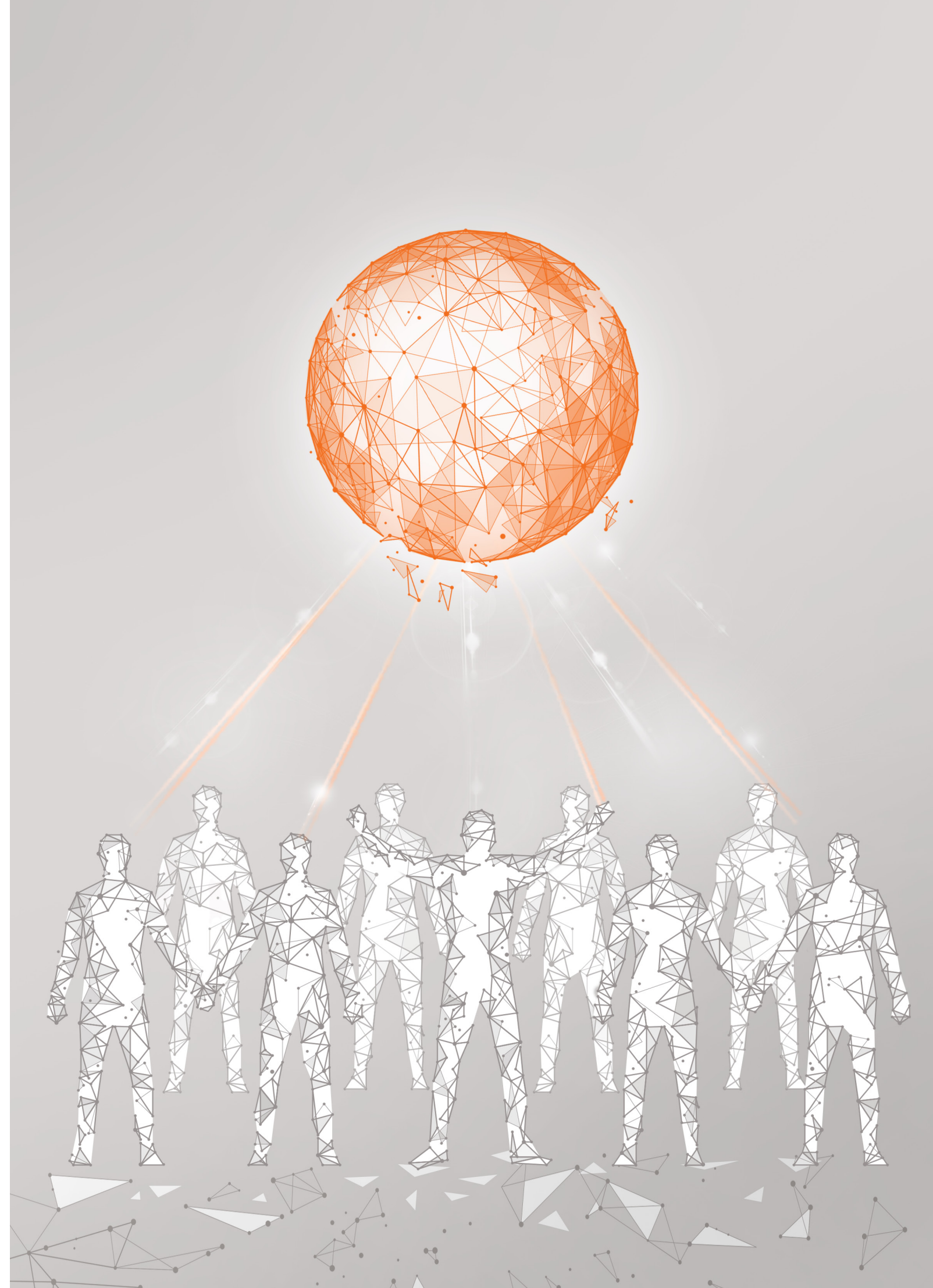
PROGRESS RAPIDLY AND STAY FOCUSED

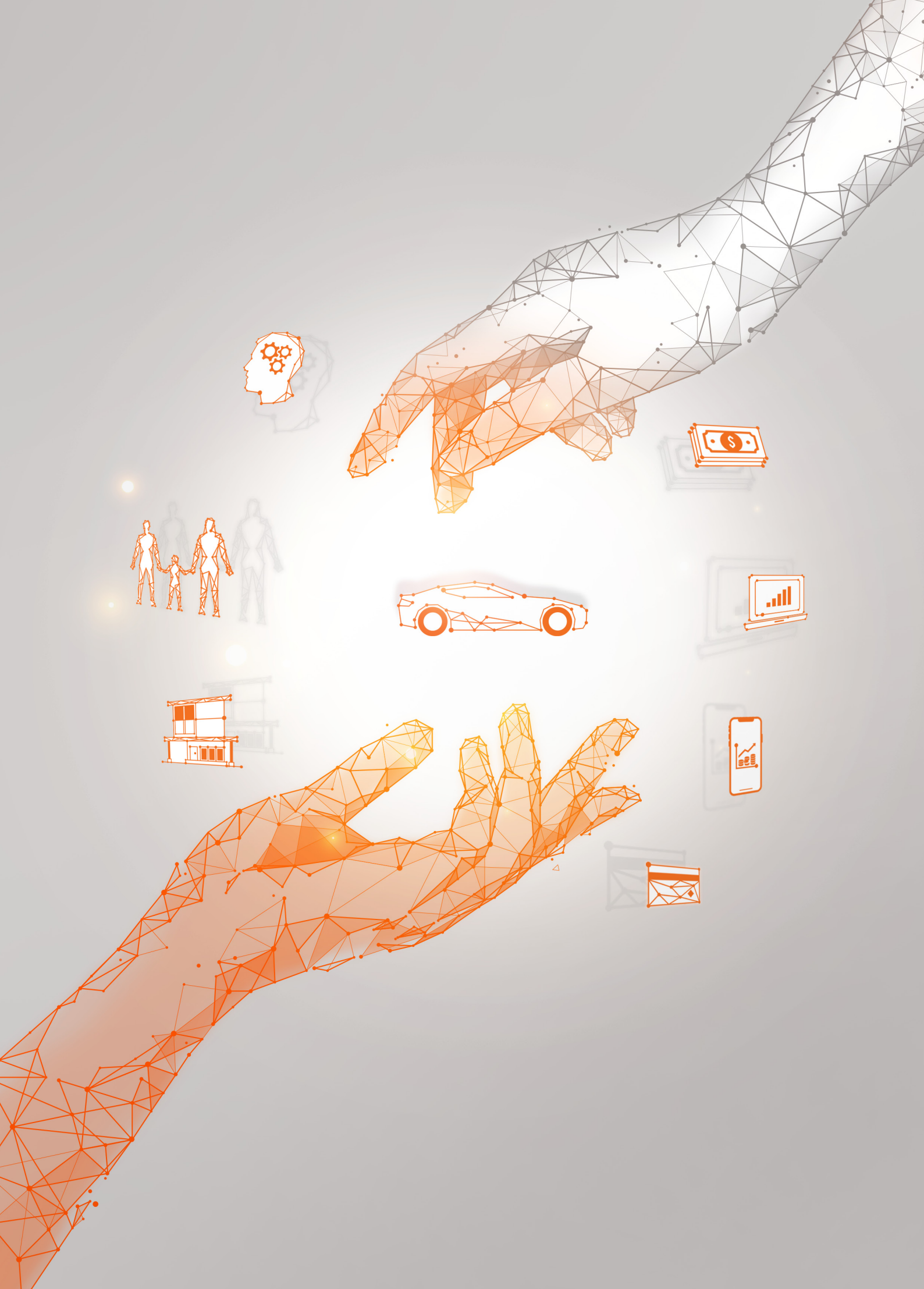
Precise solutions to resonate
rapidly with all lifestyles in the digital era
are **proactively** dedicated strategies.



WORKFORCE SPIRIT

Take **Thanachart workforce**
to a new level,
ensure professionalism
in all expertises and
share mutual directions.





CUSTOMIZED DELIVERY

Ready to **deliver**
success as **customers'**
goals are ours.

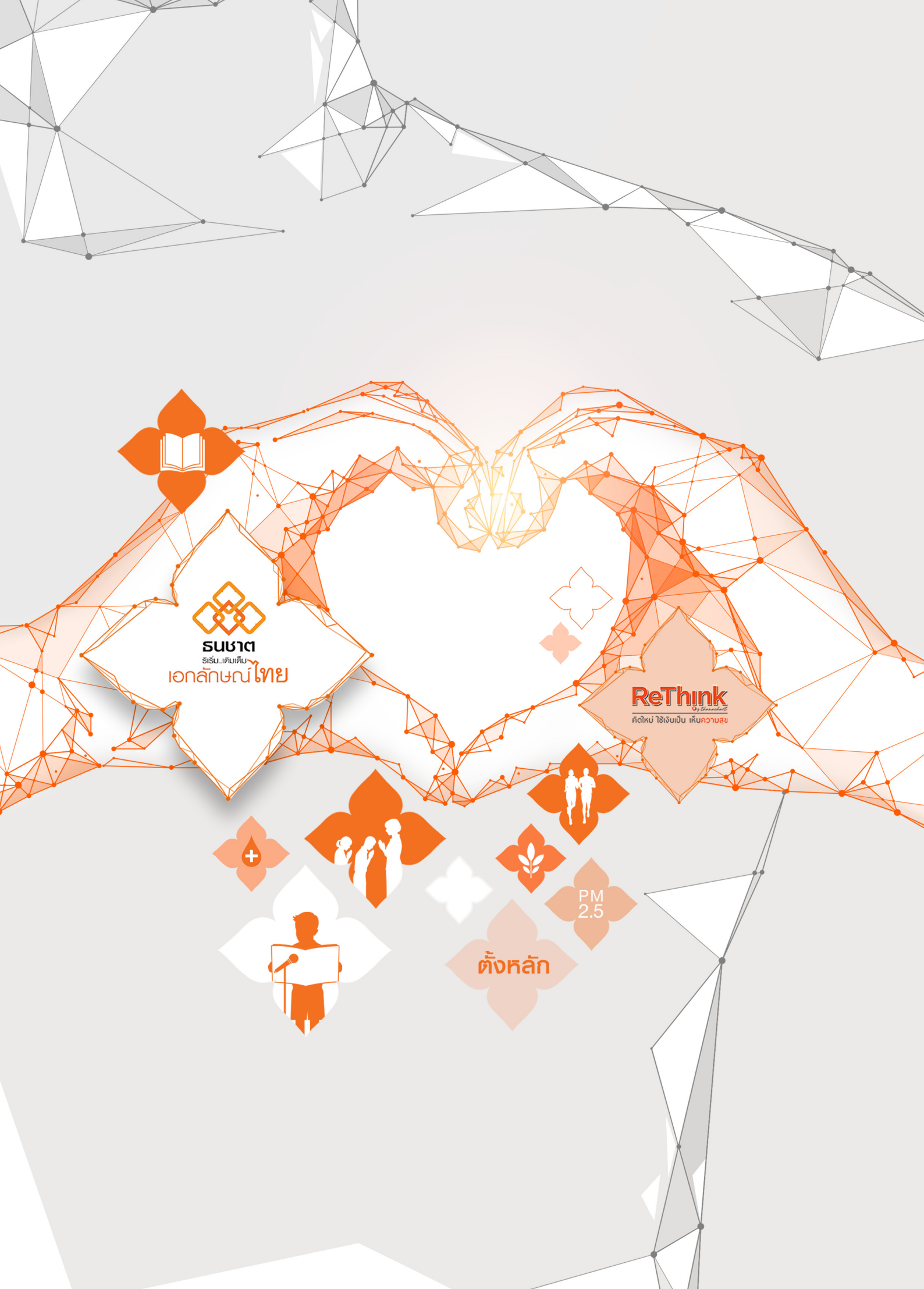
PACE UP WITH TECHNOLOGY

Technological
know-how, accessible
application and **maximized**
advancement.



SOCIAL ENGAGEMENT

Determined and proud to
foster Thai culture
and identity while offering
help and sharing
opportunities in the society.





MESSAGE FROM THE BOARD OF DIRECTORS

(Mr. Banterng Tantivit)
Chairman



The Thai economy grew by 4.1 percent in 2018, which was higher than the growth of 4.0 percent in the previous year. This was mainly due to export expansion, increases in both public sector investment and private sector investment as well as continuous increase in private consumption. On the other hand, loans in the commercial banking industry grew in line with Thailand's economic expansion. In this connection, the expansion was propelled by the growth of corporate loans, household debts, home loans and auto hire-purchase loans respectively.

TBANK has been successful in implementing its customer-centric strategy which focuses on promoting TBANK as the customers' main bank of choice. As a result, TBANK and its subsidiaries have registered net profit growth for four consecutive years, representing an average annual growth rate of 10 percent. In 2018, loan volumes increased by 5.88 percent in line with the growth of retail loans, particularly the automobile hire purchase loans which grew by 13.44 percent. On the other hand, TBANK was able to keep its non-performing loans at a low level continuously with the NPL ratio being 2.30 percent, which was lower than

the industry average. This accurately reflected the quality of TBANK's risk management. As regards shareholders' equity, TBANK's BIS ratio rose to 19.45 percent, which was relatively high when compared with the industry average. In addition, TBANK's Liquidity Coverage Ratio (LCR) based on Basel III standards was above 100 percent, which was higher than the minimum requirement of 80 percent imposed by the BOT. The above-mentioned achievements clearly reflected the operational stability and competitiveness potential of TBANK and its subsidiaries.

Thanks to the growth of TBANK and its subsidiaries, Thanachart Group's net profit in 2018 reported on the consolidated financial statements was 15,806 million baht, representing an increase of 10.22 percent from the net profit of 14,341 million baht in the previous year. In this connection, net profit attributable to the Company was 7,839 million baht, compared to 7,001 million baht in the previous year, representing an increase of 11.97 percent. In terms of net profit earned per share of stock outstanding, the Company had earnings per share (EPS) of 6.74 baht.

Moreover, in 2018 member companies of Thanachart Group continuously remained well received by external organizations, as witnessed by numerous awards which they received. Among others, the awards included the following:

- Fitch Ratings (Thailand) upgraded the national long-term rating of TBANK from A+ to AA-. In addition, TBANK's auto loans won the Best Automobile Lending Product of the Year at the Thailand Country Awards 2018 organized by The Asian Banker. In this connection, this was the 2nd consecutive year in which TBANK won this award.

- TNS won the Outstanding Derivatives House Award at the SET Awards 2018 organized by the Stock Exchange of Thailand (SET) together with Money & Banking Magazine. This was the 2nd consecutive year in which TNS won the award.

- TFUND won the Award for the Retirement Mutual Fund - Fixed Income at the Morningstar Awards

2018 which was jointly organized by the SET, the Association of Investment Management Companies (AIMC), and Morningstar Research (Thailand) Limited. In addition, TFUND won the best mutual fund of the year award in the category of Retirement Mutual Fund - Fixed Income at the Money & Banking Awards 2018 which was organized by Money & Banking Magazine. This represented the 2nd consecutive year in which TFUND won the award. As well, TFUND won the Outstanding Asset Management Company Award at the SET Awards 2018 held by the SET together with Money & Banking Magazine. This was the 6th consecutive year in which TFUND won the award.

- TNI won the Best Non-Life Insurance Company with Outstanding Management Award for 2017 from the Office of Insurance Commission (OIC). This represented the 3rd consecutive year in which this award was won.

In 2019, the commercial banking industry remains affected by several economic and political challenges, changes to supervision regulations, and use of technology



(Mr. Suphadej Poonpipat)
Vice Chairman



(Mr. Somjate Moosirilert)
Chief Executive Officer



to enhance service delivery. As a result, TBANK places emphasis on the implementation of the following: (1) maintaining leadership position in the automobile hire purchase industry, (2) establishing closer relationships with retail customers as well as small and medium-sized enterprises (SMEs), (3) increasing the number of customers using services of TBANK as their main bank of choice by offering attractive deposit products to customers, and (4) strict compliance with the organization's corporate culture which places strong emphasis on rigorous risk management so that all groups of stakeholders, including customers, employees, shareholders, and the state agencies concerned, supporting and trusting TBANK. In this connection, the Board of Directors is confident that Thanachart Group will be able to maintain the stable position and achieve continuous growth in the future. As a result, the Board of Directors adopted a resolution approving the increase in the interim dividend from 0.90 baht per share in 2017 to 1.00 baht per share in 2018. As well, the Board of Directors proposed to shareholders for approval the 2nd dividend payment of 1.60 baht per share. As a result, the total dividend was 2.60 baht

per share, up from 2.20 baht per share for the previous year. This represented a payout ratio of 38.25 percent, base on the net profit attributable to the Company in the consolidated financial statements.

In 2018, the structure of the Company's Board of Directors underwent changes with the appointment of Mr. Teeranun Srihong as a Director replacing Mr. Taweesak Saksirilarp who retired by rotation at the Annual General Meeting of Shareholders 2018. As well, Mr. Prinya Hom-aneek was appointed as Director replacing Mr. Somkiat Sukdheva who resigned during the year 2018. In this connection, the Board of Directors would like to express its appreciation to the two former Directors who made good use of their knowledge in the performance of their duties. On the other hand, the Board of Directors is confident that the two new Directors who have in-depth knowledge and expertise in information technology related to financial business will help give advice and oversee the businesses of Thanachart Group in the digital era so that the Group is able to serve customers in an efficient manner while they are safeguarded adequately by the secure information technology.

The Board of Directors pays attention to the good corporate governance as it enables the Company to grow in a sustainable manner while it accepts responsibility towards the society and all groups of stakeholders. In 2018, the Company achieved an excellent level (five stars) of recognition in the Corporate Governance Report of Thai Listed Companies (CGR) issued by the Thai Institute of Directors Association (IOD). Noteworthy was the fact that the Company earned the perfect score of 100 from the Thai Investors Association for organizing the Annual General Meeting of shareholders. The Company also played a partial role in fighting corruption. In this connection, all member companies of Thanachart Group were certified members of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) since 2014. In relation to social responsibility and environmental protection, the Company continued to support the activities related to energy conservation and wise use of resources. Importantly, it produced media materials for sharing knowledge about the basics of personal financial management and the correct methods to save money. The objective was to promote personal financial stability

in the long term. Also noteworthy is the fact that the Company continues implementing corporate social responsibility activities in various areas, the details of which are given in this Annual Report.

Last but not least, the Board of Directors would like to express its appreciation to all the parties concerned for their support to Thanachart Group's business operations and the Board's performance of duties. Thanks to the continuous support from all the parties, the Board of Directors is confident that Thanachart Group will grow robustly and become more successful in the future.

On behalf of the Board of Directors,



BOARD OF DIRECTORS THANACHART CAPITAL PUBLIC COMPANY LIMITED



Mr. Banterng Tantivit
Chairman



Mr. Suphadej Poonpipat
Vice Chairman
and Chairman of the Executive
Committee



Mr. Somjate Moosirilert
Member of the Executive Committee,
Member of the Risk Oversight Committee,
and Chief Executive Officer



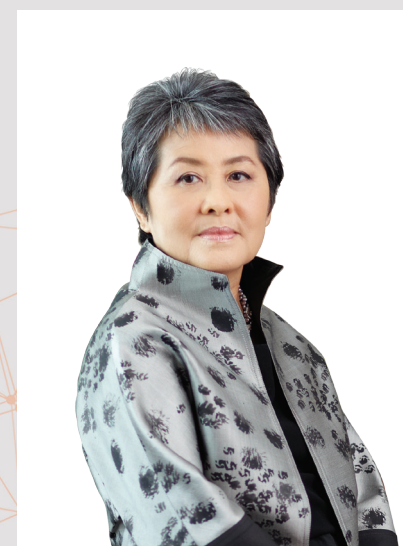
Mrs. Siripen Sitasuwan
Chairperson of the Audit Committee
and Member of the Nomination,
Remuneration, and Corporate
Governance Committee



Mr. Vichit Yanamorn
Member of the Nomination,
Remuneration, and Corporate
Governance Committee
and Member of the Risk Oversight
Committee



Mr. Tiraphot Vajrabhaya
Chairman of the Nomination,
Remuneration, and Corporate
Governance Committee and
Member of the Audit Committee



Ms. Suvarnapha Suvarnapraphip
Vice Chairperson of the Executive
Committee



Mr. Teeranun Srihong
Chairman of the Risk Oversight
Committee



Mr. Prinya Hom-anek
Member of the Audit Committee
and Member of the Risk Oversight
Committee

Since 1 January 2019, the Company has had a resolution and the details are as follows:

- Appointing Mr. Somjate Moosirilert as Chief Executive Officer, replacing Mr. Suphadej Poonpipat.
- Mr. Suphadej Poonpipat and Ms. Suvarnapha Suvarnapraphip have resigned from the Risk Management Committee.
- The name and responsibilities of the Risk Management Committee have been changed to the Risk Oversight Committee, appointing Mr. Teeranun Srihong as the Chairman of the Risk Oversight Committee and appointing Mr. Prinya Hom-anek as the members of the Risk Oversight Committee.



MANAGEMENT'S DISCUSSION AND ANALYSIS

Thai Economic Condition, and Commercial Bank Competition

In 2018, the Thai economy expanded by 4.1 percent, an increase from the previous year growth of 4.0 percent, mainly from export sector, although the growth rate has slowed down in the second half of the year as a result of the subdued economies of the trade partnering countries and the trade war between the US and China. Government spending, private investment and private consumption continued growing. As for the tourism sector, the growth rate showed a declining trend from the previous year mainly due to declining number of Chinese tourists. As the Thai economy showed a trend of expansion while inflation has been increasing gradually following increase in demand, the Monetary Policy Committee of the BOT issued a resolution to increase the policy rate from 1.50 percent per annum to 1.75 percent per annum in the fourth quarter of 2018, in order to mitigate risk for financial stability and to enhance future economic growth.

In 2018, loan volume in the commercial bank industry showed an increasing trend following economic improvement. Corporate loans showed a tendency to grow especially in the wholesale and retail businesses, as well as in real-estate. Retail loans increased from housing loans and hire purchase loans. Non-performing loans increased slightly from the previous year.

For 2019, the Thai economy is expected to grow 3.5 - 4.5 percent as predicted by the Office of the National Economic and Social Development Council. The key supporting drivers include private consumption that tends to have a favorable growth, private investment and public investment that are expected to grow strongly, as well as expected recovery from tourism sector to its normal level. However, export sector may slow down as the global economy may be subdued and trade war between the US and China continues.

Overview of Performance

For the year ended 31 December 2018

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

In 2018, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 15,806 million baht, an increase of 1,465 million baht or 10.22 percent from the previous year. The increase was the fourth consecutive year of net profit growth. This was mainly from the increase in net operating income. Net interest income increased from loan growth while non-interest income increased from net fees and service income. From the Group's effective management of asset quality, its impairment loss of loans and debt securities declined. At the same time, operating expenses increased slightly from decent cost management. As a result, profit before tax of the Company and its subsidiaries increased by 18.78 percent. However, income tax increased due to the fact that Thanachart Bank fully utilized all of its tax benefit in May 2018.

On assets side, Thanachart Group had a loan growth of 5.87 percent from the end of last year. The growth was mainly from retail loans, especially hire purchase loans and SME loans. Deposits increased from the increase in savings deposits. As a result, CASA ratio accounted for 48.50 percent, an increase from 42.92 at the end of the previous year.

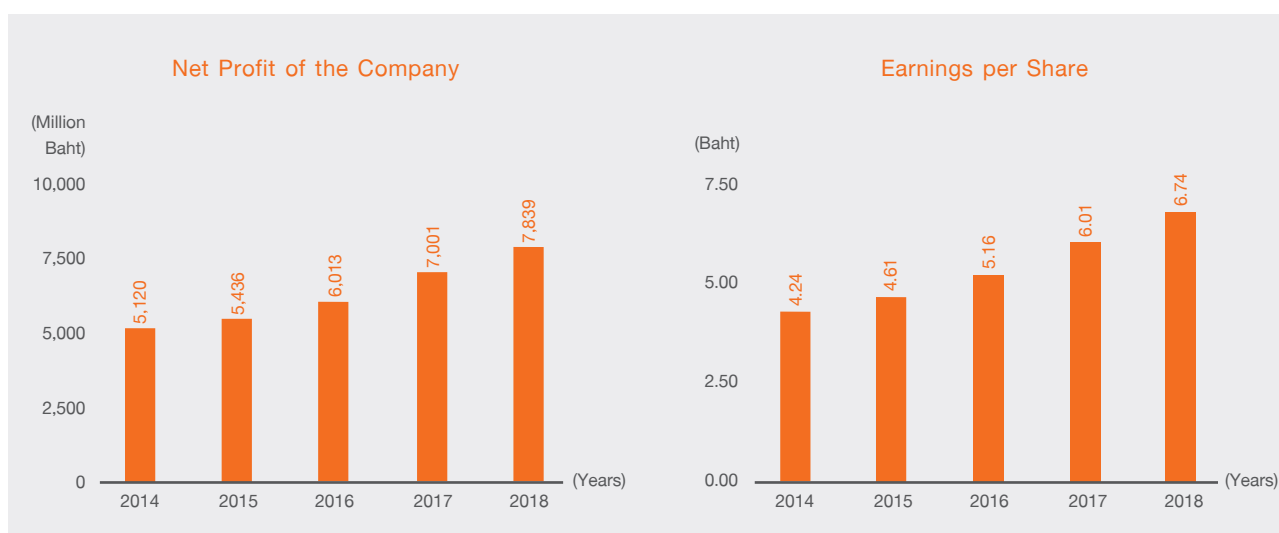
On asset quality, NPL ratio was at 2.40 percent, stable from the previous year. Coverage ratio was at 120.49 percent.

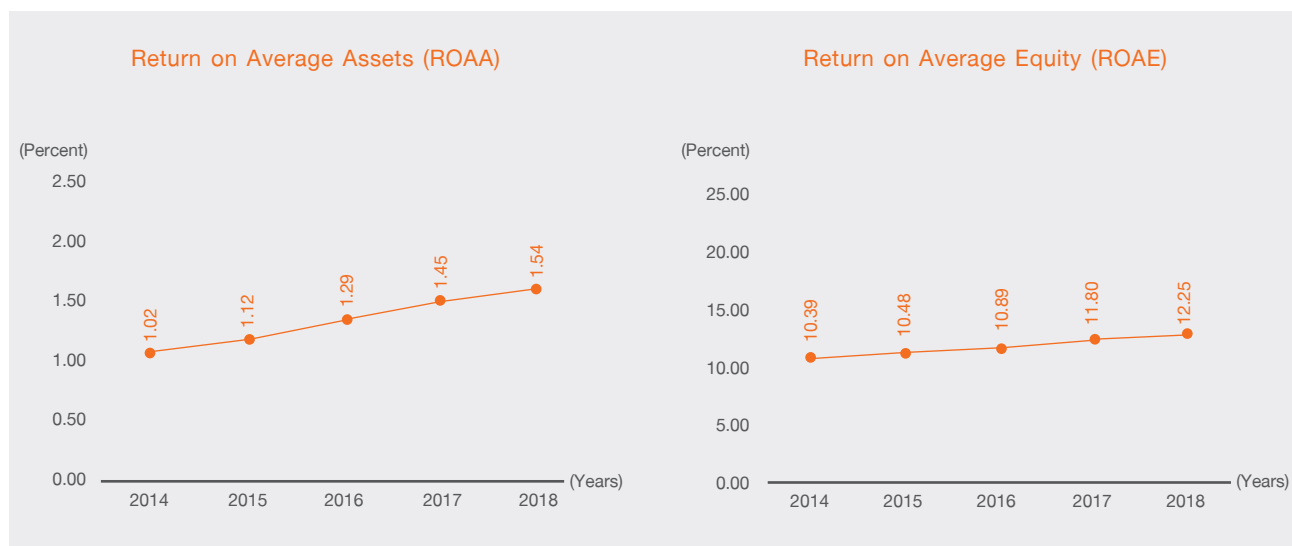
In 2018, net profit attributable to the Company was 7,839 million baht, an increase of 838 million baht or 11.97 percent from the previous year. Earning per share (EPS) was 6.74 baht, an increase from 6.01 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.54 percent and 12.25 percent, respectively.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Interest Income	46,559	44,681	1,878	4.20
Interest Expenses	15,792	15,511	281	1.81
Net Interest Income	30,767	29,170	1,597	5.47
Net Fees and Service Income	6,658	5,890	768	13.04
Operating Income ⁽¹⁾	6,750	7,512	(762)	(10.14)
Net Operating Income	44,175	42,572	1,603	3.77
Other Operating Expenses	20,979	20,836	143	0.69
Impairment Loss of Loans and Debt Securities	4,785	6,236	(1,451)	(23.27)
Profit before Income Tax	18,411	15,500	2,911	18.78
Income Tax	2,605	1,159	1,446	124.76
Profit for the Year	15,806	14,341	1,465	10.22
Profit Attributable to the Company	7,839	7,001	838	11.97
Profit Attributable to Non-controlling Interests	7,967	7,340	627	8.54
Earnings per Share (Baht)	6.74	6.01	0.73	12.15
Weighted Average Number of Ordinary Shares (Million Shares)	1,163.86	1,165.13	(1.27)	(0.11)

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





Net Interest Income

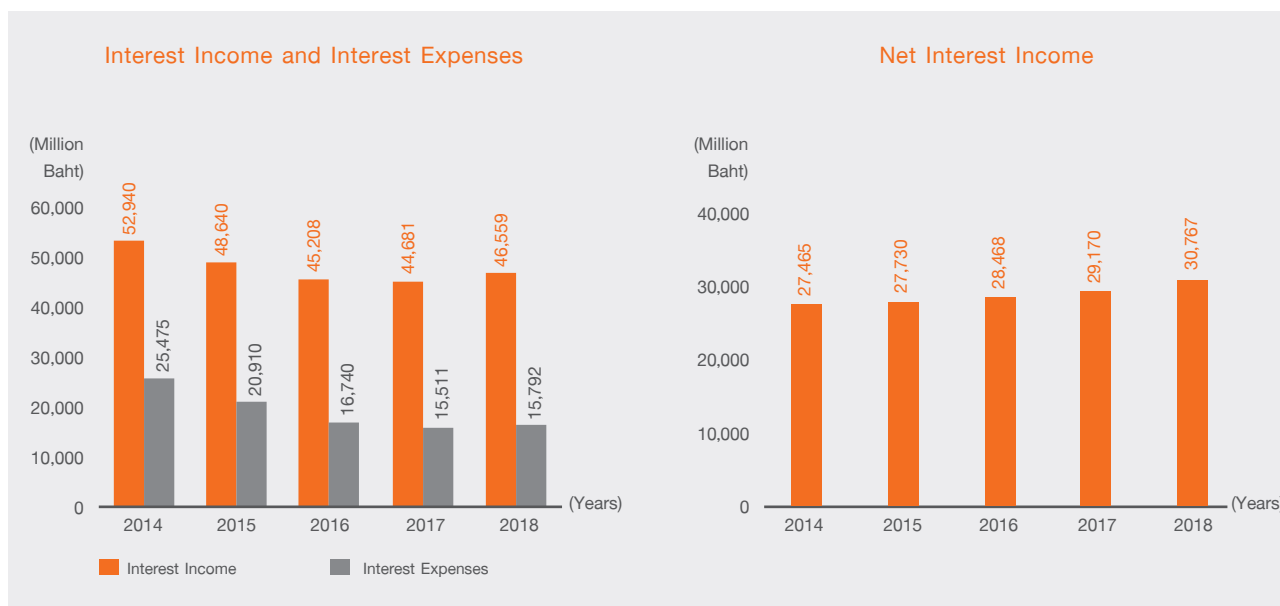
(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	1,779	1,391	388	27.89
Investments and Trading Transactions	257	238	19	7.98
Investments in Debt Securities	2,689	3,191	(502)	(15.73)
Loans to Customers	17,579	17,786	(207)	(1.16)
Hire Purchase and Financial Lease	24,255	22,075	2,180	9.88
Total Interest Income	46,559	44,681	1,878	4.20
Interest Expenses				
Deposits	9,063	8,698	365	4.20
Interbank and Money Market Items	997	791	206	26.04
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,482	3,348	134	4.00
Debts Issued and Borrowings	2,238	2,666	(428)	(16.05)
Borrowings Cost	12	8	4	50.00
Total Interest Expenses	15,792	15,511	281	1.81
Net Interest Income	30,767	29,170	1,597	5.47

In 2018, the Company and its subsidiaries had 30,767 million baht in net interest income, an increase of 1,597 million baht or 5.47 percent from the previous year. Interest Spread was at 2.94 percent, an increase from 2.90 percent in the end of last year.

- Interest income was 46,559 million baht, an increase of 1,878 million baht or 4.20 percent. This was from the expansion of loans, especially the hire purchase loans and the increase in yield on earning assets from 4.80 percent to 4.82 percent.

- Interest expenses were 15,792 million baht, an increase of 281 million baht or 1.81 percent. This was due to the effective cost of fund management under TBANK's liquidity management strategy. As a result, the cost of fund declined from 1.90 percent to 1.88 percent.



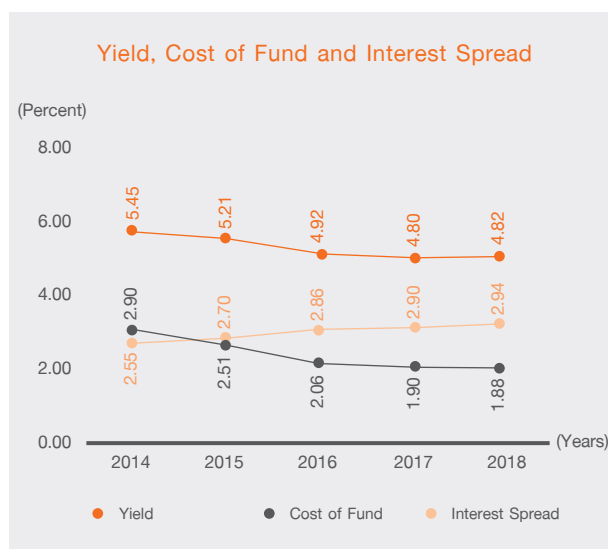
Interest Spread

(Unit: Percent)

Interest Spread	For the Year	
	2018	2017
Yield ⁽¹⁾	4.82	4.80
Cost of Fund ⁽²⁾	1.88	1.90
Interest Spread	2.94	2.90

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

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



Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Fees and Service Income	10,244	9,097	1,147	12.61
Fees and Service Expenses	3,586	3,207	379	11.82
Net Fees and Service Income	6,658	5,890	768	13.04
Gains on Trading and Foreign Exchange Transactions	310	665	(355)	(53.38)
Gains on Investments	459	1,908	(1,449)	(75.94)
Share of Profit from Investments Accounted for Under Equity Method	543	337	206	61.13
Gains on Properties Foreclose and Other Assets	588	52	536	1,030.77
Net Insurance/Life Insurance Income	2,808	2,605	203	7.79
Dividend Income	502	557	(55)	(9.87)
Other Operating Income	1,540	1,388	152	10.95
Total Other Operating Income	6,750	7,512	(762)	(10.14)
Total Non-interest Income	13,408	13,402	6	0.04

Non-interest income of the Company and its subsidiaries in 2018 amounted to 13,408 million baht, an increase of 6 million baht or 0.04 percent from the previous year.

Net Fees and Service Income

In 2018, net fees and service income amounted to 6,658 million baht, an increase of 768 million baht or 13.04 percent. This was mainly due to the increases in fund management fees and commission received from selling insurance / life insurance.

Other Operating Income

Other operating income amounted to 6,750 million baht, a decrease of 762 million baht or 10.14 percent. The main reasons were from:

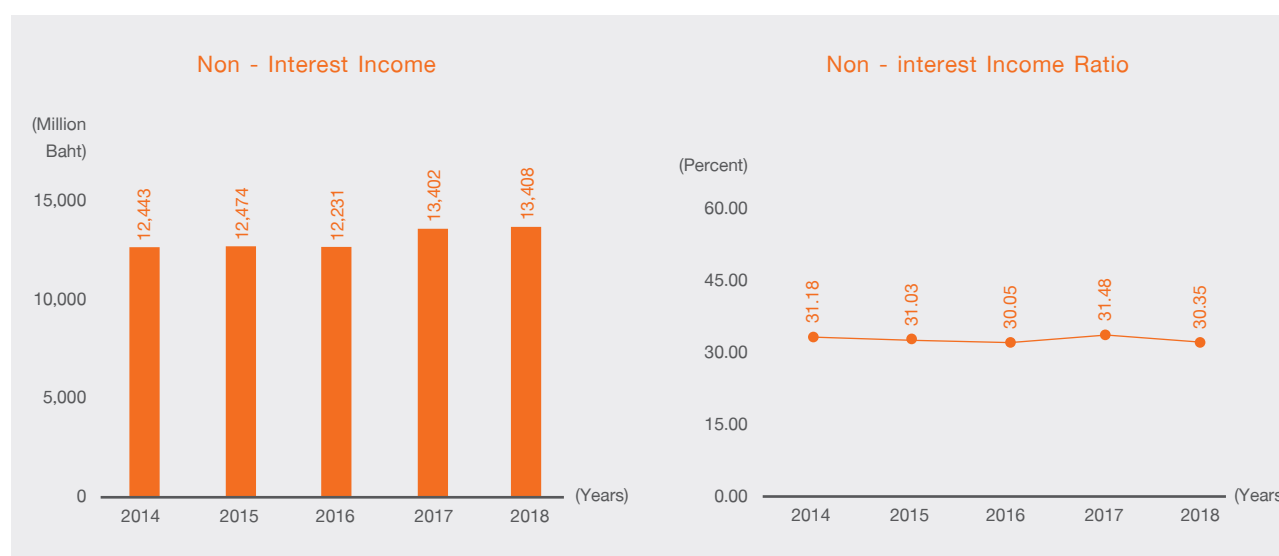
- Gains on investment amounted to 459 million baht, a decrease of 1,449 million baht or 75.94 percent from investment portfolio adjustment to be in line with the market condition.
- Gains on tradings and foreign exchange transactions amounted to 310 million baht, a decrease of 355 million baht or 53.38 percent.
- Dividend in come amounted to 502 million baht, a decrease of 55 million baht or 9.87 percent.

- Gains on properties foreclose and other assets amounted to 588 million baht, an increase of 536 million baht or 1,030.77 percent.

- Share of profit from investments accounted for under equity amounted to 543 million baht, an increase of 206 million baht or 61.13 percent.

- Net insurance / life insurance income amounted to 2,808 million baht, an increase of 203 million baht or 7.79 percent.

Non-interest income ratio of 2018 was at 30.35 percent, a decrease from 31.48 percent of the previous year. The decrease was a result of the increase in net interest income at a higher rate than that of the non-interest income.

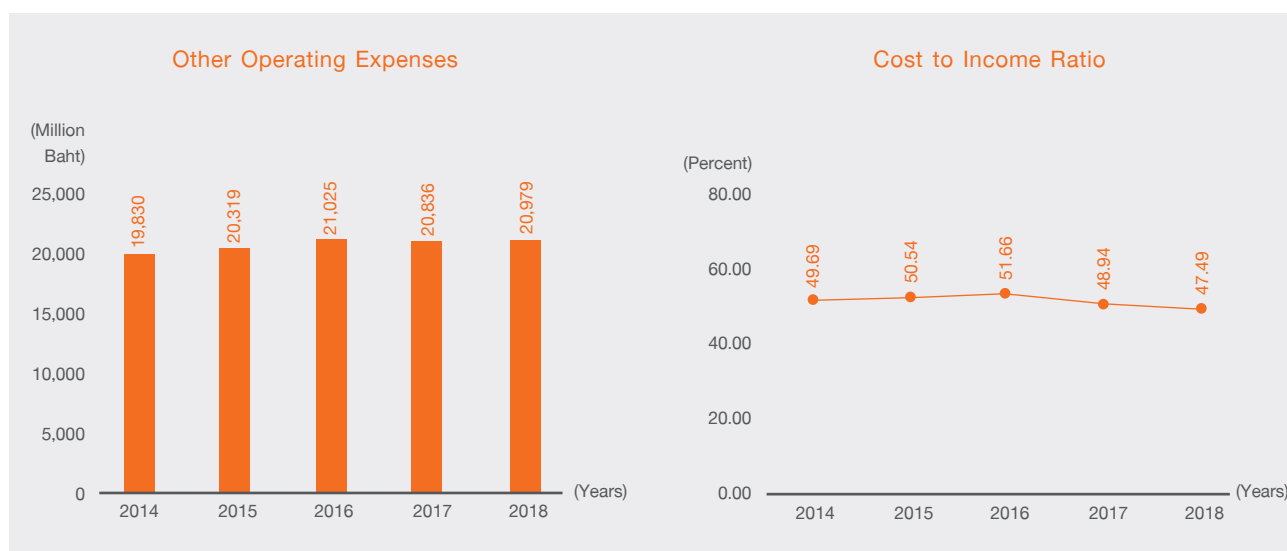


Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Employee's Expenses	11,413	12,202	(789)	(6.47)
Directors' Remuneration	102	93	9	9.68
Premises and Equipment Expenses	2,629	2,835	(206)	(7.27)
Taxes and Duties	733	746	(13)	(1.74)
Other Expenses	6,102	4,960	1,142	23.02
Total Other Operating Expenses	20,979	20,836	143	0.69

In 2018, other operating expenses of the Company and its subsidiaries amounted to 20,979 million baht, an increase of 143 million baht or 0.69 percent from the previous year, due to the effective cost management. As a result, cost to income ratio of 2018 was at 47.49 percent, a decrease from the previous year of 48.94 percent.

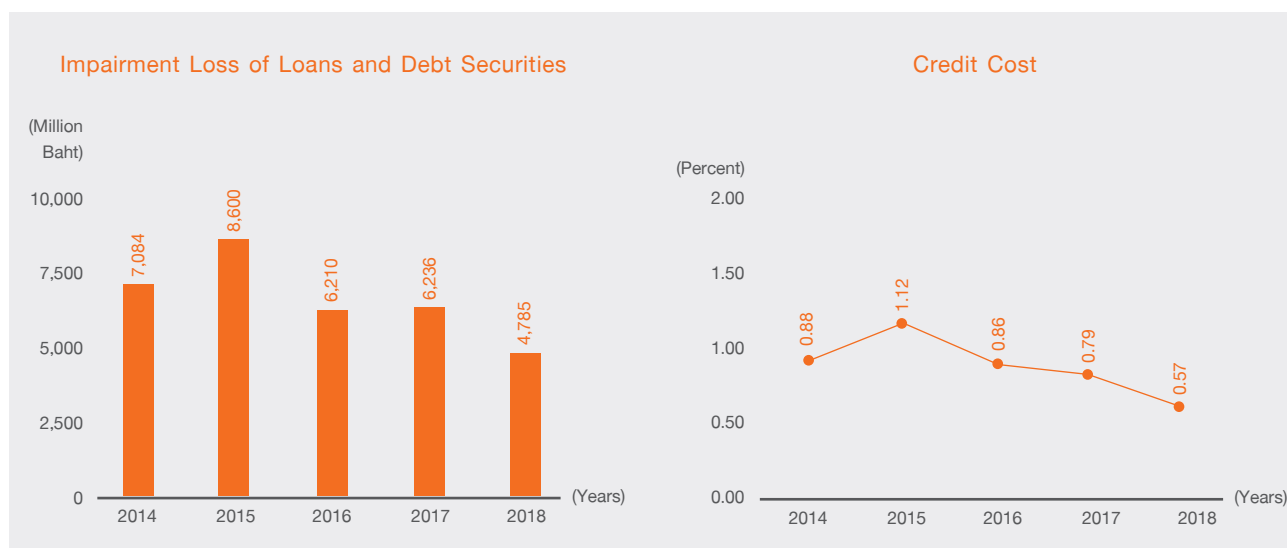


Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2018	2017	Increase/(Decrease)	Percent
Impairment Loss of Loans and Debt Securities	4,785	6,236	(1,451)	(23.27)
Credit Cost (Percent)	0.57	0.79	(0.22)	(27.85)

In 2018, the Company and its subsidiaries had impairment loss of loans and debt securities in the amount of 4,785 million baht, a decrease of 1,451 million baht or 23.27 percent from the previous year. As a result, credit cost was at 0.57 percent, a decrease from the previous year of 0.79 percent.



Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2018		31 December 2017		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Cash	11,022	1.04	11,453	1.12	(431)	(3.76)
Interbank and Money Market Items - net	99,117	9.34	95,918	9.35	3,199	3.34
Investments - net	170,437	16.07	178,703	17.42	(8,266)	(4.63)
Investments in Associated Company - net	3,027	0.29	2,827	0.28	200	7.07
Loans to Customers	754,613	71.13	712,761	69.50	41,852	5.87
Accrued Interest Receivables	657	0.06	601	0.06	56	9.32
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(24,145)	(2.28)	(24,518)	(2.39)	373	(1.52)
Property Foreclosed - net	4,822	0.45	4,747	0.46	75	1.58
Intangible Assets from Business Combination - net	361	0.03	677	0.07	(316)	(46.68)
Goodwill	17,799	1.68	17,637	1.72	162	0.92
Other Assets	23,219	2.19	24,719	2.41	(1,500)	(6.07)
Total Assets	1,060,929	100.00	1,025,525	100.00	35,404	3.45
Deposits	751,917	70.87	716,091	69.83	35,826	5.00
Interbank and Money Market Items	71,923	6.78	82,343	8.03	(10,420)	(12.65)
Debts Issued and Borrowings	55,013	5.19	51,596	5.03	3,417	6.62
Other Liabilities	44,158	4.16	45,425	4.43	(1,267)	(2.79)
Total Liabilities	923,011	87.00	895,455	87.32	27,556	3.08
Equity Attributable to Owners of the Company	65,735	6.20	62,020	6.05	3,715	5.99
Non-controlling Interests	72,183	6.80	68,050	6.63	4,133	6.07
Total Equity	137,918	13.00	130,070	12.68	7,848	6.03
Total Liabilities and Equity	1,060,929	100.00	1,025,525	100.00	35,404	3.45

Assets

As of 31 December 2018, Thanachart Group's total assets amounted to 1,060,929 million baht, an increase of 35,404 million baht or 3.45 percent from the end of 2017. Key factors are as follows:

Net Interbank and Money Market Items (Assets)

As of 31 December 2018, net interbank and money market amounted to 99,117 million baht, an increase of 3,199 million baht or 3.34 percent from the end of last year due to liquidity management.

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2018		31 December 2017		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Trading Securities - net	17,811	10.27	18,577	10.23	(766)	(4.12)
Available-for-sale Securities - net	147,676	85.13	155,454	85.64	(7,778)	(5.00)
Held-to-maturity Debt Securities - net	1,298	0.75	1,000	0.55	298	29.80
General Investments - net	3,652	2.10	3,672	2.02	(20)	(0.54)
Investments - net	170,437	98.25	178,703	98.44	(8,266)	(4.63)
Investments in Associated Company - net	3,027	1.75	2,827	1.56	200	7.07
Total Investments - net	173,464	100.00	181,530	100.00	(8,066)	(4.44)

As at 31 December 2018, the Company and its subsidiaries had total net investments of 173,464 million baht, a decrease of 8,066 million baht or 4.44 percent from the end of the previous year. This mainly due to the divestment of available-for-sale securities.

Loans to Customers

(Unit: Million Baht)

Loans Classified by Type of Business	31 December 2018		31 December 2017		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Agricultural and Mining	6,582	0.87	7,498	1.05	(916)	(12.22)
Manufacturing and Commerce	74,816	9.91	81,105	11.38	(6,289)	(7.75)
Real Estate and Construction	48,600	6.44	47,484	6.66	1,116	2.35
Public Utilities and Services	54,114	7.17	58,878	8.26	(4,764)	(8.09)
Personal Consuming						
Hire Purchase	420,680	55.75	371,031	52.06	49,649	13.38
Housing Loans	103,280	13.69	97,676	13.70	5,604	5.74
Securities Business	3,822	0.51	4,116	0.58	(294)	(7.14)
Others	31,402	4.16	29,504	4.14	1,898	6.43
Others	11,317	1.50	15,469	2.17	(4,152)	(26.84)
Total Loans to Customers	754,613	100.00	712,761	100.00	41,852	5.87

As at 31 December 2018, loans to customers amounted to 754,613 million baht, an increase of 41,852 million baht or 5.87 percent from the end of last year. The growth was from retail and SME loans especially hire purchase loans which continued increasing. Portion of retail loans to corporate and SME loans was 74 percent to 26 percent.

Total Loans and Allowance for Doubtful Accounts

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

(Unit: Million Baht)

	31 December 2018		31 December 2017	
	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts	Loans and Accrued Interest Receivables	Allowance for Doubtful Accounts
The Company	97	72	102	73
TBANK and Asset Management Company	787,852	13,441	744,419	12,356
Other Subsidiaries	52,770	2,315	44,995	2,096
Total	840,719	15,828	789,516	14,525
Additional Allowance		8,478		10,237
Grand Total	840,719	24,306	789,516	24,762

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

Non - performing Loans: NPLs

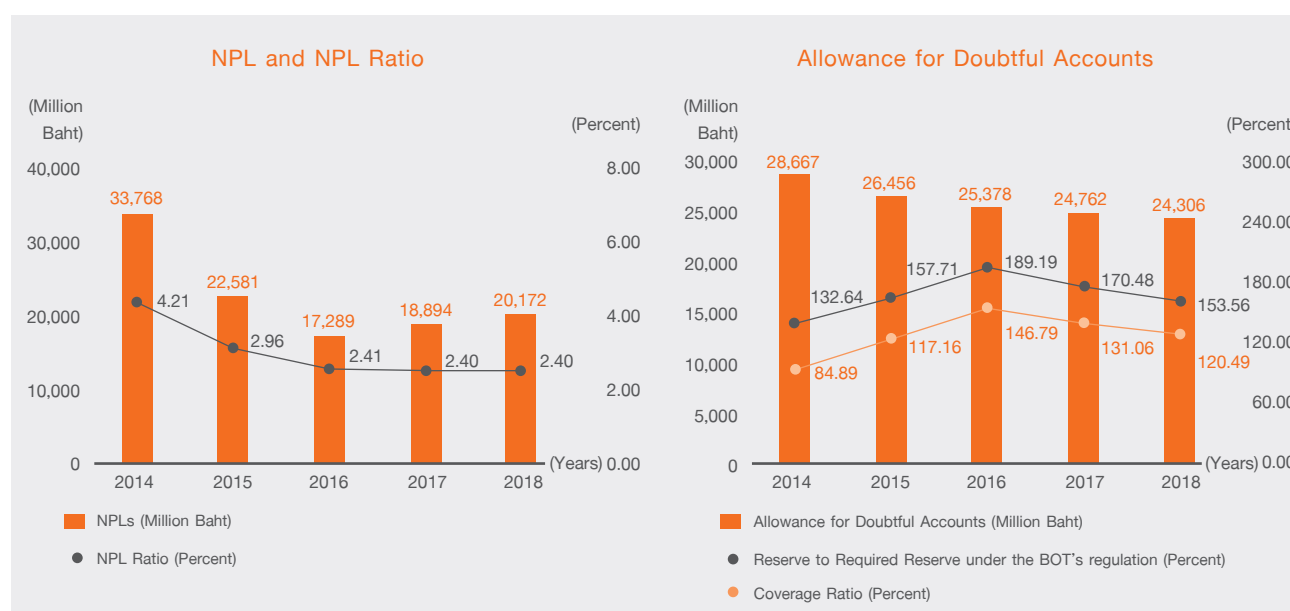
(Unit: Million Baht)

	31 December 2018	31 December 2017
NPLs	20,172	18,894
NPL - net	10,467	9,557
Total Allowance for Doubtful Accounts *	24,306	24,762
NPL - gross to Total Loans (Percent)	2.40	2.40
NPL - net to Total Loans - net (Percent)	1.26	1.23
Reserve to Required Reserve by the BOT (Percent)	153.56	170.48
Coverage Ratio (Percent)	120.49	131.06

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

Under the market and economic conditions that continued to gradually recover, the Company and its subsidiaries still placed strong emphasis on managing NPLs through systematic and effective control. NPLs as of 31 December 2018 amounted to 20,172 million baht, an increase of 1,278 million baht or 6.76 percent from the end of the previous year while Non-performing loans to total loans (NPL Ratio) was at 2.40 percent, stable from the end of last year. Non-performing loans after deducting reserve (NPL-net) amounted to 10,467 million baht while the ratio of NPL-net to total loans - net was at 1.26 percent.

At the end of December 2018, coverage ratio was at 120.49 percent while the ratio of reserve to required reserve under the BOT's regulation was at 153.56 percent. Excess reserve was 8,478 million baht.



Property Foreclosed

As at 31 December 2018, the Company and its subsidiaries had properties foreclose stated at cost amounting to 6,522 million baht, accounting for 0.61 percent of total assets. The allowance for impairment of the properties foreclose was 1,700 million baht, accounting for 26.07 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2018, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 923,011 million baht and 137,918 million baht, respectively. The ratio of debts to equity was at 6.69 times. The important components of funds from liabilities consisted of deposits which as at 31 December 2018 amounted to 751,917 million baht or accounted for 70.87 percent while interbank and money market items, debts issued and borrowings, and other liabilities accounted for 6.78 percent, 5.19 percent, and 4.16 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2018		31 December 2017		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Deposits	751,917	70.87	716,091	69.83	35,826	5.00
Interbank and Money Market Items	71,923	6.78	82,343	8.03	(10,420)	(12.65)
Debts Issued and Borrowings	55,013	5.19	51,596	5.03	3,417	6.62
Other Liabilities	44,158	4.16	45,425	4.43	(1,267)	(2.79)
Total Liabilities	923,011	87.00	895,455	87.32	27,556	3.08
Total Shareholders' Equity	137,918	13.00	130,070	12.68	7,848	6.03
Total Liabilities and Equity	1,060,929	100.00	1,025,525	100.00	35,404	3.45

Liabilities

Total liabilities of Thanachart Group as at 31 December 2018 were 923,011 million baht, an increase of 27,556 million baht or 3.08 percent from the end of 2017. The key items were as follows:

- Deposits were 751,917 million baht, an increase of 35,826 million baht or 5.00 percent from the end of last year. This was mainly from the increase in savings deposits. The ratio of current and savings accounts to total deposits (CASA) was 48.50 percent, an increase from the previous year of 42.92 percent.

(Unit: Million Baht)

Deposits	31 December 2018		31 December 2017		Change	
	Amount	Percent	Amount	Percent	Increase/(Decrease)	Percent
Current	12,759	1.70	11,953	1.67	806	6.74
Saving	351,939	46.80	295,390	41.25	56,549	19.14
Certificates of Deposit	85,460	11.37	142,505	19.90	(57,045)	(40.03)
Fixed Deposits						
Less than 6 Months	44,025	5.86	36,529	5.10	7,496	20.52
6 Months and up to 1 Year	41,832	5.56	63,772	8.91	(21,940)	(34.40)
Over 1 Year	215,902	28.71	165,942	23.17	49,960	30.11
Total Fixed Deposits	301,759	40.13	266,243	37.18	35,516	13.34
Total Deposits	751,917	100.00	716,091	100.00	35,826	5.00

- Interbank and money market items were 71,923 million baht, a decrease of 10,420 million baht or 12.65 percent from the end of last year. This was due to liquidity management.

- Debt issued and borrowings amounted to 55,013 million baht, an increase of 3,417 million baht or 6.62 percent from the end of last year. This was mainly from the issuance of debt securities of a subsidiary of TBANK.

Shareholders' Equity

Total shareholders' equity as of 31 December 2018 was 137,918 million baht, an increase of 7,848 million baht or 6.03 percent from the end of 2017. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 65,735 million baht, an increase of 3,715 million baht or 5.99 percent. This was mainly from the increase in operating profit attributable to the Company in the year 2018 which amounted to 7,839 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2017 in the amount of 1,515 million baht and interim dividend payments paid for the performance in the first six-month period of 2018 in the amount of 1,165 million baht.
- Equity attributable to non-controlling interest amounted to 72,183 million baht, an increase of 4,133 million baht or 6.07 percent. This was mainly from the operating results of subsidiary companies.

Cash Flows

As at 31 December 2018, the Company and its subsidiaries had cash in the amount of 11,022 million baht. The details of the net cash flows from various activities were as follows:

- The net cash flows from operating activities were 4,643 million baht, mainly due to 22,031 million baht in profit from operation. The key changes in operating assets and liabilities included an increase of 53,457 million baht loans to customers; an increase of 3,133 million baht in interbank and money market items (asset); an increase of 873 million baht in other assets; a decrease of 6,284 million baht in properties foreclose; a decrease of 1,230 million baht in derivatives assets; a decrease of 613 million baht in investments in trading securities; a decrease of 487 million baht in receivables from purchase and sale of securities; an increase of 35,826 million baht in deposits; an increase of 574 million baht in other liabilities; a decrease of 10,251 million baht in interbank and money market items (liability); a decrease of 1,444 million baht in derivatives liabilities; a decrease of 1,126 million baht in payable from purchase and sales of securities; a decrease of 825 million baht in liability payable on demand; and a decrease of 579 million baht in insurance/life insurance contract liabilities.
- The net cash flows from investing activities amounted to 9,560 million baht. This was mainly due to an increase of 6,391 million baht in selling and matured of investments in securities; cash received of 2,781 million baht from interest; cash received of 753 million baht from dividend; cash received of 58 million baht from disposal of investment in an associated company; and cash received of 56 million baht from disposal of land, premises and equipment. On the other hand, cash paid for purchase of premises and equipment/intangible assets amounted to 479 million baht.
- The net cash flows used in financing activities amounted to 5,348 million baht. This included cash paid of 14,203 million baht from repayment of debts issued and borrowings; cash paid of 3,264 million baht for dividend to non-controlling interests; cash paid of 2,679 million baht for dividend; cash paid of 2,250 million baht for interest expenses on debts issued and borrowings; and cash paid of 572 million baht for shares repurchase. On the other hand, cash received from debt issued and borrowing amounted to 17,620 million baht.

Commitments

(Unit: Million Baht)

Commitments	31 December 2018	31 December 2017	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	303	115	188	163.48
Guarantees of Loans	2,402	2,291	111	4.85
Liabilities under Unmatured Import Bills	283	270	13	4.81
Letter of Credits	759	1,045	(286)	(27.37)
Other Obligations				
Committed (but not Drawn) Overdraft	22,341	23,832	(1,491)	(6.26)
Others	61,019	55,644	5,375	9.66
Total	87,107	83,197	3,910	4.70

As of 31 December 2018, the Company and its subsidiaries had commitments in the amount of 87,107 million baht, an increase of 3,910 million baht or 4.70 percent from the end of 2017.

Capital Adequacy

As of 31 December 2018, the Company and its subsidiaries had legal capital in accordance with the Basel III regulations in the amount of 122,447 million baht. Of which, 101,968 million baht was Tier I capital and 20,479 million baht was Tier II capital. Total capital to risk-weighted assets or capital adequacy ratio accounted for 15.57 percent which was higher than 10.375 percent minimum requirement of the BOT. The details are as follows:

(Unit: Percent)

Capital Adequacy Ratio	31 December 2018		31 December 2017	
	Minimum BOT Requirement	Capital Ratio of the Financial Group	Minimum BOT Requirement	Capital Ratio of the Financial Group
Total Common Equity Tier I to Risk-weighted Assets	6.375	12.97	5.75	12.62
Total Tier I to Risk-weighted Assets	7.875	12.97	7.25	12.62
Total Tier II to Risk-weighted Assets	-	2.60	-	2.71
Total Capital to Risk-weighted Assets	10.375	15.57	9.75	15.33

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

(Unit: Million Baht)

Subsidiary Companies	Shareholding Direct / Indirect (Percent)	Profit (Loss) for the Year	
		2018	2017
Thanachart Bank Public Company Limited Consolidated Financial Statements*		14,703	13,810
Separate Financial Statements	50.96	13,911	13,135
Thanachart Securities Public Company Limited	50.96	593	609
Thanachart Fund Management Company Limited	38.22	654	426
Thanachart Insurance Public Company Limited	50.96	1,042	1,051
TS Asset Management Company Limited	50.96	237	210
Ratchthani Leasing Public Company Limited	33.22	1,641	1,126
NFS Asset Management Company Limited	100.00	14	24
MAX Asset Management Company Limited	83.44	201	45
MBK Life Assurance Public Company Limited	51.00	(63)	30

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

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2018 and 2017 based on consolidated financial statements)

(Unit: Million Baht)

Statements of Comprehensive Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Interest Income	46,288	44,366	1,922	4.33
Interest Expenses	15,250	14,956	294	1.97
Net Interest Income	31,038	29,410	1,628	5.54
Net Fees and Service Income	6,627	5,897	730	12.38
Other Operating Income ⁽¹⁾	5,574	6,675	(1,101)	(16.49)
Net Operating Income	43,239	41,982	1,257	2.99
Other Operating Expenses ⁽²⁾	20,525	20,437	88	0.43
Pre-Provision Operating Profit (PPOP)	22,714	21,545	1,169	5.43
Impairment Loss of Loans and Debt Securites	4,741	6,244	(1,503)	(24.07)
Profit before Income Tax	17,973	15,301	2,672	17.46
Income Tax	2,515	932	1,583	169.85
Profit for the Year	15,458	14,369	1,089	7.58
Profit Attributable to the Bank	14,703	13,810	893	6.47
Profit Attributable to Non-controlling Interests	755	559	196	35.06
Earnings per Share (Baht)	2.42	2.28		
Weighted Average Number of Ordinary Shares (Million Shares)	6,064.86	6,064.86		

Notes: ⁽¹⁾ Other operating income net insurance expenses

⁽²⁾ Excluding insurance expenses

Operating Results for the Year 2018

The success in the strategic aim at becoming Customer Centric as an organization, and thus, becoming the Main Bank for the customers through excellence in services in all channels coupled with offering products suitable for the specific needs of each customer and the increase in the productivity in business operation, especially in the core businesses. In 2018, TBANK and its subsidiaries' net profit grew for the fourth consecutive quarter and totaled at 14,703 million baht for the year, an increase of 893 million baht or 6.47 percent from the previous year. Pre-provision operating profit grew as a result of the core business growth. Furthermore, TBANK continued to maintain asset quality, liquidity and capital adequacy consistently, illustrating strength in business operation and competitive edge.

Total income of TBANK grew 2.99 percent from net interest income which grew 5.54 percent from expanding loan volume. However, Non-interest income declined by 2.95 percent mainly from a lower gains on investments. Operating expenses increased slightly at 0.43 percent while impairment loss of loans and debt securities expenses decreased by 24.07 percent. Consequently, net profit before tax increased 2,672 million baht or 17.46 percent from the previous year.

Total assets has been growing consistently throughout the year and has increased 3.67 percent from the end of last year, following good performing loan growth which increased by 5.88 percent mainly from retail and SME loans. Amid loan growth, TBANK was able to maintain strong asset quality from a prudent risk policy. Total deposits also increased by 5.01 percent.

NPL ratio on consolidated financial statements ended at 2.30 percent, stable from a year earlier. Coverage ratio was at 123.20 percent. Reserve to required reserve as of 31 December 2018 was 154.90 percent.

On separate financial statements, NPL ratio ended at 2.02 percent with coverage ratio at 124.72 percent. Reserve to required reserve was at 165.07 percent. For capital adequacy, BIS ratio was at 19.45 percent, an increase from 18.94 percent at the end of 2017. Tier 1 capital ratio of TBANK was at 15.42 percent, an increase from 14.81 percent at the end of 2017.

TBANK and its subsidiaries' operating results in 2018 comparing 2017 can be summarized as follows:

- Net interest income increased 5.54 percent from growing loan volume, while interest spread was at 3.06 percent.
- Non-interest income decreased 2.95 percent mainly from lower gains on investments.
- Total income grew 2.99 percent from an increase in net interest income.
- Operating expenses increased slightly by 0.43 percent from effective cost management.
- Pre-provision operating profit increased by 1,169 million baht or 5.43 percent from growing income base.
- Impairment loss of loans and debt securities expenses decreased by 24.07 percent while income tax expense increased as the tax benefit has been fully utilized since May 2018.
- Net profit totaled 14,703 million baht, an increase of 893 million baht or 6.47 percent.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Interest Income	46,288	44,366	1,922	4.33
Interbank and Money Market Items	1,743	1,365	378	27.69
Investments and Trading Transactions	108	25	83	332.00
Investments in Debt Securities	2,631	3,143	(512)	(16.29)
Loans to Customers	17,551	17,759	(208)	(1.17)
Hire Purchase and Financial Lease	24,255	22,074	2,181	9.88
Interest Expenses	15,250	14,956	294	1.97
Deposits	9,071	8,699	372	4.28
Interbank and Money Market Items	997	792	205	25.88
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,482	3,348	134	4.00
Debts Issued and Borrowings	1,690	2,110	(420)	(19.91)
Borrowings Cost	10	7	3	42.86
Net Interest Income	31,038	29,410	1,628	5.54

In 2018, TBANK and its subsidiaries' net interest income totaled 31,038 million baht, an increase of 1,628 million baht or 5.54 percent from last year.

- Interest income totaled 46,288 million baht, an increase of 1,922 million baht or 4.33 percent from growing loan volume, especially hire purchase loans that grew 13.44 percent from the previous year.
- Interest expense totaled 15,250 million baht, an increase of 294 million baht or 1.97 percent mainly from cost of fund management following liquidity strategy.

Consequently, interest spread in 2018 was at 3.06 percent, maintained from the previous year.

(Unit: Percent)

	4Q17	1Q18	2Q18	3Q18	4Q18	2017	2018
Average Policy Interest Rate	1.50	1.50	1.50	1.50	1.54	1.50	1.51
Yield	4.87	4.87	4.92	4.92	4.95	4.93	4.91
Cost of Fund	1.85	1.86	1.87	1.84	1.85	1.87	1.86
Interest Spread	3.02	3.00	3.06	3.08	3.10	3.06	3.06

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Net Fees and Service Income	6,627	5,897	730	12.38
Gains on Trading and Foreign Exchange Transactions	357	548	(191)	(34.85)
Gains on Investments	(85)	1,113	(1,198)	(107.64)
Share of Profit from Investments Accounted for Under Equity Method	299	200	99	49.50
Net Insurance Income	2,937	2,928	9	0.31
Dividend Income	411	464	(53)	(11.42)
Other Operating Income	1,655	1,422	233	16.39
Total Other Operating Income	5,574	6,675	(1,101)	(16.49)
Total Non-interest Income	12,201	12,572	(371)	(2.95)

Non-interest income of TBANK and its subsidiaries in 2018 totaled 12,201 million baht, a decrease of 371 million baht or 2.95 percent from last year. This was mainly due to a decrease in gains on investments.

- Net fees and service income was in the amount of 6,627 million baht, an increase of 730 million baht or 12.38 percent, mainly from fund management fees and insurance commission income.

- Other operating income totaled 5,574 million baht, a decrease of 1,101 million baht or 16.49 percent from last year. This was mainly due to gains on investments which declined 1,198 million baht as a result of investment portfolio adjustment in accordance to the market environment.

Due to the reasons above, non-interest income ratio for 2018 was 28.22 percent, a decrease from 29.95 percent last year.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Employee's Expenses	11,171	11,981	(810)	(6.76)
Premises and Equipment Expenses	2,602	2,806	(204)	(7.27)
Taxes and Duties	713	726	(13)	(1.79)
Directors' Remuneration	58	53	5	9.43
Other Expenses	5,981	4,871	1,110	22.79
Total Other Operating Expenses	20,525	20,437	88	0.43

In 2018, other operating expenses of TBANK and its subsidiaries totaled 20,525 million baht, an increase of 88 million baht or 0.43 percent from last year. Consequently, cost to income ratio of 2018 was at 47.47 percent, a decrease from 48.68 percent in the previous year.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2018	2017	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	4,741	6,244	(1,503)	(24.07)
Credit Cost (Percent)	0.57	0.79	(0.22)	(27.85)

In 2018, TBANK and its subsidiaries had 4,741 million baht impairment loss of loans and debt securities, a decrease of 1,503 million baht or 24.07 percent from the previous year. Credit cost was at 0.57 percent, lower than 0.79 percent last year.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

Statements of Financial Position	31 December 2018	31 December 2017	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	11,019	11,453	(434)	(3.79)
Interbank and Money Market Items - net	97,568	94,651	2,917	3.08
Investments - net	161,078	167,368	(6,290)	(3.76)
Loans to Customers	753,498	711,675	41,823	5.88
Accrued Interest Receivables	645	589	56	9.51
Allowance for Doubtful Accounts and Revaluation				
Allowance for Debt Restructuring	(23,652)	(24,034)	382	(1.59)
Property Foreclosed - net	2,815	2,793	22	0.79
Land, Premises, and Equipment - net	7,996	8,622	(626)	(7.26)
Goodwill and Intangible Assets - net	19,790	20,202	(412)	(2.04)
Other Assets	15,855	16,238	(383)	(2.36)
Total Assets	1,046,612	1,009,557	37,055	3.67

Assets

As of 31 December 2018, TBANK and its subsidiaries' total assets amounted to 1,046,612 million baht, an increase of 37,055 million baht or 3.67 percent from the end of 2017. The key changes are as follows:

- Net interbank and money market items were in the amount of 97,568 million baht, an increase of 2,917 million baht or 3.08 percent from the end of last year, mainly due to liquidity management.
- Net investments totaled 161,078 million baht, a decrease of 6,290 million baht or 3.76 percent from the end of last year, mainly due to management for suitable yield return.
- Loans totaled 753,498 million baht, an increase of 41,823 million baht or 5.88 percent from the end of last year from retail and SME loans. In particular, hire purchase loans have experienced good growth of 13.44 percent, a result of an improved internal process and recovered automotive market, allowing TBANK to maintain a market leader position in new car lending. The proportion of retail to corporate and SME loans was 74 to 26 percent.

(Unit: Million Baht)

Statements of Financial Position	31 December 2018	31 December 2017	Change	
			Increase/ (Decrease)	Percent
Liabilities and Shareholders' Equity				
Deposits	752,160	716,278	35,882	5.01
Interbank and Money Market Items	71,955	82,424	(10,469)	(12.70)
Liability Payable on Demand	1,163	1,989	(826)	(41.53)
Debts Issued and Borrowings	43,079	39,308	3,771	9.59
Provisions	3,875	3,638	237	6.51
Insurance Contracts Liabilities	5,729	5,476	253	4.62
Other Liabilities	24,445	24,236	209	0.86
Total Liabilities	902,406	873,349	29,057	3.33
Equity Attributable to Owners of TBANK	141,699	134,290	7,409	5.52
Non-controlling Interests	2,507	1,918	589	30.71
Total Liabilities and Shareholders' Equity	1,046,612	1,009,557	37,055	3.67

Liabilities and Shareholders' Equity

TBANK and its subsidiaries' total liabilities as of 31 December 2018 amounted to 902,406 million baht, an increase of 29,057 million baht or 3.33 percent from the end of 2017. The key changes are as follows:

- Deposits totaled 752,160 million baht, an increase of 35,882 million baht or 5.01 percent from the end of last year. The increase was mainly due to saving deposits. As a result, CASA ratio was 48.52 percent, an increase from 42.93 percent at the end of last year.
- Debt issued and borrowings totaled 43,079 million baht, an increase of 3,771 million baht or 9.59 percent mainly from debts issuance and offering of subsidiary company.

Shareholders' equity as of 31 December 2018 was in the amount of 144,206 million baht, an increase of 7,998 million baht or 5.87 percent from the end of 2017. The details are as follows:

- TBANK's shareholders' equity was in the amount of 141,699 million baht, an increase of 7,409 million baht or 5.52 percent. This was mainly due to profitable operating results of TBANK and its subsidiaries in 2018 which totaled 14,703 million baht, mark to market on investment which decreased by 1,063 million baht and dividend payment of 6,247 million baht.
- Equity attributable to non-controlling interests was in the amount of 2,507 million baht, an increase of 589 million baht or 30.71 percent, a result of profitable operating results of subsidiaries.

Asset Quality

The asset quality was considered based on consolidated financial statements.

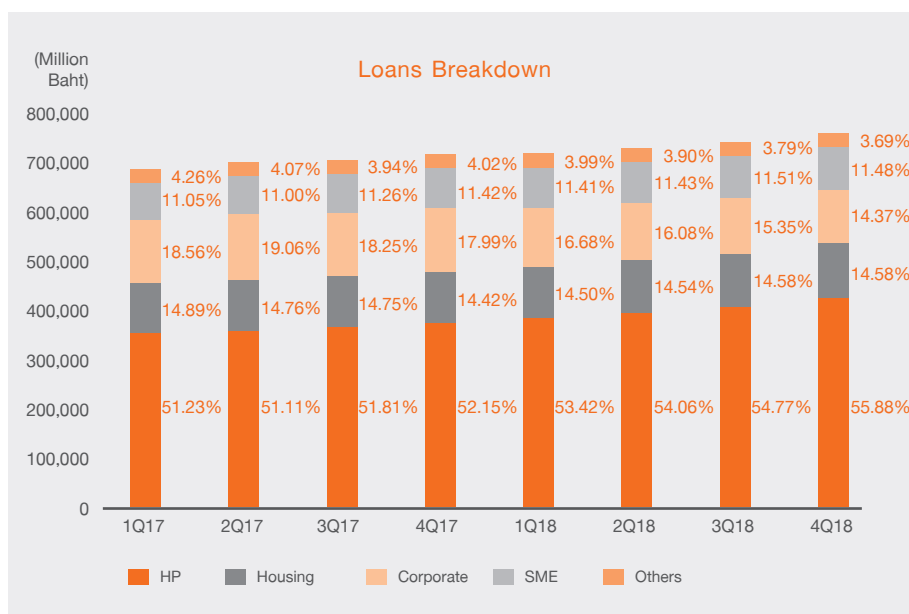
1. Loans

1.1 Loans to Customers and Accrued Interest Receivables

As of 31 December 2018, TBANK and its subsidiaries' loans to customers and accrued interest receivables totaled 754,143 million baht, increased from the previous year by 41,879 million baht or 5.88 percent. Hire purchase loans expanded by 13.44 percent, contributed by process improvement and the recovering automotive market. Other retail loans grew by 0.33 percent. Housing loans grew by 7.07 percent. Corporate and SME loans declined by 6.95 percent from the previous year. The retail to corporate and SME loans ratio was 74 percent to 26 percent. In addition, TBANK managed NPLs and maintained the strength of asset quality. In 2018, TBANK and its subsidiaries carried out debt restructuring agreements with debtors in a number of ways; changing repayment conditions, transferring of assets and/or equity shares, and/or amending repayment terms, totaling 1,165 accounts whose accounting outstanding pre-restructuring was 2,403 million baht. At the end of 2018, TBANK and its subsidiaries had 6,620 restructured accounts, and the principle and accrued interest amounted to 9,755 million baht.

Loans Diversification

At the end of 2018, hire purchase loans accounted for 55.88 percent, followed by corporate and SME loans of 25.85 percent, housing loans of 14.58 percent, and others of 3.69 percent.



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

As of 31 December 2018, TBANK and its financial institution subsidiary (Asset Management Company) had the amount of loans and accrued interest receivables classified in accordance with the BOT's guidelines of 701,652 million baht, increased from the previous year by 34,081 million baht or 5.11 percent. Allowance for doubtful accounts as of 31 December 2018, was 21,117 million baht and total allowance for doubtful accounts to loans and accrued interest receivable was 3.01 percent.

Loans Classified by the BOT's Regulations

(Unit: Million Baht)

	Loans and Accrued Interest Receivables		Allowance for Doubtful Accounts	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
Normal	656,396	624,828	4,127	3,310
Special Mention	27,759	26,304	2,438	2,336
Substandard	4,602	5,938	1,617	2,219
Doubtful	3,171	2,672	1,155	823
Doubtful of Loss	9,724	7,829	3,562	3,013
Total	701,652	667,571	12,899	11,701
Additional Allowance for Doubtful Accounts			8,218	10,017
Total Allowance for Doubtful Accounts			21,117	21,718
Ratio of Total Allowance for Doubtful Accounts to Loans and Accrued Interest Receivables (Percent)			3.01	3.25

1.3 Non-performing Loans

As the market and economic conditions were recovering, TBANK and its subsidiaries managed NPLs through systematic and effective control. NPLs as of 31 December 2018 were 19,329 million baht, an increase of 1,221 million baht or 6.74 percent from the end of the previous year. As a result, NPL ratio of TBANK and its subsidiaries was at 2.30 percent, stable from the end of last year. On separate financial statements, NPLs increased by 1,493 million baht from the end of last year. Consequently, NPL ratio of TBANK was at 2.02 percent, an increase from 1.94 percent at the end of last year.

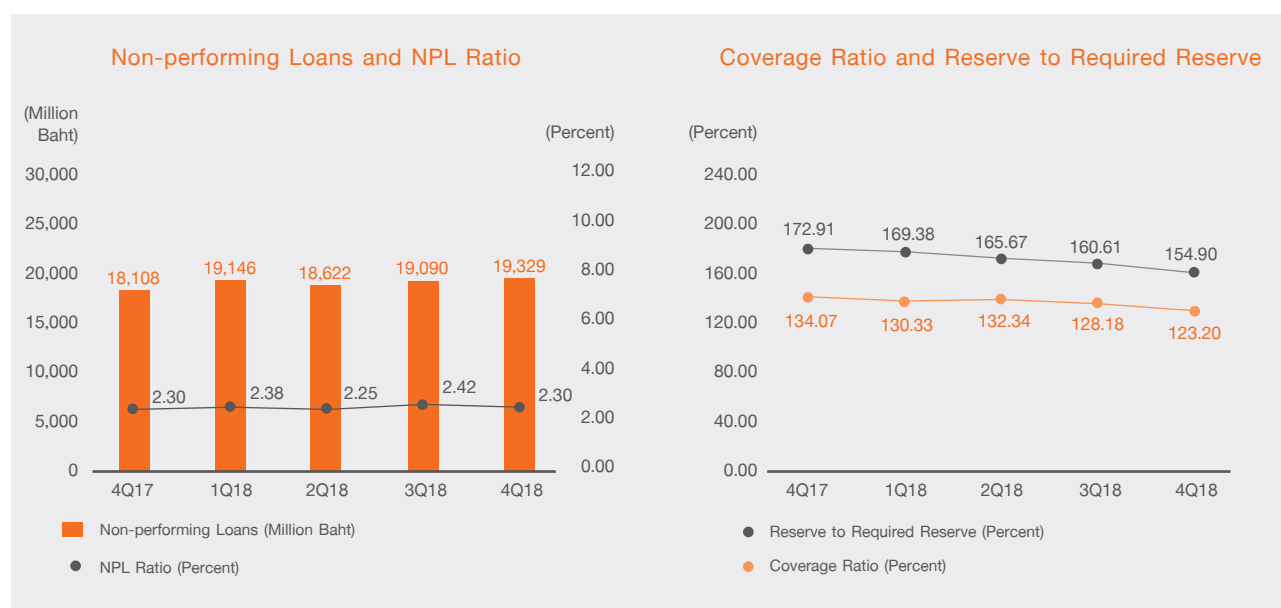
Coverage ratio of TBANK and its subsidiaries as of 31 December 2018 was at 123.20 percent. TBANK and its subsidiaries had an excess reserve of 8,439 million baht according to the BOT's regulations, and a reserve to required reserve under the BOT's regulations was at 154.90 percent. Coverage ratio of TBANK as of 31 December 2018 was at 124.72 percent. TBANK had an excess reserve according to the BOT's regulations of 7,820 million baht and a reserve to required reserve under the BOT's regulations of 165.07 percent.

Non-performing Loans

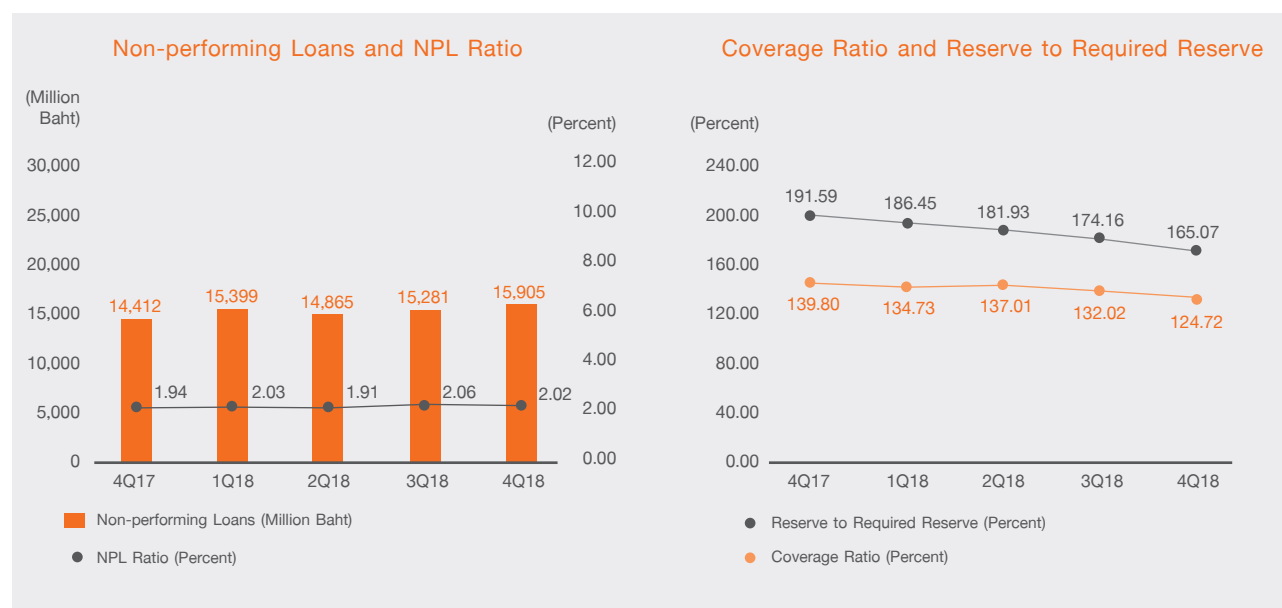
	TBANK		TBANK Consol.	
	31 December 2018	31 December 2017	31 December 2018	31 December 2017
NPLs (Million Baht)	15,905	14,412	19,329	18,108
Total Allowance for Doubtful Accounts * (Million Baht)	19,837	20,149	23,812	24,278
NPL-gross to Total Loans (Percent)	2.02	1.94	2.30	2.30
NPL-net to Total Loans (Percent)	1.24	1.19	1.22	1.19
Reserve to Required Reserve by the BOT (Percent)	165.07	191.59	154.90	172.91
Coverage Ratio (Percent)	124.72	139.80	123.20	134.07

Note: * Including revaluation allowance for debt restructuring

Consolidated Financial Statements



Separate Financial Statements



2. Investments in Securities

In 2018, TBANK and its subsidiaries had a total amount of investments in securities of 161,078 million baht. A major portion of approximately 69.97 percent was in government and state enterprises securities, followed by 13.83 percent in private corporate debt securities. After adding (deducting) allowance for change in value and allowance for impairment, net investments decreased from 167,368 million baht in 2017. Details of securities investments are as follows:

Securities Investments Classified by Types of Instruments

(Unit: Million Baht)

Type of Investments	31 December 2018	Percent	31 December 2017	Percent
Debt Securities				
Government and State Enterprises Securities				
• Trading	12,300	7.64	9,119	5.45
• Available-for-sale	100,009	62.09	113,782	67.98
• Held-to-maturity	381	0.24	42	0.03
Private Debt Securities				
• Trading	693	0.43	232	0.14
• Available-for-sale	21,361	13.26	24,009	14.35
• Held-to-maturity	220	0.14	240	0.14
Foreign Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	17,385	10.79	10,441	6.24
• Held-to-maturity	-	-	-	-
Equity Securities				
Listed Securities				
• Trading	1,079	0.67	1,749	1.04
• Available-for-sale	4,464	2.77	3,147	1.88
Investment in Receivables Purchased				
• Held-to-maturity	-	-	-	-
Other Investments	3,640	2.26	3,662	2.19
Total Debt Securities	161,532	100.29	166,423	99.44
Add (less): Allowance for Change in Value	(446)	(0.28)	955	0.57
Allowance for Impairment	(8)	(0.01)	(10)	(0.01)
Total Investments - net	161,078	100.00	167,368	100.00

Liquidity

As of 31 December 2018, loans to deposits and debts issued and borrowings ratio of TBANK and its subsidiaries was 94.75 percent, slightly improved from 94.19 percent at the end of 2017. This was due to liquidity management in coherent with market condition. TBANK still maintained its strong liquidity with liquid and low risk asset portion in high level.

TBANK also put focus liquidity management. In this connection, TBANK proceeded on the implementation of the Liquidity Coverage Ratio (LCR) standard and currently has been maintaining its liquidity level to support the standard in accordance with the Basel III. As of 31 December 2018, TBANK's LCR ratio was more than 100 percent, higher than the regulated requirement of the BOT of 80 percent.

At the end of 2018, TBANK and its subsidiaries had net cash flows used for operating activities of 9,304 million baht, received from investing activities of 13,193 million baht, and used in financing activities of 4,323 million baht, attributed to a net decrease in cash and cash equivalents of 434 million baht. At the end of 2018, TBANK had an amount of 11,019 million baht in cash and cash equivalents. Key items consisted of the followings:

- Cash flows from operating activities were mainly from an increase in loans to customers of 53,303 million baht offset by an increase in deposits of 35,882 million baht and a decrease in properties foreclose of 6,242 million baht.

- Cash flows from investing activities were mainly from a decrease in investments in securities held for investments of 10,346 million baht.

- Cash flows used in financing activities were spent on repayment of borrowings of 10,749 million baht and dividend payment of 6,247 million baht. Cash received from borrowings was 14,520 million baht.

(Unit: Million Baht)

Major Changes Items	2018	2017
Net Cash Flows Received from (used in) Operating Activities	(9,304)	2,615
Net Cash Flows Received from Investing Activities	13,193	14,195
Net Cash Flows used in Financing Activities	(4,323)	(17,434)
Net Decrease in Cash	(434)	(624)
Cash at Beginning of the Year	11,453	12,077
Cash at End of the Year	11,019	11,453

Relation between Source and Use of Fund

In 2018, TBANK and its subsidiaries's sources of fund from deposits and borrowings amounted to 752,160 million baht and 43,079 million baht, respectively. Uses of funds in giving loans were 753,498 million baht and investments before allowance for change in value were 161,532 million baht. List of sources and uses of major funds by remaining tenor as of 31 December 2018, the record date of the financial statements, are as follows:

Type	At Call		Less than 1 Year		Over 1 Year		Unspecified		Total	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sources of Funds										
Deposits	364,977	45.90	342,847	43.11	44,336	5.58	-	-	752,160	94.58
Borrowings	334	0.04	5,600	0.70	37,145	4.67	-	-	43,079	5.42
Total Sources of Funds	365,311	45.94	348,447	43.81	81,481	10.25	-	-	795,239	100.00
Uses of Funds										
Loans ⁽¹⁾	40,263	4.40	187,204	20.46	526,031	57.49	-	-	753,498	82.35
Investments	5	-	69,153	7.56	83,190	9.09	9,184	1.00	161,532	17.65
Total Uses of Funds	40,268	4.40	256,357	28.02	609,221	66.58	9,184	1.00	915,030	100.00

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

From the breakdown of sources and uses of funds by remaining tenor of the financial statements as of 31 December 2018, sources of funds consisted of a major portion of deposits at call of 45.90 percent and deposits reaching maturity less than 1 year of 43.11 percent of total sources of funds. Whereas the uses of funds consisted of a major portion of loans with remaining tenor of over 1 year of 57.49 percent and loans with remaining tenor of less than 1 year of 20.46 percent of total uses of funds. However, this incongruence between the sources and uses of funds is commonly found in the industry of commercial banks and financial institutions as most depositors tend to keep the matured cash deposited after the due date. Furthermore, TBANK had formulated policies to minimize such discrepancy between the sources and uses of funds using financial instruments to efficiently manage risks that TBANK would receive warning signals in advance in case of possible impact on the sources and uses of funds.

Commitments

As of 31 December 2018, TBANK and its subsidiaries had total commitments of 87,106 million baht, an increase of 3,910 million baht or 4.70 percent from 83,196 million baht at the end of December 2017. This was mainly due to an increase of other obligations as shown in the table below.

(Unit: Million Baht)

	31 December 2018	31 December 2017	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	303	115	188	163.48
Liabilities under Unmatured Import Bills	283	270	13	4.81
Letter of Credits	759	1,045	(286)	(27.37)
Guarantees of Loans	2,402	2,291	111	4.85
Other Obligations				
Committed (but not Drawn) Overdraft	22,341	23,832	(1,491)	(6.26)
Others	61,018	55,643	5,375	9.66
Total	87,106	83,196	3,910	4.70

Capital Adequacy

As of 31 December 2018, TBANK's capital funds totaled 131,859 million baht, of which an amount of 104,481 million baht was Tier I capital and 27,378 million baht was Tier II capital. The capital adequacy ratio was at 19.45 percent compared to 18.94 percent at the end of 2017. Out of total, Tier I ratio accounted for 15.42 percent while Tier II ratio accounted for 4.03 percent.

However, the capital adequacy ratio of TBANK was well over the minimum requirement of the BOT of not below 10.375 percent. Details are as follows:

Capital Adequacy Ratio

	31 December 2018		31 December 2017	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	104,481	15.42	98,209	14.81
Total Capital	131,859	19.45	125,527	18.94

Thanachart Securities Public Company Limited

Average daily trading volume of TNS in 2018 was 3,152 million baht, a decrease from 3,388 million baht in the previous year. Market share of securities trading was at 3.11 percent, a decrease from the previous year of 3.78 percent. The trading volume could be divided into 50.56 percent of retails, 36.23 percent of institutions, and 13.21 percent of foreign investors.

Net profit for the year ended 31 December 2018 amounted to 593 million baht, a decrease of 16 million baht or 2.63 percent from the previous year. Total income decreased by 6.14 percent, due to the brokerage fees which decreased in line with the trading volume of the stock market during the period. At the same time, fees and service income also decreased. However, interest income on margin loans increased from higher credit balances. Total expenses declined by 8.14 percent which was in line with the decrease in total income and the company's cost control policy.

As of 31 December 2018, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 37.74 percent, higher than the minimum requirement regulated by SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Fund Management Company Limited

As of 31 December 2018, TFUND had assets under management of 221,360 million baht, a decrease of 7,230 million baht or 3.16 percent from the end of 2017, due to the redemption of fixed income funds. Assets under management comprised of 86.59 percent mutual funds, 7.28 percent provident funds, and 6.13 percent private funds.

Mutual fund business of TFUND ranked 8 with market share of 3.83 percent. Provident fund business ranked 13 with market share of 1.43 percent while private fund business ranked 12 with market share of 1.37 percent.

For operating results in 2018, TFUND had a net profit of 654 million baht, an increase of 228 million baht or 53.52 percent from that of the previous year. This was due to an increase in fund management fees of equity funds which increased at the beginning of the year.

Thanachart Insurance Public Company Limited

In 2018, TNI had total insurance premium of 7,987 million baht, an increase of 481 million baht or 6.41 percent from the previous year. The increase was due to higher sales volumes through the Bank's branches, dealers and brokers.

For operating results, TNI had a net profit in 2018 of 1,042 million baht, a decrease of 9 million baht or 0.86 percent from the previous year. This was due to higher claims and increasing in its operating expenses.

TS Asset Management Company Limited

TS AMC Company Limited has been managing non-performing debts in accordance with the policy and business plan of Thanachart Group continuously. As a result, on 31 December 2018, TS AMC's total assets were 2,498 million baht, a decrease of 11 million baht or 0.44 percent from the end of last year.

For operating result in 2018, TS AMC had a net profit of 237 million baht, an increase of 27 million baht or 12.86 percent from the previous year. This was mainly due to the fact that there were gains on debts repayment, gains on debts transferred, and gains on selling NPA.

Ratchthani Leasing Public Company Limited

As of 31 December 2018, THANI has still had a strong financial structure thanks to the domestic economic growth. THANI's total assets were 47,531 million baht, an increase of 8,039 million baht or 20.36 percent from the end of the previous year. THANI had hire purchase loans and financial leases in the amount of 46,412 million baht, an increase of 7,813 million baht or 20.24 percent. This was mainly from an increase in truck hire purchase. Moreover, the hire purchase loans accounted for 97.64 percent of the total assets. Total liabilities and shareholders' equity were 40,336 million baht and 7,195 million baht, respectively.

Net profit for the year 2018 amounted to 1,641 million baht, an increase of 515 million baht or 45.74 percent from the previous year. Total income amounted to 3,827 million baht, an increase of 520 million baht or 15.97 percent. This was

due to the fact that THANI has been able to maintain its hire purchase market share. At the same time, financial costs were 870 million baht, a decrease of 13 million baht or 1.47 percent, due to the acquisition of low cost borrowings to support new lending in the year 2018. Provision expenses amounted to 403 million baht, a decrease of 121 million baht or 23.09 percent from the previous year, due to the improvement of its asset quality. However, such provision expenses have already included in general provision that THANI decided to add on for supporting the IFRS9 implementation in 2020.

MBK Life Assurance Public Company Limited

As at 31 December 2018, MBK LIFE's total assets amounted to 9,782 million baht, a decrease of 828 million baht or 7.80 percent from the end of 2017.

MBK LIFE had a net loss for the year 2018 in the total amount of 63 million baht, comparing to a net profit of 30 million baht in the year 2017. The main factor affecting its performance was an increase in net insurance premium of 424 million baht while investments income decreased by 248 million baht which was an impact from losses on fair value adjustments compared to that of 2017. Insurance expenses increased from a year earlier by 303 million baht, due mainly to increases in benefits paid under insurance policies and net claims of 652 million baht. Insurance reserve for long-term insurance policies decreased by 467 million baht, due to the fact that the Zero Coupon Yield of the government bonds using to calculate insurance reserve according to the Gross Premium Valuation (GPV) increased from the end of 2017.

NFS Asset Management Company Limited

As at 31 December 2018, NFS AMC had total assets in the amount of 1,035 million baht, a decrease of 258 million baht or 19.95 percent from the end of the previous year.

NFS AMC's net profit for the year 2018 amounted to 14 million baht, a decrease of 10 million baht or 41.67 percent from the previous year. Operating income amounted to 93 million baht, mainly from gains on property foreclosed of 99 million baht and gains on investments of 8 million baht. At the same time, other operating expenses amounted to 31 million baht and impairment loss of loans and debt securities amounted to 32 million baht.

MAX Asset Management Company Limited

As at 31 December 2018, MAX AMC had total assets in the amount of 1,014 million baht, an increase of 269 million baht or 36.11 percent from the end of the previous year.

MAX AMC's net profit for the year 2018 amounted to 201 million baht, an increase of 156 million baht or 346.67 percent from the previous year. Operating income amounted to 288 million baht, mainly from gains on debt settlement/ assets transferred for debt settlement of 299 million baht and gains on property foreclosed of 10 million baht. At the same time, other operating expenses were 28 million baht; impairment loss of loans and debt securities amounted to 11 million baht; and income tax was 48 million baht.



NATURE OF BUSINESS OPERATION

Overview of Business Operation

The Company is the parent company of Thanachart Financial Conglomerate. The companies under the conglomerate are classified by their type of business into two groups as follows: (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business, and leasing business and (2) supporting business group consisting of brokerage business, service business, and training business, with TBANK being the main operating business. As a whole, it is a group that offers fully integrated financial services, with each type of business and operation being clearly separated and supporting one another. As regards distribution channels, the conglomerate's financial services are given mainly through TBANK's branch network and service channels. In this connection, the details of each company's business operation are as follows:

Companies of Thanachart Financial Conglomerate

Member companies of Financial Business Group

1. **Thanachart Capital Public Company Limited** operates as the holding company and thus is the parent company of Thanachart Financial Conglomerate.

2. **Thanachart Bank Public Company Limited** operates commercial banking business and other businesses permitted by the BOT, which include non-life insurance brokerage, life insurance brokerage, and securities business consisting of securities brokerage, securities trading and selling of unit trusts, mutual fund supervisor, private fund custodian, bond broker-dealer, securities registrar, and gold futures contract trader.

3. **Thanachart Securities Public Company Limited** operates a full-license (Type Kor) securities business including securities brokerage (domestic and international), securities underwriting, investment advisory service, securities borrowing and lending, financial advisory service, unit trust underwriting and repurchasing, and securities registrar. In addition, it operates a full-service (Type Sor-1) derivatives business including derivative trading agent and derivative proprietary trading.

4. **Thanachart Fund Management Company Limited** is a joint venture between TBANK (holding 75 percent of the total shares) and the Government Savings Bank (holding 25 percent). As it operates businesses related to not only management of mutual funds, private funds, and provident funds, but also investment advisory business, the company could be considered one with fully integrated advisory services.

5. **Thanachart Insurance Public Company Limited** offers insurance services which cover non-life insurance services such as fire insurance, auto insurance, marine and transportation insurance, miscellaneous insurance, and investment business.

6. **MBK Life Assurance Public Company Limited** operates life insurance businesses by offering individual life insurance and group life insurance which serve as financial security as well as life and health protection coverage for individuals, institutional customers, and organizations through its distribution channels consisting of brokers such as TM Broker and others, groups of its employees, electronic channels and other sales channels that are not those of TBANK or TBANK's subsidiaries.

7. **Thanachart Group Leasing Company Limited** operates automobile hire purchase business. Currently, it has no new hire purchase agreements, except existing ones.

8. **Ratchthani Leasing Public Company Limited** offers hire purchase and financial leasing services for both new and used car markets for passenger cars, with focus on commercial vehicles such as pick-up trucks, taxis, trailer trucks, lorries, etc. It also operates other businesses connected to hire purchase as well as operating lease which is THANI's main business.

9. NFS Asset Management Company Limited operates asset management business. In this connection, it purchases or takes transfers of non-performing assets from financial institutions of Thanachart Group and other financial institutions.

10. MAX Asset Management Company Limited operates asset management business. In this connection, it purchases or takes transfers of non-performing assets from other financial institutions.

11. TS Asset Management Company Limited operates asset management business. In this connection, it takes transfers and manages non-performing assets, which include non-performing loans as well as property foreclosed, from SCIB and TBANK.

12. National Leasing Company Limited registered its business closure on 31 October 2017 and completed the registration for liquidation on 22 January 2019.

Member Companies of Supporting Business Group

1. Thanachart Management and Services Company Limited gives staffing support services in the form of service staff.

2. Thanachart Training and Development Company Limited organizes training activities for employees of Thanachart Group's member companies.

3. Thanachart Broker Company Limited operates Non-life insurance brokerage and Life insurance brokerage business, provides service for the car and motorcycle registration and annual registered tax to customers of Thanachart Group, recommend financial products of TBANK, provides service for the annual motor transportation tax and car insurance renewal to customers of hire-purchase from TBANK, provides service for the tax reminder and collection, and insurance fee and any related fee provide services for, and services the other businesses of non-life and life insurance businesses.

4. Security Scib Services Company Limited operates various supporting services for TBANK and member companies of Thanachart Group. Among others, these services include cleaning services, security services, messenger services, car rentals, and recruitment process outsourcing.

5. TM Broker Company Limited gives life and non-life insurance brokerage services. In particular, it introduces or offers general and life insurance products to MBK Group's customers and customer groups of Thanachart Group's member companies, business alliances of its shareholders but excluding

TBANK and subsidiaries of TBANK. It also organizes training activities for employees of member companies of Thanachart Group's financial businesses and member companies of MBK Group, trading partners, as well as employees of trading partners and members of the general public who are interested in becoming insurance brokers or agents.

6. MT Service 2016 Company Limited operates back office and business support services for member companies of Thanachart Financial Conglomerate.

7. RTN Insurance Broker Company Limited operates non-life insurance and life insurance business and other businesses that related with non-life and life insurance businesses by legal written.

History, Change, and Key Development

The Company received approval from the Finance Ministry to operate finance and securities business since 1974, using the name of Lee Kwang Min Trust Company Limited before the change of the name to National Finance and Securities Company Limited in 1980, with focus on giving services related to finance business and other financial services in a fully integrated manner through member companies of the group. Later in 1997, the securities brokerage business was separated from the Company and was operated under the name of National Securities Company Limited. The change was in line with the government policy on the separation of finance and securities businesses. On the part of the Company, its name was changed to "National Finance Public Company Limited".

Business Operation in Line with One Presence Policy

In 2005, the Company received approval from the Ministry of Finance through the BOT to reorganize Thanachart Group's business operations in line with the Ministry's One Presence Policy. In this connection, it transferred transactions related to deposit taking and lending to TBANK which was one of the Group's member companies. As a result, TBANK became the only one company of the Group to operate businesses of financial institution. In addition, the Company returned its finance business license to the Ministry of Finance in 2006. In consequence, the status of the Company was changed from a finance company to a holding company. As well, its name was changed to "Thanachart Capital Public Company Limited".

Establishment of Thanachart Financial Conglomerate in Line with Consolidated Supervision Regulatory Requirements

As financial institutions operated a diverse range of business operations in the form of networks or financial groups in order to enhance flexibility and meet customer needs, the BOT announced the Consolidated Supervision Regulatory Requirements. The objective was to develop the supervision of financial institutions in line with the nature of financial institutions' business operations. In this connection, the Company submitted an application for establishing a financial conglomerate. In this regard, the BOT gave approval on 21 December 2006 in line with the Consolidated Supervision Regulatory Requirements. As a result, the Company was the parent company of member companies of Thanachart Financial Conglomerate which operated finance business. As well, the Company held shares in the Group's member companies. Later in 2007, Thanachart Group announced the plan to reorganize the shareholding structures of the Group's member companies, making TBANK hold equity stakes in member companies of the Group, which operated finance business, replacing the Company.

Strategic Partnership with Bank of Nova Scotia

Scotiabank recognized potential for growth and competitiveness of TBANK and also member companies operating finance business, as well as Thanachart Group's professional management teams. As a result, it entered into an agreement with the Company to acquire equity stakes in TBANK, with the approval of the BOT. In 2007, Scotiabank held an equity stake in TBANK, which accounted for 24.98 percent of the total paid-up shares. Later in 2009, Scotiabank bought additional shares in TBANK, raising its equity stake to 49.00 percent of the total paid-up shares while the Company held a 50.92 percent equity stake in TBANK. Throughout the period of partnership, Scotiabank participated in supporting business operations and assigned its representatives with expertise in various areas to help manage TBANK. As a result, the potential for TBANK's business operations and competitiveness has been significantly enhanced. Later on 2 November 2011, Scotia Netherlands Holding B.V., a member company of Scotiabank Group, was requested to hold the equity stake in TBANK, in place of Scotiabank.

Acquisition of Siam City Bank and Entire Business Transfer

Thanachart Group saw the synergy potential in merging with Siam City Bank (SCIB) in the areas of human resources, information technology systems, sales and service channels, as well as the right mix of assets. In early 2010, TBANK participated in and won the bidding for buying all the SCIB shares held by the Financial Institution Development Fund (FIDF), which accounted for 47.58 percent of the total shares. In this connection, TBANK received approval from the BOT to hold all the paid-up shares (100 percent) of SCIB. Later, TBANK bought the SCIB shares from FIDF and also made a tender offer to buy the remaining shares from other shareholders, raising TBANK's equity-stake in SCIB to 99.95 percent of the total paid-up shares. In this connection, the SET announced that the shares of SCIB were voluntarily delisted from the stock exchange as from 13 December 2010.

Later, TBANK and SCIB jointly proposed the project for the transfer of SCIB's entire business to TBANK. In this connection, the BOT announced the approval of the project in the Government Gazette dated 10 March 2011. The approval was in line with the implementation of the Financial Sector Master Plan Phase 2 announced by the BOT, the objectives of which were to enhance stability and to raise the level of competitiveness of the financial institution system. Afterwards, SCIB transferred its entire business to TBANK and stopped operating its business as from 1 October 2011. Towards the latter part of November 2011, TBANK made a tender offer to buy SCIB shares from all retail investors. The objective was for the SCIB shareholders who wished to sell their shares before the liquidation of the company. In this connection, a number of shareholders sold SCIB shares to TBANK. As a result, the total SCIB shares held by TBANK amounted to 99.98 percent of the total paid-up shares. Later, SCIB adopted a resolution approving the change of its name to SCIB Public Company Limited and closed down in December 2011. The company completed the registration for liquidation on 20 April 2015.

Key Events in 2018

- On 25 April 2018, the Annual General Meeting of Shareholders for the year 2018 of the Company had a resolution to pay dividend to shareholders at the rate of 1.30 baht per share, amounting to 1,515 million baht. The dividend payment was made on

17 May 2018. Taking into account this round of dividend payment and the interim dividend payment worth 0.90 baht per share or 1,048 million baht, total dividend payment in 2017 amounted to 2.20 baht per share or 2,563 million baht.

- On 24 July 2018, the Board of Directors of the Company had a resolution to approve share repurchase project for financial management. The amount of share repurchase would not be more than 1,000 million baht and the repurchase period would be from 8 August 2018 to 7 February 2019. The total number of share repurchase would not be more than 79,296,648 shares, and after combining the aforementioned share repurchase with the previous share repurchase program of 41,350,000 shares bought from 10 February 2015 to 9 August 2015, the total number of share repurchase will be 120,646,648 shares or account for not exceeding 10 percent of total paid-up shares of the Company.
- On 27 August 2018, the Board of Directors of the Company had a resolution to decrease its paid-up shares due to the end of Treasury Stock Project in the amount of 41,350,000 shares, worth 1,400 million baht. The Company registered capital reduction of 413,500,000 baht with the Ministry of Commerce on 31 August 2018 which resulted in a decrease of registered and paid-up capital from 12,064,797,030 baht to 11,651,297,030 baht.
- On 24 September 2018, the Company's Board of Directors had a resolution to approve the payment of interim dividend for the first six-month of 2018 at a rate of 1.00 baht per share to all shareholders of the Company. The payment was made on 22 October 2018.

Awards Received in 2018

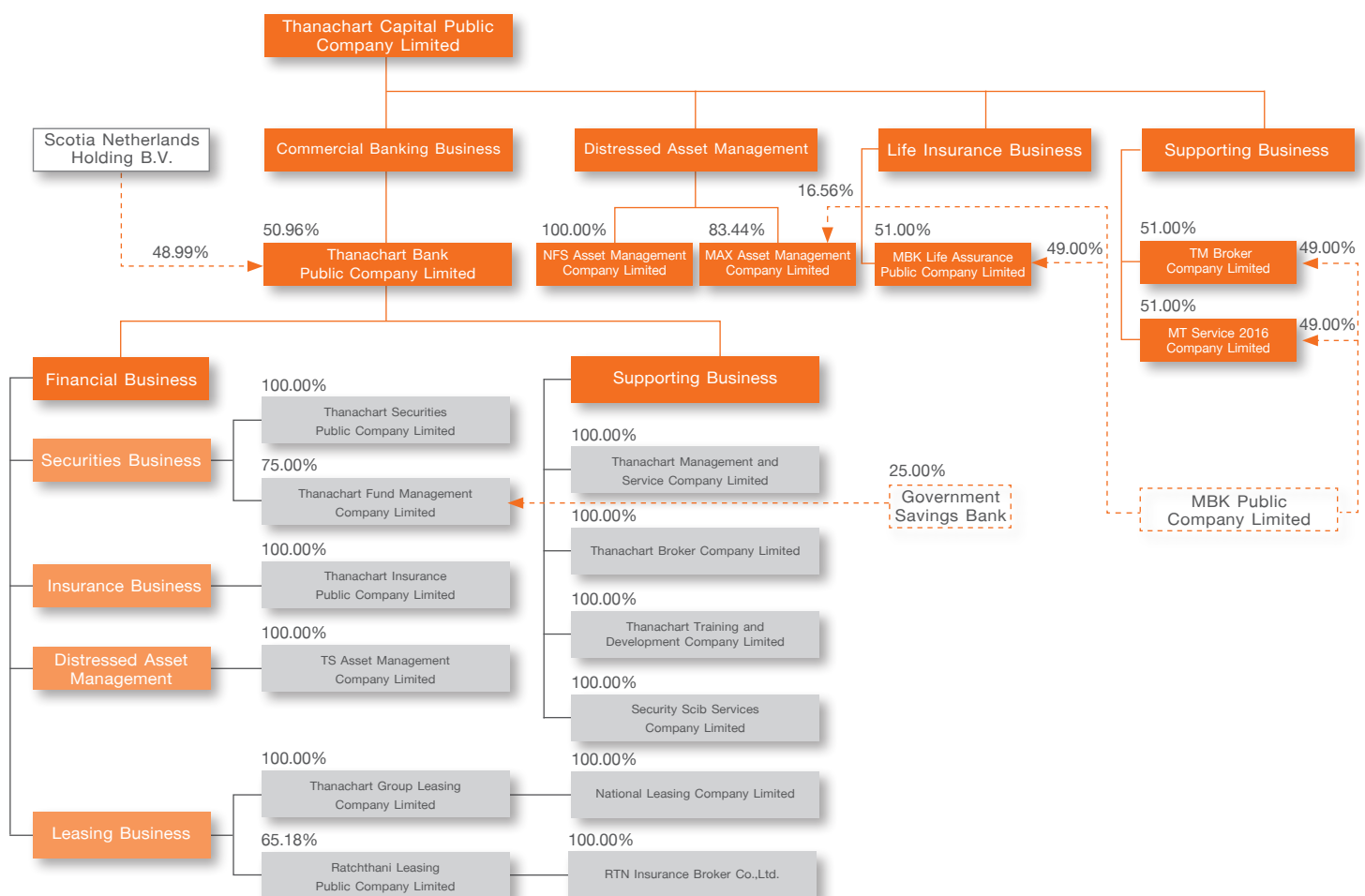
- TBANK won the "Best Bank for Auto Financing Thailand 2017" by Global Banking & Finance Review Magazine; the leading-financing businesses and banks magazine of England from London. The award was rated from many financial institutions all over the world by the researcher team.
- TBANK received the plaque of "Admire & Encouragement to the 'Orange-Staff' " by DSI as the token of the Thanachart employee at Udon-Dusit-Dee branch in Udonthani province in helping Miss Sophawan Sie-Lim, age of 74 years old, working as a Chinese-dumpling seller, who lost 500,000 baht to a Fake-First-Government-Lottery-Prize-Gang. It is the main goal of Thanachart Bank's social value policies "Customer Centric" to the care duty of benefits and needs of customer and protection privilege of customers.
- TBANK received The Asian Banker Thailand Country Awards 2018 in the category of The Best Automobile Lending Product of the Year in the area of the motor hire-purchase financial product, which TBANK had received the award in 2nd consecutive year from The Asian Banker; the leading Asian Regional financial institutions magazine, located in Singapore.
- TNS has received SET Awards 2018 for "Outstanding Derivative House Awards" for 2nd consecutive year as the outstanding derivative and best service company with the qualified analyst report by SET and Banking and Finance magazine.
- TFUND received "Morningstar Awards 2018" in the category of the Retirement Mutual Fund for Debt Equity to Thanachart-OPEN-END Retirement Mutual Fund (T-NFRMF) for 4th consecutive year since 2015-2018, and also awarded the said prize in 2013. The award is subsidized by SET, Association for Investment Management Companies (AIMC), and Morningstar Research (Thailand) Company Limited.
- TFUND won the "Outstanding Asset Management Company Award" at the SET Awards 2018. As regards, the Outstanding Asset Management Company Award, the year 2018 represented the 6th consecutive year in which the award was given to TFUND since (2013-2018). Ceremony was arranged by SET and Money and Banking magazine.

- TFUND received “Money & Banking Awards 2018” the Best Mutual Fund of the Year 2018 in the category of RMF Fixed Income to Thanachart-OPEN-END Retirement Mutual Fund (T-NFRMF), is subsidized by Money & Banking magazine for the annual best performance mutual fund of the year.
- TNI ranked as the first for the award of the outstanding insurance performance in the year

2017 by the Office of Insurance Commission (OIC) for 3rd-year consecutively and 7th-year of receiving this honorable awards consecutively. It is such greatly honorable awards that represented as the potential, effective, good governance, transparent, and financial stable company in the insurance industry. It also represented the sustainable social responsibility in the future and ensured that customers will receive the best service.

Shareholding Structure of Thanachart Group

As of 31 December 2018



- Notes:** 1) The Company has voting right proportional to its shareholding.
2) National Leasing Company Limited was liquidated completely on 22 January 2019.

Policies and Strategies in Business Operations of Thanachart Group

Thanachart Group aims to drive and advance continuously at being an organization with high capacity and flexibility in delivering excellent customer experience and being the customer's main bank by offering complete financial products, services, and innovations through various distribution channels. This is to fulfill all of customers' financial needs in the digital era under the vision ***“to be one of the leading financial institutions that provides fully integrated solutions to our customers' complete financial needs by offering the highest quality products, services, and advice”***. The vision is comprised of the following three main concepts: universal banking, customer centricity in the development of products and services for each group of customers, and the collaboration of all business units in delivering excellent experience to customers.

In addition to the strength gained from collaboration among its members, Thanachart Group has been continuously receiving full support from its business alliance, Scotiabank, in terms of knowledge, expertise, and financial innovations which are very beneficial to the development of work systems and processes, information technology, innovation, and financial services of Thanachart Group. The support also ensures that they incorporate the latest trends. Among others, these work systems and procedures include the following: Customer Relationship Management (CRM) for sales and services, which is an important work system for enhancing quality advisory services and ensuring that the products introduced to customers meet their needs; LEAP system for internet banking and mobile banking, which is a safe and secure system and helps make TBANK a leading digital bank capable of having access to and accommodating changes in customer lifestyle; Loan Origination System (LOS) which is a modern loan application processing system for enhancing quality of TBANK's loan approval by making it accurate, efficient and for reducing risks arising from non-performing loans; continuous development of credit scoring in order to enhance effectiveness in assessing credit and managing credit risk and to enhance efficiency in managing relationship with customer, which in turn results in satisfaction and good experience for customers, let alone the increase in the ownership of products which in turn helps raise TBANK's income.

In 2019, Thanachart Group policies and management approaches place importance on providing services to customers with a fast and focused principle. The Group prioritizes maintaining the position as the leader in the automotive lending industry, developing relationships with SME customers, growing Main Bank customers and adhering to the corporate culture of strict risk management. Thanachart Group has laid out its strategies and directions as below:

1. Reorganizing the executive chart and establishing new business units in response to the Business Plan and the Customer Journey to be able to deliver financial products and services efficiently, and meet the customers' demands in every channel of Thanachart Group.

2. Being a data-driven organization by leveraging data to create business values in forms of acquisition, retention, and deepening.

3. Developing and improving the end-to-end process for agility and adopting automation for quicker and more accurate customer services.

4. Developing people to be professional and able to provide financial advice and solutions by focusing on knowledge and new set of skills both in terms of up-skill and re-skill of the employee in alignment with a more complicated financial environment during the digital era and changing customers' demand.

Moreover, Thanachart Group communicates its business strategies to employees at all levels in every work unit. The objective is for all employees to work together dedicatedly to realize the vision and help the Group achieve the established goals in an efficient manner. In this regard, emphasis is placed on three business philosophies as follows:

1. Having confidence in employees: Thanachart Group is confident that its employees are the most valuable resources and recognizes that Thanachart Group's growth is largely due to the capability and honesty of its human resources.

2. Dedicating oneself to excellence: Thanachart Group attaches great importance to achievement of excellence.

In this connection, it continuously promotes development and improvements, through creation of various innovations amidst fast-paced technological change.

3. Paying attention to social responsibility: Thanachart Group has been paying close attention to Corporate Social Responsibility.

Policy on Division of Operational Functions among Member Companies of Thanachart Group

Being a parent company of Thanachart Financial Conglomerate with a controlling interest (i.e. holding more than 50 percent of issued and paid-up capital), the Company has adopted the following policies and approaches in managing the member companies of the Group.

Business Policies

The Company and TBANK are responsible for establishing key business policies of Thanachart Group annually. Each subsidiary company is required to formulate business plans and budgets for 3-5 years and submit them to the parent company for consideration, in order to ensure that they are in alignment with the established key business policies. The business plans and budgets are also subject to evaluation and review regularly. The objective is to ensure that they are in line with the changing business competition.

In 2018, the Company's Board of Directors Meeting No. 1/2018 dated 22 January 2018 considered and approved of the Business Plan and Budgets for the years 2018-2020.

Supervision of Subsidiary Companies

The Directors and high-ranking executives of the Company and TBANK are assigned to sit on the boards of directors of the subsidiary companies. The arrangement not only enables the Company and TBANK to assist the subsidiary companies in establishing their policies and in determining their business direction, but also ensures the close supervision of the subsidiary companies business operations. The details are as follows:

Subsidiary Companies of TBANK

Chief executive officers of the subsidiary companies of TBANK are required to present a monthly performance report to the Executive Committee and the report is summarized to TBANK's Board of Directors.

Member Companies of Thanachart Group

Finance Departments of the Company and TBANK are assigned to prepare the financial statements and the operating results of the Company and the member companies of Thanachart Group and report to the Executive Committee and the Company's Board of Directors on a monthly basis.

Centralized Support Services

It is the policy of Thanachart Group to put each of the support services together in one company which will be responsible for providing services to all other member companies of the Group. The purpose is to maximize benefits within the existing resources including expertise of operations staff, various information technology systems, and reducing staffing costs. The centralized support services are available now within Thanachart Group include information technology, personnel, systems and regulatory development, compliance, operations control, business control, electronic services, administration and procurement, legal and appraisal services, as well as retail debt collections and collections brokerage which are in line with the laws and authorities concerned.

Internal Control, Audit, and Corporate Governance of Parent Company and Member Companies of Thanachart Group

Thanachart Group places strong emphasis on internal control. The Group adheres to the principle of adequate and appropriate internal control by establishing procedures for the conduct of business, provision of services, and operations. The Group also separates the duties and responsibilities of each unit from those of others, based on a system of checks and balances. In addition, it puts in writing the announcements, order mandates, and rules and regulations covering key business areas and operations. This information is also disclosed to all staff in such a way that they can always study them in order to gain a full understanding.

As regards the internal audit, the Internal Audit Departments of TBANK and the Company are responsible for auditing business operation of all member companies of Thanachart Group, ensuring that they comply with the regulations and the established work systems. The Internal Audit Group also assesses errors and defects in operations in order to propose corrective measures for improvement. In addition, Thanachart Group has established a Compliance Unit of TBANK and the member companies of the Group for monitoring and studying laws, notifications, and orders related to the Group's business affairs and operations and disseminating the information to the staff. The Compliance Unit is also responsible for ensuring that the conduct of business affairs of the member companies of the Group is in compliance with the legal requirements.

Moreover, the audit committee of each company is responsible for governing, controlling, and auditing their respective business operations. The audit committee is also allowed to carry out its duties and give its opinions in a manner independent of the management of each company. The purpose is to ensure that internal control and audit systems are effective and that the financial statements are properly reviewed. As regard corporate governance of member companies of the Group, the Internal Audit Departments of TBANK and the Company are responsible for summarizing the audit report of the member companies of the Group. As well, the report of the authorities concerned is required to present to the Audit Committee for acknowledgement and giving opinions as well as guiding the direction.

As regards the corporate governance, the Boards of Directors of the Company and the member companies in the Group place strong emphasis on the good corporate governance both at the level of the Boards of Directors and the level of sub-committees. Non-executive Directors (including the Independent Directors) are appointed to the Boards of Directors to provide effective checks and balances on the powers of executive directors. The established scopes of responsibilities of the Boards of Directors are also in line with the principles of good corporate governance promoted by the authorities concerned. In addition, the Boards of Directors of the Company and subsidiary companies have established the Corporate Governance Policy and the Code of Conduct which the Directors, executives, and staff of the member companies of

Thanachart Group are required to adhere to. Focus is given to integrity, transparency, and avoidance of any conflict of interest.

Risk Management

The Company ensures that the member companies of the Group analyze and assess various risks of their business operations and that the risks are properly managed in line with the guidelines given by the authorities concerned. In addition, the Company conducts analysis of the key risks faced by the member companies of the Group which may need direct financial or management support from the Company. The report on risk factors and risk status is prepared and monthly reported to the Risk Management Committee and the Boards of Directors of member companies of Thanachart Group. The established risk management policy of Thanachart Financial Conglomerate is in line with the guidelines given by the BOT.

Income Structure of the Company and Its Subsidiaries

The Income structure of the Company and its subsidiaries based on the consolidated financial statements as of 31 December 2018, 2017, and 2016 was as follows:

(Unit: Million Baht)

	For the year ended 31 December					
	2018		2017		2016	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest Income						
Interbank and Money Market Items	1,779	4.03	1,391	3.27	1,347	3.31
Investments and Trading Transactions	257	0.58	238	0.56	220	0.54
Investments in Debt Securities	2,689	6.09	3,191	7.49	3,571	8.77
Loans to Customers	17,579	39.79	17,786	41.78	18,362	45.12
Hire Purchase and Financial Lease	24,255	54.91	22,075	51.85	21,708	53.34
Total Interest Income	46,559	105.40	44,681	104.95	45,208	111.08
Interest Expenses	15,792	35.75	15,511	36.43	16,740	41.13
Net Interest Income	30,767	69.65	29,170	68.52	28,468	69.95
Non - interest Income						
Net Fees and Service Income	6,658	15.07	5,890	13.84	5,888	14.47
Gains on Trading and Foreign Exchange Transactions	310	0.70	665	1.56	459	1.13
Gains on Investments	459	1.04	1,908	4.48	1,061	2.61
Share of Profit from Investments Accounted for Under Equity Method	543	1.23	337	0.79	395	0.97
Gains (Losses) on Property Foreclosed and Other Assets	588	1.33	52	0.12	(48)	(0.12)
Net Insurance / Life Insurance Income	2,808	6.36	2,605	6.12	2,659	6.53
Dividend Income	502	1.14	557	1.31	496	1.22
Other Operating Income	1,540	3.48	1,388	3.26	1,321	3.24
Total Non - interest Income	13,408	30.35	13,402	31.48	12,231	30.05
Net Operating Income	44,175	100.00	42,572	100.00	40,699	100.00

Commercial Banking Business

Thanachart Bank Public Company Limited

Characteristics of Products and Services

TBANK operates its commercial banking business in compliance with Financial Institution Business Act B.E. 2551 and other relevant notifications issued by the BOT. It also acts as investment unit distributor for mutual fund, securities brokerage, life/non-life insurance brokerage agent, financial advisor, bond representative, and custodian service.

As of 31 December 2018, TBANK has a total of 512 branches, 24 currency exchange booths of which 11 booths are booths in branch and 13 booths are stand alone booths, 1,780 Automatic Teller Machines (ATMs), 25 Recycling Machine, 108 Multi-Function Machines, and 89 Passbook Update Machines.

Groups of Products and Services

TBANK continues to improve and develop its products and services to better serve the various needs of the customers. Its five main groups of product and service include the following:

Group 1 Deposits Products

Characteristics of Product and Service

Deposits products are offered to both individual and corporate customers. There are six main types of deposits products including savings deposit, fixed deposit, negotiable certificate of deposit, tax free deposit, current deposit, and foreign currency deposit.

Market and Competition

In an effort to constitute customer satisfaction in using TBANK as the main bank, develop various transaction channels, and boost convenience and speed, TBANK continually maintains its focus on expanding customer base and strives to develop products that match the demands of every customer segment. In this way, customers can transact at their own convenience and enjoy flexibility in their lifestyle.

Hence, TBANK offers Freever-Lite, a savings account, which provides features such as inquiring balance/withdrawing cash from all ATM booths, in all banks throughout Thailand, with zero fees for unlimited number of bill payments and inter-bank money transfers via TBANK's ATM booths and Thanachart Connect Mobile App. This enables customers to save transaction fees on withdrawals, transfers, payments - all in one account.

To meet the changing lifestyle of customers in electronic financial transactions, TBANK developed the e-SAVINGS account, an electronic savings account giving high interest rate. The e-SAVINGS allow customers to carry out unlimited number of deposit/withdrawal transactions anytime, anywhere via Thanachart Connect Mobile App and Thanachart iNet.

In addition, to meet economic conditions and provide alternatives in managing savings, TBANK offers Ultra Savings, a savings account giving interest rates comparable to fixed deposits. With Ultra Savings, customers can receive high interest and receive flexibility in withdrawing money. Moreover, to promote the government's concept of growing the economy sustainably and thoroughly, TBANK issued the Basic Banking Account, in an effort to cater financial services to all sectors by facilitating basic financial services for state welfare cardholders or those aged 65 years and above.

Group 2 Lending Products

2.1 Corporate Loans

Characteristics of Product and Service

Corporate Loans are used to fund the business and used as working capital which the customers can choose from different types of loan products.

1) Wholesale Banking: TBANK's products and services are developed to accommodate the requirements of corporate customers. Various forms of credit facilities are available such as the single account scheme with low interest, financial aid program for business operators in the three most southern border provinces, project finance, trade finance, and financial advisory service. These also include the debt and capital market aspect which is debenture issuance and

fundraising to be listed in the SET. Furthermore, customers are offered risk management products such as Interest Rate Swap (IRS), Forward Contract and Foreign Currency SWAP to hedge against volatile interest or exchange rates. In addition, cash management is offered to meet individual demands.

2) Commercial Banking: TBANK offers commercial banking customers with flexible and diverse loans based on each customer's needs. This includes transformation loans for business strengthening (Soft Loans for Machinery Modification Phase 2), a business loan that gives special interest rates for SME entrepreneurs in the S-Curve 10 targeted industries, in an effort to boost efficiency for SME entrepreneurs. Another loan program, the SMEs credit guarantee service under the revised Portfolio Guarantee Scheme 6 (PGS6), helps potential entrepreneurs who need credit lines but lack collateral to have access to loans from financial institutions. In addition, this also aids and promotes liquidity for entrepreneurs. Moreover, TBANK supports the financial aid program for business operators in the three most southern border provinces; the single account scheme, which gives low-interest loans; Top Up facilities, which are additional limits for overdraft customers to use as working capital; and letters of guarantee for enterprises or individuals who need to guarantee performance for public and private companies. Aside from this, TBANK also services customers with cash management.

3) SME-S: SME-S loans are loans that have a limit of 20 million baht and are offered to small businesses. These loans range from term-loans, overdrafts (OD), promissory notes (PN), to letters of guarantee (LG). These SME loan programs are offered through TBANK's branches; therefore, branches are responsible to effectively care and service customers. An SME loan specialist is also situated in every district to coordinate with TBANK's branches so that the needs of SMEs customers and business customers are efficiently served.

Market and Competition

Due to the great and dispersed number of SME customers throughout the country, operational and credit policies have been designed to mirror those of retail borrowers. Three diverse product groups have been designed to cater to the needs of retail borrowers: 1) "SME Dai Jai", with a

credit limit of 3 million baht, is geared to customers with limited revenue documents and income proof. In this case, the Bank would send an officer to aid in assessing the business' revenue. 2) "SME Biz Smart", with a credit limit of 20 million baht, is geared to customers who need products that meet all financial aspects: savings account, loans, non-life & life insurance, with special interest rates. 3) "SME Single Account", with a credit limit of 20 million baht, is geared to juristic customers using a single account, with a special interest rate of 5 percent for the first two years.

For Corporate Banking and Commercial Banking, TBANK still keeps its focus on retaining good relationships and offering integrated financial products, e.g. loans, trade finance, and cash management to suit the demands of each customer. One example is PTT Dealer Financing, cooperation between Wholesale Banking and PTT Public Company Limited, where TBANK recommended and jointly developed loan products to support PTT Dealer Financing operators in providing a well-rounded credit line, both for long-term loans and working capital to TBANK's Commercial Banking customers.

In addition, TBANK also developed service efficiency, integrating digital technology in issuing an e-LG: PEA, to facilitate and accelerate services for consumers between TBANK and the Provincial Electricity Authority (PEA). The issuance of guarantees, e-Guarantees, letters of guarantee are to guarantee biddings, contracts, operational results, and utility payments. This includes e-GP service, which is an electronic guarantee service and payment service for electronic tender documents under the e-Government procurement of the Comptroller General's Department.

2.2 SME Auto Loans

Characteristics of Product and Service

TBANK offers floor plan financing to car dealers who need to use their credit lines to purchase cars, and automotive business entrepreneurs who have short-term financial needs with the proceeds of the loans to be used as their working capital or for enhancing their liquidity position as well as those who have long-term financial needs with the proceeds of the loans to be used for business expansion or reducing funding cost such as fleet, financial lease, etc.

Market and Competition

TBANK provides loan services to new car dealers, concentrating on automobile business partners in the captive wholesale finance sector, for the growth of car dealership loans. For the fleet and financial lease sector, TBANK focuses on providing services through existing customers with high potential and financial soundness, concentrating on those who operate cars on large-scales, such as car rentals and transport.

2.3 Trade Finance

Characteristics of Product and Service

TBANK provides a full range of trade finance products and services including Import L/C Issuance, Trust Receipt, Collection Agency of D/P and D/A for oversea buyers, Packing Credit, Export Bill Purchased/Discounted, Export Bill for Collection, Letter of Guarantee, Stand-by L/C, and oversea money transfer.

Market and Competition

The key focus is given on accuracy, convenience, competitive interest rate, and fee. TBANK takes into consideration the customers' needs and the promotion of business transaction as the main concerns. TBANK targets to expand the customer base with large and small and medium-size businesses. TBANK offers trade finance credit line for import and export, liquidity support, and working capital. TBANK also provides advice on trade documents from its experts and other trade finance products and services are developed to better meet the customers' needs. A strong network and alliance across all continents allow TBANK to offer superior products and services for its customers.

2.4 Hire Purchase Loans

Characteristics of Product and Service

TBANK offers four types of automotive hire purchase loans. The new car and used car loans are offered through dealers and the loan of sale and lease back or "Thanachart Cash Your Car". TBANK also had a new product, "Thanachart Cash Your Book", where both products

serve customers' need for cash with higher limits and longer installment periods than normal personal loans. The product also allows customers to choose the installment period and amount to suit their debt service ability.

In addition, TBANK focuses on developing its products and services to meet the needs of different customers. TBANK developed the On-line service for automotive lending customers under the Automotive Lending Digital Experience (ALDX) campaign, in an effort to facilitate customers in a seamless journey beginning from loan application, monitoring the loan approval status, presenting the sales sheet in accordance with Market Conduct, as well as gaining other special benefits when becoming TBANK's customer.

Marketing and Competition

The domestic new car sales in 2018 when compared to 2017 had a growth rate at 20.96 percent. TBANK cooperated in more strategic partnerships with leading car manufacturers and continuously launched different promotional campaigns to various customer segments. This boosted TBANK's loan growth and upheld TBANK's position as key player in the new car hire purchase market.

As for used car lending, TBANK improved its underwriting policy and process to enhance efficiency of its debt quality control. TBANK also continues to focus on offering Cash Your Car and Cash Your Book to the existing customers via over 500 branches nation-wide.

2.5 Secured Personal Loans

Characteristics of Product and Service

Secured Personal Loans consists of housing loans under the name "TBANK Home Loan", multi-purpose loans named "Cash Your Home" and "Home Plus". The multi-purposed loans for TBANK's borrowers who are currently using Thanachart home loans, but want to apply for additional credit lines.

Marketing and Competition

TBANK places emphasis not only on providing customers with convenience and efficient services but also

on offering fully integrated financial services that cover all customer needs. As well, it does marketing promotions in line with market situations and ongoing competition. In this connection, the Housing and Secured Personal Loan Division of the Retail and Small Business Department will be the work unit responsible for developing products, specifying terms and conditions, interest rate charge and launching public relations campaigns through the branch network. Target customers include, among others, those who want to buy houses and those who want to apply for the multi-purposed loans by using houses as collateral. In this connection, TBANK makes available a service channel whereby members of retail customer teams and the branch network are jointly responsible for selling the products in line with the goals established in the business plan.

2.6 Unsecured Personal Loans

Characteristics of Product and Service

TBANK provides many types of unsecured personal loans. To be accessible and responsive to cover a wide range of customer needs, therefore, the purpose of loans may or may not be specified. TBANK's unsecured personal loans are offered in variety with the following product names:

1) Credit Card: Replacing cash, the credit card represents a line of credit for buying products and services. In this connection, TBANK collaborates with Visa and MasterCard in issuing the following types of credit cards that meet different customer needs:

- **Thanachart Diamond Credit Card** Card is suitable for customers who like earning points. For every 25 baht spent through the card, cardholders will earn one point. In this connection, there are three levels of Diamond Credit Card available. These include Platinum Diamond, Blue Diamond, and Black Diamond (World or Signature Level).

- **Thanachart MAX Platinum Credit Card** is suitable for customers who prefer cash back for every payment made through the card. These card holders do not like earning points. The maximum cash back amounts to 1.25 percent.

- **Thanachart LIVE Platinum Credit Card** is suitable for customers who need flexibility in paying lower credit card interest rate than the average rate of 18 percent. The applicable rate charged by this type of card is 15 percent.

2) FLASH Plus: This product is a personal revolving credit facility whose services are given in a form of a personal credit facility card under the name "FLASH Plus". The product places emphasis on convenience and timely in withdrawals, repayments and transfers for all occasions. The main services include the following:

2.1 Sabai Cash service with the remaining line of credit in the card to be transferred into a bank account and a repayment term of up to 60 months.

2.2 Cash Transfer service with the remaining line of credit in the card to be transferred into a bank account, provided that a minimum repayment of 3 percent will be made.

2.3 Cash Advance to be made available globally around the clock with no fee charged on withdrawals, provided that a minimum repayment of 3 percent will be made.

2.4 Smile Plan with repayments for goods and services at the stores participating in the plan, and a repayment term of up to 60 months.

3) Flash Plus SPN is a multi-purpose top-up credit facility for hire purchase loan customers who have good payment record. The customer will pay the same monthly installment payment up to 60 months with credit limit not exceeding five hundred thousand baht under Flash Plus credit limit.

4) Welfare Loan is a credit facility for specific corporate customers who joined the campaign with TBANK.

5) Scholar Loan is a credit facility with especially specific purpose of tuition payment or payment related to the curriculums of graduate and postgraduate degrees.

6) Pension Secured Loan is a special multi-purpose credit facility for government employees who receive monthly pension payment from the Comptroller General's Department.

Market and Competition

Unsecured Lending Products define competitive strategies based on understanding in target customers' needs, including product development, marketing campaign and promotion, distribution channel, and appropriate services offered to customers. Thus, TBANK provides a variety of products for customers to choose appropriately by life stage

and life style. These products have been designed in such a way that is easily understandable, practical under terms and conditions, uncomplicated, and satisfied all customers' needs as products for their everyday needs.

Group 3 Electronic Products and Services

3.1 Electronic Products and Services for Business Customers

Characteristics of Product and Service

TBANK's products and services are designed for accommodating the execution of transactions by business customers including juristic persons and individuals via the electronic banking services namely Thanachart iBiz as well as various channels of TBANK. Emphasis is placed on making the services quicker and more efficient. Available products and services include funds transfer, BAHTNET, online retail funds transfer (SMART), bill payment, PromptPay funds transfer, QR code payment service, direct debit service, payroll payment service, outward remittance and trade finance.

Market and Competition

The available products and services are able to accommodate the needs of small-sized and large-sized companies as well as individual customers who need convenience and efficiency in executing transactions. For large-sized and medium-sized companies, emphasis will be placed on the strategy of selling the products and services through cash management specialists. On the other hand, for small-sized companies and individual customers who do business, emphasis will be placed on cross-selling and up-selling via the branch network.

Furthermore, necessary preparations have been made for offering the products and services through an additional channel, i.e. teams of service delivery specialists. The objective is to ensure that customers will use the products in most effective and secure manner. In addition, customers could call Contact Center 1770 to get answers to their questions about the services.

3.2 Electronic Products and Services for Individual Customers

Characteristics of Product and Service

Available products and services are capable of accommodating financial transactions executed by customers through TBANK's various channels in a quicker and more efficient manner. These include funds transfer, online retail funds transfer (ORFT), bill payment, PromptPay funds transfer, QR Code payment service, verification of repayments for home loans, consumer loans, credit card account, Flash Plus credit card, National Credit Bureau (NCB) reporting services, handling of buy and sell orders as well as switching between mutual fund schemes of TFUND, and pay alert service. Moreover, TBANK has developed a system for giving services via Internet in response to customer needs. These services include the following:

- Mobile banking services through Thanachart Connect
- Internet banking services through Thanachart iNet
- Getting text alerts for balance changes (Thanachart SMS Alert)

Market and Competition

For individual customers, emphasis is placed on strategies for cross selling and up-selling through branches. In addition, preparations have been made to include more distribution channels for the e-services. In order to attract more customers, focus is given on easy access, convenience, services security, and ability to receive cash within the same day on which the money transfer instruction is received. Customers may also get details about the e-services at any branches or at Contact Center 1770.

Group 4 Payment and Merchant Processing Products

4.1 Payment Products

Characteristics of Product and Service

BIN (Bank Identification Number) Sponsor service provider is the alliance between banking members of VISA/

MasterCard with Payment Facilitators in the area of product and service payment through various type of payment equipments.

BIN Sponsor service provider gives the e-Wallet Service Provider to enhance electronic cash for the product and service payment at any store that provide the prepaid payment of the VISA or MasterCard service, which can be categorized into two types as follows:

1. Virtual Prepaid Card is a prepaid card in a form of e-Wallet Application where cardholders are able to make payment or purchase of products and services for online stores only.

2. Physical Prepaid Card is a prepaid card which cardholders are able to make payment or purchase of products and services at physical or online stores worldwide that the signs of Visa and/or MasterCard are displayed.

Both types of prepaid cards are fitting to the new generation, teenagers, school or college students, and to those without access to credit card.

BIN Sponsor service provider to electronic payment facilitator, moreover, empowered the retail stores to the wholesale stores. It provides convenience in product and service payment through VISA or MasterCard. The stores can be categorized into two types as follows:

1. Physical shop: product and service payment through EDC

2. e-Commerce shop: product and service payment through Payment Gateway

Market and Competition

Payment business has been progressing and evolving into various new forms, especially electronic payment, from both the existing providers and new comers, leading to an intensified competition. TBANK focuses on creating collaboration strategically, particularly in the electronic scope, to always be current in the digital era and always keep up with the fast-changing behaviors and attitudes in the regards of financial transaction. Furthermore, the effort intends to

support the national strategic plan of developing the foundations systems for National e-Payment.

4.2 Merchant Processing Products

Characteristics of Product and Service

Merchant processing products offer payment services through payment channels which can be categorized based on stores and business types as follows:

1. EDC machine is suitable for medium to large size stores who need to make payment transactions through card swipe machines in a large volumes and frequencies, such as, restaurants, hospitals, hotels, resorts, educational institutions, etc.

2. Pay n'Go (mPOS) machine is suitable for small size stores who do not need large monthly payment transaction volumes or frequencies, and medium to large size stores who require portability to accommodate sale representatives or sale agents on locations of sale in order to finalize sale conveniently and quickly.

3. Thanachart Payment Gateway is suitable for e-Commerce business conglomerate, such as, airlines, online stores, etc.

4. QR Code payment (QR For Rich) is suitable for small and medium stores that need for change from cash payment to electronic payment but lower than card payment. QR Code in printing material and the store can download T-Shop Application for payment transaction notification from all QR Code payment transactions. The store owner can review the selling transaction history and create QR Code on screen. It helps increase the flexibility of product and service payment outside store.

Market and Competition

Merchant processing products are intended to expand into customers who have potential in doing business and also open to small size business that is searching for a solution to monetary management and payment solution. TBANK's strategy is to expand the reach to the real locations to gain access to the new customers and opportunities,

as well as, consistently and coherently launch promotional campaign to retain customer base and to increase confidence in using products and services of TBANK.

4.3 Western Union

Characteristics of Product and Service

Quick international transfer of money through Western Union network is safe and secured with international security standard which allows access in more than 200 countries.

Market and Competition

TBANK focuses on providing this service to customers with convenience, promptness, and security as priorities. In addition, customers can use ATM machines to make transfer or receive money via TBANK's ATMs nationwide.

Group 5 Other Services

5.1 Foreign Exchange Services

Characteristics of Product and Service

TBANK's services include foreign exchange services in forms of bank notes and traveller's cheques, money changers, forward foreign exchange for international business transaction, inward and outward foreign currency transfers for goods and services payment, transfer for personal accounts, account opening for Foreign Currency Deposit (FCD), etc.

Market and Competition

TBANK has branch network and currency exchange booths to serve all business sectors and tourists nationwide. TBANK has also adjusted exchange rates by benchmarking with the movements of the world's currency market. The objective is for its customers to receive timely and fair rates.

5.2 Securities Business Support Services

Characteristics of Product and Service

TBANK's securities business support services are, for example, Custodian, Fund Supervisor, Bondholder Representative, and Registrar and Paying Agent.

Market and Competition

In order to fully answer to customers' needs in custodian and fund supervisor services, TBANK offers products and services, e.g., cash management product, to increase the flexibility of financial management and investment for customers and various funds. TBANK leverages from its business network and good relationship with the customers in growing its customer base through bondholder representative, registrar and paying agent services.

Factors Influencing Opportunities or Constraints to Business Operations

In 2018, the Thai economy continued to grow at 4.1 percent, a slight increase from the previous year. In the first half of the year, the economic growth was relatively strong at 5.0 percent and 4.7 percent in the first and second quarters respectively. The growth was mainly propelled by the exports and tourism sectors. The economic growth was continuously backed by the ongoing expansion in private consumptions of durable goods, hotels and restaurants, private investments in machinery, including government expenditures and investments since the beginning of the year. These were advantages of the government investment projects, particularly the Eastern Economic Corridor (EEC) and several of its measures to stimulate private spending. However, in the latter half of the year, the global economy encountered a number of negative factors e.g. the trade war between the United States of America and China which significantly impacted the global economy, and the rate hike by the US Federal Reserve (Fed) that led to capital outflows from emerging economies and impacted the stability of the regional currencies. Both factors had a direct influence on the Thai economy in the second half of the year. As a result, the economic growth in the third and fourth quarters slowed down to 3.2 percent and 3.7 percent respectively.

The overall stability of the Thai economy maintained a good momentum. The headline inflation in 2018 was low at 1.07 percent, still within the BOT's target range. The unemployment rate was low at 1.05 percent, a slight decrease from the year before, while average wages improved. The foreign stability was also healthy as reflected in the international reserves at a high level compared to short-term offshore debts. The balance on current accounts continued to have a surplus due to robust exports and tourism. However, the capital and finance account balances saw net deficits and the baht currency was volatile due to the capital outflow situation and overseas risk factors.

Nevertheless, the BOT raised the policy rate for the first time in 7 years from 1.50 percent to 1.75 percent to enhance the ability to implement monetary policies in the future and regulate the stability of the financial system under overseas risk factors that were still highly uncertain. The central bank also paid attention to monitoring the search-for-yield behavior in high-risk asset investment as investors might have underpricing of risk, and the debt burden and the debt service ability of households and businesses. The Macro prudential policy was issued to reduce systemic risks: supervisory regulations to oversee housing loans and other related loans to be enforced on housing loans and other related loans entered into contracts from 1 April 2019.

Aside from economic and regulatory factors, rapid changes in consumer behaviors and business models in pace with technology disruption compelled the commercial banking industry in 2018 to emphasize IT investment, process improvement, adjustments in branch model and management, and development of various digital platforms for financial services. Strategies were adapted by reducing or waiving transaction fees to be able to compete with new financial services from financial technology (FinTech) operators and competitors from other industries e.g. the telecommunications industry that had an advantage on customer big data. Furthermore, the BOT propelled policies that encouraged e-Payment through PromptPay, QR code payments for goods and services through e-Wallet or credit card accounts. Consequently, electronic transactions surged quickly. Benefits were enjoyed by the people in terms of convenience, speed and lower costs, and by banks in terms of long-term saving on cash management costs. Opportunities were also presented to other juristic persons to serve as

banking agents to provide financial services to customers and as a service point for certain types of transactions in place of commercial banks.

Amid the tepid global economy, risks from the trade war, and the rising interest rate cycle, the Thai economy in 2019 is likely to enjoy growth at a slower rate despite additional government and private investments in the Eastern Economic Corridor (EEC). Nevertheless, the risk in continuity of the government promotional policies will remain until a new government is established. As a result, some investors have held back their investments to observe the situation. Therefore, corporate lending might face greater challenges. As for the personal loan business, it will benefit from the government's projects or regulations e.g. the National Digital ID, e-KYC for fundamental transactions, and the peer-to-peer lending platform.

Industry Conditions and Competition Trends

Changing consumer behaviors and IT disruption that transformed the way of life, operation models and economic activities, as well as the emergence of non-bank financial service providers remain key pressures for commercial banks to urgently acclimatize themselves by applying modern technology to financial services in many aspects such as electronic fund transfers or payments via PromptPay and QR code scanning, e-Wallet, personal loans via mobile applications, electronic savings accounts, e-donations, electronic letters of guarantee on Blockchain.

Amid the increasingly intensifying competition among commercial banks alone and non-bank players, the commercial banks continue to face pressure from the gradual realization of both direct and indirect impact from several factors such as the reduction or waiver of fees for fund transfers and payments made on mobile banking and internet banking, lower transfer and payment fees on PromptPay, higher reserves to accommodate the International Financial Reporting Standard 9 (IFRS 9), adjustment to elevate Market Conduct standards, uncertainty arising from the trade dispute between the United States of America and China, which caused severe fluctuations in the money market and impacted Thailand's export sector, and tightened global monetary policies affecting volatility in the money market.

Nevertheless, the commercial banks in general still maintained strong stability as reflected in the high capital adequacy ratio of the entire industry from 18.34 percent, up from 18.20 in 2017, the increased Liquidity Coverage Ratio (LCR) from 180.14 percent to 184.24 percent, higher than the BOT's minimum requirement. Special mentioned loans of the entire industry decreased from the previous year from 2.55 percent to 2.42 percent. Although the non-performing loan to total loan ratio was 2.93 percent, a slight increase from 2.91 percent in 2017, the banking industry still managed to generate profits as much as 207,245 million baht from 187,060 million baht last year, or 10.8 percent growth. This was contributed by the increase in interest income of 3.8 percent from 692,166 million baht in 2017 in correlation with the industry loan growth of 6.0 percent from 12,457,863 million baht in 2017, in line with the continuous economic expansion, and the decrease of provisions for bad debts, doubtful debts and impairment losses at 12.1 percent from last year's 169,623 million baht.

In 2019, the banking industry overall will encounter economic, social and political conditions that bring about no less challenges from last year, which will put pressures on the ability to conduct business. Such challenges involve the decelerated Thai and global economies from the year before, the policy rate and domestic interest rate raise, high household debts, loan quality in the rising interest rate environment, intensifying competition under the ever changing financial ecosystem due to rapid development in financial technology, regulators' rules or measures to be enforced or under consideration such as the macro prudential policy, the single-account measure, shifting the financial institution supervision to principle-based from rule-based, and tax imposition on investment gains in bonds through mutual funds. However, propelling the government's investment and infrastructure projects to continue, revamping city plans of three provinces (Chachoengsao, Chonburi and Rayong) in the Eastern Special Economic Zone, including the certainty of the general election remain vital supporting factors to create an investment atmosphere and confidence in the business sector, and to stimulate more private investments and foreign direct investments. If the investment sector and domestic spending grow consistently, they will present positive opportunities for the banking industry to expand corporate loans and some consumer loans.

The banking business in general has at least two key issues namely the development of the ability to analyze and leverage from the customer database to get a deep insight to customer behaviors and needs, which will be advantageous to developing innovative financial products and services to suit those needs, and the extension of partnerships to connect more business among each other, leading to market development and access to a broader customer base. Nevertheless, investments to develop technology and digital platform must go on to be able to accommodate changing customer behaviors and needs, while simultaneously prioritizing people development so that they are equipped to provide financial services in the digital age.

Competitive Capabilities of TBANK in comparison to Peer Group

TBANK operates as a universal bank with the support from its strong business partner Scotiabank in all areas in order to enhance competitiveness and efficiency in delivering financial services. The support covers efficient risk management systems, advanced technological innovations, as well as development of financial productions and new forms of services. In addition, TBANK possesses strengths and competitive edges over other banks in many fields, mainly because its subsidiaries are strong and have high potential for providing customers with a total financial solution. They are also prepared for looking after customers in an integrated manner in order to fulfill customer needs in all areas through asset management, private equity, provident fund, securities brokerage, as well as insurance and leasing. As well, TBANK maintains a leadership position in hire purchase loans by offering a full range of upstream, midstream and downstream services. TBANK also makes available financial experts who could provide customers with advice. Importantly, it places emphasis on developing new products and financial innovations as well as efficient tools in screening customers. In addition, it applies advanced technologies to work processes, aiming at providing customers with convenience and efficient services as well as good experience.

In the past period, TBANK has prioritized enhancing competitiveness by developing infrastructures and digital technology in its process and services to drive the business and add service value, and also elevating staff's potential and

reinforcing skills of every personnel level continuously so that they are ready for a new way of work and the organization's sustainable growth in the digital age. In addition, business models have been revamped and improved regularly to be able to respond to changing customer behaviors and demands. Customer service channels were developed to be convenient and diverse for each customer segment; normal branches, new branch models namely Thanachart Express and Thanachart Next, telephone and digital channels both online internet banking "Thanachart iNet" and mobile banking application "Thanachart Connect". The quality of service channels has been developed consistently while maintaining the dedication towards elevating service quality and enabling seamless service integration among the channels, and creating customer confidence on security standards for financial transactions and strict customer confidentiality.

In 2018, TBANK was considered one of the banks with high growth potential, strong and stable financial status. TBANK was able to secure its position of the automotive lending market leader, grow the lending base at a level that was in line with Thailand's economic expansion, continue to do well in expanding the business to housing loans and SME loans, and adjust the deposit structure by increasing low-cost savings deposits and lowering fixed deposits. TBANK also managed its cost effectively, resulting in the operating expense to the net operating income ratio to be lower than predicted. Concurrently, the strong asset quality was maintained through systematic and efficient non-performing loan management and the BIS ratio according to Basel III was high. Furthermore, due to financial strength and continuously strong asset quality, Fitch Ratings (Thailand) Co., Ltd. has upgraded the National Long-Term Ratings of TBANK from "A+(tha)", to "AA-(tha)", and also upgraded the National Long-Term Rating of the Company as a holding company, from "A(tha)" to "A+(tha)" and its National Short-Term Rating from "F1(tha)" to "F1+(tha)".

As an overview of 2018, TBANK and its subsidiaries had total assets of 1,046,612 million baht, and loans of 753,498 million baht, or a 5.9 percent increase from the previous year. The net profit was 14,703 million baht, a 6.5 percent increase from last year. In addition, TBANK's deposits were 752,160 million baht, a 5.0 percent growth. Considering risk management and asset quality, TBANK's non-performing

loan (NPL ratio) was 2.3 percent, similar to the end of last year but lower than the industry average. The capital adequacy ratio was 19.45 percent, higher than the industry average. The Liquidity coverage ratio (LCR) remained above 100 percent, higher than the minimum requirement of the BOT.

Securities Business and Fund Management Business

Securities Business is provided to customers through TNS. TNS was granted a full license to operate a full range of securities businesses including securities brokerage (domestically and internationally), securities underwriting, investment advisory service, securities borrowing and lending service, financial advisory service, unit trust underwriting, securities registrar, and derivative business Sor 1 (Full Service), which includes future contract broker and future contract buyer and derivatives trading for its proprietary account.

Thanachart Securities Public Company Limited

Characteristics of Product and Service

TNS operates two key areas of business - brokerage business and investment banking and advisory business. As of 31 December 2018, TNS had 19 branches and offered the following services:

1. Brokerage Business implied brokerage services which included a service of securities trading and giving investment advices to TNS's customers whether individual, retail, and local and foreign institutional to make decision on their investment.
2. Derivative Business included trading services for future contracts and derivatives.
3. Securities Borrowing and Lending (SBL) included services of borrowing or lending securities for customers who had a desire to borrow or lend securities.
4. Derivative Warrant (DW) is an investment alternative for customers who desire to increase liquidity and diversify investment risk.

5. Investment Unit Dealer included services of sale support and provided fund facts and related information on mutual funds of various asset management companies that TNS represented.

6. Financial Advisory and Securities Underwriting Services included financial advisory business, underwriting service of debt and equity securities both as a role of lead underwriter, co-underwriter, and dealer.

7. Securities Registrar included three types of services, namely, a securities issuance registrar, securities holder registrar, and a registrar for the Employee Stock Option Program (ESOP).

8. Equity-Linked Notes Underwriting Service serves as another opportunity to access various investments for customers as well as a risk diversification tool.

Market and Competition

1. The Thai economy in 2018 was supported by the private consumption growth; consumer goods and automobiles. Public and private investments expanded in the same direction. While Chinese arrivals increased at a slower pace last year, there were more and more tourists from marginal countries such as Malaysia, Laos and Cambodia. The export sector was on a sluggish trend in line with the weakened global economy. The SET Index was down 10.8 percent and closed at 1,563.88 points in 2018, with a daily average trade volume of 56.4 billion baht, an increase of 18.1 percent compared to the daily average of 47.8 billion baht in 2017.

The SET Index peaked at 1,852 points in the first quarter of 2018. However, with several risk factors, both domestic and international, in the past year, the SET Index continued to decline for the rest of the year as follows:

The first factor: The stricter monetary policy imposed by the Federal Reserve (Fed) of the United States of America since the Fed's Chairman, Mr. Jerome Powell, took the office in the beginning of the year. The Fed fund rate was raised from 1.5 percent to 2.5 percent at the end of 2018. The Fed's balance sheet normalization since the end of 2017 impacted the liquidity of the global capital market.

The second factor: Concerns over the economic stability of Emerging Markets where there were issues of capital outflows, accelerated inflation, current account deficits, and decline in international reserves. These were particularly the case with Latin American countries and Turkey, and other Emerging Markets also consequently suffered. Although Thailand was not bothered with issues of inflation or current account deficits like the other Emerging Markets, it has impacted to the SET.

The third factor: The United States' increasingly stringent trade policies imposed by the President, Mr. Donald Trump, on trade partner countries, especially China, caused a worldwide slowdown in trade volumes. Economies of many Emerging Markets depended heavily on the export industry.

The fourth factor: The tourism industry which was the key boost to the economic growth for several years started to grow at a decelerated pace due to the shrinkage of Chinese tourists who made up as much as 28 percent of total tourists. However, Thailand's tourism had a good distribution and tourists from marginal countries such as Malaysia, Laos and Cambodia were on an upward trend during last year.

The fifth factor: High prices of many medium-small stocks affected by fiercer competition and evolving technology posted inferior performance to the forecast. This was the pressuring factor to the market throughout the past year.

In 2019, the Thai economy has a potential to continue the growth at 3.9 percent, primarily reinforced by private consumption directly benefitting from the government stimulation. Public and private investments will see a faster pace than last year after many mega projects; upon the construction of the Orange, Yellow and Pink lines of Skytrain and the disbursement. The export industry is predicted to grow at a slower rate of 3.8 percent from the previous prediction of 7.0 percent growth in 2018. Tourism will also expand at a slower rate because Chinese tourists surged in the previous year and the Chinese economy was dull.

The SET disclosed information from January 2018 to December 2018 that during the period, companies listed in the Stock Exchange and MAI had securities value at the IPO price of 163,521 million baht, down by 57 percent compared

to 2017. As of December 2018, the SET market capitalization was 15.98 trillion baht, down by 9.1 percent from 2017. MAI market capitalization was 240 billion baht, down by 28.8 percent from 2017.

TNS had a market share of 3.11 percent, ranked 14th among 38 securities companies in total. The competition in 2018 remained continuously intense as last year. The market condition was not favorable to investments despite the fact that the overall market trade volume grew by 18.6 percent year-over-year to 56.4 billion baht per day. Individual investor segmentation would indicate that the trade volume increased from 2 main segments: 39.5 percent increase from foreign investors, 35.8 percent increase from proprietary trading, and 11 percent from institutional investors. On the contrary, the trade volume of local investors grew only 2 percent. The company added products and enhanced convenient access to products via the online channel.

2. There were currently 40 members in the Thailand Futures Exchange (TFEX). In 2018, the total trade volume was 104,422,200 contracts, up 31.0 percent from 2017. The majority of the volume came from single stock futures and SET50 index futures. The number of investors' trading accounts was 168,506 accounts, up 21,947 accounts from 2017. TNS had a market share of 3.81 percent, ranked 11th among TFEX members.

3. At the moment, the competition of financial advisory business and securities underwriting services remains aggressive, especially in mergers & acquisitions, IPOs and fund raisings. Although the competition focuses increasingly on price, the key competitive factors remain on service quality, expertise of personnel in providing customers with relevant advices and solutions to problems, having wide service networks as well as creative product innovations which can add more values and provide greater benefits to customers. These will be the key factors in drawing more customers towards using TNS's services.

Thanachart Fund Management Company Limited

Characteristics of Product and Service

TFUND puts importance and emphasis on a great range of mutual funds products, in order to fully cover all

needs of investors in every group and level i.e. retail, wholesale, and institutional investors. The company utilizes many types of distribution channels for sales, such as TBANK's branches and other investment unit distributors which are financial institutions licensed by the SEC. Operating under good corporate governance, TFUND provides qualified staff in accordance with the SEC's notifications to serve customers in relation to investment by controlling and monitoring all staff to strictly adhere to related laws and regulations, building confidence to investors.

Market and Competition

As of 28 December 2018, there were 25 fund management companies in total. Net asset value of management of mutual funds offered to the general public was 4,647,059 million baht, an increase of 1.04 percent from 2017. In 2018, there were 483 newly established funds, amounting to total net value of 933,223 million baht. Most of them, 418 funds, were fixed income funds with domestic and international investments, with net asset value of 884,167 million baht, or 90.50 percent of net asset value of funds set up in 2018. 88.37 percent of TFUND's new funds in 2018 were fixed income funds with domestic and international investments.

As of 28 December 2018, TFUND's assets under management totaled 221,270 million baht, down from 2017 by 7,318.69 million baht, or 3.20 percent. The decrease was made up of 10,234 million baht or 5.07 percent from mutual funds offered to the general public. The assets under management comprised 86.60 percent of mutual funds, 6.10 percent of private funds, and 7.20 percent from provident funds.

Insurance Business

The Insurance business of Thanachart Group can be divided into two key areas, namely non-life insurance operated by TNI, which offers all types of non-life insurance services, and life insurance operated by MBK LIFE, which offers life insurance services to institutional, corporate, and individual customers.

Thanachart Insurance Public Company Limited

Characteristics of Product and Service

TNI offers all types of insurance services including fire, automobile, marine and transportation, and miscellaneous insurance. In addition, the company also operates investment businesses.

Market and Competition

In 2018, Thailand's general insurance business posted higher written premiums compared to the same period in 2017 at 6.97 percent. Gross written premiums were 192,140 million baht. The non-life insurance market structure in October 2018 showed that the automobile insurance dominated up to 59 percent of the total market value, followed by the miscellaneous insurance with the market share of 34 percent, fire insurance and marine and transportation insurance gained market shares of 5 percent and 2 percent, respectively.

Throughout the past 20 years, and in the coming years, TNI's direction has made and will make it a priority to revise its strategy in response to the changing business landscape. Customer base is developed and stored systematically for analysis that will lead to product development and insurance services that satisfy the customers, with professional risk management. In addition, TNI also emphasizes improving processes by incorporating technology to every system; insurance, claims and compensation, and supporting units, with an aim of creating utmost satisfaction to clients, partners, and promoting operations under governance, transparency, fairness, and social and environmental responsibility.

In 2018, TNI developed Line Official application to upgrade its after-sale service quality and develop good customer relationships. Main customer segments, around 98 percent of total customers, were retail customers with sum insured of not exceeding 5 million baht and their insurance product choices were motor insurance, personal accident insurance, and fire insurance for homes. These customer segments were from the Bank's borrowing customers and TNI's marketing.

Customers with sum insured of over 5 million baht are private organizations that operate many areas of businesses, both commercial and industrial. Key products offered to this

group of customers are miscellaneous insurance and fire insurance. Based on the characteristics of the aforementioned customer base, it can be concluded that since TNI began its non-life insurance business, it has not relied solely on a single customer by more than 30 percent of TNI's total revenue. Moreover, TNI provides insurance services to domestic customers only.

Based on the Thai General Insurance Association's 2018 direct premium forecast, the Thai non-life insurance industry growth was at 8.0 percent in 2018 with total premiums of 236.384 billion baht.

MBK Life Assurance Public Company Limited

Characteristics of Product and Service

MBK LIFE provides individual and group life insurance services, mainly focuses on saving product, life, and health insurance for individual, institutional, and corporate customers.

The personal life insurance products of MBK LIFE include saving products and fixed maturity products as follows:

- **MBK Life 20/10M:** A policy coverage of 20 years with just 10-year premium payment. A cash back with 3 percent of the beginning sum insured in years 1-19 and 150 percent of the beginning sum insured in year 20. A total return of 207 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Life 10/5:** A policy coverage of 10 years with just 5-year premium payment. A cash back with 20 percent of the beginning sum insured in years 1-6, 100 percent of the beginning sum insured in year 7-9, and 150 percent of the beginning sum insured in year 10 which is the last year of the policy. A total return of 570 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Sure 10/7:** A policy coverage of 10 years with just 7-year premium payment. A cash back with 5 percent of the beginning sum insured in years 1-9 and 155 percent of the beginning sum insured in year 10 when the policy expires. A total return of 200 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Life 10/10:** A policy coverage of 10 years with 10-year premium payment, which offers life protection in the amount worth 200 percent of the beginning sum insured, plus additional 100 percent of the beginning sum insured in case of death caused by accident, as well as a total return of the paid annual premiums at the end of 10th year when the policy expires.

- **MBK Life 14/7:** A policy coverage of 14 years with just 7-year premium payment. A cash back with 3 percent of the beginning sum insured in years 1-5, 4 percent of the beginning sum insured in years 6-10, 5 percent of the beginning sum insured in years 11-13, and 180 percent of the beginning sum insured in year 14 which is the last year of the policy. A total return of 230 percent of the beginning sum insured for the whole policy period.

- **MBK Easy Protection Life 15/10:** A policy coverage of 15 years with just 10-year premium payment, which offers life protection worth 300 percent of the beginning sum insured in years 1-3, protection worth 500 percent of the beginning sum insured in years 4-6, protection worth 700 percent of the beginning sum insured in years 7-9, and protection worth 800 percent of the beginning sum insured in years 10-15. As regards cash back at the end of policy, policyholders are entitled to receive 730 percent of the beginning sum insured. Altogether, policyholders receive a total return worth 730 percent of the beginning sum insured.

- **MBK Easy Saving 15/10:** A policy coverage of 15 years with 10 years premium payment, which offers life protection worth 100 percent of the beginning sum insured and life protection worth 165 percent of the beginning sum insured in year 2, and protection worth 230 percent of the beginning sum insured in year 3, and protection worth 295 percent of the beginning sum insured in 4, and protection worth 360 percent of the beginning sum insured in year 5, and protection worth 425 percent of the beginning sum insured in year 6, and protection worth 490 percent of the beginning sum insured in year 7, and protection worth 555 percent of the beginning sum insured in year 8, and protection worth 620 percent of the beginning sum insured in year 9, and protection worth 685 percent of the beginning sum insured in year 10-15. As regards cash back at the end of policy, policyholders are entitled to receive 10 percent of the beginning sum insured for 1-14 year, and the end of 15th

year, 570 percent of the beginning sum insured. Total return worth 710 percent of the beginning sum insured.

- **MBK Easy Return 15/10:** A policy coverage of 15 years with just 10-year premium payment, which offers life protection worth 300 percent of the beginning sum insured in years 1-3, protection worth 500 percent of the beginning sum insured in years 4-6, protection worth 700 percent of the beginning sum insured in years 7-9, and protection worth 800 percent of the beginning sum insured in years 10-15. As regards cash back at the end of policy, policyholders are entitled to receive 50 percent of the beginning sum insured in year 5 year, policyholders are entitled to receive 50 percent of the beginning sum insured in year 10 year, and the end of 15th year, 610 percent of the beginning sum insured. Total return worth 710 percent of the beginning sum insured.

- **MBK Happy Pension 85/1 (tax deductible pension):** A policy coverage with just one-year premium payment. A yearly pension is given when the policy holder reaches 60-85 years of age. A total of 520 percent of the beginning sum insured for 26 yearly pensions.

- **Healthy Max:** A policy coverage of 5 years with 5-year premium payment. The policy covers all types of death for up to 100,000 baht, including illness and accident. As well, the policy covers in-patient medical care in case of illness or accident for up to 200,000 baht per visit.

As regards personal accident products, the company has products that cover death, total permanent disability, and injuries caused by accident around the clock, accidents from driving or riding motorcycles, with coverage including daily income compensation (not exceeding 365 days). Policyholders can also choose either individual coverage or family coverage for family members from the age of 1-65 years.

In relation to its group life insurance, the company has products for both life and health insurance policies which cover during the period of both regular business hours and outside. Importantly, the policy covering all holders regardless of age and gender does not require any medical exam.

With regard to the Mortgage Reducing Term Assurance (MRTA), this product provides protection for individuals who are property loan borrowers. The objective

is to prevent loan repayments from become burdens in the unfortunate event happening to borrowers, resulting in death or total permanent disability. The sum insured will decrease by the same amount after each premium payment is made or decrease at each time the premium payment is made, due to compounding interest.

Market and Competition

Target Customers

MBK LIFE's strategy is to aim at individual customer and middle-upper income group customer by offering the products that answer the needs of customers while building customer relationship through service providing.

Distribution Channels

MBK LIFE operates its business through various sale channels in order to satisfy the various financial needs of customers and better protect all target customer groups. The main distribution channels include sale channels through TM Broker, sale channels through employees Relationship Management, sale channels via electronic, and other broker companies. Those channels exclude TBANK's channels or subsidiaries of TBANK.

Asset Management Business

NFS Asset Management Company Limited and MAX Asset Management Company Limited

Characteristics of Product and Service

NFS AMC and MAX AMC are directly held by the Company. They operate the asset management business by buying or taking transfers of non-performing assets including collateral of those assets of financial institutions and financial institutions which have been closed down, for the purpose of managing or selling them. They are also engaged in other related businesses which are permitted by the Ministry of Finance's notifications or the law related to the asset management corporation or other related laws.

Market and Competition

In managing non-performing assets, the main focus is given on finding solutions to non-performing problems. It needs to access the financial health of the debtors and their ability to repay debts. The main objective and policy in managing non-performing loans and restructuring quality of debtors are to contact the debtors for debts restructuring, making them repay debts according to their abilities and turning them into performing loans. For managing foreclosed properties including selling foreclosed properties to interested third parties and a strategy to sell the assets efficiently and to be able to compete with other players in the market, it has hired special consultants specifically for managing properties for sale. These consultants are responsible for collecting information about the properties for sale, determining their selling prices, managing high-value assets, as well as appointing selling agents or brokers with prior experience in selling these types of assets. Asset packaging is done to create more value-added. The coordination with the companies under the Group is promoted to increase sale channel which includes brokers or agents, finding and contacting private companies in organizing public auctions to dispose of the properties, and selling on the website of Thanachart Group, as well as finding and selecting media which helps promote sales and reach as many target groups as possible.

TS Asset Management Company Limited

Characteristics of Product and Service

TS AMC operates the distressed asset management business particularly for non-performing loans and foreclosed assets transferred from SCIB. In order to restructure debts, TS AMC contacts debtors for debt restructuring, making them repay debts according to their abilities and turning non-performing loans into performing loans.

Market and Competition

TS AMC focuses in non-performing loan management and restoring the quality of debtors transferred from SCIB in order to manage, sell or transfer. TS AMC manages and sells non-performing assets to the interested third party. To gain

competitive advantage, TS AMC hired special consultants specifically for managing properties for sale. These consultants are responsible for collecting information about the properties for sale, determining their selling prices, managing high-value assets and examining their possibility, preparing business plan and presenting to target customers, as well as appointing selling agents or brokers with prior experience in selling these types of assets. Asset packaging is done to create more value-added. The coordination with the companies under the Group is promoted to increase sale channel which includes brokers or agents, finding and contacting private companies in organizing public auctions to dispose of the properties, and selling on the website of Thanachart Group, as well as finding and selecting media which helps promote sales and reach as many target groups as possible.

Leasing Business

Ratchthani Leasing Public Company Limited

Characteristics of Product and Service

THANI offers hire purchase and financial lease in both new and used car markets for passenger cars. In addition, it places emphasis on commercial vehicles including pick-up truck, taxi, trailer, and big lorry, among others. It also does business connected to hire purchase and financial lease which are THANI's main businesses. In this connection, the company's hire purchase loans to new cars and used cars accounted for 65 percent of its total portfolios and 35 percent respectively. On the other hand, hire purchase loans to lorries and other types of vehicles accounted for 70 percent and 30 percent respectively.

Used car hire purchase is relatively more risky than new car. In addition, the risk is mainly from car for commercial transportation which is sensitive to the domestic economy. The company has taken into consideration various factors in loan approval, such as car condition, market price, substantial documentation, car registration, etc. The team has high experience and specific expertise on the condition evaluation and used car market price.

Moreover, THANI offers after-sales services which are connected to its main businesses consisting of hire purchase and financial lease. Among others, the services include annual tax registration renewal, coordination on renewal of insurance policies, as well as technical check of car prior to tax registration renewal. The services not only provide customers with convenience, but also help earn supplemental income for THANI. Moreover, the services are beneficial in the form of asset protection for customers and damage protection for THANI.

Market and Competition

In 2018, the hire purchase and leasing industry indicated signals of continuous growth from previous years. Even so, the competition in the leasing and hire purchase business continued to intensify as financial institutions, commercial banks, and leasing and hire purchase businesses of car dealers focused their marketing on new and used personal car loans. As a result, some operators had to adjust and expand its used car loan portion further. Yet, these operators were not considered as the company's direct competitor because its main target customers were new and used commercial vehicles, which had moderate competition compared to the personal car market.

However, THANI planned to maintain its commercial portfolio in the next 3-5 years at the 65 percent - 70 percent of the company's hire purchase portfolio. The reason was that this customer group was expected to grow continuously and to generate high profitability. In addition, the company's extensive experience and business expertise proved to be advantageous for competitiveness, customer retention, high yield to used car dealers, fast services, market share retention, and tighter relationship with used car dealers, in order to increase business opportunities and business channels.

With high experience, business expertise, fast services, combined with relationship retention and high yield for used car dealers, THANI was confident to maintain its competitiveness and its market share under the intense competition at the present.

Funding of Products and Services

1. Sources of Fund

One source of TBANK and its subsidiaries fund is the capital, comprising of issued and paid-up capital. The total capital as of 31 December 2018 amounted to 60,649 million baht, including legal reserve and retained earnings. There are other two key sources of fund which are

1) Deposits which by the end of the year 2018 were in the amount of 752,160 million baht.

2) Borrowings in the amount of 43,079 million baht could be divided into 19,930 million baht of Tier II capital subordinated debentures, 22,250 million baht of unsubordinated debentures, 623 million baht of promissory notes, 276 million baht of equity linked notes.

2. Funding or Borrowings of Parties Related to Executives or Major Shareholders

TBANK gave loans to its parent company, subsidiary, and related companies in Thanachart Group. At the end of 2018, TBANK gave loans to THANI, a subsidiary company of TBANK, in the amount of 1,030 million baht, a decrease of 540 million baht from the outstanding balance of 1,570 million baht at the end of 2017. This was for business operation in accordance with Thanachart Group Policy.

The above outstanding loan balance accounted for 0.15 percent of total outstanding loan balance of TBANK's separate financial statements in 2018. All lending and borrowing activities were transacted under the permission of the BOT.



RISK MANAGEMENT AND RISK FACTORS

Overview of Risk Management

In 2018, the Thai economy continued to expand from the previous year. Key factors were growth in private consumptions of consumer goods and automobiles. Public and private investments increased in the same direction. Exports and tourism posted strong growth in the first half of the year, but slowed down in the second half in line with the weakened global economy due to the trade war that significantly affected the global economy and the Thai economy as a partner with both China and the United States of America. The rate hike by the US Federal Reserve (Fed) led to capital outflows from emerging economies and impacted the stability of the regional currencies. Both factors had a direct influence on the Thai economy in the second half of the year. Total loans of commercial banks still grew from a year earlier, following the continued expansion of the Thai economy in general. Although the non-performing loan to total loan ratio saw a slight increase from the previous year, the banking industry still managed to generate higher profits than last year. This was contributed by the increase in interest income and the decrease of impairment loss of loans and debt securities. The commercial banks in general still maintained strong stability as reflected in the capital and reserves at a level higher than the minimum requirement set by the BOT.

In 2019, the Thai economy is likely to be slower than last year, due to economic, social, and political conditions that bring about pressures on the ability to conduct business. There are several risk factors that need to be closely monitored: the policy rate and domestic interest rate raise, high household debts, loan quality in the rising interest rate environment. These can impact risks in various areas such as market risk, credit risk, and liquidity risk.

The Company as a holding company of Thanachart Financial Conglomerate realizes and emphasizes on the importance of the risk management on a continuous basis. The Company has set the structure and policies of risk management in writing, covering all important risks of every company within Thanachart Group. TBANK, a subsidiary company, conducts the assessment of its capital adequacy by going through the Internal Capital Adequacy Assessment Process (ICAAP) which provides a framework for dealing with various risks. The assessment is in accordance with the measure imposed by the BOT for overseeing the capital base of commercial banks under Basel III. The assessment enables TBANK to manage its capital efficiently and place it in a strong capital position which can support sustainable future business expansion.

The Board of Directors and high-ranking executives of the Company have been placing emphasis on transparency management by keeping on overseeing, monitoring, and developing risk management systems on an on-going basis, ensuring that the various measures remain appropriate and timely in dealing with changing risks, both internal and external. The Company has also established an organization structure which support the risk management in line with the policy framework of various committees, with details as follows:

The Company's Risk Management Structure

The Company's Board of Directors has a role in policy determination and establishes guidelines for an efficient enterprise-wide risk management including risk management and business continuity management of Thanachart Group, ensuring that it is efficient and in line with the Company's operations by taking into consideration the impact of risks on the Company's operational goal and financial position.

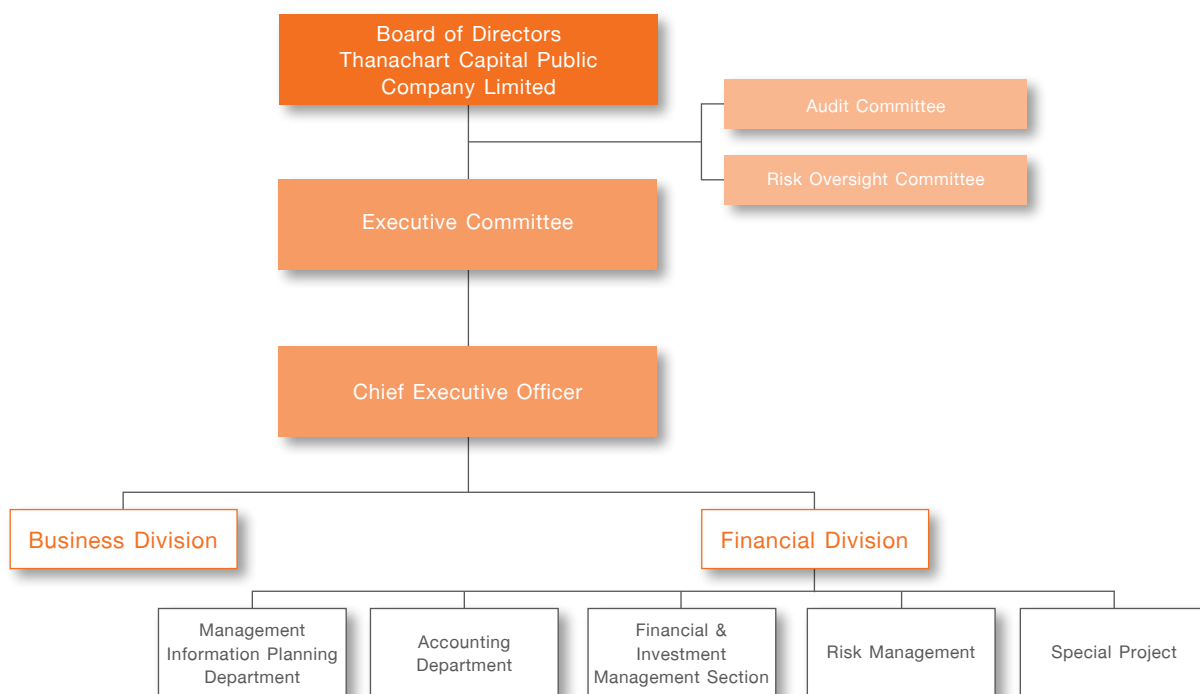
Executive Committee has a role in considering and approving all activities to be in line with the Company's risk management policies, as well as, assessing the business continuity management of Thanachart Group to present to the Company's Board of Directors for approval.

Risk Management Committee plays a role in proposing the Company's risk management policy and the Group's risk management policy to the Company's Board of Directors for approval. The Committee also establishes risk management strategic plans to be in line with the risk management policy and revises the sufficiency of the Company's risk management policy including the efficiency of the system and practice of the specified policy. Furthermore, it has a role to control, monitor, and supervise the Company and the companies under the Group to comply with the risk management policy as well as regularly report the result of the compliance to the Board of Directors including the adjustments to conform to specified policies and strategies.

Audit Committee has a role in determining the supervisory guidelines for the operation, ensuring that the Company and the Group are operating in compliance with measures of related authorities. The Committee also has a role in assessing the effectiveness and competency of the overall Group's risk management process and sufficiency of overall internal control system.

The Company's Risk Management Structure Chart

As of 31 December 2018



Note: The Board of Directors has had a resolution to appoint and change the members of the Risk Management Committee including the title of the Risk Management Committee to the Risk Oversight Committee. The resolution has been in effective since 1 January 2019.

- The conduct of business affairs is under a system of check and balance with Middle Office comprising of the Risk Control Unit and Back Office, being separated from the Front Office.

- The Company puts in writing of all the established policies and guidelines regarding the risk management that specifies responsibilities of related unit as the operational guidelines for the employees. Moreover, the Company has established a four-step guideline for risk management. The guideline includes 1) the identification of the characteristics of risk

as well as risk factors, 2) the development of appropriate tools and models for risk measurement, 3) the control of risks within acceptable limits, and 4) the close monitoring of risk status in order to properly manage any possible risks in a timely manner.

- The differences in size and risk ratios determined for each exposure measured by tools and models allowed the Company to be able to perceive the degree of severity from the possible risks. These risk variables could also be used as a ceiling or the acceptable risk level as well as to provide warning signals before severe losses occur.

- The risk management report is presented to the board of directors of each subsidiary company and the overview report is presented to the Company's Board of Directors in a periodic and timely manner.

The aforementioned risk management systems are developed based on prudent principles and will be reviewed regularly to suit prevailing situations. The systems are designed to be transparent, explicit, and examinable, and to take into consideration the interests of shareholders, customers, and staff.

Key Risk Categories

1. Credit Risk

Credit risk arises from a situation in which the debtors or counterparties fail to repay or fulfill their agreed obligations. This might be contributed by the fact that the debtor's financial position is under distress due to volatilities of economic conditions that pose adverse impact on businesses or the debtors' mismanagement, which as a result, may adversely affect the Company and its subsidiaries' earnings and capital. The credit risk may arise from ordinary financial transactions such as credit lending, financial obligations in the form of avals or guarantees, other transactions related to credit lending, as well as investment in debt instruments issued by state agencies or state enterprises with neither guarantee from government nor the BOT and private debt instruments such as debentures.

Under its credit risk management policies and guidelines, the Company and its subsidiaries have successfully established a credit culture. To start with, the credit risk of the borrowers or counterparties or issuers of

debt instruments will be independently assessed by the model developed specifically to each type of borrowers or counterparties by the Credit Analysis Unit. At this juncture, authorized Credit Committee would then consider and determine the level of credit risk of borrowers or counterparties, appropriate credit lines and investment budget, as well as terms and conditions on loans or other obligations. The Committee also controls the overall risk status by appropriately diversifying credit risk into various business sectors and groups of customers within the established risk ceilings. In addition, the Committee closely monitors the quality of loans to ensure proper and vigilant management by emphasizing on business capability and repayment ability under the supervision of an independent risk control unit - ensuring that credit transactions are in line with the policies and guidelines of credit risk management. Apart from the aforementioned units, there is also an Internal Audit Division to verify that the credit transactions are in compliance with the BOT's guidelines.

In order to receive return suited to risks, the Company and its subsidiaries employ the use of tools to measure the Risk Adjusted Return on Capital (RAROC). The Company and its subsidiaries also organize a stress test to estimate the damage that may occur in a crisis. Under this condition, the debtors' ability to complete their financial obligations may lessen or the debtors may be unable to pay off the debt as stated in the terms and conditions of the hypothetical contract. The risk factors are determined in order to affect business in the industrial sector in which the debtor has a working operation.

Key Credit Risk Factors

1.1 Credit Concentration Risk

TBANK aims to appropriately diversify its loans to various groups of customers, focusing on high potential customers and attempt to prevent concentration of loans to a particular group of customers. Group limits and single limits are set in accordance with risk level of the borrowers. Analyzing and monitoring are carried out, and results are regularly reported to relevant committees to minimize risks from uncontrollable factors. Furthermore, the Bank has loan portfolio management and analyzes the loan portfolios in general, and manages the portion of the portfolios in correlation with circumstantial changes for maximum return under acceptable risk levels.

Credit Status as of 31 December 2018 and 31 December 2017, classified by Business Types

Business Type	2018		2017	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	6,582	0.87	7,498	1.05
Manufacturing and Commerce	74,816	9.91	81,105	11.38
Real Estate and Construction	48,600	6.44	47,484	6.66
Public Utilities and Services	54,114	7.17	58,878	8.26
Personal Consuming				
Housing Loans	103,280	13.69	97,676	13.70
Securities Business	3,822	0.51	4,116	0.58
Hire Purchase	420,680	55.75	371,031	52.06
Others	31,402	4.16	29,504	4.14
Others	11,317	1.50	15,469	2.17
Total Loans	754,613	100.00	712,761	100.00

The overall credit data revealed that as of 31 December 2018, the Company and its subsidiaries' lending concentration on hire purchase business increased from 52.06 percent in 2017 to 55.75 percent. Most of the hire purchase loans were provided to retail customers whose credit line was relatively small and with a large number of customers, such risk therefore was well diversified.

1.2 Risk of Non-performing Loans

Non-performing loans are loans classified as substandard, doubtful, and doubtful of loss. They have been the major concerns of each financial institution. They have adverse effect on earnings and capital of the Company. At this juncture, the Company and its subsidiaries have focused efforts on controlling credit quality through appropriate policies and procedures to regularly monitor the quality of the loans.

NPL Ratio of the Company and Its Subsidiaries that are Financial Institutions (excluding accrued interest receivables) As of 31 December 2018 and 31 December 2017 are as follows:

Loan Classification	2018		2017	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Substandard	4,656	25.40	5,957	34.61
Doubtful	3,172	17.31	2,674	15.53
Doubtful of Loss	10,500	57.29	8,582	49.86
Total	18,328	100.00	17,213	100.00

As of 31 December 2018, non-performing loans of the Company and its subsidiaries that are financial institutions amounted to 18,328 million baht, an increase from the end of the previous year of 17,213 million baht. From credit overview, non-performing loans accounted for 2.43 percent of total loans, an increase from 2.41 percent as of 31 December 2017. This level of NPL ratio was relatively low compared to the industry level.

Non-performing Loans of the Company and Its Subsidiaries that are Financial Institutions, classified by Business Types (excluding accrued interest receivables) As of 31 December 2018 and 31 December 2017 are as follows:

Business Type	2018		2017	
	Debt Balance (Million Baht)	Percent	Debt Balance (Million Baht)	Percent
Agricultural and Mining	73	0.40	68	0.40
Manufacturing and Commerce	5,106	27.86	4,985	28.96
Real Estate and Construction	1,973	10.76	2,065	12.00
Public Utilities and Services	1,432	7.81	1,444	8.39
Personal Consuming				
Housing Loans	4,468	24.38	3,577	20.78
Hire Purchase	3,595	19.62	3,577	20.78
Others	1,445	7.88	1,253	7.28
Others	236	1.29	244	1.41
Total Non-performing Loans	18,328	100.00	17,213	100.00

Trouble Debt Restructuring

(Unit: Million Baht)

	2018	2017
Number of Debtors (Persons)	6,745	8,820
Outstanding Principal and Accrued Interest Receivables	10,107	11,169
Loan not Fully Covered by Collateral	2,841	3,678
Revaluation Allowance for Debt Restructuring	1	1
Total Loans and Accrued Interest Receivables	755,270	713,362
Restructured Debt to Total Loans (Percent)	1.34	1.57

The risk on debt restructuring arises from re-entry of the substandard debtors, i.e. after the debt restructuring, the debtors again default on their repayments, and hence re-enter the non-performing status. The problem poses adverse effects on performance of the Company and its subsidiaries. As of 31 December 2018, the outstanding principal and the accrued interest receivables of the restructured debt amounted to 10,107 million baht or 1.34 percent of total loans and accrued interest receivables. The net restructured debt (less collateral) or loan not fully covered by collateral amounted to 2,841 million baht.

1.3 Risk from Collaterals

For collateralized loans, the Company and its subsidiaries carefully assess and classify quality of each type of collateral by taking into account the liquidity and overall risk from that collateral. The assessment result is one of the important factors applied in the classification of each credit exposure. In this regard, the collateral, both in the form of immovable and movable whose value could be appraised, is subject to appraisal or valuation complying with the BOT's regulation. The Company and its subsidiaries significant types of collaterals are deposits and bills of exchange, marketable equity securities, non-listed equity securities, commercial immovable property, immovable property from housing, vehicles, machinery, etc. The Company and its subsidiaries have determined guidelines, standards, and frequency of appraisal and valuation of each

type of collateral. Furthermore, a report of the appraisal and valuation is made which includes clear and sufficient data and analysis to determine the price. In case that it cannot be specified whether the collateral price has decreased or declined over time, the impairment of the asset must be considered by a concerned official.

Hire purchase loans are the Company and its subsidiaries' main business. The ownership of collateralized car belongs to the Company, and in case of default, the Company is eligible to immediately repossess the collateral for the purpose of reselling in the used car market. As a result, the Company might be exposed to risk from the inability to repossess the car or from recovering the incurred loss by reselling the assets. Such conditions depend on risk factors, for instance, the conditions of the used car market and the repossessed car itself. TBANK used statistic information to calculate the possible incurred loss that may happen when default called Loss Given Default ("LGD"). and TBANK provides reserve higher than the LGD to cover possible loan loss.

1.4 Risk from Impairment of Property Foreclosed

As of 31 December 2018, the Company and its subsidiaries had 4,822 million baht in property foreclosed according to the book value net allowance for impairment, equivalent to 0.45 percent of total assets. Impairment totaled 1,700 million baht, equivalent to 26.07 percent of the book value.

1.5 Risks from Guarantees and Avals

The Company and its subsidiaries are also obligated in forms of avals, letter of credits, loan guarantees, and other obligations which the Company and its subsidiaries are held responsible for, if the customers are unable to fulfill their obligations. In managing such risk, the Company and its subsidiaries carefully scrutinize supporting information and apply strict approval procedures to these obligations. A close monitoring on these transactions is undertaken based on the same guideline used for its regular lending procedure of the Company and its subsidiaries.

As of 31 December 2018, the Company and its subsidiaries' obligations in the form of avals, guarantees for loans, and other obligations amounted to 25,472 million baht or 2.40 percent of total assets.

2. Market Risk

The market risk arises from movements in interest rates, exchange rates, and prices of instruments in money market and capital market, which may adversely affect earnings and capital of the Company and its subsidiaries. Market risk can be segmented into three categories including price risk, interest rate risk, and exchange rate risk. At this juncture, the Company and its subsidiaries' policies are to control and manage these risks to remain at an appropriate level and in line with the Company and its subsidiaries' policies on risk management.

2.1 Price Risk

Price risk arises when the Company and its subsidiaries' earnings and capital are adversely affected by changes in the price of debt and equity instruments, causing the value of the Company and its subsidiaries' trading and available-for-sale investment portfolio to decline.

The Company and its subsidiaries have developed risk measurement tools based on the Value-at-Risk model (VaR Model) to estimate the maximum loss amount at a certain confidence level and over a given asset holding period. The Company and its subsidiaries also determine the various limits of transaction in order to control risk to remain in an acceptable level, for example, Position Limit and Loss Limit. The Risk Control Unit separated from the front office and back office, has the duty of risk control and reporting on the status of the limits to the Board of Directors and departments and executives associated to the risk management in order to respond to the risk in a timely manner. The Company and its subsidiaries assigns Investment Committee to control and monitor this type of risk. In order to ensure the efficiency and accuracy of its tools for risk measurement, the Company and its subsidiaries require that the tools are subject to back-testing in accordance with the Bank for International Settlement (BIS) standards. Moreover, the Company and its subsidiaries have conducted stress testing by formulating stress scenarios which can create extraordinary reduction in stock prices. The test result could therefore shed light on how much the impact to earnings and capital of the Company and its subsidiaries could be.

As of 31 December 2018 and 31 December 2017, the Company and Its Subsidiaries' Trading and Available-for-sale Investments, classified by Types of Investments are as follows:

(Unit: Million Baht)

	Fair Value	
	2018	2017
Investments		
Trading Investments		
Government and State-owned Enterprise Securities	13,346	11,500
Private Debt Securities	3,507	5,364
Domestic Marketable Equity Securities	958	1,713
Available-for-sale Investments		
Government and State-owned Enterprise Securities	99,910	114,495
Private Debt Securities	23,702	25,373
Foreign Debt Securities	17,203	10,430
Domestic Marketable Equity Securities	6,793	4,531
Unit Trusts	68	625
Total Trading and Available-for-sale Investments	165,487	174,031

The value of trading and available-for-sale investments of the Company and its subsidiaries decreased from lowering investments in government and state-owned enterprise securities and foreign debt securities. Therefore, the overall price risk of the Company and its subsidiaries decreased from the previous year.

2.2 Interest Rate Risk

Interest rate risk is the risk that earnings or capital are adversely affected by changes in interest rates that pose impact on its rate-sensitive items including assets, liabilities, and off-balance sheet items. These changes may have a negative impact on net interest income and capital fund of the Company and its subsidiaries.

It is a goal of the Company and its subsidiaries to run their business operations under a long-term effective interest rate risk management system, in other words, to maintain an appropriate structure of assets and liabilities which are rate-sensitive at different time intervals. To ensure maximum benefits of the Company and its shareholders, the Company and its subsidiaries have developed the Repricing Gap Analysis Model as a tool for measuring interest rate risk by assessing the impact that may arise from the mismatch of the repricing periods of assets, liabilities, and obligations at different time intervals, which is used for risk measurement every month. In order to ensure that the risk of the Company and its subsidiaries business operation is within an acceptable limit, they have also established an acceptable risk ceiling and an early warning risk level, taking into consideration the structure of assets, liabilities, and obligations as well as interest rate repricing which are expected to take place in each period of the Company and its subsidiaries' business plan. The Asset and Liability Management Committee (ALCO) is responsible for monitoring and controlling such risk very closely. To effectively design appropriate measures to accommodate the risks, the committee has to monitor economic conditions, development in the money market and capital market, and the interest rate trend which could become important interest rate risk factors.

Details of Financial Assets and Liabilities as of 31 December 2018, classified by the Period when the Interest Rate would be Repriced in Accordance with Contract Related to Financial Assets and Liabilities of the Company and Its Subsidiaries are as follows:

(Unit: Million Baht)

Items	Period of Interest Rate Repricing or Due Date							
	Floating Interest Rate	At Call	0 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	No Interest	Total
Financial Assets								
Cash	-	-	-	-	-	-	11,022	11,022
Interbank and Money Market Items	1,351	850	86,032	3,500	-	-	7,504	99,237
Derivative Assets	-	-	-	-	-	-	2,005	2,005
Investments	838	-	59,520	14,105	79,353	5,684	10,869	170,369
Loans to Customers	213,812	6,511	36,361	19,492	241,421	236,756	260	754,613
Receivables from Purchase and Sale of Securities	-	-	-	-	-	-	2,640	2,640
Other Assets - Receivables from Clearing House	-	-	-	-	-	-	64	64
Total Financial Assets	216,001	7,361	181,913	37,097	320,774	242,440	34,364	1,039,950
Financial Liabilities								
Deposits	361,816	18	127,523	212,005	43,488	-	7,067	751,917
Interbank and Money Market Items	17,924	920	38,257	11,281	1,749	488	1,304	71,923
Liabilities Payable on Demand	-	-	-	-	-	-	1,163	1,163
Derivative Liabilities	-	-	-	-	-	-	2,097	2,097
Debts Issued and Borrowings	137	330	2,477	6,724	24,915	20,430	-	55,013
Payables from Purchase and Sale of Securities	-	-	-	-	-	-	1,325	1,325
Other Liabilities - Payables to Clearing House	-	-	-	-	-	-	795	795
Total Financial Liabilities	379,877	1,268	168,257	230,010	70,152	20,918	13,751	884,233

In view of the above assets and liabilities structure, if the market interest rate is higher than the current level, net interest income will be adversely impacted during the forthcoming year. This is mainly due to the Company's hire purchase loan portfolios of the Company and its subsidiaries, whose interest rates are fixed ones. However, the Company and its subsidiaries have implemented risk management measures including interest rate swaps and mobilization of more long-term deposits.

2.3 Exchange Rate Risk

The exchange rate risk is a risk that the earnings and capital of the Company and its subsidiaries can be adversely affected by exchange rate fluctuations from transactions in foreign currencies or having exposures in their possession of assets or liabilities in foreign currencies. There are two types of exchange rate risk - risk from transactions in foreign currencies (Transaction Risk) and risk from changing value from exchanging foreign currency to local currency (Translation Risk).

Most transactions in relation to exchange controls are due to the service of TBANK which is one of the Company's subsidiaries. TBANK assigns ALCO to be responsible for monitoring and controlling this type of risk through the consideration in the proper matching between the structure and the maturity of assets and liabilities in foreign currencies. TBANK's policy is to determine the risk ceiling in order to control the impact of exchange rate movements on earnings and capital. Nevertheless, in order to avoid the exchange rate risk, TBANK has also relied on hedging instruments such as forward contracts.

As of 31 December 2018, the Company and its subsidiaries faced with relatively low exchange rate risk as most of the assets in foreign currencies have been hedged by forward contracts.

3. Liquidity Risk

Liquidity risk arises from the inability of the Company and its subsidiaries to repay their debts or obligations upon the delivery date due to the lack of ability to convert assets into cash or to mobilize adequate funds or to mobilize funds at an acceptable cost. This could adversely affect the current and future earnings and capital of the Company and its subsidiaries. The liquidity risk management mechanism starts with the assessment of the cash flows and liquidity position over particular time horizons of the Company and its subsidiaries when the different levels of funds may be required to accommodate borrowings upon maturities, to reduce other types of liabilities, or to acquire of assets by using Liquidity Gap Analysis, various liquidity ratios, and “What If” scenarios to evaluate the sufficiency of the cash flow liquidity depending on customer behavior in extending contracts upon maturity and estimate the need of liquidity in various “What If” scenarios depending on the economic climate and extraordinary situations that may happen to the Company and its subsidiaries, and the financial institution system.

Meanwhile, the Company and its subsidiaries developed an emergency plan in the case of a liquidity problem and there will be a revision of the significant occurrences that affect working operations. In this regard, the Company and its subsidiaries have assigned ALCO in controlling and managing the liquidity risk every two weeks to monitor and manage risk.

The Structure of the Company and Its Subsidiaries’ Funds, classified by Source of Fund and Maturity Date are as follows:

Capital Funds Classified by Source of Fund	2018		2017	
	Million Baht	Percent	Million Baht	Percent
Deposits	751,917	85.56	716,091	84.24
Interbank and Money Market Items	71,923	8.18	82,343	9.69
Debts Issued and Borrowings	55,013	6.26	51,596	6.07
Total	878,853	100.00	850,030	100.00

Capital Funds Classified by Maturity Date	2018		2017	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	786,934	89.54	761,007	89.53
More than 1 Year	91,919	10.46	89,023	10.47
Total	878,853	100.00	850,030	100.00

As of 31 December 2018, deposits and debts issued and borrowings of the Company and its subsidiaries were 878,853 million baht, where sources of funds were mostly from public deposits with maturity less than 1 year. This is considered a common structure of the financial institutions. Nevertheless, the Company and its subsidiaries also offered various products such as Negotiable Certificates of Deposit (NCD) and debentures in order to increase the saving alternatives for the customers.

Financial Assets and Liabilities as of 31 December 2018, classified by Maturity Date are as follows:

(Unit: Million Baht)

Items	Maturity Date of Financial Instruments				
	At Call	Less than 1 Year	More than 1 Year	Not Specified	Total
Financial Assets					
Cash	11,022	-	-	-	11,022
Interbank and Money Market Items	9,704	89,533	-	-	99,237
Derivatives Assets	-	670	1,335	-	2,005
Investments	843	73,362	85,300	10,864	170,369
Loans to Customers	41,158	187,162	526,293	-	754,613
Receivables from Purchase and Sale Securities	-	2,640	-	-	2,640
Others Assets - Receivable from Clearing House	-	64	-	-	64
Total Financial Assets	62,727	353,431	612,928	10,864	1,039,950
Financial Liabilities					
Deposits	364,735	342,845	44,337	-	751,917
Interbank and Money Market Items	22,398	47,288	2,237	-	71,923
Liabilities Payable on Demand	1,163	-	-	-	1,163
Derivative Liabilities	-	703	1,394	-	2,097
Debts Issued and Borrowings	467	9,201	45,345	-	55,013
Payables from Purchase and Sale Securities	-	1,325	-	-	1,325
Other Liabilities - Payable to Clearing House	-	795	-	-	795
Total Financial Liabilities	388,763	402,157	93,313	-	884,233
Commitments					
Aval to Bills	2	291	10	-	303
Guarantees of Loans	87	2,315	-	-	2,402
Liability under Unmatured Import Bills	57	226	-	-	283
Letter of Credits	31	728	-	-	759
Other Commitments	37,732	43,858	1,770	-	83,360
Total Commitments	37,909	47,418	1,780	-	87,107

4. Operational Risk

The operational risk is the risk that arises from the damage that occurs from lack of good corporate governance within the organization. Risk may arise from the inadequate efficiency of the internal audit and internal control systems which could be relating to internal operation process, personnel, systems or external events and adversely affect the Company and its subsidiaries' operating income and capital. This also includes legal risks such as litigations, exploitation by the government, and also damage from settlements outside the courtroom. Such risk can pose an adverse impact on other risks, especially strategic risk and reputation risk.

The Company and its subsidiaries are well aware that efficient operational risk management is crucial to the business to achieve goals sustainably. Under current uncertainties, the Company and its subsidiaries, thus, place importance on efficient and effective operational risk management that is sufficiently comprehensive across the Company and its subsidiaries, so that timely preparations can be made in unexpected situations and increasingly stringent regulations are followed. The Company and its subsidiaries set operational risk policies and management that gear toward risk protection and monitoring. In addition, as internal control is a key mechanism in controlling and mitigating possible damage, the Company and its subsidiaries ensure that there is a strong internal control system: an organization structure that has counterbalance, transaction-supporting units with a specialized skill set and independence to reduce possible errors, practice regulations applicable to all types of transactions, information technology system management and data security system, including the business continuity plan.

The Company and its subsidiaries determine a principle, form or condition of the process used in the measurement and assessment of internal risks of the Company and its subsidiaries. In the determination of this process, the Company and its subsidiaries consider the circumstantial factors such as supervising guidelines of the government units associated with the Company, state and complexity of the business, the capability of the Company in accepting risks. The Company has also put in place the tools for important operational risk management in line with Basel New Capital Accord (Basel II) e.g. risk and control self-assessment, key risk indicators (KRIs), loss data, incident management, outsourcing risk management. The practice guidelines are in line with the regulations imposed by the BOT and business continuity plans. As per BOT's specification for commercial banks to maintain capital funds in proportion to risk-weighted assets in terms of credit, market, and operation according to the Basel III guidelines, the Group has employed the Basic Indicator Approach to calculate operational risk.

In addition, to monitor operational risk, the Company and its subsidiaries determine a policy for executives of each department to be responsible for monitoring the risk by considering this as a part of their regular duties. This will help identify all risks and problems that occur in order

to respond to the changes in an appropriate and timely manner and not damaging to the Company and its subsidiaries. Nevertheless, to be informed of the result of business operations and problems that occur, as well as trends and changes in information of risk factors, the Company and its subsidiaries organize a filing and reporting of the information associated with operational risk management to be continually and regularly reported to the Board of Directors, the Risk Management Committee, and high level executives to use in the determination of policies, to develop a sufficient risk management system, and to be a tool in aiding the Company and its subsidiaries to evaluate the capability and efficiency of the internal control system.

5. Information Technology Risk

The information technology risk is the risk that may arise from using information technology systems to support the business, providing financial services to customers digitally, data management and cyber threats that may cause other risks, financial and non-financial damage e.g. strategic risk, reputational risk and operational risk.

Digital adoption is rising so rapidly that it has become the main service of the Company and its subsidiaries, and the Group has adopted information technology systems to enhance efficiency and provide services to customers confidently and securely. With such reasons, the Company and its subsidiaries have realized the importance of information technology risk management. In 2018, key actions taken were as follows:

- Organized a risk management structure into Three Lines of Defence, duties was separated: (1) information technology operations, (2) information technology risk management, and (3) information technology audit.
- Prepared information technology risk policy for having cautious information technology risk management with all risk areas coverage.
- Applied DLP (data leakage protection) system to the Company and its subsidiaries to protect customer data and key information of the Bank.

6. Strategic Risk

This type of risk arises from the inappropriate formulation of strategies, business planning, and implementation which are not compatible with internal setups and external environment, resulting in an adverse impact on earnings, capital or the existence of the Company and its subsidiaries. In managing the strategic risk, the formulation of strategies of the Company and its subsidiaries will be considered over the three years ahead, with the review required annually or in the case of an external event that may impact the achievement of the Company's business goals. The Executive Committee is responsible for regular monitoring and evaluating the performance of the work units upon the established targets stated in the annual operation plan.

7. Reputation Risk

The reputational risk means a risk that occurs when the public i.e. customers, strategic or alliance partners, investors, and regulators has a negative perception of or lose confidence in the Company and its subsidiaries. This risk may impact the Company and its subsidiaries revenue and/or capital at present and in the future. Reputational risk may arise from noncompliance with corporate governance and business ethics, or nonconformity to the laws, regulations, as well as the Company and its subsidiaries practice rules.

The Company and its subsidiaries have continuously taken into account the importance of the reputational risk. To align with BOT's capital supervisory regulations in accordance with Pillar II, a reputational risk policy has been formulated. The policy consists of reputational risk framework and reputational risk management processes which entail reputational risk assessment and measurement divided into 5 levels of impact and likelihood, reputational risk prevention by raising awareness and devising measures to prevent reputational risk events, regular monitoring and reporting to relevant committees, including risk management in case of high and very high risk levels. The Company and its subsidiaries set key units responsible for the risk management processes.

8. Regulatory Risk

The regulatory risk arises from incompliance to laws, regulation, requirements, standards, and guidelines in the Company transactions which can lead to financial loss, reputation damage, and interference by state entities. Also, there are risks from the amendments or changes in regulations, laws or requirements of the authorities especially the BOT, the SEC, the SET, the OIC, the AMLO, etc. Such changes may affect the strategies and business operations of the Company and its subsidiaries.

Thanachart Group has a Compliance Department, which is under TBANK, reports directly to the Audit Committee of TBANK. The department ensures that the Company and companies in Thanachart financial conglomerate are in compliance with regulations and requirements from related various state agencies and the Code of Business Conduct. The department also provides advices and disseminates knowledge to executives and employees. Furthermore, it helps high-level executives to effectively manage risk of regulatory violation. The role and responsibilities do not overlap with the Internal Audit Department. As well, its specific responsibilities include operations in anti-money laundering measure, coordination with official supervisory or agencies, etc. It parallelly reports to the highest executives of the Company and TBANK together with the Audit Committees of the Company and TBANK.

In evaluating regulatory risk, the Compliance Department assesses incompliance risks in various transactions by considering all related internal and external factors for both the Company and its subsidiaries. These include regulatory climate and outlook of the authorities, auditing assessment by the officials, business policies, debates and complaints, internal audit, and internal work procedures. The consideration is placed on the magnitudes of possible impact and likelihood of occurrence in each aspect of incompliance risks using the guideline of "Risk Based Approach" (RBA). Random review is executed to comply with Control and Monitor standard, and a recommendation is proposed to correct errors and improve performance.

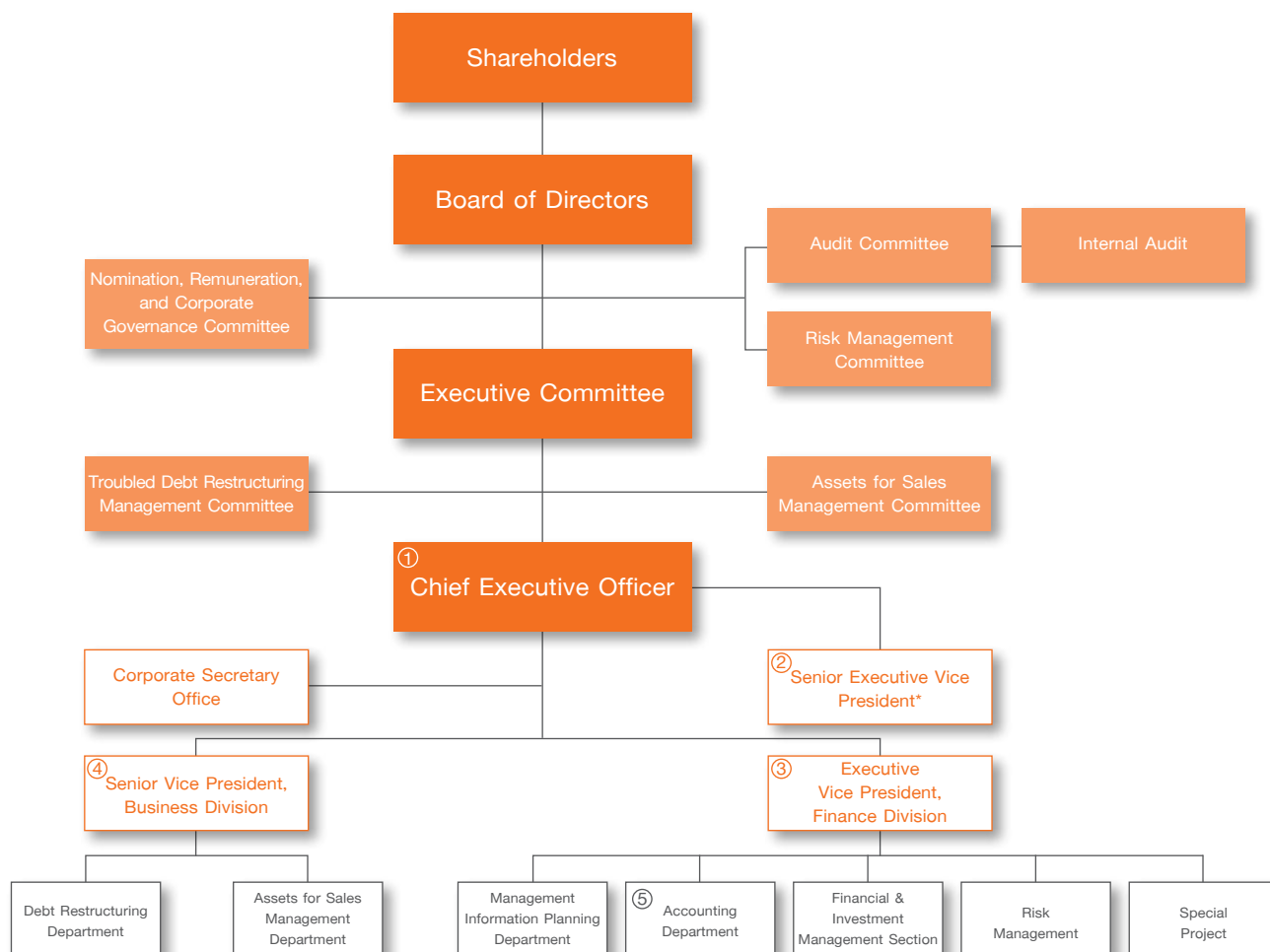
MANAGEMENT STRUCTURE

Thanachart Capital Public Company Limited

The management structure of the Company comprises of the Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, the Executive Committee, the Risk Management Committee, the Troubled Debt Restructuring Management Committee, the Assets for Sales Management Committee, and working units which have clear scopes of roles and responsibilities. The structure covers all operational areas of the Company, as well as, ensures adequate supervision and review. The Company structure is as follows:

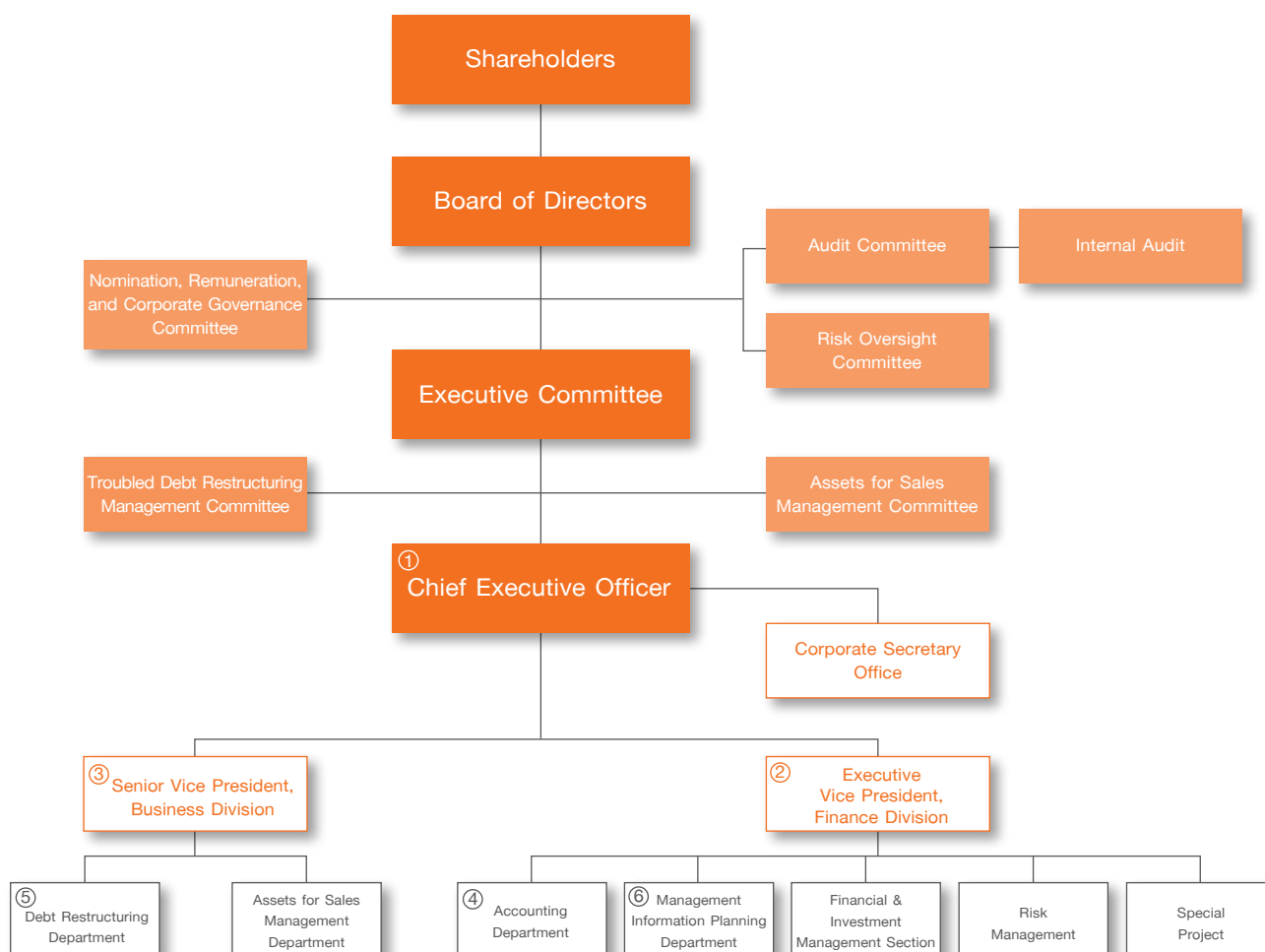
Organizational Structure of Thanachart Capital Public Company Limited

As of 31 December 2018



Note: * Mr. Somjate Moosirilert, Senior Executive Vice President, was assigned as the Chief Executive Officer and President of TBANK
①-⑤ are executives at the managerial level and the first four executives after the managerial level according to the regulations of the SEC.

The Board of Directors has had a resolution to change the person responsible as Chief Executive Officer and the members of the Risk Management Committee. At the same time, the name of the Committee has been changed to the Risk Oversight Committee starting from 1 January 2019. The new organizational structure is as follows:



Note: ①-⑥ are executives at the managerial level and the first four executives after the managerial level according to the regulations of the SEC.

Board of Directors and Executives of the Company

Board of Directors of the Company

The Company's Board of Directors Meeting

The Company has set the schedule of the Board of Directors' Meeting for a whole year in advance. The meeting is scheduled monthly. There could be the case of special meeting as deemed necessary. Following the considerations by the Chief Executive Officer, the Chairman of the Company's Board of Directors will review and approve the meeting agendas. The meeting agendas are to be clearly specified and informed in advance, including agendas for acknowledgement, agendas for consideration, agendas for approval, agendas from the sub-committees consideration and approval, agendas for acknowledgement the reports from sub-committees, and an agenda on information technology for consideration. These agendas are subject to monthly consider. The Company's corporate secretary is responsible for preparing the meeting notice and putting together the meeting documents in order to submit to the Directors prior to the meeting with sufficient time for the Directors to study and evaluate the information. Each meeting is approximately three hours long. There were a total of 12 meetings in 2018.

In the meeting, all Directors are encouraged to express their opinion freely and make decision on a resolution. The Chairman will provide all Directors an opportunity to fully express their opinions before voting. All comments are recorded in writing for each director as part of the meeting minutes which have to be approved by the Company's Board of Directors and assessed by the Directors and related parties.

The Board of Directors' structure is in accordance with the BOT's Notification No. SorNorSor. 10/2018 Re: Corporate Governance of Financial Institutions dated 22 May 2018, the BOT's Notification No. SorNorSor. 12/2018 Re: Regulations on Risk Supervision of Financial Business Groups dated 22 May 2018, and the Capital Market Supervisory Board's Notification No. TorChor. 39/2016 Re: Application Approval of Offer for Sale of Newly Issued Shares dated 30 September 2016. As of 31 December 2018, the Company had nine Directors. One-third of Directors were represented by three Independent Directors and three were Non-executive Directors. Consequently, 66.67 percent of the Board of Directors was represented by Independent and Non-executive Directors.

The List of the Company's Directors and the Meeting Attendance in 2018

List of Company's Directors	Position	Board of Directors	Audit Committee	Nomination, Remuneration, and Corporate Governance Committee	Executive Committee	Risk Management Committee
		(Total of 12 Meetings)	(Total of 16 Meetings)	(Total of 7 Meetings)	(Total of 12 Meetings)	(Total of 12 Meetings)
1. Mr. Banterng Tantivit	Chairman of the Board of Directors (Non-executive Director)	11	-	-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman, Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer (Executive Director)	12	-	-	12	12
3. Mrs. Siripen Sitasuwan	Chairperson of the Audit Committee and Member of the Nomination, Remuneration, and Corporate Governance Committee (Independent Director)	12	16	7	-	-
4. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Audit Committee (Independent Director)	11	14	7	-	-
5. Mr. Prinya Hom-anek	Member of the Audit Committee (Independent Director)	2	1	-	-	-
6. Mr. Vichit Yanamorn	Member of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Risk Management Committee (Non-executive Director)	12	-	6	-	12
7. Mr. Teeranun Srihong	Member of the Risk Management Committee (Non-executive Director)	7	-	-	-	5
8. Ms. Suvarapha Suvaraphathip	Vice Chairperson of the Executive Committee, Vice Chairperson of the Risk Management Committee (Executive Director)	11	-	-	12	10
9. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Management Committee, and Senior Executive Vice President (Executive Director)	11	-	-	12	5

- Notes:**
- 1) Authorized signatories of the Company include 1) Mr. Suphadej Poonpipat 2) Ms. Suvarapha Suvaraphathip 3) Mr. Somjate Moosirilert. Any two out of three authorized signatories can jointly sign with the Company's seal affixed.
 - 2) Mr. Teeranun Srihong was appointed as the Company's Director, replacing Mr. Taweesak Saksirilarp whose term was ended, according to the resolution of the 2018 Annual General Meeting of Shareholders on 25 April 2018.
 - 3) Mr. Prinya Hom-anek was appointed as the Company's Directors and a member of sub-committee, effective from 23 November 2018. The appointment was to replace Mr. Somkiat Sukdheva who resigned from the Company's Director and member of sub-committees, effective from 12 June 2018.
 - 4) Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As of 31 December 2018, the Company's executives at the managerial level and the first four executives after the managerial level including the head of accounting or finance department, according to the SEC included the following:

- | | | |
|------------------|------------------|--|
| 1. Mr. Suphadej | Poonpipat | Chief Executive Officer |
| 2. Mr. Somjate | Moosirilert | Senior Executive Vice President |
| 3. Mr. Kamtorn | Tantisirivat | Executive Vice President, Finance Division |
| 4. Mr. Watchara | Permphithak | Senior Vice President, Business Division |
| 5. Mrs. Thanawan | Chaisithikarnkha | Senior Vice President, Accounting Department |

Since 1 January 2019, the Company has changed its executives at the managerial level and the first four executives after the managerial level, including the head of accounting or finance department according to the SEC's criteria as follows:

- | | | |
|------------------|------------------|--|
| 1. Mr. Somjate | Moosirilert | Chief Executive Officer |
| 2. Mr. Kamtorn | Tantisirivat | Executive Vice President, Finance Division |
| 3. Mr. Watchara | Permphithak | Senior Vice President, Business Division |
| 4. Mrs. Thanawan | Chaisithikarnkha | Senior Vice President, Accounting Department |
| 5. Ms. Darawan | Bunnumstien | First Vice President, Debt Restructuring, Business Division |
| 6. Ms. Rommanee | Jenpinit | First Vice President, Management Information Planning Department |

Company Secretary

In the meeting No.6/2009 dated 26 May 2009, the Board of Directors appointed Mr. Panupan Tuangthong as the Company Secretary effective since 1 June 2009. He has competency, qualification, and experience suitable for the position. The Corporate Secretary Office is the unit to supervise that the Company Secretary's works comply with good corporate governance, in order to encourage effective management and business operation of the Company. The Company Secretary has to comply with Section 89/15 and Section 89/16 of the Securities and Exchange Act (No. 4) 2008 which has been effective since 31 August 2008 and also the corporate governance policy. The Company Secretary has to work with the responsibilities, vigilance, honesty, as well as compliance to laws, purposes, the Company's articles of association, the Board of Directors' resolutions, and resolutions from the shareholders' meetings. Duties according to laws and assigned by the Company are as follows:

Duties, Roles, and Responsibilities of the Company Secretary

1. Overseeing various activities of the Company's Board of Directors.
2. Providing Directors with preliminary advice on legal provisions, rules and articles of association of the Company, as well as good corporate governance principles and the code of conduct which the Directors should adhere to, ensuring that they are always properly compiled by the Directors. The Company Secretary is also required to inform the Directors when there are significant changes.
3. Preparing detailed documentation and information which are useful for new Directors and advising them a direction of the Company's business operation.
4. Organizing meetings of shareholders and meetings of the Board of Directors, ensuring that both meetings are in compliance with the laws, the Company's articles of association, and other requirements.
5. Keeping minutes of the meetings of shareholders and the meetings of the Board of Directors. The Company Secretary is also responsible for monitoring and ensuring the implementation of the resolutions adopted at the meetings of shareholders and at the meetings of the Board of Directors.

6. Preparing and keeping the register book of the Directors, notifications of the meetings of the Board of Directors, minutes of the meetings of the Board of Directors, annual reports of the Company, notifications of the meetings of shareholders, and minutes of the meetings of shareholders.
7. Preparing and keeping the reports on the conflict of interest of the Directors and executives as well as submitting copies of those reports to the Chairman of the Board of Directors and the Chairperson of the Audit Committee.
8. Disclosing information and forwarding corporate news or reports to the relevant regulatory agencies, in compliance with its statutory requirements.
9. Organizing training courses, activities, as well as seminars aimed at enhancing the Directors' knowledge, skills, and experiences which are useful in helping them carrying out their duties as the Company's Directors.
10. Communicating with shareholders to inform them of their various rights and to give them the latest news updates on the Company.
11. Constantly receiving training and improving the knowledge in regards to laws, accounting, or duties of the Company Secretary.
12. Taking other actions as required by the Capital Market Supervisory Board.

The Company's Executive in Charge of Accounting and Finance Division and Executive in Charge of Accounting Preparation

The executive who is assigned to be in charge of accounting and finance division of the Company is Mr. Kamtorn Tantisirivat, Executive Vice President - Financial Division and the executive who is assigned to be in charge of accounting preparation of the Company is Mrs. Thanawan Chaisithikarnkha, Senior Vice President - Accounting Department.

Profiles of Directors, executives, the company secretary, the executive in charge of accounting and finance division, and the executive in charge of accounting preparation of the Company are disclosed on "Board of Directors and Executives" section in this Annual Report.

Remuneration of Directors and Executives of the Company

Financial Remuneration

In 2018, the Company paid remuneration for four committees, including the Company's Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, and the Risk Management Committee. Total remuneration was 39,673,520.14 baht. The remuneration is in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance of 2017 which can be summarized as follows:

1. The remuneration payments made in 2018 to the Company's Board of Directors were as follows:

List of Company's Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng	Tantivit	1,360,000.00	620,000.00	5,126,570.67	7,106,570.67
2. Mr. Suphadej	Poonpipat	680,000.00	340,000.00	2,563,285.35	3,583,285.35
3. Mrs. Siripen	Sitasuwan	680,000.00	340,000.00	2,563,285.35	3,583,285.35
4. Mr. Tiraphot	Vajrabhaya	680,000.00	310,000.00	2,563,285.35	3,553,285.35
5. Mr. Prinya	Hom-anek	76,000.00	60,000.00	-	136,000.00
6. Mr. Vichit	Yanamorn	680,000.00	340,000.00	2,563,285.35	3,583,285.35
7. Mr. Teeranun	Srihong	490,000.00	210,000.00	-	700,000.00
8. Ms. Suvarnapha	Suvarnaprathip	680,000.00	310,000.00	2,563,285.35	3,553,285.35
9. Mr. Somjate	Moosirilert	680,000.00	315,000.00	2,563,285.35	3,558,285.35
<u>Directors retired from position in 2018</u>					
1. Mr. Somkiat	Sukdheva	282,000.00	130,000.00	2,563,285.35	2,975,285.35
2. Mr. Taweesak	Saksirilarp	190,000.00	100,000.00	2,563,285.35	2,853,285.35
Total		6,478,000.00	3,075,000.00	25,632,853.47	35,185,853.47

- Notes:**
- 1) Mr. Teeranun Srihong was appointed as the Company's Director, replacing Mr. Taweesak Saksirilarp whose term was ended, according to the resolution of the 2018 Annual General Meeting of Shareholders on 25 April 2018.
 - 2) Mr. Prinya Hom-anek was appointed as the Company's Directors and a member of sub-committee, effective from 23 November 2018. The appointment was to replace Mr. Somkiat Sukdheva who resigned from the Company's Director and member of sub-committees, effective from 12 June 2018.
 - 3) The 2018 Annual General Meeting of Shareholders on 25 April 2018 approved the adjustment of the following remuneration given to the Board of Directors and sub-committees which was in effective from 1 May 2018.
 - Monthly Compensation made to the Chairman and members was 120,000 baht per month and 60,000 baht per month respectively.
 - Meeting Stipends made to the Chairman and members were 60,000 baht per time and 30,000 baht per time, respectively.

2. The remuneration payments made in 2018 to the Audit Committee were as follows:

List of the Audit Committee Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Mrs. Siripen	Sitasuwan	720,000.00	480,000.00	1,200,000.00
2. Mr. Tiraphot	Vajrabhaya	480,000.00	280,000.00	760,000.00
3. Mr. Prinya	Hom-anek	50,666.67	20,000.00	70,666.67
<u>Directors retired from position in 2018</u>				
Mr. Somkiat	Sukdheva	214,666.67	140,000.00	354,666.67
Total		1,465,333.34	920,000.00	2,385,333.34

- Notes:**
- 1) Mr. Somkiat Sukdheva resigned from the Company's Director and member of sub-committees, effective from 12 June 2018.
 - 2) Mr. Prinya Hom-anek was appointed as the Company's Director, effective from 23 November 2018.

3. The remuneration payments made in 2018 to the Nomination, Remuneration, and Corporate Governance Committee were as follows:

List of the Nomination, Remuneration, and Corporate Governance Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Tiraphot Vajrabhaya	360,000.00	140,000.00	500,000.00
2. Mrs. Siripen Sitasuwan	240,000.00	105,000.00	345,000.00
3. Mr. Vichit Yanamorn	240,000.00	90,000.00	330,000.00
Total	840,000.00	335,000.00	1,175,000.00

4. The remuneration payments made in 2018 to the Risk Management Committee were as follows:

List of the Risk Management Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Suphadej Poonpipat*	-	-	-
2. Ms. Suvarnapha Suvarnaprathip*	-	-	-
3. Mr. Somjate Moosirilert*	-	-	-
4. Mr. Vichit Yanamorn	240,000.00	240,000.00	480,000.00
5. Mr. Teeranun Srihong	140,000.00	100,000.00	240,000.00
6. Mr. Kamtorn Tantisirivat*	-	-	-
<u>Directors retired from position in 2018</u>			
Mr. Somkiat Sukdheva	107,333.33	100,000.00	207,333.33
Total	487,333.33	440,000.00	927,333.33

- Notes:**
- 1) * Executive Directors do not receive the remuneration.
 - 2) Mr. Teeranun Srihong was appointed as the member Risk Management Committee, effective on 1 June 2018.
 - 3) Mr. Somkiat Sukdheva resigned from the Company's Director and member of sub-committees, effective on 12 June 2018.

5. The remuneration payments made to the Independent Directors who hold the Independent Director positions in subsidiary companies

No Independent Director of the Company holds Independent Director position in any subsidiary company, and therefore, there was no remuneration paid.

6. The remuneration payments made to the Company's Executive Committee

There was no remuneration made to the Executive Committee.

7. The remuneration payments made to the Company's executives

The Company had seven executives who are at the managerial level and the first four executives after the managerial level including the head of accounting or finance department. As a result, the Company paid a total of 57,823,515.00 baht in the remuneration payment made to five executives in forms of salaries, allowance, and social security contribution.

Other Remuneration

1. Other remuneration for the Company's Directors

The Company had no other remuneration paid to the Company's Directors.

2. Other remuneration for executives

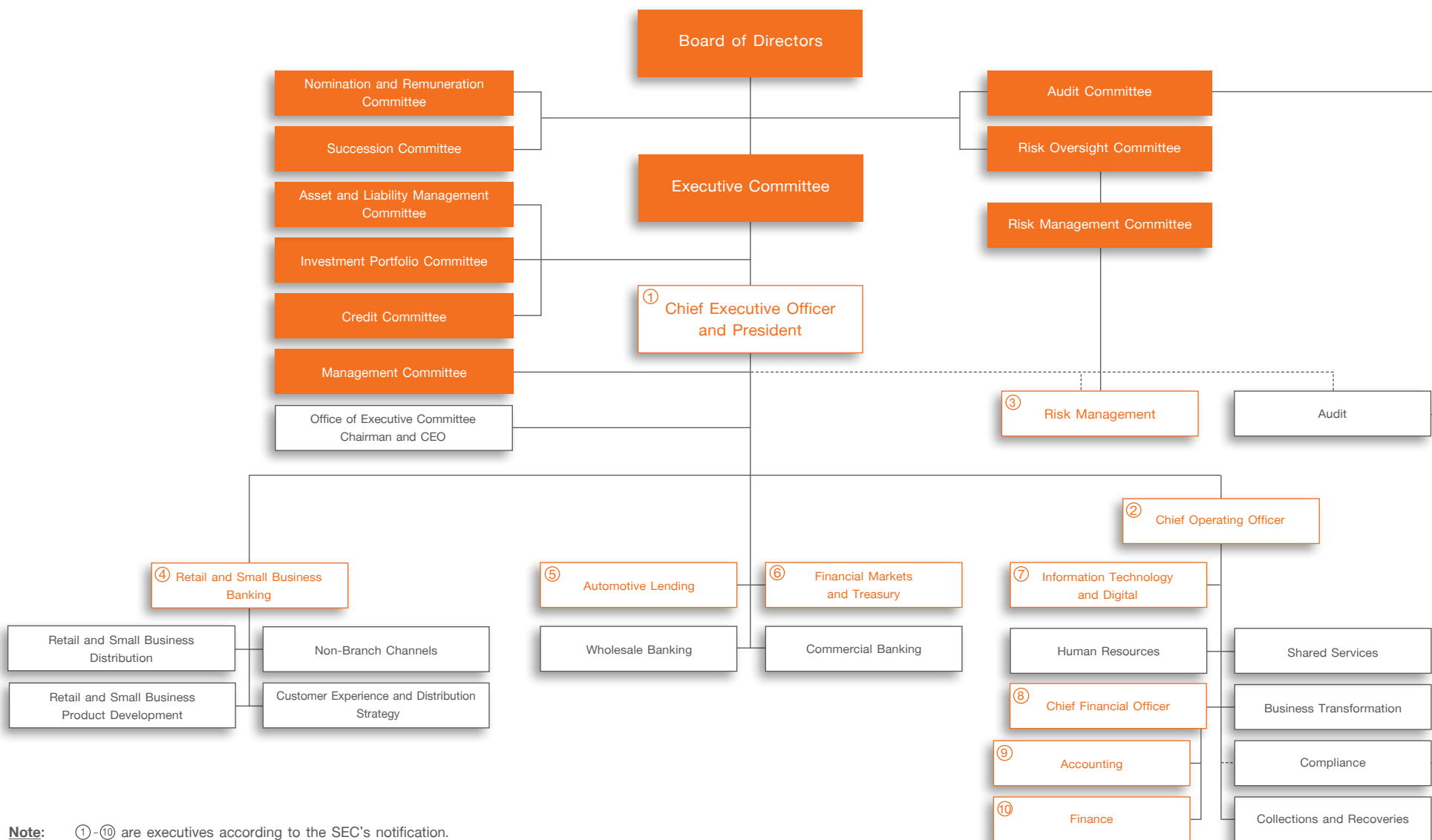
The Company has provided a provident fund for the executives, which the Company pays in the portion of 3 percent, 5 percent, 7 percent or 10 percent of their salaries depending on the period of employment of each executive. In 2018, the Company contributed 3,961,256.00 baht to the provident fund for five executives.

Total Sum and Type of Remuneration for Employees

In 2018, the Company paid a total of 122 million baht in the remuneration payments made to employees in forms of salaries, bonus, social security contribution, provident fund contribution, etc.

Management Structure of TBANK

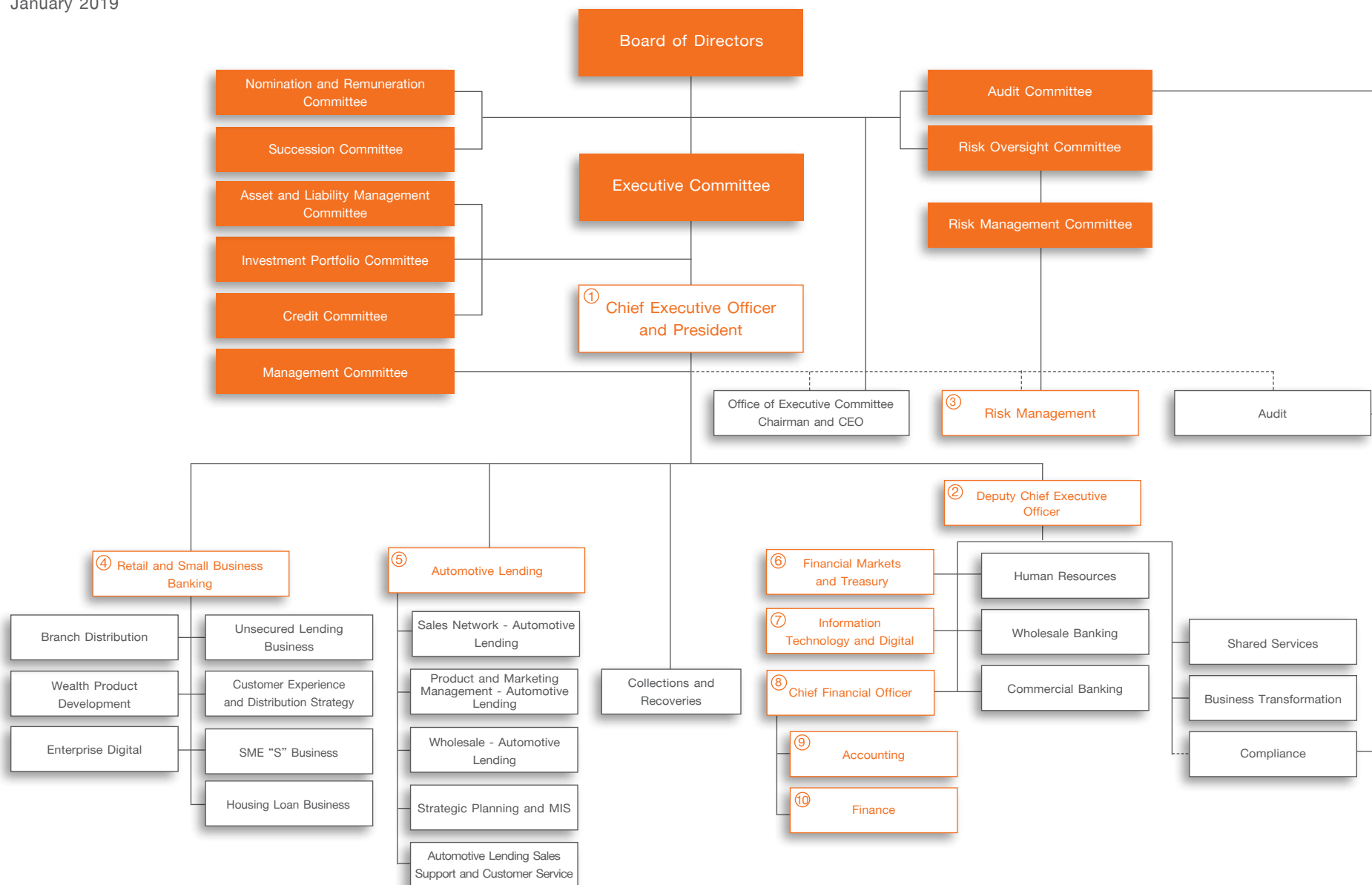
As of 31 December 2018



Note: ①-⑩ are executives according to the SEC's notification.

Management Structure of TBANK

As of 1 January 2019



Note: ①-⑩ are executives according to the SEC's notification.

Board of Directors and Executives of TBANK

Board of Directors of TBANK

TBANK's Board of Directors consists of those with high competence who possess expertise and experience in finance, accounting, management, and other professional areas, which allows TBANK to benefit from the well-managed business.

TBANK has established the number of Directors to be in accordance with the rule of law as well as the type and size of the business so that the Board of Directors could perform effectively. Of the total Board's members, the number of Executive Directors shall not exceed one half and the number of Independent Directors, who are independent from the management and neither benefit from or associate with TBANK's businesses, shall account at least one-third and be proportional to each shareholder's investment amount.

Members of TBANK's Board of Directors as of 31 December 2018 were as follows:

List of TBANK's Board Directors		Position	Executive Director	Non-executive Director	Independent Director
1. Mr. Banterng	Tantivit	Chairman	-	✓	-
2. Mr. Suphadej	Poonpipat	Vice Chairman	✓	-	-
3. Dr. Thanachart	Numnonda	Director	-	-	✓
4. Mr. Narong	Chivangkur	Director	-	-	✓
5. Assoc.Prof.Dr. Somjai	Phagaphasvivat	Director	-	-	✓
6. Ms. Mookda	Pairatchavet	Director	-	-	✓
7. Mr. Rod	Michael Reynolds	Director	-	✓	-
8. Mr. Walter	Tas	Director	-	✓	-
9. Mr. Alexander	Kwai Lap Choi	Director	-	✓	-
10. Ms. Suvarnapha	Suvarnaprathip	Director	✓	-	-
11. Mr. Somjate	Moosirilert	Director	✓	-	-
12. Mr. William	George Said	Director	✓	-	-

Note: TBANK's Directors who are authorized signatories representing the Bank include 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvarnaprathip 3) Mr. Somjate Moosirilert 4) Mr. William George Said. Any two out of four can jointly sign and affix TBANK's seal.

Since January 1, 2019, TBANK has changed the structure of TBANK Board of Directors. The details are as follows:

List of TBANK's Directors		Position	Executive Director	Non-executive Director	Independent Director
1. Mr. Banterng	Tantivit	Chairman	-	✓	-
2. Mr. Suphadej	Poonpipat	Vice Chairman	✓	-	-
3. Dr. Thanachart	Numnonda	Director	-	-	✓
4. Mr. Narong	Chivangkur	Director	-	-	✓
5. Assoc.Prof.Dr. Somjai	Phagaphasvivat	Director	-	-	✓
6. Ms. Mookda	Pairatchavet	Director	-	-	✓
7. Mr. Rod	Michael Reynolds	Director	-	✓	-
8. Mr. Walter	Tas	Director	-	✓	-
9. Mr. Alexander	Kwai Lap Choi	Director	-	✓	-
10. Ms. Suvarnapha	Suvarnaprathip	Director	✓	-	-
11. Mr. Praphan	Anupongongarch	Director	✓	-	-
12. Mr. William	George Said	Director	✓	-	-
<u>Directors retired from position in 2019</u>					
Mr. Somjate	Moosirilert	Director	✓	-	-

- Notes:**
- 1) TBANK's Directors who are authorized signatories representing the Bank include 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvarnaprathip 3) Mr. Praphan Anupongongarch 4) Mr. William George Said. Any two out of four can jointly sign and affix TBANK's seal.
 - 2) Mr. Somjate Moosirilert retired from TBANK Director position since 1 January 2019.
 - 3) Mr. Praphan Anupongongarch was appointed as TBANK Director from 1 January 2019.

TBANK's Board of Directors Meeting

Each year, TBANK schedules meetings and their agendas for the key panels in advance and informs Directors of the schedules to allow each of them to plan and arrange their time for the meetings. TBANK's Good Corporate Governance Policy stipulates that TBANK meets the minimum requirements of the Board of Directors and sub-committee meetings as follows:

1. The Board of Directors meeting is held approximately 6 times a year.
2. The Executive Committee meeting is held at least 6 times a year.
3. The Audit Committee meeting is held at least 6 times a year.
4. The Nomination and Remuneration Committee meeting is held at least twice a year.
5. The Risk Management Committee is held at least 6 times a year.
6. For all other committees, the decision on schedules rests with the chairman of each committee.

TBANK's Board of Directors convenes its meeting regularly in the last week of each month. It may also hold additional meetings as deemed appropriate. The meeting's agendas are to be clearly established in advance including regular agendas such as performance reports, approval of operating transactions, and risk management. The Office of Executive Committee Chairman and CEO is responsible for sending meeting invitations to the Directors along with the agendas as well as supporting documents in advance to allow the Directors to have sufficient time to study data and information before attending the meetings. In 2018, the Board of Directors convened 12 general meetings.

In TBANK's Board of Directors meeting, all Directors are encouraged to express their opinions freely and vote independently. The Chairman of the Board of Directors shall provide opportunities to all Directors to express their opinions before adopting any resolution. The observations and comments Directors made at the venue are documented. The minutes are to be certified by the Board of Directors and made available for inspection by the Board and related parties.

The List of TBANK's Directors and Meeting Attendance in 2018

List of TBANK's Board Directors		Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
		(12 Meetings)	(33 Meetings)	(12 Meetings)	(11 Meetings)	(12 Meetings)
1. Mr. Banterng	Tantivit	12	-	-	-	-
2. Mr. Suphadej	Poonpipat	12	32	-	-	-
3. Dr. Thanachart	Numnonda	12	-	12	-	-
4. Mr. Narong	Chivangkur	12	-	-	11	-
5. Assoc.Prof.Dr. Somjai	Phagaphasvivat	12	-	12	-	-
6. Ms. Mookda	Pairatchavet	12	-	12	11	-
7. Mr. Rod	Michael Reynolds	8	-	-	8	-
8. Mr. Walter	Tas	10	-	-	-	-
9. Mr. Alexander	Kwai Lap Choi	11	-	-	-	-
10. Ms. Suvarnapha	Suvarnaprathip	11	30	-	-	-
11. Mr. Somjate	Moosirilert	12	31	-	-	11
12. Mr. William	George Said	10	29	-	-	9

Executives of TBANK

As of 31 December 2018, TBANK's executives in the level of manager and executive as defined by the SEC's criteria, including the persons of management authority as defined by Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551 were as follows:

1. Mr. Suphadej Poonpipat
Chairman of the Executive Committee
2. Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
Chief Executive Officer and President
4. Mr. William George Said
Chief Operating Officer
5. Mr. Anuwat Luengtaweekul
Executive Vice President,
Retail and Small Business Banking
6. Mr. Ziad El-Hoss
Executive Vice President, Chief Risk Officer
7. Mr. Praphan Anupongongarch
Executive Vice President, Automotive Lending
8. Dr. Sutut Chitmonkongsuk
Executive Vice President, Chief Information
Technology and Digital Officer

9. Mr. Wichak Sirisae
Executive Vice President, Financial Markets
and Treasury
10. Mrs. Sasima Taweekulchai
Executive Vice President, Credit Risk Management
11. Mr. Ricky Jon Yakabowich
Executive Vice President, Shared Services
12. Ms. Kanoksri Rojmeta
Executive Vice President, T-Wealth Management
13. Mrs. Vijitra Thumponthong
Executive Vice President, Chief Human
Resources Officer
14. Mr. Kiangkrai Phurivitvattana
Executive Vice President, Office of Executive
Committee Chairman and the CEO
15. Mr. Wichak Praditavanij
Executive Vice President, Non-Branch Channels
16. Mr. Songwut Chaowalit
Executive Vice President, Retail and Small
Business Distribution
17. Mr. Pompert Rasanon
Executive Vice President, Sales Network -
Automotive Lending
18. Mr. Wisoot Tangadunrat
Executive Vice President, Client Relationship
Management (Real Estate) and Acting Head
of Wholesale Banking

19. Mr. Yuadrith Dhiantravan
Executive Vice President, Retail Risk Management
20. Mrs. Teranuj Koomsap
Executive Vice President, Retail and Small
Business Product Development
21. Mr. Tirachart Chiracharasorn
Executive Vice President, Product and
Marketing Management - Automotive Lending
22. Mr. Taweesak Songsithichoke
Executive Vice President, Business Transformation
23. Mr. Smart Saensuk
Executive Vice President, Investment Banking
24. Mr. Paul Alan DeWolfe
Executive Vice President, Customer Experience
and Distribution Strategy
25. Mrs. Pittimart Sanguansook
Chief Financial Officer (Executive Vice President)
26. Ms. Thanawan Teekautamakorn
Executive Vice President, Chief Auditor
27. Mr. Samuel Anthony Dotro
Chief Technology Officer (Executive Vice President)
28. Mr. Kittichai Singha
Executive Vice President, Compliance
29. Mr. Yuthyong Sudharatna
Head of Commercial Banking
(Senior Vice President)
30. Mr. Krittapol Nontakrew
Senior Vice President, Special Asset Management
31. Mr. Suwit Eurpiyachart
Senior Vice President, Accounting
32. Mr. Jaraschai Boworntammarat
First Vice President, Financial Planning
and Analysis and Acting Senior Vice President,
Finance

Notes:

1. Number 3 - 9, 25, and 31 - 32 are executive officers and the top four after the President as defined by the SEC.
2. Number 1 - 30 are those with management authority under Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551.
3. The changes during 2018 were as follows:
 - 3.1 Mr. Piyaphong Artmangkorn retired from Executive Vice President, Investment Management from 1 January 2018.
 - 3.2 Ms. Kanoksri Rojmeta had new work scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Distribution 3 (North), to Executive Vice President, Director of Investment Academy, effective from 1 February 2018. Later, she had work scope from Executive Vice President, Director of Investment Academy, to Executive Vice President, T-Wealth Management, effective from 1 April 2018.
 - 3.3 Mr. Lalit Dodampe Gamage Dharmasari had new work scope due to the revised organization structure, from Executive Vice President, Treasury and Debt Capital Markets, to Executive Vice President, Head Treasury, effective from 1 March 2018. Later, he completed his second duty at the Bank as assigned by Scotiabank, effective from 1 July 2018.
 - 3.4 Mr. Wichak Sirisae was appointed as Executive Vice President, Treasury and Debt Capital Markets, effective from 1 March 2018. Later the unit title was changed to Financial Markets and Treasury, effective from 16 August 2018.
 - 3.5 Mr. Sanong Kumnuch, Executive Vice President, Retail and Small Business Banking, retired early, effective from 1 May 2018.
 - 3.6 Mr. Anuwat Luengtaweekul had new work scope due to the revised organizational structure by replacing the executive who has retired early, from Executive Vice President, Retail and Small Business Distribution, to Executive Vice President, Retail and Small Business Banking, effective from 1 May 2018.
 - 3.7 Mr. Songwut Chaowalit had new work scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Distribution 1 (BKK 1), to Executive Vice President, Retail and Small Business Distribution, effective from 1 May 2018.
 - 3.8 Mr. Premsak Chittrapaporn resigned from First Vice President, Finance from 21 May 2018.
 - 3.9 Mrs. Pittimart Sanguansook was promoted from Chief Financial Officer (Senior Vice President) to Chief Financial Officer (Executive Vice President), effective from 16 June 2018.
 - 3.10 Ms. Thanawan Teekautamakorn was appointed as Executive Vice President, Chief Auditor, effective from 19 June 2018.
 - 3.11 Ms. Patcharee Leekitwattana, Senior Vice President, Credit Review, ended of acting in the position of Chief Auditor from 19 June 2018 onwards.
 - 3.12 Dr. Sutut Chitmonkongsuk changed the name of the position, from Chief Digital Officer (Executive Vice President), to Chief Information Technology and Digital Officer, effective from 16 July 2018.

- 3.13 Mr. Suwit Eurpiyachart was appointed as Senior Vice President, Accounting, effective from 23 July 2018.
- 3.14 Mr. Samuel Anthony Dotro was appointed as Chief Technology Officer (Executive Vice President), from 26 July 2018.
- 3.15 Mr. Jaraschai Boworntammarat was appointed as Acting Senior Vice President, Finance, as an additional position, effective from 17 September 2018.
- 3.16 Mr. Wuttichai Suraratchai, Executive Vice President, Credit Risk Management, retired early, effective from 1 October 2018.
- 3.17 Mrs. Sasima Taweekulchai had new work scope due to the revised organization structure, from Executive Vice President, Special Asset Management, to Executive Vice President, Credit Risk Management, effective from 1 October 2018.

- 3.18 Mr. Krittipol Nontakrew was appointed as Senior Vice President, Special Asset Management, effective from 1 October 2018.
- 3.19 Ms. Wisarnsri Nilodom, Executive Vice President, Wholesale Banking, retired early, effective from 16 October 2018.
- 3.20 Mr. Kittichai Singha was appointed as Executive Vice President, Compliance, effective from 16 October 2018.
- 3.21 Mr. Wisoot Tangadunrat, Executive Vice President, Client Relationship Management (Real Estate) was appointed as Acting Head of Wholesale Banking as an additional position, effective from 1 November 2018.

Profile of Directors and executives are disclosed in “Board of Directors and Executives” section in this Annual Report.

On 1 January 2019, TBANK had a change of manager and executive position according to the criteria of the SEC, including the authority to deal under Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551 as follows:

1. Mr. Somjate Moosirilert resigned from his directorship (an Executive Director) and reached his term as Chief Executive Officer and President from 1 January 2019.
2. Mr. Praphan Anupongongarch was appointed as Chief Executive Officer, effective from 1 January 2019.
3. Mr. William George Said, originally Chief Operations Officer, was appointed as Deputy CEO, effective from 1 January 2019.
4. Mr. Pompert Rasanon had been appointed as Executive Vice President, Automotive Lending, effective from 1 January 2019.
5. Mr. Surasak Aptagama had been appointed as Executive Vice President, Sales Network - Automotive Lending, effective from 1 January 2019.
6. Mr. Wichak Praditavanij had new scope due to the revised organizational structure, from Executive Vice President, Non-Branch Channels, to Executive Vice President, Unsecured Lending Business, effective from 1 January 2019.
7. Mr. Songwut Chaowalit had new scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Distribution, to Executive Vice President, Branch Distribution, effective from 1 January 2019.
8. Mrs. Teranuj Koomsap had new scope due to the revised organizational structure, from Executive Vice President, Retail and Small Business Product Development, to Executive Vice President, Wealth Product Development, effective from 1 January 2019.
9. Mr. Tirachart Chiracharasporn had new scope due to the revised organizational structure, from Executive Vice President, Product and Marketing Management - Automotive Lending, to Executive Vice President, Enterprise Digital, effective from 1 January 2019.
10. Ms. Kanoksri Rojmeta retired from Executive Vice President, T-Wealth Management from 1 January 2019.
11. Mrs. Sasima Taweekulchai retired from Executive Vice President, Credit Risk Management from 1 February 2019.

Company Secretary (TBANK)

TBANK has assigned the Office of Executive Committee Chairman and CEO to administer corporate secretariat tasks to be compliant with the principles of good corporate governance as well as to ensure continuity and effectiveness of TBANK's operation.

Remuneration of Directors and Executives of TBANK

Financial Remuneration

As of 31 December 2018, TBANK has remunerated 3 panels of the Board of Directors, the Audit Committee, and the Nomination and Remuneration Committee totaling 42,136,600.00 baht. The remuneration was paid in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance in 2017, which can be summarized as follows:

1. The remuneration payments made in 2018 to TBANK's Board of Directors were as follows:

List of TBANK's Directors		Type of Remuneration (Baht Per Year)			
		Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng	Tantivit	1,560,000.00	720,000.00	3,647,168.62	5,927,168.62
2. Mr. Suphadej	Poonpipat	780,000.00	360,000.00	1,823,584.32	2,963,584.32
3. Dr. Thanachart	Numnonda	780,000.00	360,000.00	1,353,948.90	2,493,948.90
4. Mr. Narong	Chivangkur	780,000.00	360,000.00	1,823,584.32	2,963,584.32
5. Assoc.Prof.Dr. Somjai	Phagaphasvivat	780,000.00	360,000.00	1,823,584.32	2,963,584.32
6. Ms. Mookda	Pairatchavet	780,000.00	360,000.00	1,353,948.90	2,493,948.90
7. Mr. Rod	Michael Reynolds	780,000.00	240,000.00	1,823,584.32	2,843,584.32
8. Mr. Walter	Tas	780,000.00	300,000.00	1,823,584.32	2,903,584.32
9. Mr. Alexander	Kwai Lap Choi	780,000.00	330,000.00	-	1,110,000.00
10. Ms. Suvarnapha	Suvarnaprathip	780,000.00	330,000.00	1,823,584.32	2,933,584.32
11. Mr. Somjate	Moosirilert	780,000.00	360,000.00	1,823,584.32	2,963,584.32
12. Mr. William	George Said	780,000.00	300,000.00	744,422.09	1,824,422.09
<u>Directors retired from position in 2017</u>					
1. Mr. Kiattisak	Meecharoen	-	-	469,635.41	469,635.41
2. Mr. Sataporn	Jinachitra	-	-	469,635.41	469,635.41
3. Mr. Peter	Clifford Bessey	-	-	1,079,162.23	1,079,162.23
4. Mr. Adil	Aziz Chaudhry	-	-	1,818,588.20	1,818,588.20
Total		10,140,000.00	4,380,000.00	23,701,600.00	38,221,600.00

Note: Changes during the course of 2017:

- At the Annual General Meeting of Shareholders No. 24/2017 on 5 April 2017,
 - Mr. Kiattisak Meecharoen and Mr. Sataporn Jinachitra retired by rotation.
 - Dr. Thanachart Numnonda and Ms. Mookda Pairatchavet were elected as TBANK's Directors to replace those retired by rotation.
- Mr. Peter Clifford Bessey resigned from his directorship and Mr. William George Said was appointed as a Director since 5 August 2017.
- Mr. Adil Aziz Chaudhry resigned from his directorship on 31 December 2017 and Mr. Alexander Kwai Lap Choi assumed his directorship since 1 January 2018.

2. The remuneration payments made in 2018 to TBANK's Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Dr. Thanachart Numnonda	720,000.00	360,000.00	1,080,000.00
2. Assoc.Prof.Dr. Somjai Phagaphasvivat	480,000.00	240,000.00	720,000.00
3. Ms. Mookda Pairatchavet	480,000.00	240,000.00	720,000.00
Total	1,680,000.00	840,000.00	2,520,000.00

3. The remuneration payments made in 2018 to TBANK's Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Narong Chivangkur	324,000.00	297,000.00	621,000.00
2. Mr. Rod Michael Reynolds	216,000.00	144,000.00	360,000.00
3. Ms. Mookda Pairatchavet	216,000.00	198,000.00	414,000.00
Total	756,000.00	639,000.00	1,395,000.00

4. The remuneration payments made to TBANK's Independent Directors who hold the independent director positions in subsidiary companies

None of TBANK's Independent Directors sits as an independent director of any subsidiary, and therefore, there was no remuneration paid.

5. In 2018, the remuneration was paid in the form of salary, allowances, social security contribution, etc. to Executive Directors and executives in accordance with the regulations as follows:

- By the SEC's definition, there were 12 Executives Directors and executives (including 2 executives changed during the past year), a total remuneration paid amounted to 135,260,323.00 baht.
- With reference to the BOT's guideline, which as in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there are 35 of those with management authority (including 2 executives changes during the past year), a total remuneration paid amounted to 297,196,094.00 baht.

Other Remuneration

1. Other remuneration of TBANK's Directors

TBANK did not pay other remuneration to the Directors.

2. Other remuneration of Executive Directors and executives

TBANK provides provident fund to executives at the rates of 3 or 5 or 7 or 10 percent of their salaries depending on years of service of each executive. In 2018, provident fund was paid in compliance with the regulations as follows:

- By the SEC's definition, there were 12 Executives Directors and executives (including 2 executives changed during the past year), a total provident fund paid amounted to 3,934,597.00 baht.
- With reference to the BOT's guideline, which as in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there are 35 of those with management authority (including 2 executives changed during the past year), a total provident fund paid amounted to 10,829,361.00 baht.



CORPORATE GOVERNANCE

Report on Corporate Governance Compliance

Good Corporate Governance Policies and Handbook of the Code of Ethics consisting of the Code of Business Ethics & the Code of Conduct for Directors, Executives, Employees and Investor Relations Officers

The Board of Directors already puts in writing the Good Corporate Governance Policies (“the Policies”) and the Company’s Handbook of the Code of Ethics as well as the Code of Conduct for the Company’s directors, executives and employees. The Policies, the Handbook and the Code have served as a framework for practice guidelines for its personnel since 2003. As well, the Company has requested member companies of Thanachart Group to apply such practice guidelines to their respective organizations in an appropriate and adequate manner. They are required not only to adhere to the morality and honesty principles but also to comply with all the related laws. In this connection, the Company reviews the policies and the Code of Ethics annually. In 2018, the Company revised the Policies and the Code of Ethics, ensuring that they were in line with new changes which took place. In making the revisions, the Company took into consideration and applied the Principles of Good Corporate Governance for Listed Companies 2017 which were distributed by the SEC, the Regulations on Risk Supervision of Financial Business Group and the Corporate Governance of Financial Institutions which were issued by the BOT, the Banking Industry Code of Conduct 2016 issued by the Thai Bankers’ Association, as well as the Corporate Governance Report of Thai Listed Companies (CGR) 2018 issued by the Thai Institute of Directors Association (IOD).

The Company discloses its Good Corporate Governance Policies as well as Handbook of the Code of Ethics on its website (www.thanachart.co.th) and in Thanachart Group’s intranet systems, in order to disseminate the information to Thanachart Group’s personnel at all levels so that they could study the related details. The key objective is to send to Thanachart Group’s personnel, shareholders, investors as well as all groups of stakeholders the messages which make all of them feel confident that they will be treated in a fair manner. Importantly, the information also reflects the good images of the Company and Thanachart Group.

In 2018, the Company implemented the following developmental activities in supporting good corporate governance.

1. The Company revised the Policies and Handbook of the Code of Ethics. In this connection, the principles related to the Policies were rewritten, ensuring that they were in line with the Corporate Governance Code for Listed Companies (CG Code) 2017 which was issued by the SEC. The Company applied the CG Code into its policies and code of ethics, taking into account its business environment and operations. If any practice principles could not yet be applied, explanations were given and recorded as part of the matters to be reviewed.
2. Member companies of Thanachart Group were required to revise Corporate Governance Policies and Handbooks of the Code of Ethics, ensuring not only that they were in line with the policies and handbook of the Company but also that they were appropriate to each company’s respective business operations.
3. In relation to Corporate Governance (CG) scoring, the Company achieved an excellent level (five stars) of recognition in the CGR 2018 issued by the IOD.

4. The Company organized training activities on its Corporate Governance Policies and Handbook of the Code of Ethics for newly recruited employees at all levels.
5. The Company made arrangements for its executives and employees at all levels to sign not only an agreement to adhere to the Policies and the Code of Ethics but also an agreement to avoid taking any action in pursuit of business benefits which represented a conflict of interest with Thanachart Group.
6. Conducting appraisals of staff at all levels of Thanachart Group twice a year, in order to develop, assess, and measure the level of knowledge and understanding in relation to the implementation of good corporate governance practices and the anti-corruption.
7. Developing Corporate Governance (CG) & Anti-Corruption E-learning on a continuous basis, ensuring that it is current, constantly updated, and easy to understand. The related e-learning content is delivered via intranet to allow staff members to study and learn by themselves.
8. The Company organized a seminar on Thanachart Group's Good Corporate Governance Policies and the Handbook of the Code of Ethics for trading partners and business representatives. The objectives were for the trading partners and business representatives not only to be aware of the Policies and the code but also to support them.
9. The Company organized an activity entitled "Format Minds, Delete Emotions" under the Corporate Governance and Anti-Corruption Project. The objectives were to develop employees at all levels and to inculcate in them the moral and ethical consciousness by making use of the contemplative education approach. The objective was for the employees to recognize and shoulder the responsibility for carrying out duties under the framework of the Code of Ethics and the Code of Conduct, towards the society.

Furthermore, Thanachart Group promoted good corporate governance practices, as well as, corporate social responsibility project (CG & CSR Project) through its corporate policies and by offering a range of regular activities for staff

of Thanachart Group on a continuous basis, ensuring all business units recognize the importance of adhering to the principle of good corporate governance. In this connection, Thanachart Group provided various channels through its internal communication under the Project "Thanachart Can do, Good Dharma...CG Initiates and Fulfill Dharma" to enhance staff's knowledge and understanding on the Policies and the Code of Conduct, and to design work practice based on morals, ethics, and the code of professional conduct in a form of VTR short film. The Company coordinated with the Office of the National Anti-Corruption Commission ("NACC") and the Anti-Corruption Organization of Thailand in creating the learning materials about corruption. The other form is the television program named "Dharma Sawaddee". Moreover, Thanachart Group still continued implementing the program for meditation practice in Bangkok, vicinity, and upcountry regions for staff so they have the mental management guidelines for their work and daily lives. As part of the corporate social responsibility, staff of Thanachart Group served as resource persons to propagate and foster the principles of good corporate governance and organized the activities called "Raising consciousness, living the present, and doing good deeds" for trading partners and external organizations.

Thanachart Group is determined to foster good corporate governance in concrete terms. In particular, the Group intends to demonstrate to its employees as well as the public sector and the general public its determination to conduct its business affairs in a fair and transparent manner and in line with the principles of good corporate governance. Importantly, the Group intends to promote anti-corruption as part of its corporate culture.

The Company's Business Conducts According to Good Corporate Governance Principles in 2018 are as follows:

1. Shareholders' Right

1.1 Shareholders' Basic Right Protection

The Company has a policy on shareholders' right protection and encourages them to honor their rights. The policy includes legal basic rights, such as company's profit sharing in form of dividend, buying and selling shares or share transfers, participation in shareholders' meeting in order to

honor their voting rights equitably and independently, and encouraging shareholders to have sufficient information of the Company. The Company has fully disclosed the information of the Company with accuracy, adequacy and in a timely manner via SET database and the Company's website (www.thanachart.co.th) where all shareholders have equal access to.

1.2 Shareholders' Meeting

The Company's Board of Directors considers and treats every shareholder equally in basic rights and encourage all shareholders to attend and participate in the shareholders' meeting, including institution shareholders. The Company also has policies regards basic and equal rights in shareholders' meeting, voting rights, proposing an agenda, nominating Directors, adequacy in Notice of the Annual General Meeting of Shareholders, disclosure of information, as well as, venue, date, and time of the meeting as in accordance with the good corporate governance policies. As well, the Board of Directors has put in place a work unit responsible for organizing the shareholders' meeting and ensuring that the meeting is conducted in line with the above policies as well as the additional practice guidelines developed and disclosed by the related organizations including the SEC, the IOD, and the Thai Investors Association, for implementation by listed companies.

The Thai Investor Association, an independent association, has evaluated the shareholders' meetings of the listed companies and has given the Company the highest score of 100 for nine consecutive years (2010-2018).

In 2018, the Company held the Annual General Meeting of Shareholders on 25 April 2018. The meeting was conducted according to laws, regulations, and corporate governance guidelines as follows:

Prior to the Shareholders' Meeting

The Company published the Notice of the Annual General Meeting of Shareholders in both Thai and English, including date, time, venue of the meeting, and meeting agendas together with explanation of objective and rationale for each agenda item which were complete and sufficient for shareholders' decision making before the meeting. The aforementioned information was available via various channels as follows:

News through the SET System

- The resolutions of the Board of Directors' Meeting regarding the Annual General Meeting of Shareholders for the year 2018 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 19 February 2018.
- Disclosure of the Notice of the Annual General Meeting of Shareholders on the Company's website. The information was posted on 20 March 2018.

The Company's Website

The Notice of the Annual General Meeting of Shareholders and the related supporting documentation were distributed 30 days before the meeting took place. The information was posted on the website on 23 March 2018. The information was the same as the information given in the documentation sent by postal mail. These included (1) the date, time, and venue of the meeting, (2) meeting agendas together with explanation of objective and rationale for each agenda item, (3) methods used in appointing a proxy, registration and showing identification for attending the meeting, and rules used for conducting the meeting, and (4) steps to be followed in relation to adoption of resolutions as well as proxy statements. In addition, the annual report was distributed prior to the meeting date.

Delivered by Mail

Meeting notice, meeting documents, and annual report in form of CD-ROM were delivered to all shareholders at least 14 days prior to the meeting. In this connection, all the documents were sent out at the post office on 23 March 2018.

Newspaper
Advertisement

Meeting notice was advertised in both Thai and English in daily newspapers for three consecutive days, seven days prior to the meeting day.

The Company provided the following opportunities to the Company's shareholders to raise issues via the Company's website:

1. Shareholders could propose candidates to elect as directors and also additional agenda items for the Annual General Meeting of Shareholders 2018 during the period from 1 September 2017 to 30 November 2017.

2. Shareholders could propose questions or other suggestions for the Annual General Meeting of Shareholders 2018 during the six-month period from 1 September 2017 to 30 March 2018.

The Company informed shareholders of the opportunity through the SET's system on 22 August 2017. The disclosed information was made available both in Thai and English in order to accommodate both Thai and Foreign shareholders. In addition, rules, procedures, and channels for raising such issues were available on the Company's website and the results were informed at the shareholders' meeting.

The proxy statement form B, a form in accordance with public company registrar which a shareholder can specify his vote and contains a barcode for convenience in meeting registration, was an attachment to the Notice of Annual General Meeting of Shareholders. The information was also published on the Company's website, in case of the need of shareholders to request a proxy to attend the meeting on their behalf. Furthermore, the proxy statement form A and C were published on the Company's website in order for shareholders and custodians appointment of the proxy to cast a vote as specified by shareholders.

The Company proposed two Independent Director, and an Executive Director with their curriculum vitae as well as stakes of each Director in the meeting notice to provide the shareholders alternatives for the appointment of proxy.

The Day of Annual General Meeting of Shareholders
(25 April 2018)

The Company held the Meeting at The Athenee Hotel, a Luxury Collection Hotel, Bangkok which was located on Wireless Road. The meeting venue was easily accessible. Shareholders could reach the venue conveniently by car, public bus, BTS skytrain. The Company also arranged for various accommodations, such as venue, reception staff, and barcode system for registration and voting resulting in supporting fast operation and accurate evaluation. Moreover, the Company provided printed ballot papers for each meeting agenda item for shareholders' convenience during the registration. The shareholders could also register in advance within two hours prior to the meeting time. In this connection, for transparency purpose, the Company invited a retail shareholder to serve as a volunteer responsible for monitoring vote counting process.

The Company established shareholders' meeting guidelines to ensure that shareholders' right would not be compromised. At any point of the meeting, shareholders could register and enter the meeting to honor their voting rights on the agenda of which vote casting had not been made. The Company has never adjusted or added any agenda or distributed additional documents which contain important information during the meeting without prior notice.

The total number of shareholders attending the meeting in person and by proxy was 2,040 shareholders.

All Directors attended the meeting, including the Chairman of the Company's Board of Directors, the Chairperson of the Audit Committee, the Chairman of the Nomination and Remuneration Committee, and Chief Executive Officer. During the course of the meeting, all shareholders were provided equitable right to express their opinions and ask questions, all of which were recorded and documented in the meeting minutes.

The Chairman of the meeting assigned the Company Secretary to explicitly inform the shareholders on meeting rules, casting vote, voting rights for each type of share, and vote counting procedures. Also, there is a shareholder served as a witness to count the vote for each agenda.

In casting votes, the ballot papers were required for every agenda item and during the agenda of director voting, the Company provided shareholders to vote for each Director.

Video presentations were used in the meeting in order to affirm that all information was clearly presented.

Post Annual General Meeting of Shareholders

The Company disclosed the voting results for each agenda via News through the SET System within the meeting day and also made available on the Company's website on the next working day.

The Company took minutes of the meeting whereby the number of Directors attended, voting procedure, voting results, and questions and answers for each agenda were recorded. The numbers of votes for approval, disapproval and that which were abstained were clearly verified in the minutes, including all other important information. The drafted minutes of the 2018 Annual General Meeting of Shareholders were submitted to the SET and also made available on the Company's website within 14 days after the meeting day which in this case was on 9 May 2018.

2. Equal Treatment to Shareholders

The Board of Directors arranges the Shareholders' Meeting in such manners that all shareholders have equal rights. The Board of Directors also provides opportunities to minority shareholders so they can nominate a candidate for a director position and/or propose an additional item for meeting agenda prior to the meeting. A proxy is made possible as an alternative for shareholders who are unable to attend the meeting to exercise their rights.

2.1 Measures for Controlling the Use of Inside Information

The Company has established measures aiming at controlling the use of inside information, prohibiting executives and related parties to use the Company's inside information for one's own personal benefit. The summary of the measures is as follows:

1. All work units of the Company are required to establish a system for keeping inside information in a safe

place, ensuring that the information is properly managed and maintained.

2. The Directors, executives at the managerial level, and the first four executives after the managerial level, as well as the Head of the Accounting or Finance Department are required to:

- Submit reports on their shareholdings and positions in various companies as well as reports on the derivatives and future contracts with the company shares as underlying assets, which are held by themselves, their spouses and their children who have not yet reached the legal age, on a quarterly basis in line with the requirements imposed by the Capital Market Supervisory Board, with copies to the Chairman of the Board of Directors, Chairman of the Audit Committee, and the Company Secretary every time.

- Submit reports on any change in their holdings of derivatives and futures contracts with the company shares as underlying assets, to the SEC within the next three business days after the change in their holdings takes place.

3. The Directors, executives, staff, outsource personnel, and consultants who have access to material inside information which have not yet been disclosed to the public are prohibited from using the information for the benefit of one's own or others. The prohibitions are stipulated in Thanachart Group's announcements and the Code of Conduct.

4. The regulatory notification on the rules governing the trading of securities issued by the Company stipulates a silent period prohibiting the following persons from trading the securities, starting 15 days prior to the end of each quarter and lasting until the second day after the disclosure of financial statements and financial positions to the SET.

- Directors and executives at the level of executive vice president and above of the Company and member companies of the Group.

- Staff and outsource personnel hired by the Company and member companies of the Group, working in those work units that have access to inside information

related to financial statements and financial positions of the Company and member companies of the Group.

- Consultants who have access to information related to financial statements and financial positions of the Company and member companies of the Group.

5. In case it is found that the inside information has been used for one's own benefit, such use of the information is considered violation and is subject to penalties imposed by the Disciplinary Committee.

2.2 Measures Addressing Conflicts of Interest

The Company places strong emphasis on prevention of conflicts of interest. As a result, it has established policies, made announcements, and issued rules and regulations, aiming at making the organization's operation transparent and reliable. These include, among others, the following:

1. It has adopted the Good Corporate Governance Policies, the business ethics, the code of conduct for the Directors, executives, staff, and investor relations officers, as well as the principles aiming at preventing the Directors, executives, staff, and related parties from pursuing one's own or any group of people's personal benefit.

2. The Company has established the risk management policy, governing the Company's transactions, transactions within the Group, and transactions between member companies of the Group with (1) Directors or persons with managing authority or parties related to them and (2) major shareholders or businesses which have related interests. It has also adopted policies on the use of services from parties outside Thanachart Group, the use of services between member companies of Thanachart Group, the use of services from major shareholders, the Directors, persons with managing authority in member companies of Thanachart Group, and parties who are related to the above groups. The principles are as follows:

- The Company has established rules and restrictions on the transactions with the above parties.

- The Company has established procedures for obtaining advice in writing from the Compliance Unit before

proposing the transactions to the persons who have approval authority, except the cases in which the transactions are deemed normal.

- The Directors and persons with managing authority, who have conflicts of interest, shall not participate in the approval of the transaction and shall not be entitled to vote on the agenda item concerned.

- The Company limits the scope of approval authority in executing related party transactions. The limitations include cases in which the transactions could not be executed in accordance with the established policies or cases involving a conflict of interest, which have to be submitted to the Board of Directors of the Company for executing the transactions or approval, with the related reports to be sent to the Company for information.

- In considering the rules governing the transactions that involves conflicts of interest, the rules must be in compliance with the Public Limited Companies Act, securities and stock exchange laws, and other related laws. In case of doubts, advice must be sought from the Compliance Unit. In this connection, the Compliance Unit is authorized to establish rules for governing the related party transactions, as it deems appropriate.

- The information about the executed transactions has to be disclosed in line with the established rules. The transactions have to be reported to the Board of Directors of the Company for acknowledgement twice a year. As well, the information about the transactions shall be disclosed to the public, in compliance with the requirements of the authorities concerned and the Thai Financial Reporting Standards.

3. The Company puts in writing procedures for executing related party transactions. These include: (1) collecting names of the related businesses or parties, which will serve as database for checking the transactions, (2) checking the transactions as well as getting advice from the Compliance Unit on legal issues and rules of practice, (3) approval, (4) information disclosure in line with the requirements of the authorities concerned, and (5) reviewing of the related party transactions by the Compliance Unit, the report of which will be sent to the Audit Committee. The Audit Committee will

review the related party transactions or those which may involve conflicts of interest, ensuring that they are accurate and complete.

4. The Company has established procedures for buying, selling, renting, and leasing assets of the Company to member companies of Thanachart Group or related parties.

5. The announcements made by different committees stipulate that, if there is any transaction in which the Directors, executives or related parties have a conflict of interest, the information about the conflict of interest in the agenda item under consideration has to be disclosed and the Directors or executives concerned are prohibited from participating in the meeting when the transaction is being considered.

6. The Directors, the first four executives after the managerial level, and the Head of the Accounting or Finance Department as well as their spouses and children who have not reached the legal age are required not only to disclose their shareholdings and positions in various companies but also to report on their holdings of derivatives and futures contracts with the company shares as underlying assets on a quarterly basis. The information will be used for identifying transactions that may give rise to a conflict of interest and serve as a database for disclosing about related-party transactions and businesses in the notes to financial statements.

7. It requires disclosure of information about the relationships between the Company and employees as well as their spouses, relatives and business counterparts or counterparties to agreements. The objective is to prevent conflicts of interest.

8. Any act of pursuing personal benefits in a dishonest manner is considered disciplinary violation.

3. Roles of Stakeholders

Thanachart Group has established written practice guideline on stakeholders; including shareholders, investors, employees, customers, trading partners, lenders, competitors, society and environment, community, and public sector in Good Corporate Governance Policy, and Code of Ethics. All the information in the guideline is disseminated through

the internal communication channels, so that the Directors, executives, and staff at all levels can strictly adhere to. The information has also been publicized via the Company's website to enhance stakeholders' confidence on their rights that they are well taken care of all the time. Consideration to the stakeholders' benefit is the priority, ensuring that no right is violated and it is compliance to laws and regulations of the authorities concerned. The procedures regarding the use of service and the exercise of stakeholders' rights are completely stated and sufficiently disclosed for stakeholders' acknowledgement. The details on the treatment of various groups of stakeholder are as follows:

3.1 Shareholders and Investors

Thanachart Group aims at having a solid performance and achieving a sustainable growth as well as being competitive to ensure an appropriate return to shareholders and investors on a regular basis. In conducting business, the Company has been aware of risks and ensures that there is the efficient internal control system as well as information disclosure in an accurate, complete, timely, and transparent manner. Moreover, the Company has made arrangements to provide the shareholders and investors with convenience in exercising any of the rights they are entitled to. Most importantly, Thanachart Group always adheres to good corporate governance principles in all its business conducts and activities.

3.2 Employees

Thanachart Group is committed to looking after its staff members through various employee welfare benefits including occupational health and safety. As well, it treats its employees with respect and fairly. In addition, they are encouraged to participate in training workshops for personal and professional development. The employees are provided with opportunities to apply their knowledge and skill in carrying out their responsibilities, with adequate comprehensible system in managing and evaluating performance via Key Performance Indicators (KPIs). Importantly, they are provided with appropriate remuneration in line with their individual performance and on par with the industry.

3.3 Customers

Thanachart Group is determined to develop financial products and services that could accommodate all financial needs of the customers, provide high quality and professional services, and keep customer information confidential. Fees are fairly charged. Before making their purchase decisions, customers are provided with complete and sufficient information about products and services.

3.4 Trading Partners, Lenders

Thanachart Group has established explicit policies and practices on purchasing and outsourcing for the purpose of fairness, transparency, and verifiability of all related parties as well as the rules on approval authority of package purchasing and rental. It is also a regulatory requirement that information must be disclosed about the relationship between the Company and employees including their spouses, family members, and trade partners or contract counterparties who are related to the employees. As well, any person who has a conflict of interest is prohibited from participating in the procedures and processes related to procurement and hiring. The objective is to promote transparency and prevent any conflict of interest.

In this connection, Thanachart Group has conducted its business affairs in line with sustainable development guidelines across the supply chain, starting with management of environmental and social impacts through TBANK's procurement. As well, the Group promotes the development of trading partners in a continuous manner so that they are able to achieve sustainability and implement their business activities in an honest, trustworthy, transparent and accountable manner. It is expected that Thanachart Group's trading partners are able to improve their operational processes while raising their performance standards on environmental and social sustainability.

As regards lenders, Thanachart Group treats its lenders fairly and accepts responsibility towards the lenders, particularly in relation to the guarantee conditions and the capital management and, in an event of default, the loan repayments in strict compliance with the agreements and various obligations to the lenders. Among others, these include the purposes of using the loan proceeds, principal

and interest payments, guarantee conditions as well as any other matters agreed with the lenders. In this connection, the Company shall send a report on the financial position and financial information to the lenders in an accurate, transparent and regular manner in line with the established terms and conditions.

As regards the capital management, the Company pays great attention to financial stability and strength as well as liquidity management, ensuring that it has enough liquidity to make repayments to lenders in accordance with the established schedules. As well, the Company ensures that the related information not only is accurate and sufficient but also is disclosed in a timely manner through a number of pre-specified channels so that the lenders could readily verify the information.

The Company has attached to the integrity of fulfilling the obligations made with trading partners, lenders and commitment in no exploitation under the conditions that are mutually agreed upon as well as legal rules and regulations in order to build confidence for long-term cooperation. The related information is disclosed in the report on the sustainable development and responsibility towards the society under the topic of "Responsibility towards trading partners in a supply chain".

3.5 Competitors

The Company operates its businesses and competes with the competitors under the rule boundaries. The Company does not engage in any conduct or activity which may cause an overall negative impact on the business.

3.6 Society and Environment

Thanachart Group has taken a responsible attitude towards society. Business operation not only strictly adheres to the relevant laws but also creates the advantages for society and public sector including economy, culture, tradition, and environment. The senior management of the Group has played an important role in promoting the principles of social responsibility.

3.7 Public Sector

The Company conducts its business in adherence to laws, rules, and regulations of the authorities as well as provides effective cooperation according to government policies. The Company will not involve or operate business with any illegal organizations or individuals. More importantly, it will not operate any activity that could lead to a corruption in government sector.

Mechanism of Stakeholders' Participation

Thanachart Group has developed the system for receiving complaints and suggestions from customers, external parties, and stakeholders more effectively for the purpose of organizational development. This has been undertaken through various channels such as the Company's website, marketing staff, and Thanachart Contact Center Call 1770. The Company has also explicitly established the business practice for the complaints reception system in which the responsible unit will follow up the customers' complaints and provide feedback to every customer or party that lodges the complaints, as well as applying customer's needs to improve Thanachart Group's services, increasing consumer or stakeholder's satisfaction. In this connection, the guidelines for accepting complaints are disclosed on the Company's website.

As regards the filing of complaints about frauds or corruption, Thanachart Group has put in place a specific channel for it, i.e. via the website of each member company of Thanachart Group. With regard to the Company's specific channel, complaints could be filed through its website (www.Thanachart.co.th) on the subject of "Giving Clues to Frauds and Corruption". The complaints and clues could be sent to Anticorruption@thanachart.co.th. The internal audit unit will be responsible for handling them. In this connection, the Company has established a policy and measures for protecting people who file the complaints. The related details are given under the topic entitled "Disclosure about the protection of whistleblowers on corruption". The report on the complaints and clues to frauds and corruption shall be sent to the Audit Committee and the Board of Directors respectively. In this connection, the Company has established clear guidelines for protecting the stakeholders who file complaints or give clues to frauds or corruption.

4. Disclosure and Transparency of Information

The Company's Board of Directors is responsible for the financial statements of the Company. In this regard, it has assigned the Audit Committee to ensure that the financial reports and internal control system of the Company are accurate and valid in accordance with the generally accepted accounting standards in Thailand. The Company has also disclosed the report of the Audit Committee, the report of responsibilities of the Board of Directors to the financial report, the report of the Auditors, and details of audit fees and other audit services fees in the Annual Report.

The Company ensures sufficient disclosure of important information in the notes to the Company's financial statements. In addition to the quarterly and yearly financial statements, the Company submits the Management's Discussion and Analysis (MD&A) of the business performance, a practice of which has started since the accounting period for the first half of the year ended 30 June 2003. Furthermore, the Company disclosed to the public any key event or suspected transaction sufficiently and strictly compliance with the agency's regulations.

The Company established the Investor Relations Unit responsible for providing an accurate information and news on a timely manner to Thai and foreign shareholders, investors, analysts, and credit rating agencies in order to strengthen image and credibility of the Company as well as provide services to the shareholders effectively. The Investor Relations Unit can be contacted via telephone at +66 (0) 2217 8000 Ext. 3027, 3102-3 and +66 (0) 2613 6107 or at e-mail address: tcap_ir@thanachart.co.th. The Company has established policies on information disclosure in which the information has to be accurate, complete, equitable, transparent, and timely as well as comply with related laws and regulations. The information is disclosed in line with the guidelines of the principle of good corporate governance of the SET and the IOD. The information is disclosed via the channels as follows:

1. The SET

- Management's Discussion & Analysis: MD&A.
The information is disclosed quarterly.
- Annual Registration Statement Form 56-1 and Annual Report

- Quarterly Financial Statements
- The Company's Board of Directors' resolutions, shareholders' meeting resolutions, and other information

2. The SEC (e.g., Annual Registration Statement Form 56-1, Prospectus)

3. The Department of Business Development, Ministry of Commerce (e.g., the Company's information)

4. The Company's website (www.thanachart.co.th)

5. Press, printing media, and other media (e.g., quarterly operating results, explanation of important issues)

6. Quarterly Analyst Meeting

7. Company Visit / One-on-One Meeting

8. Roadshow / Conference

9. Notification to shareholders by mail

In 2018, the Company's senior management and Investor Relations Unit paid a visit and provided information to related parties in various occasions, including One-on-One Meetings, Conference Calls, Group Analyst Meetings and Investor Conferences.

5. Responsibilities of the Board of Directors

The Company's Board of Directors and Sub-committees Structure

The Company's Board of Directors

The Company's Board of Directors is composed of well qualified persons who have expertise, skill, and experience in main business operation including finance, accounting, management, and other professional areas which provides the Company with great benefits. There is no limitation to genders as clearly stated in the Good Corporate Governance Policies.

In 2018, the Board of Directors comprised of nine Directors. Six of them were Non-executive Directors while three were Executive Directors. In this connection, three of those Non-executive Directors were qualified for being Independent Directors. All Directors brought in a wide array of knowledge and capability which was useful to the Company's businesses allowing the Board to perform its roles effectively. The composition of the Company's Board of Directors is set in policies stipulating the diversity of experiences and the

tenure of the directorship which is disclosed in the Annual Report and the Company's website.

The Company's Board of Directors structure is complied with the Notification of the Capital Market Supervisory Board No. TorChor. 39/2016, Re: Application for and Approval of Offer for Sale of Newly Issued Shares dated 30 September 2016, the BOT's Notification No. SorNorSor. 10/2018 Re: Corporate Governance of Financial Institutions dated 22 May 2018, and the BOT's Notification No. SorNorSor. 12/2018, Re: Regulations on Risk Supervision of Financial Business Groups dated 22 May 2018.

Tenure of Directorship

The tenure of directorship of the Board of Directors has been stated clearly by the Company's Articles of Association and the Good Corporate Governance Policy. At each Annual General Meeting of Shareholders, one-third of the members of the Board of Directors must retire. If the number of Directors due to retire is not a multiple of three, the nearest number but not exceeding one-third should be applied.

The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Directors who hold the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Independent Directors

The Company specifies definitions and qualifications of the Independent Director in accordance with the Capital Market Supervisory Board's guidelines as follows:

1. Holding shares not more than 0.5 percent of total number of shares with voting rights of the Company, subsidiary company, associated company, major shareholder, or controlling person, including shares held by persons related to such Independent Director. (The Company specifies a more stringent qualification than that of the Capital Market Supervisory Board, which specifies at not more than one percent).

2. Is not now and never has been an Executive Director, employee, staff, advisor who receives salary, or a controlling person of the Company, subsidiary company, associated company, major shareholder, or controlling person, unless the foregoing status has ended not less than two years prior to the appointment date. This restriction does not include cases in which the Independent Director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company.

3. Not being a person related by blood or registration under laws such as father, mother, spouse, sibling, and child, including spouse of children, executives, major shareholders, controlling persons, or persons to be nominated as executive or controlling person of the Company or its subsidiary company.

4. Does not have and never had a business relationship with the Company, subsidiary company, associated company, major shareholders or controlling person that may have a conflict of interest that obstructs the independent opinion. As well, any Independent Director is not now and never has been a significant shareholder or controlling person of any person having a business relationship with the Company, subsidiary company, associated company, major shareholder, or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

5. Is not now and never has been an auditor of the Company, subsidiary company, associated company, major shareholder, or controlling person. Not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder, or controlling person, unless the foregoing relationship has ended not less than two years prior to the appointment date.

6. Is not now and never has been a professional service provider, including a legal advisor or a financial advisor who receives service fees of more than two million baht per year from the Company, subsidiary company, associated company, major shareholder, or controlling person. Not being a significant shareholder, controlling person, or partner of the professional service provider, unless the foregoing relationship has ended not less than two years prior to the appointment date.

7. Not being a Director appointed as a representative of any Director of the Company, any major shareholder, or a shareholder related to the major shareholders.

8. Not operating any business that is of the same status and in competition with the Company or subsidiary company. Nor being a significant partner of a partnership or an Executive Director, employee, staff, or advisor who receives a salary or holds more than one percent of total number of shares with voting rights of any other company which operates business in the same status and in competition with the Company or subsidiary company.

9. Not having any business nor being an Executive Director nor having related benefit that may obstruct the independent opinion. As well, an Independent Director must not have any prohibited characteristic that undermines independence in carrying out the duties in the Company's operations.

Every Independent Director is independent to express opinions without interest in benefit, in terms of assets or working position; from the pressure of any person or any group of people as well as from any circumstances that could affect their opinion expression.

The Company's Board of Directors arranges a meeting particularly for only Non-executive Directors (including Independent Directors) at least once a year as an opportunity for Non-executive Directors to express and discuss freely any issues in regards meeting issues, without presence or participation of Executive Directors. In 2018, a meeting of Non-executive Directors was held on 26 November 2018. The participants followed up the progress achieved in relation to the matters discussed at the previous meeting. They paid attention to the strategy which linked the various businesses operated by member companies of Thanachart Group, knowing key executives of member companies of Thanachart Group, and risk management. A report summarizing the matters discussed at the meeting was sent to the Board of Directors for taking actions as deemed appropriate.

Directors Involved in Management or Executive Directors

1. Directors involved in management of the Company means any Director who holds an executive position, or any

Director who is in charge of any actions deemed to be taken by executive, and including any authorized Director with full signatory authority except the case where it can be demonstrated that such authorized Director signs on transactions which have been approved by the Board of Directors and jointly with other Directors (In compliance with the Capital Market Supervisory Board No. ThorChor 39/2016 Re: Application for and Approval of Offer for Sale of Newly Issued Shares, dated 30 September 2016).

2. Executive Director means

2.1 Director with a responsibility in the position of manager, deputy manager, assistant manager, or equivalence.

2.2 Director with a responsibility in the operation or involved in business management as executive, including a person in the Executive Committee.

2.3 Director with full signatory authority, except for the case when can be demonstrated that it is the authorized signatories according to the list that the Board of Directors has already approved and it is the joint authorized signatories with other Directors.

(In compliance with the BOT's Notification No. SorNorSor 10/2018, Re: Governance of Financial Institutions, dated 22 May 2018).

Roles, Duties, Responsibilities and Approval Authority of the Board of Directors

1. The Board of Directors directs, oversees and monitors the Company's business operations, ensuring that business affairs are conducted not only in line with the strategies, objectives, articles of association, and resolutions adopted at shareholders' meetings, as well as the principles of good corporate governance, but also in an honest and trustworthy manner in the best interests of the Company. As well, the business affairs must be conducted in a rational manner, bearing in mind the events which take place and the Company's various activities which are implemented.

2. The Board of Directors approves or endorses the Company's missions, strategies, targets, policies, business plans and budgets, in order to achieve sustainability.

3. The Board of Directors approves the Good Corporate Governance Policies, ensuring that the implementation of corporate governance activities of the Company and Thanachart Financial Conglomerate's member companies is appropriate, in line with their respective corporate structure, nature of business and risks.

4. The Board of Directors exercises control over Thanachart Financial Conglomerate's risk governance framework, audit processes, internal control systems, risk management systems as well as operational control and management, ensuring that they are not only put in place but also are appropriate and adequate, taking into account the business environments. As well, the Board of Directors makes arrangements for inculcating in the Company's personnel with the risk intelligent culture.

5. The Board of Directors oversees and monitors the management's performance regularly, ensuring that the Company's conduct of business affairs is in line with the policies, targets and business plans.

6. The Board of Directors monitors the financial liquidity adequacy and the ability to repay debts.

7. The Board of Directors determines and reviews the structure of the Board of Directors in terms of appropriate size, compositions, and proportion of independent directors, ensuring that the Board of Directors consists of directors with a wide range of qualifications in terms of skills, experiences, abilities and special characteristics of certain areas as well as gender and age, which are necessary for achieving the organization's main objectives and goals. In this connection, a board skills matrix has been prepared.

8. The Board of Directors establishes a number of committees as deemed appropriate. The objective is for these committees to help study, screen and oversee various business activities.

9. The Board of Directors establishes guidelines for considering and nominating an appropriate candidate as the Company's chairperson.

10. The Board of Directors ensures not only that the processes related to the nomination and selection of directors

and persons with power in management are transparent and clear, so that the candidates have qualifications that are in line with the specified elements but also the Board of Directors' composition and performance of duties are conducive to the exercise of discretion and independent judgment.

11. The Board of Directors considers the remuneration structure and rates, ensuring that they are appropriate to the responsibilities and motivate the Board of Directors to lead the organization to achievement of short- and long-term goals, taking into account the current risks as well as those that may arise in the future.

12. The Board of Directors oversees subsidiaries in order to protect the return of the Company's investments.

13. The Board of Directors monitors the management and development of human resources, ensuring not only that they are in line with the organization's direction and strategies but also that employees at all levels have appropriate knowledge, ability, skills, experience and motivation. As well, the Board of Directors ensures that they are treated fairly so that the organization is able to retain talented employees.

14. The Board of Directors ensures not only that each member of the Board has knowledge and understanding about their roles and responsibilities as well as the nature of business and the laws related to the business operations but also that each member is encouraged to regularly enhance their skills and knowledge for carrying out their duties. In this connection, the Board of Directors makes arrangements for its members to attend training activities and seminars, aiming at broadening their knowledge for the performance of their duties. The above information shall be disclosed in the Annual Report.

15. The Board of Directors ensures that its duties will be carried out orderly and that they have access to necessary information. As well, the Board of Directors is supported by the Company Secretary who has knowledge and experiences necessary and appropriate for supporting the Board of Directors' performance of duties.

16. The Board of Directors promotes innovations and responsible business operations. Also prepare sustainability reports as deemed appropriate.

17. The Board of Directors dedicates time and capability to the performance of duties. It also assumes full responsibility. Also, it is independent and fair towards the organization and shareholders, as well as the Company's executives and employees.

18. The Board of Directors supports the participation of and communicates with shareholders. It also ensures fair treatment of all groups of shareholders. In addition, it is responsible for the financial statements. As well, it discloses accurate information in a transparent and timely manner.

Segregation of Duties

The Chairman of the Board of Directors shall not be the same person as the Chief Executive Officer so as to segregate the duties of developing policies from day-to-day business management.

Being Directors or Executives of Thanachart Group's Member Companies

The Board of Directors takes into consideration and appoints persons to serve as directors or president and chief executive officer of TBANK. As for other subsidiaries whose shares are held directly by the Company, the Board of Directors assigns the Executive Committee to appoint persons to serve as directors, executives, or ones with power and authority in such companies. However, in the case of small companies which are the Company's operating arms, the Company's Chief Executive Officer is responsible for making such appointments.

Assumption of Directorship in Other Companies by Directors and Senior Executives

Since the Company is the holding company of a financial business group, it is under the BOT's Notification No. SorNorSor 10/2018, Re: Governance of Financial Institutions on 22 May 2018. In compliance with the Notification, Directors, Senior Executives, and the Company's advisor can assume the position of Chairman, Executive Director or Director with full signatory authorities in no more than three business groups. Moreover, the Company has set the following requirements the Good Corporate Governance Policies.

- The Company prohibited the Directors to hold the director position in more than five companies in listed domestically or abroad.

- High-ranking executives of the Company must get prior approval from the Executive Committee before becoming directors in other companies, except those of an immediate family member, in which the executives do not have to spend too much time. In case of the CEO, the incumbent must get prior approval from the Board of Directors before becoming a director in other companies, except those of an immediate family member, in which the incumbent does not have to spend too much time.

Importantly, holding positions in all other companies must not go against requirements or regulations of any other regulating agencies concerned. As well, the Company must be notified within seven days after the date of appointment or the date of commencement as a director.

Sub-committees

The Board of Directors of the Company has appointed the sub-committees to be responsible for performing necessary duties. The roles and responsibilities of each sub-committee are as follows:

Executive Committee

The Company's Board of Directors has appointed the Executive Committee, which consisted of three Directors as of 31 December 2018 as follows:

1. Mr. Suphadej Poonpipat
Chairman of the Executive Committee
2. Ms. Suvarnapa Suvarnaprathip
Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
Member of the Executive Committee
Mr. Panupan Tuangthong
Secretary of the Executive Committee

Roles, Duties, and Responsibilities of the Executive Committee

1. The Executive Committee is responsible for implementing the policies, targets, budgets, and plans which

are established by the Board of Directors, subject to the laws, regulations, and notifications of the regulators concerned.

2. The Executive Committee is responsible for managing risks.

3. The Executive Committee is responsible for managing liquidity and interest rates.

4. The Executive Committee is responsible for managing investments in various financial instruments within the risk limits.

5. The Executive Committee is responsible for managing transactions of the Company such as deposits, loans, investments, foreclosed assets, etc.

6. The Executive Committee is responsible for managing internal organization such as management of organization structure, human resource management, and administrative management.

7. The Executive Committee may assign its duties or sub-delegate any of the powers and authority of the Committee in management to other parties.

8. The Executive Committee is responsible for screening matters before forwarding them to the Board of Directors for consideration.

9. The Executive Committee is responsible for implementing various activities specified in the Good Corporate Governance Policies and in line with the assignments given by the Board of Directors

Audit Committee

The Company's Board of Directors approved the establishment of the Audit Committee. The Audit Committee consists of three Independent Directors with special knowledge, understanding, and experience in accounting and/or finance. To strengthen the Company's internal control, credibility, and maximum benefits of all parties including shareholders, the Audit Committee is an important tool for the Board of Directors to ensure good corporate governance, transparency, and compliance to the regulation and the Company's Code of Conduct. The members of the Audit Committee are as follows:

1. Mrs. Siripen Sitasuwan
Chairperson of the Audit Committee
2. Mr. Tiraphot Vajrabhaya
Member of the Audit Committee
3. Mr. Prinya Hom-anek
Member of the Audit Committee
Mrs. Sirinthorn Phayaphrom
Secretary of the Audit Committee

Roles, Duties, and Responsibilities of the Audit Committee

1. Financial report

- To review and disclose the Company's financial statements, as well as assess the appropriate use of key accounting policies.

- To review the consistency of financial statements key issues, complication or any abnormality and use good judgment in assessing them.

2. Internal control and risk management

- To ensure not only that the Company has put in place appropriate internal control systems, secure information technology systems, adequate risk management systems and sufficient anti-corruption measures but also that the Company has guidelines for communicating the above-mentioned matters to all personnel throughout the organization in an efficient manner.

- To ensure that the management makes use of the recommendations about internal control, which are given by internal auditors and certified public accountants, for making appropriate improvements within the specified time period.

- To ensure the adequacy and effectiveness of the Company's risk management systems.

3. Internal audit

- To review and approve of Internal Audit Charter, annual plan, and appropriate use of personnel and other resources.

- To review audit results and recommendations made by the internal auditors and follow up on the correcting measures to such recommendations.

- To ensure that the internal audit complies with all internal audit standards.

- To ensure that the Audit Department complies with the internal audit standards.

4. Supervision of subsidiary companies and subsidiaries of subsidiary companies

- To supervise work operation of the subsidiary companies and their subsidiaries to adhere to the policies of Thanachart Group. The audit committees of subsidiary companies and their subsidiaries assigned internal audit of TBANK to evaluate and summarize the business operation

overview of the subsidiary companies and their subsidiaries. The evaluation results must be informed to the Audit Committee of the Company as it is the parent company.

- In case of important issues, such as violation to law, fraud, corruption, and issues which significantly impact the financial position and reputation of the Company, it is required to report in full details.

5. Compliance to regulations

- To review corporate governance activities of the Corporate Governance and Compliance Unit in relation to the monitoring of the Company's business operations, ensuring that the Company conducts its business affairs in line with the laws, regulations of the state agencies concerned, the Code of Ethics, key policies as well as the related rules and regulations.

- To evaluate changing laws and related regulations which impact the Company's business operations.

- To review the findings and recommendations of the Corporate Governance and Compliance Unit and monitor the progress achieved in relation to the implementation of the recommendations.

6. External auditors

- To take into consideration the qualifications, independence, performance and fees of the external auditor. To also make recommendations to the Board of Directors in relation to selection and nomination of the external auditor and the audit fees.

- To have a meeting with external auditors without the management participation at least once a year.

7. Related party transactions or transactions that may lead to a conflict of interest

- To evaluate related party transactions or transactions that may lead to a conflict of interest in accordance with laws and regulations to ensure all business operation is in congruent and for the maximum benefit of the Company.

- To consider the disclosure of information in relation to the transactions with member companies of Thanachart Group and the related parties, ensuring that the disclosed information is accurate, complete and in line with the requirements imposed by the state agencies concerned.

- To consider the disclosure of information in relation to related-party transactions or those which may give

rise to a conflict of interest, ensuring that the transactions comply with the laws and the requirements imposed by the state agencies concerned.

8. Report of the Audit Committee

The Audit Committee shall be responsible for preparing a corporate governance report to be disclosed in the Company's Annual Report. The report shall be signed by the chairperson of the Audit Committee and the report should include the following information:

8.1 Opinions about improvements of various policies and practice guidelines in relation to the Company's good corporate governance as well as review of various practice guidelines, ensuring that they are appropriate. Among others, these include the following:

- Policies and practice guidelines related to protection of personal information.
- Regulations governing the use of insider information and insider trading.
- Handbook of the Code of Conduct for the organization's personnel.
- Work manual in relation to whistleblowing or filing of complaints.

8.2 Monitoring of the personnel's compliance with the Code of Ethics and the Code of Conduct.

8.3 Oversight of the Company's conduct of business affairs, ensuring that the Company adhered to the principles of good corporate governance issued by regulators or the state agencies concerned. Submission of reports on the progress achieved, to the Board of Directors,

- Opinion on the sufficiency in the Company's internal control system.
- Opinion on cooperation from executives and staff of the Company, as well as any obstacles in work process.
- Report on any other matters deem appropriate to the shareholders and general investors within the scope of duties and responsibilities as assigned by the Company's Board of Directors.

9. Other responsibilities

- The Audit Committee is responsible for reporting to the Company's Board of Directors in order to make improvement as deemed appropriate. The Audit Committee is also responsible to report the findings or suspicions of any transactions that can significantly impact the financial

position and business operation of the Company, which include the following:

1) Transactions that may lead to a conflict of interest.

2) Fraud, corruption or abnormality in the internal control system.

3) Violation to financial institution laws, regulations, and any other relating laws which if the Company's Board of Directors or the executives failed to implement corrective measures on a timely manner, the Audit Committee shall report in the Annual Report and to the BOT.

- Evaluating the suitability of the Charter of the Audit Committee at least once a year and presenting to the Company's Board of Directors if there is a proposed change for an approval.

- Evaluating the performance of individual member of the Audit Committee and the Audit Committee as a whole and presenting the results to the Board of Directors annually.

- Carrying out any other responsibilities proposed by the Audit Committee and approved by the Company's Board of Directors.

Nomination, Remuneration, and Corporate Governance Committee

The Board of Directors approved the establishment of the Nomination Committee and the Remuneration Committee in 2002. Later the two committees were merged into the Nomination and Remuneration Committee on 28 April 2014. And at the Meeting of the Board of Directors No. 8/2017 held on 21 August 2017, the Board adopted a resolution assigning the Committee to take on additional responsibilities related to corporate governance and revising the scope of duties of the Nomination and Remuneration Committee. In this connection, the name of the Committee was changed to the "Nomination, Remuneration, and Corporate Governance Committee", in order to make it flexible, conforming and appropriate to the roles, duties, and responsibilities as well as the requirements imposed by the BOT and other authorities concerned. Currently, the Committee is comprised of three members including two Independent Directors and one Non-executive Director, with details as follows:

1. Mr. Tiraphot Vajrabhaya

Chairman of the Nomination, Remuneration, and Corporate Governance Committee

2. Mrs. Siripen Sitasuwan
Member of the Nomination, Remuneration,
and Corporate Governance Committee
3. Mr. Vichit Yanamorn
Member of the Nomination, Remuneration,
and Corporate Governance Committee
Mr. Panupan Tuangthong
Secretary of the Nomination, Remuneration,
and Corporate Governance Committee

Roles, Authority, Duties and Responsibilities

1. Scope of Directors and persons with power in management who are looked after by the Nomination, Remuneration and Corporate Governance Committee includes the following:

- 1) Directors.
- 2) Persons with power in management in line with the guidelines issued by the Bank of Thailand include a manager, deputy manager, assistant manager or any person with equivalent position by any other name, and person who has the de facto power to exercise control over or dominate manager, director, or management of the company to comply with his/her order in formulating the company's policies or conducting the company's business affairs, as well as a person with whom the company signs an agreement providing them with power to manage some or all areas of business operations.
- 3) Persons who are committee members whose duties and responsibilities are assigned directly by the Company's Board of Directors.
- 4) Advisors of the Company whose appointments are subject to the Bank of Thailand's approval.
- 5) Directors of the Company's subsidiary, who are appointed in line with the Good Corporate Governance Policies.

2. Nomination of Directors and Persons with Power in Management

- 1) Consider policies and guidelines related to nomination of Directors and persons with power and authority to manage the Company and member companies of Thanachart Group and propose them to the Board of Directors for consideration.
- 2) Take into consideration the qualifications of Directors and persons with power in management as well as

the qualifications of Independent Directors, the information of which shall be submitted to the Company's Board of Directors for consideration.

3) Take into consideration the nomination of persons with appropriate qualifications and also check the qualifications against the requirements imposed by the regulating agencies concerned and the notifications issued by the Company. As well, propose names of appropriate candidates to the Board of Directors or the meeting of shareholders, as the case may be, for appointment as Directors or persons with power in management.

4) Ensure that the Company has the structure, composition, qualifications and size of the Board of Directors in line not only with the requirements specified by the Board but also with the changing environments.

5) Make succession plans for the positions of the CEO and the persons with power in management respectively.

6) Annually review the policies and requirements related to the nomination and qualifications of Directors and persons with power in management.

7) Make plans for training and developing Directors on a continuous basis.

3. Determination of Remuneration of Directors and Persons with Power in Management

1) Take into consideration the policies and guidelines in relation to remuneration and other benefits of Directors and persons with power in management of the Company and Thanachart Group's member companies, ensuring that the remuneration reflects the objectives, duties, responsibilities and related risks. The information shall be submitted to the Board of Directors for consideration.

2) Take into consideration appropriate formats and guidelines for the remuneration, ensuring that it is fair when compared with the duties and responsibilities of the Directors and the persons with power in management.

3) Take into consideration the annual performance allowance of the Directors and the persons with power in management and propose them to the Board of Directors for consideration.

4) Establish guidelines for appraising the performance of the Directors and the persons with power in management, taking into account the duties, responsibilities and related risks as well as the importance of adding value to shareholders' equity in the long term.

5) Annual review the formats and guidelines for remuneration and other benefits of the Directors and the persons with power in management.

4. Good Corporate Governance

1) Review and propose amendments to the Corporate Governance Policy, the Code of Ethics, regulations and practice guidelines of Thanachart Group.

2) Monitor the implementation of the Corporate Governance Policy, the Code of Ethics, corporate governance practice guidelines of Thanachart Group.

3) Propose desirable practices or regulations for the Board of Directors and standing committees.

4) Consider results of the evaluation of the Company's corporate governance practices, which is carried out by an outside organization and propose recommendations to the Board of Directors.

5) Foster the spread of a corporate governance culture and participate in the Company's sustainability development.

6) Monitor the adequacy of the Company's disclosure of information related to corporate governance and sustainability development.

5. Other Matters

1) Propose a budget to the Board of Directors in relation to the employment of advisors as deemed necessary. The objective is to enable the Company to get advice from external advisors on matters which could make the performance of duties more efficient.

2) Occasionally invite the Company's Directors or executives to participate in the Company's meetings to discuss matters which involve them.

3) Closely work and discuss with the Risk Oversight Committee, ensuring that the remuneration policies reflect the Company's main risks.

4) The performance of the Nomination, Remuneration and Corporate Governance Committee should be appraised. The objective is to review and improve the Committee's performance of duties so that they will be able to perform their duties in an efficient manner and in line with the changing environment.

5) Disclose the key principles related to the nomination, remuneration in various formats, and guidelines for remuneration. As well, give details about the factors which are taken into consideration for assessing the overall

performance, targets and implementation, and opinions of the Nomination, Remuneration and Corporate Governance Committee, as well as methods and tools used for paying the remuneration which reflects the risks (if applicable) and the good corporate governance. Also prepare a report on nomination, remuneration and corporate government, which will be included in the Annual Report.

6) Send a report on its performance to the Board of Directors.

7) Perform any other duties in line with the legal requirements and/or the notifications issued by the regulating agencies concerned as well as the assignments given by the Board of Directors.

Risk Management Committee

As of 23 September 2013, the Company's Board of Directors approved the establishment of the Risk Management Committee. In 2018, there were six members of the Risk Management Committee including Executives Directors, Non-executive Directors, and an executive responsible for risk management. The name list is as follows:

1. Mr. Suphadej Poonpipat
Chairman of the Risk Management Committee
2. Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Risk Management Committee
3. Mr. Vichit Yanamorn
Member of the Risk Management Committee
4. Mr. Teeranun Srihong
Member of the Risk Management Committee
5. Mr. Somjate Moosirilert
Member of the Risk Management Committee
6. Mr. Kamtorn Tantisirivat
Member and Secretary of the Risk Management Committee

Roles, Duties, and Responsibilities of the Risk Management Committee

1. To propose risk management policies of the Company and Thanachart Group. To assess and approve of the standards in regards to monitoring and auditing to ensure that the risk policies are strictly adhered to.

2. To set risk management strategies in line with the Company's risk policies which can be evaluated. To monitor that the risks of the Company are under an acceptable level.

3. To assess the adequacy of the risk management policy, by considering effectiveness of the systems and compliance with the established policies.

4. To set the Company's risk management measures to protect against any liability or damage that may happen and to solve problems that may arise.

5. To assess internal and external factors that could significantly impact the financial position and to incorporate them into the Company's risk policies.

6. To control, monitor, check, and enforce the companies in Thanachart Group to comply with the set risk policies and the regulations stipulated by the BOT.

7. To consistently report the performance results and suggest areas of improvement to the Company's Board of Directors in accordance to the set policies and strategies.

In this connection, the Company's Board of Directors at its Meeting No. 12/2018 held on 17 December 2018 adopted a resolution changing the Committee's name to the "Risk Oversight Committee". As well, the composition of the Risk Oversight Committee was changed in line with the Corporate Governance of Financial Institutions. The names of its members were as follows:

1. Mr. Teeranun Srihong
Chairman of the Risk Oversight Committee
2. Mr. Vichit Yanamorn
Member of the Risk Oversight Committee
3. Mr. Prinya Hom-anek
Member of the Risk Oversight Committee
4. Mr. Somjate Moosirilert
Member of the Risk Oversight Committee
5. Mr. Kamtorn Tantisirivat
Member and Secretary of the Risk Oversight Committee

The changes have been effective since 1 January 2019.

Nomination and Appointment of Directors and Other Committees

Procedures in Appointing the Company's Board of Directors

The Company has not specified the maximum number of Directors. However, according to the Company's Articles of Association, the minimum number of Directors shall be

five. The Company has already established the Nomination, Remuneration, and Corporate Governance Committee which is responsible for selecting and proposing candidates with proper qualifications to the Company's directorships. There are two cases that the Directors can be appointed which are: 1) Appointment of Directors to replace those retiring which needs a resolution from the shareholders' meeting and 2) Appointment of Directors to fill the positions which becomes vacant in the interim period. In case 2, the Board of Directors can approve of the Director appointment with exception to the case that directorship has less than two month tenure. As regards Independent Directors, their election must comply with the requirements imposed by the SET and the Capital Market Supervisory Board.

In electing the Company's Director at the shareholders' meeting, every shareholder has equitable rights to vote. In the past, the Company has never had Director representing its major shareholders.

The rules and procedures of Director's election at the shareholders' meeting are as follows:

1. One share represents one vote.
2. Vote casting can be conducted individually or in terms of a group of individuals or by any other procedures as deemed appropriate by the shareholders. However, in each resolution, all shareholders must cast all votes they have in (1). They cannot split their votes. In practice in the past, shareholders cast their votes for each individual Director.
3. The resolutions are adopted by a majority vote. In the case when the votes are equal, the ultimate decision is upon the Chairman of the meeting.

Methods of Appointing Members of Other Committees

The Nomination, Remuneration and Corporate Governance Committee shall nominate and screen persons whose qualifications are appropriate for carrying out each committee's duties, taking into consideration the composition of the various committees in line with the laws and the principles of the good corporate governance. The names of candidates shall be submitted to the Board of Directors for consideration and appointment as members of each committee. In this connection, one of the appointed members shall serve as the chairperson.

Development of Directors and Executives

It is the Company's policy to encourage and make arrangements for the Directors, executives, company secretary, and personnel supporting the work of the corporate secretary as well as the staff concerned with the Company's corporate governance, to participate in various training courses and seminars. The objective is to enhance their knowledge in various areas relating to their roles and responsibilities in line with the good principles of corporate governance. As a result, the Members of the Board of Directors, members of committees, and executives will be able to carry out their duties more efficiently. In this connection, the company secretary is responsible for checking available training courses and seminars, and regularly providing the Directors and executives in advance with information on the training courses and seminars organized by the IOD, the SET, the SEC, as well as other leading training institutions. In 2018, the Directors attended the following training courses and seminars:

List of Directors	Training courses / Seminars
1. Mr. Suphadej Poonpipat	- Block Chain Technology by TBANK
2. Mr. Tiraphot Vajrabhaya	- Block Chain Technology by TBANK
3. Mr. Vichit Yanamorn	- Thailand Sustainable Banking 2018 by the BOT - Block Chain Technology by TBANK - Seminar "IT Future for Capital Market" Class 3/2018, Topic The Era of Artificial Intelligence: How will AI affect your industry by the SET
4. Mr. Teeranun Srihong	- Thailand Sustainable Banking 2018 by the BOT
5. Ms. Suvarnapha Suvarnaprathip	- Thailand Sustainable Banking 2018 by the BOT - Block Chain Technology by TBANK
6. Mr. Somjate Moosirilert	- Thailand Sustainable Banking 2018 by the BOT

Performance appraisal of the Board of Directors and High-Level Executives

The Company makes arrangements for appraising the performance of the Board of Directors as well as the sub-committees on an annual basis. The objectives are for the Board of Directors and the sub-committees not only to review their respective performance as well as various key problems and obstacles in the past year but also to ensure that the conduct of business affairs of the Board of Directors and the sub-committees is appropriate in line with the scope of their responsibilities. Importantly, the performance appraisal will be used for improving and enhancing the efficiency of the Board of Directors.

1. Appraisal Guidelines

The forms used for appraising the performance of the Board of Directors were prepared in line with the sample form for Self Assessment of Board of Directors issued by the Stock Exchange of Thailand or similar guidelines disseminated by other regulatory agencies. The contents of the sample or the guidelines were taken into account and incorporated into the forms, ensuring that they were appropriate and in line with all the different aspects of each committee. The forms consisted of (a) Form for self-assessment of the Board of Directors as a whole, (b) Form for self-assessment of the Board of Directors on an individual basis, and (c) Form for self-assessment of the Board of Directors on a cross-evaluation basis.

In appraising the performance of the whole Board of Director, the appraisal covers six key areas including: 1) structure and qualifications of the Board of Directors, 2) roles, duties, and responsibilities of the Board of Directors, 3) the meetings of the Board of Directors, 4) the Board of Directors' performance of duties, 5) the Board of Directors' relationship with management, and 6) Self-development of the Board of Directors as well as development of executives. In appraising the performance of each Director and cross evaluation by each Director, the appraisal covers three key areas including: 1) the structure and qualifications of the Board of Directors, 2) meetings of the Board of Directors, and 3) roles, duties and responsibilities of the Board of Directors. The related assessment scores range from 0 (strongly disagree or never conducted) to 4 (strongly agree of excellently conducted).

2. Appraisal Processes

The Company Secretary shall send the forms to members of the Board of Directors for appraisal annually during the period from December to January. After collecting the forms which are filled out, the Secretary shall summarize appraisal results and submit them to the Nomination, Remuneration and Corporate Governance Committee as well as the Board of Directors for information and discussion. In this connection, the Board of Directors shall analyze the appraisal results, recommendations and other observations. The objective is for the Board to implement them later as deemed appropriate, taking into account the business environments and operations.

3. Appraisal Result Summary

The details related to the appraisal of the Board of Directors' performance in 2018 were as follows: (a) the average performance appraisal score of the Board of Directors as a whole was 3.7 or 92.46%, (b) the average performance appraisal score of the Board of Directors on an individual basis was 3.7 or 92.61%, and (c) the average performance appraisal score of the Board of Directors on a cross-evaluation basis was 3.7 or 92.55%.

Appraisal of sub-committees' performance

In 2018, an arrangement was made for assessing the performance of sub-committees including the Audit

Committee, the Nomination, Remuneration, and Corporate Governance Committee, the Executive Committee, and the Risk Management Committee. The members of each committee were required to assess their committee's performance, taking into consideration the overall performance of each committee. The secretary of each committee was responsible for collecting and summarizing the completed appraisal forms and submitting the summary to each respective committee and the Board of Directors.

Evaluation of Chief Executive Officer and High-Level Executives

Evaluation methods are specified to cover and conform to the business direction of Thanachart Group as follows:

1. The evaluation of the Chief Executive Officer is set in guidelines by the Nomination, Remuneration, and Corporate Governance Committee and conducted by the Non-executive Directors. (including Independent Directors)

2. The evaluation of the executives with ranks of and above the executive vice president (excluding Chief Executive Officer) is conducted by the Nomination, Remuneration, and Corporate Governance Committee.

Succession Plan

The Company pays great attention to the organization's human resources or personnel because they are an important factor behind its success in achieving the established goals now and in the future. The succession plan ensures that the Company is prepared for coping with rapid changes. As a result, the Company continuously places emphasis on promoting and supporting the nomination of personnel with knowledge and abilities as well as human development.

The Board of Directors has assigned the Nomination, Remuneration and Corporate Governance Committee to make and ensure the preparation of the succession plan. The objective is to prepare persons for moving up into various managerial or key positions. In this connection, the Company will assess the situations periodically and make plans in advance. Personnel in the organization will be nominated and developed on a continuous basis so that they become readily prepared for filling vacancies.

Succession Plan Objectives

1. The succession plan enables the Company to adopt a more proactive approach in relation to the nomination and selection of its personnel. It could make a plan to identify in advance personnel who can replace the ones who are promoted, retired or deceased. The objective is ensure business continuity.

2. The succession plan enables the Company to readily assess the preparedness of its workforce with qualifications and potential suitable for managerial or key positions.

3. In accommodating future business expansion, the Company can prepare in advance an appropriate size of its workforce to fill managerial or key positions.

4. The succession plan serves as motivators for employees. In particular, the policy of supporting internal employee promotion helps boost employee morale.

Implementation Processes

The Company has adopted the following implementation procedures and processes in relation to the succession plan.

1. Identify critical positions of the organization.

The Company considers and specifies top management positions as well as positions which are important to the organization, taking into account a number of specific factors. The objective is to identify key positions to be included in the succession plan.

2. Specify knowledge, ability and experience for each position.

3. Nominate appropriate successor candidates.

The Company will carry out assessments of executives' qualifications and potential, making use of a number of specific tools. In making the assessments, the Company takes into consideration three factors including (1) knowledge and ability, (2) aspirations, and (3) commitment to the organization

4. As regards the successor development plan, the Human Resource Management Committee will consider a list of successor candidates for all the organization's key positions. In this connection, the Committee will determine the level of preparedness of the successor candidates, taking into account their tenure as well as level of knowledge and proficiency. The information will enable the Committee to manage and develop the potential of the successor candidates in an appropriate manner, through training activities and job rotation so that they will gain experience and

skills by taking new duties and responsibilities. As well, the candidates will be provided with an opportunity to participate in the meetings held by the organization's key committees.

In this connection, the report on the succession plan, the list of successor candidates and the development progress achieved in line with the development plan for each successor candidate shall be sent to the Nomination, Remuneration and Corporate Governance Committee twice a year. Noteworthy is the fact that the succession plan will be considered and reviewed annually.

The Orientation for Newly Appointed Directors and Executives

When the composition of the Directors has been changed or there is a newly appointed executive, the Corporate Secretary Office is responsible for preparing necessary documents for a new Director, which include:

1. Organizational chart, structure of the Board of Directors and structure of various committees, together with clear information about their duties and responsibilities.

2. Information about Thanachart Financial Conglomerate, with details related to each company's shareholding structure and nature of business, as well as supervision of subsidiaries.

3. Meetings of the Board of Directors, with information about ordinary agenda items and quarterly special agenda items, and also documents and reports about performance, as well as the annual schedule of the Board of Directors' meetings.

4. Methods for using the Company's meeting systems together with the information which Directors should know. Emphasis is placed on the meeting systems such as the handbook for Directors which consists of the prohibited characteristics of Directors of financial institutions, as well as Thanachart Group's main policies such as the Good Corporate Governance Policies, the Handbook of the Code of Ethics, the Anti-corruption Policy, the Risk Management Policy, and the Outsourcing Policy, among others. Other important documents include the related Acts and notifications as well as legal requirements and matters which one must be careful about.

Appointment of the External Auditors and Considering the Auditor Fees

The Audit Committee is responsible for considering the appointment of the Company's external auditor and the audit fees to get an approval from the Board of Directors before proposing to the Annual General Meeting of Shareholders for final approval. The Audit Committee is also responsible for informing the Company's Board of Directors in case of there is a consideration to dismissal of employment of the external auditor.

On 25 April 2018, the shareholders considered and approved of the auditors of EY Office Limited as the Company's external auditor which included the following:

1. Ms. Somjai Khunapasut
Certified Auditor No. 4499, and/or
2. Ms. Rachada Yongsawadvanich
Certified Auditor No. 4951, and/or
3. Ms. Wanvilai Petchasang
Certified Auditor No. 5315

Those three auditors have been approved to be the Company's auditors by the SEC and the BOT and have qualifications in line with the BOT's guidelines.

During 2018, the remuneration paid to the auditor of EY Office Limited which was the audit firm of the Company and its subsidiaries with Ms. Somjai Khunapasut, Certified Auditor No. 4499 being the Company's auditor was as follows:

1. Audit Fees

1.1 Audit fees of the Company equaled 950,000 baht.

1.2 The audit fees of the Company's 17 subsidiaries equaled 20,366,000 baht.

2. Non-audit Fees

In 2018, the Company's subsidiaries paid 1,130,000 baht for other services. These included the following:

2.1 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of TNI equaled 500,000 baht.

2.2 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of MBK Life equaled 630,000 baht.

Anti-Fraud and Anti-Corruption

Thanachart Group recognizes that corruption is not only the root cause of evils and an obstacle to the country's social and economic development, but also leads to unfair business practices. As a result, it has joined with both the private and public sectors in the program called "Thailand's Private Section Collective Action Coalition Against Corruption (CAC)" by signing an agreement confirming its commitment to the coalition. In 2014, Thanachart Group adopted an "Anti-corruption Policy" and established measures as well as the related operational practices and procedures. They served as guidelines that all employees of the Group are requested to adhere to. The details of which are as follows:

1. The Boards of Directors of the Company and companies of Thanachart Group adopted resolutions approving the Anti-corruption Policy. The policy clearly defines "corruption and various forms of corruption". The policy basically requires that Directors, executives, and employees must not be involved in or accept any corruption in any form, directly or indirectly, for the benefit of the organization, themselves, families, friends, or acquaintance. They are required to serve as role models complying with the Anti-corruption Policy. As well, the executives of Thanachart Group are not only responsible for looking after and supporting the implementation of the policy, but also for reviewing the various measures, ensuring that they are appropriate and in line with business changes as well as laws and regulations.

2. Thanachart Group has established the Anti-corruption as one of the organization's core values. This core value known as 'C3SIP' serves as a guideline to which all employees of Thanachart Group are required to adhere. The key components of C3SIP are as follows:

- **Customer Focus**
: meeting the customer needs,
- **Collaboration**
: working as a team,
- **Commitment**
: fulfilling one's duties until goals are achieved,

- **Spirit**
: devotion to one's work,
- **Integrity**
: adhering to integrity and Anti-corruption, and
- **Professional**
: possessing adequate knowledge and ability to perform one's duties.

3. As regards the corruption risk assessment, member companies of Thanachart Group have adopted the principles and methodology based on the Risk and Control Self-Assessment (RCSA) which is one of the tools used for operational risk management. Among others, this includes risk identification, determination of risk levels, as well as establishment of internal control systems aiming at controlling and mitigating risks for the purpose of preventing corruption risks. Also noteworthy are the follow-up and review of the corruption risks which shall be conducted in a regular manner in every three years. In this connection, Thanachart Group also monitors the progress achieved as a result of the implementation of the operational plan and the risk control measures. Importantly, the Group reviews the corruption risks whenever there are changes in the various risk factors which have a significant impact on the operations processes. The assessment report shall be sent to both the Audit Committee and the Board of Directors for information.

4. Thanachart Group has established Anti-corruption measures, to which the employees of Thanachart Group are required to adhere. The measures are based on the internal control principles which are in line with the corruption risk and the Anti-corruption Policy. These measures will be reviewed annually, ensuring that they are appropriate and in line with the risks. As well, the Group has established disciplinary actions to be taken against employees who are involved in any corrupt act.

5. Thanachart Group places emphasis on all forms of corruption, particularly in relation to giving or accepting presents or gifts, throwing parties or giving or accepting any other benefits. These are issues, to which the Group pays special attention as they could easily lead to corruption. As a result, they have been included in the Code of Business Conduct as well as the rules and regulations which cover all operational and control procedures. The employees are

required to notify their supervisors of their acceptance or provision of presents. Violation or failure to implement the Anti-corruption measures as well as any action supporting, facilitating, or being involved in corruption are considered wrongdoings and the involved employees will be subject to disciplinary actions.

6. To make the Anti-corruption measures more efficient, Thanachart Group requires that each member company adopts the related rules, operational procedures, and guidelines, particularly about notification of corruption clues as well as handling of complaints about fraud and corruption. The member companies are also required to establish safe channels, through which any members of the general public or any employees of Thanachart Group who come across any suspicious fraudulent or corrupt activity could report clues or file their complaints. The information provided by whistleblowers will be sent to the head of the internal audit unit. In this connection, the information will be kept confidential and presented to the Audit Committee who will, in turn, report it to the Board of Directors. As well, Thanachart Group has adopted a policy aiming at treating fairly and protecting those employees who refuse to get involved in corruption although such refusal may cause the organization to lose a business opportunity. Also, the whistleblower will receive a compliment.

7. All executives and employees are required to sign an agreement to strictly adhere to Thanachart Group's policies, measures and regulations in relation to the good corporate governance, the Code of Ethics, anti-corruption, whistleblowing against frauds or corruption, gift-giving and gift-taking, receptions or any other benefits, customer confidentiality measures as well as other related regulations.

8. The Company promotes and supports the awareness and understanding of the guidelines for complying not only with the anti-corruption and whistleblowing policies and measures, but also Thanachart Group's related regulations, among executives, employees, as well as the parties hired by the Company and Thanachart Group to perform outsourced work. The information is disseminated through various channels which include, among others, training courses for newly recruited employees, of which the anti-corruption is one of agenda items for orientation, preparation of self-appraisal forms for executives and employees at all levels

through e-learning systems every six months, as well as utilization of easily accessible formats such as short VTR films. Also noteworthy is the fact that the Company coordinates with the National Anti-Corruption Commission (NACC), the Anti-Corruption Organization of Thailand (ACT) and the Center for Philanthropy and Civil Society, the National Institute of Development Administration (NIDA), in relation to anti-corruption matters such as dissemination of knowledge and understanding about how to fight all forms of corruption.

9. Thanachart Group publicizes its Anti-corruption campaigns through the e-mails sent to trading partners and business representatives, requesting for their cooperation and support. In particular, they are requested to refrain from giving presents to executives or employees of Thanachart Group, regardless of any festivals or any other occasions. As regards the customers, the Group asks for their cooperation on this matter through printed media such as invoices, receipts, payment vouchers, and tax invoices as well as through the websites of the Company.

10. In appraising the performance related to the implementation of the Anti-corruption Policy and the related measures, the Audit Committee will be responsible for reviewing and ensuring that the member companies of Thanachart Group have put in place adequate internal control measures and that the conduct of business affairs are in line with the Anti-corruption Policy. The audit unit shall audit the business operations in line with the annual audit plan as assigned by the Audit Committee. In this connection, a report on significant audit results and recommendations shall be sent to the Audit Committee.

In this connection, in order to make the public awareness of Thanachart Group's intent in relation to Anti-corruption, Thanachart Group has brought its Anti-corruption Policy to the public notice by making it available through the website of each member company of the Group. On the part of the Company, it makes the policy available through its website.

In 2017, Thanachart Group submitted membership renewal applications for the Group's twelve member companies to the CAC. As well, it submitted membership applications for certification to the CAC for the Group's newly formed companies including TM Broker and MTS. As a result, there

were altogether 14 member companies of Thanachart Group which were the CAC's certified members.

Thanachart Group started implementing activities aiming at preventing fraud and corruption in line with the established policy. In this connection, Thanachart Group reviewed its anti-corruption policy and measures, the related regulations as well as procedures with regard to assessment of corruption risks involving the public and private sectors. The objective was to ensure that the Group had put in place practice guidelines that were in line with the anti-corruption policy. All parties concerned were requested to sign an agreement to adhere to both the anti-corruption policy and measures. Thanachart Group also communicated the information to employees, providing them with knowledge and understanding of practice guidelines in line with the policy as well as key measures and procedures in relation to anti-corruption. The communication modes included training activities, self evaluation, and continuous distribution of the information through Thanachart Group's various media channels. In addition, emails were sent to trading partners and business representatives annually, not only informing them of the anti-corruption policy and measures, but also requesting them to support anti-corruption campaigns and other related activities. For external organizations, Thanachart Group provided advice and its representatives served as lecturers on how to become certified members of the CAC. The main objective was to promote ethical behavior and organization-wide implementation of the anti-corruption measures. All employees were required to strictly adhere to the anti-corruption policy, measures as well as related regulations. As a result, the organization is transparent and without corruption on a sustainable basis. Not less importantly, customers feel confident and safe to make use of Thanachart Group's services.

Apart from continuously disseminating information about anti-corruption both inside and outside the organization, in 2018 Thanachart Group arranged for its executives to support, give advice to and serve as lecturers for customers, trading partners, and business representatives so that they got certified as members of Thailand's Private Sector Collective Action Coalition against Corruption (CAC). As well, in changing the culture of corruption, the Group helps educate and instill in the members of the public the moral values of renouncing and fighting against all forms of corruption.

As an important part of implementing the activities, Thanachart Group wants to signal its determination to its personnel as well as the government and public sector that it adheres to the principle of conducting its business affairs in a fair and transparent manner and in line with the principles of Good Corporate Governance. In this connection, it promotes anti-corruption as part of its corporate culture. The related details are as follows:

1. Thanachart Group arranged for its executives to give advice to and serve as lecturers for Com7 Public Company Limited. The lecture topics included “Applying for Certified Membership of Thailand’s Private Sector Collective Action Coalition against Corruption (CAC)” and “Corporate Governance and Anti-Corruption”.

2. Thanachart Group organized one seminar entitled “Thanachart Group Invites All Parties to Join Anti-Corruption Campaign”. The objectives were to inform the Group’s trading partners and business representatives of the anti-corruption campaign and to ask for their cooperation on supporting the campaign. The seminar was held on Friday, 19 October 2018.

3. Thanachart Group participated in the National Anti-Corruption Day 2018 organized by the Anti-Corruption Organization of Thailand under the concept of “Thais wake up to recognize and fight graft”. It was agreed that the National Anti-Corruption Day would be held in September every year. Later, the Group participated in the International Anti-Corruption Day jointly organized by the Office of the National Anti-Corruption Commission (NACC) and all the network parties concerned, under the concept of “Zero Tolerance: Thai people do not tolerate corruption”. In this connection, the United Nations adopted a resolution announcing 9 December of every year as the International Anti-Corruption Day. Thanachart Group’s participation in the activities demonstrated not only its determination to renounce all forms of corruption but also its preparedness to cooperate with both the public and private sectors in combating corruption.



- 1 Thanachart Group arranged for its executives to give advice to and serve as lecturers for Com7 Public Company Limited
- 2 - 3 Organizing a seminar titled “Thanachart Group Invites All Parties to Join Anti - Corruption Campaign”
- 4 - 7 Participating on the “Anti - Corruption Day 2018”



SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Activities Undertaken by Thanachart Group in Relation to Sustainable Development and Corporate Social Responsibility

Thanachart Group is a business group committed to giving fully-integrated financial services to fulfill all needs of customers for every stage of life. The objective of its business is to make profit with its operations taking into account effects towards all stakeholders in three key areas including society, environment, and corporate governance. It is important for the Group to be innovative, progressive, and fulfilling while striking a balance between economy, society, and environment in a sustainable manner. In this connection, its actions need to reflect both CSR in process and CSR after process, with focus on activities that cover as many key areas of Thanachart Group's business operations as possible.

Process in Reporting on Thanachart Group's Corporate Social Responsibility

The Corporate Governance Code for Listed Companies 2017 which was prepared and publicized by the SEC was adopted by Thanachart Group. The Code serves as principles for the Group not only in developing practice guidelines but also in preparing corporate social responsibility reports. This represents a good starting point for improving the quality of reports and getting ready for the preparation of sustainability reports in the future. The objective is to cover every area that needs to be reported, both at the national and international levels.

Although the businesses of Thanachart Group which is a provider of fully-integrated financial services do not have direct impacts on the environment, the Group considers it important to take on responsibility towards protection of the environment in various areas. As well, the Group is determined to develop guidelines on obligations to stakeholders. In particular, the Group's staff members play an instrumental role in driving, supporting, and ensuring the achievement of the business sustainability goal. Up to 2018, Thanachart group has continued implementing the following programs that take into account all the stakeholders.

1. Looking after Employees

Thanachart Group's Fair Treatment of Employees and Observance of Human Rights

- Follow employment practices in line with the established standards as well as the related laws. In this connection, the Company has also established a clear policy and clear regulations. Avoid violating human rights, e.g. employment of child labor and use of forced labor. Also put in place a process for checking various qualifications before recruitment, such as criminal record checks.

- Thanachart Group treats employees equitably without giving undue advantages or depriving employees of their rights unfairly, due to differences in their race, religion, social status, gender, age, physical impairment or disability. As well, the Group has adopted a clear policy aiming at adopting measures for preventing and addressing sexual harassment.

- To support the disabled so that they not only could earn income but also recognize their inherent dignity and worth, Thanachart Group has employed the disabled to work in positions appropriate to their qualifications and skills.

They are provided with the same opportunities and compensation as those of normal employees. Moreover, Thanachart Group has joined the Thai Bankers Association, the Thai Red Cross Society, the Social Innovation Foundation, and the Don't Drive Drunk Foundation in employing the disabled in the form of service contracting since 2017. In particular, the disabled were employed to work at the Red Cross Society and also to help the Don't Drive Drunk Foundation conduct campaigns.

- As regards the disabled who work for Thanachart Group or the disabled who visit Thanachart Group for services, appropriate facilities and amenities are put in place in the buildings and premises concerned. In particular, parking spaces and wheelchair ramps are made available for the disabled.

- Emphasis is placed on ensuring procedural fairness in relation to disciplinary actions. As well, the Group has put in place procedures for investigating all people involved to establish facts and for hearing both sides of the story in a careful manner. It has also established a screening committee consisting of qualified outsiders who participate in the procedures. The objective is to ensure that the disciplinary procedures are followed in the fairest manner possible. Importantly, a procedure has been put in place to allow employees who are subject to disciplinary action to lodge an appeal so that the case could be reconsidered and that the organization could arrive at a final decision.

- Thanachart Group has issued regulations, Code of Conduct as well as Good Corporate Governance Policy which serve as guidelines for handling various parties concerned, including, among others, shareholders, executives, employees and trading partners. The objectives are not only to ensure that Thanachart Group's business operations and the conduct of business affairs are in compliance with the laws or the regulations imposed by the authorities concerned, but also to promote transparency and implementation of the principles of good corporate governance. Emphasis is placed on protection against frauds and also on compliance with the regulations, guidelines, and work procedures, based on the principles of transparency.

- Thanachart Group also encourages collective bargaining negotiations, aiming at bringing about group

discussions, suggestions and negotiations among the parties concerned, including the organization, employees' representatives, the employee welfare committee, the employee committee, and the labor union, etc. The objectives are to act on useful suggestions and to build good employer-employee relationships. In addition, arrangements have been made to the effect that the centralized human resource department establishes an HR business partner unit responsible for looking after employees, keeping them happy and productive so that they continue working for the organization.

Health Care

Thanachart Group recognizes the importance of ensuring that all employees are healthy and are able to access health services conveniently, mainly because the well-being of employees brings about organizational productivity. As a result, Thanachart Group pays great attention to the health of all employees. On one hand, it promotes the maintenance of the employees' health by putting in place of preventive measures which raise the awareness of and mitigate health risks. On the other hand, it puts in place the following measures with the aim of promoting the good health of employees.

- Health protection guidelines: Employees are provided with health knowledge in different areas so that they recognize the importance of keeping themselves fit and healthy. In particular, for the convenience of all employees, the Group makes arrangements for their annual medical examination. The annual checkups help early detection of harmful diseases such as cancer as well as prevention and minimization of illness. Employees also receive vaccines against infectious diseases. The objective is for them to rest assured that they will have good health and will not get sick.

- Based on the health promotion guidelines, the Company ensures that employees receive medical benefits when they get ill. As well, they are provided with convenient medical services. In particular, the Company puts in place a first aid room for giving medical services. As well, it arranges for doctors from various hospitals to share their health knowledge with employees. In addition, the Company makes available medicines and medical supplies for first aid services. The objectives are to give first aid treatment and to prevent illness or injury from becoming worse.

Safety, Occupational Health, and Work Environment

Thanachart Group pays attention to safety management and ensures healthy working environment for all employees, in line with the principles of occupational health. In this connection, the Company has established a policy and practice guidelines on safety, occupational health, and work environment in compliance with the provisions of the law. The Company has also established the Committee on Safety, Occupational Health, and Work Environment. The Committee is responsible for implementing various activities with an aim of achieving the established objectives. In this connection, it encourages employees to recognize the importance of safety, occupational health, and work environment by sharing the related knowledge through activities and training courses on safety with employees at all level. As well, the Company looks after sick or injured employees, ensuring that they receive proper treatment. In addition, it has adopted the policy with details as follows:

Policy on safety, occupational health, and work environment

Thanachart Group not only plays an important role of adopting the policy on safety management but also oversees and ensures the establishment of a safety plan and the implementation of the plan on a continuous manner. The related details are as follows:

1. Comply with the rules and regulations, notifications, orders, and standards related to safety, occupational health, and work environment in line with the requirements imposed by the state agencies concerned.
2. Manage and oversee business locations, ensuring that employees have safe and healthy workplaces. As well, ensure that, in carrying out their duties, employees are prevented from loss of life and protected from physical or psychological injuries or illnesses.
3. Control, govern, and oversee the implementation of activities which promote occupational safety and health as well as healthy working environment in line with the scope of safety and health management systems.
4. Make available the regulations and handbook on workplace safety at business locations.

5. Support and promote the implementation of activities related to safety, occupational health, and work environment on a continuous basis. As well, make available appropriate and adequate human resources and budgets.

6. Improve the work environment and the areas surrounding the business locations on a continuous basis, ensuring that the workplaces are safe and the work environment is healthy. The improvements will bring about the quality of work life and the good health of employees.

7. Organize training courses for safety officers at management and supervisory levels as well as training courses for all employees.

8. Put in place a committee and personnel responsible for safety, occupational health, and work environment. The objective is to ensure proper implementation of Thanachart Group's related policies.

Human Resource Development

Based on the belief that personnel are the organization's most valuable resources, Thanachart Group pays serious attention to systematic human resource development. In particular, the Group puts into practice Thanachart's People Development Model 70:20:10 with on-the-job learning experiences accounting for 70 percent while subordinate development by supervisors, such as through coaching and mentoring, accounts for 20 percent and training activities account for the remaining 10 percent.

Practice Guidelines on Training

Thanachart Group's human resource development processes start with the development of newly recruited employees, training and development activities which focus on enhancement of key skills necessary for carrying out job duties of each position, as well as development activities aiming at raising the level of professionalism, which encompasses product knowledge, customer service, work processes, and work systems which are based on the conduct of business affairs in compliance with the regulations of the state agencies concerned and the code of professional ethics. Also noteworthy is the development of managerial skills and leadership for supervisors at each level. The objective is to develop potential of the Company's personnel so that they are well prepared

for implementing the organization's business strategies in an effective and efficient manner. In 2018, Thanachart Group implemented the following human resource activities:

1. Corporate Training: This type of training activities focuses on development of key skills necessary for performing one's duties. The objective is to achieve people excellence which covers four areas including (a) thinking skills, (b) people management, (c) performance management, and (d) communication skills.

2. Functional Training: This type of training activities focuses on development of skills suitable for one's roles, duties, and responsibilities. The objectives are to raise the level of customer service based on the concept of customer centricity and to ensure that customers receive financial services which meet their needs and are in line with their risk tolerance. Not less importantly, emphasis is placed on ensuring that the services are delivered properly in compliance with the requirements and regulations of the state agencies concerned and in a transparent manner.

2.1 Product knowledge training activities were organized, aiming at providing employees with knowledge and understanding of various products and services of the Group which were constantly improved and updated. As a result, employees were capable of appropriately introducing products and services that met the real needs of each group of customers.

2.2 The Group developed a branch academy training course which was aimed at building a body of knowledge and preparing branch employees at all levels so that they were capable of identifying customer needs, giving advice, and offering financial services that met customer needs (Customer Solutions) in an accurate, timely, and efficient manner.

2.3 As well, training activities were conducted on basic infrastructure of various work systems. The objective was to ensure that customer services could be delivered in a timely and efficient manner. Among others, these included training on customer management systems for introducing financial services, loan approval system, and systems related to buy and sell orders of life and non-life insurance products. The Group also provided employees with knowledge and understanding of information technology which constantly

changed. As well, it organized training activities and seminars on innovative concepts and innovation skills for employees. The objective was to encourage employees to have concepts of product development and to adopt work processes that met customer needs in the digital age in a timely manner.

2.4 Professional certificate courses were also organized. Among others, these included courses for securities investment consultants, general insurance agents, and life insurance agents as well as courses on unit-linked insurance plans.

2.5 As well, training courses on regulations of the authorities concerned were conducted. The objectives were to provide all executives and staff with knowledge and understanding of the regulations and to ensure that the executives and staff were able to manage and do their work in full compliance with the regulations. In this connection, tests were given to assess participants' knowledge of course contents after training. Among others, the trainings included courses on the Anti-Money Laundering Act, Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act, Ministerial Regulations on Customer Due Diligence (CDD) as well as the course on CG & Anti-corruption Measures which covered the Group's corporate governance and anti-corruption policies. The Group also cooperated with the public sector in promoting ethical behavior and fostering fairness in business. As a result, the cooperation had positive impacts on the country's social and economic development.

3. Leadership and Managerial Development Training: Executives play an important role in implementing the organization's policies and strategies. As a result, Thanachart Group has organized training activities with an aim of enhancing leadership and management skills for executives at each level in an earnest and continuous manner. The objective is to enhance, accelerate, and maintain potential, competence, and capacity of executives in managing their work and human resources in an efficient manner. Among others, the training courses included thinking and decision-making skills, strategic influencing skills and coaching skills. Importantly, the Group encourages executives to participate in training activities and seminars held by leading organizations, in both local and international. The objectives are for them to broaden their perspective and to build a networking relationship.

4. Establishment of Blended-Learning Organization:

Thanachart Group has designed and developed blended learning systems whereby employees could learn through a wide range of channels. The objective is to maximize employee productivity. The related details are as follows:

4.1 Coaching: Supervisors were required not only to provide trainees with advice and suggestions but also to share various experiences with them so that they would be able to work efficiently.

4.2 On-the-job Training: Employees were encouraged to exchange their experiences with one another and to help solve problems together while they received suggestions from advisory experts. The objective was to promote group learning and foster teamwork skills which were beneficial to the organization.

4.3 Educational Television: The Group used educational television to promote employees' learning. In this connection, broadcast programs were properly scheduled so that they would not negatively affect customer services.

4.4 E-learning: The Group also promoted E-learning through its corporate intranet. In 2018, several training courses were developed for the E-learning system which allowed employees to access and learn from available training materials by themselves at any time. To measure the E-learning effectiveness in a systematic manner, tests were administered before and after training.

4.5 Knowledge Management: Thanachart Group has made arrangements for collection of the body of knowledge that is useful to employees. It covers knowledge and skills necessary for employees to fulfill their tasks at various

levels. As well, it includes the knowledge for raising the quality levels of products and services of the Group, knowledge about regulations of the authorities concerned, work manuals for related work systems, staff regulations and employee welfare as well as knowledge about how to look after physical and mental health and how to strike a work-life balance. Importantly, the collection of knowledge has been properly grouped and stored in the system so that it could be accessed conveniently and efficiently.

In addition to the above-mentioned elements, Thanachart Group has enhanced preparedness of newly recruited staff. Each new employee is required to attend a one-day orientation session, in which they will be provided with product knowledge, core values, organizational structure, compliance with the anti-money laundering law as well as the countering the financing of terrorism law as well as information about staff welfare. The objective is for new employees to know the business overview as well as direction and various strategies so that they could adjust themselves to Thanachart Group and establish good relationships with fellow colleagues and the organization. The orientation lays the foundation for the organization to retain the new employees.

The training and development activities have been implemented through a diverse range of various learning channels such as in-house learning and public learning through participation in activities organized by various institutes outside the organization, as well as self-paced learning through the E-learning system. After employees participate in each training activity, a training evaluation will be carried out to measure results and training effectiveness. The objective is for trainees to know their own potential, which will lead to further development for their future work.

Training Courses Held in 2018

TBANK and Other Member Companies of Thanachart Group

Courses	Number of Courses		Number of Participating Groups		Number of Participating Employees	
	TBANK	Other Members of Thanachart Group	TBANK	Other Members of Thanachart Group	TBANK	Other Members of Thanachart Group
In-house Learning	194	99	615	295	31,549	2,984
Public Learning	199	118	238	139	791	679
E-learning	25	3	25	1	51,895	1,579
Total	418	220	878	435	84,235	5,242

Welfare Benefits

Thanachart Group provides welfare benefits to permanent employees as well as those on fixed-term and temporary employment contracts. These welfare benefits are as follows:

Welfare Benefits	Types of Employees		
	Permanent	Fixed-term	Temporary
Salaries	✓	✓	✓
Overtime	✓	✓	✓
Training/Staff Development/Staff Scholarship	✓	✓	✓
Funeral Benefits	✓	✓ **	X
Educational Assistance for Staff's Children	✓	✓ **	X
Medical Treatments	✓	✓ **	X
Residential Rental Expenses	✓	✓ **	X
Welfare Loans	✓	✓ **	X
Danger Pay Allowance	✓	✓	✓
Provident Fund	✓	✓ **	X
Staff Uniforms	✓ *	✓ *	X

- Remarks:**
- 1) Permanent employees are those who are engaged by Thanachart Group on a permanent basis.
 - 2) Fixed-term employees are those who are on fixed-term employment contracts.
 - 3) Temporary employees are employed for the nature of work which is temporary or of a definite duration of not more than one year.
 - 4) * Only for some specified jobs.
 - 5) ** Only employees holding some positions are entitled to the benefits.

Survey of Employee Opinions about the Organization

Thanachart Group places strong emphasis on the well-being and development of its human resources, encouraging them to feel motivated and engaged on a continuous basis. In this connection, the Group conducted the Voice of Employee Survey (VOE) to get their opinions about the organization. The Group realizes that organizational growth primarily depends on all its employees. As a result, it pays close attention to opinions and suggestions given by all employees through the survey in relation to various contributing factors within the organization. These factors include, among others, improvement of work environment, work processes, work systems, supervisors, as well as the balance between work and personal life. Since the information received from the survey will be kept confidential, employees could rest assured that their opinions will not have any impact on their performance appraisal. Thanachart Group is determined to raise its employee engagement to a level higher than or equal to those of leading organizations in the market.

In 2018, the number of the employees taking part in the survey accounted for 100 percent of Thanachart Group's employees. In this connection, their opinions were already grouped. As well, the development plan was drawn up and presented to high-level executives of every department.

Performance Appraisal and Staff Remuneration

Thanachart Group has set up a clear and transparent performance appraisal process. Not only it adopted a standard methodology but also prepared a standard appraisal form for all work units. Performance appraisals, whether individuals, team or executives, have been clearly grouped. In this connection, the appraisal of the division/section must specify their main goals which are in line with the annual Key Performance Indicators (KPIs) of their respective department. As well, the individual KPIs and the team KPIs have to be in line with the main goals set by each of their respective division/section. Such appraisal process will help drive the performance of the staff members of the whole organization to achieve the established business goals. The appraisal will be conducted twice a year in order to allow proper monitoring of the implementation. A central unit will be responsible for ensuring that the appraisal of the whole organization follows the same direction as specified.

As regards remuneration, Thanachart Group has laid down the remuneration principles, ensuring that the remuneration is in line with the different nature of work, and that the remuneration in the form of monthly salaries and annual bonuses will be properly taken into account. The objectives are to motivate staff members to carry out their duties and achieve the goals established by each division/section and to ensure that the compensation levels the Group provides are competitive with those offered by companies in the same business.

Employee Information

Number of Thanachart Group's Employees by Level

Permanent Employees by Level	Gender	Number of Employees		
		2018	2017	2016
High-level Executives (from SVP to CEO) ¹	Male	77	82	70
	Female	24	22	25
Total		101	104	95
Executives (from AVP to FVP) ²	Male	448	454	455
	Female	460	451	453
Total		908	905	908
Employees (from O to SM) ³	Male	4,490	4,577	4,595
	Female	8,394	8,299	8,390
Total		12,884	12,876	12,985
Grand Total		13,893	13,885	13,988

Remarks: ¹ Positions from Senior Vice President (SVP) to Chief Executive Officer (CEO)

² Positions from Assistant Vice President (AVP) to First Vice President (FVP)

³ Positions from Officer (O) to Senior Manager (SM)

Temporary Employees	Number of Employees	
	2018	2017
Male	88	69
Female	105	78
Total	193	147

Number of Thanachart Group's Employees by Location

Employees by Location	Gender	Number of Employees		
		2018	2017	2016
Headquarters	Male	2,839	3,730	3,662
	Female	4,971	5,003	4,962
Total		7,810	8,733	8,624
Domestic Branches	Male	2,057	1,383	1,458
	Female	4,026	3,769	3,906
Total		6,083	5,152	5,364
Grand Total		13,893	13,885	13,988

Remark: Thanachart Group has no overseas branch

Number of New Employees and Former Employees

Types of Employees	Gender	Number of Employees		
		2018	2017	2016
New Employees	Male	519	423	510
	Female	1,356	979	1,293
Total		1,875	1,402	1,803
Former Employees	Male	615	803	664
	Female	1,252	1,471	1,305
Total		1,867	2,274	1,969

Number of Employees Returning to Work and the Rate of Employees Remaining Employed after Exercising Maternity Leave Right (Applicable to Female Only)

In Case of Taking Leaves	2018	2017	2016
Number of employees who are entitled to take maternity leave to take care of a newborn child	8,708	8,772	8,868
Number of employees who exercise maternity leave right to take care of a newborn child	281	337	313
Number of employees who return to work after the end of maternity leave right to take care of a newborn child	279	320	313
Rate of employees (percent) who return to work after the end of maternity leave right to take care of a newborn child	99	95	100
Number of employees who return to work after the end of maternity leave to take care of a newborn child and remain employed for one year	252	296	297

In this connection, the number of employees disclosed in this part in 2018 included those of 1) THANI, 2) SSV, 3) MBK LIFE, 4) TM Broker, 5) MTS, and 6) RTN while the number of employees in 2017 included those of 1) to 5).

2. Environmental Protection

Environmental and Energy Management

Thanachart Group pays attention to the environmental management in a continuous manner. It has established a clear energy conservation policy and environmental measures. In this connection, all employees are required to participate in the implementation of energy reduction activities and the energy conservation is considered as one of their duties. As a result, Thanachart Group could manage its energy consumption in an efficient manner.

As well, Thanachart Group places strong emphasis on inculcating in employees the environmental conservation habit and consciousness through implementation of various projects and activities. The objective is to reduce adverse impacts on the environment which are expected to increase as a result of population growth. Among others, these include water shortage and dwindling natural resources. In this connection, employees are encouraged to participate in conserving energy and use energy as an economical commodity and in a sustainable manner at the headquarters and regional offices as well as branches. Among others, fluorescent lamps have been replaced by LED tubes in office buildings in order to extend the lifespan of use and reduce energy consumption in the buildings. Color innovations which place emphasis on safety and environmental friendliness have also been introduced. Moreover, new magnetic chiller systems have been used at Suanmali Building in replacement of the traditional systems. The objectives are to increase the efficiency of the air-conditioning systems and reduce the use of the separate air-conditioning systems. In addition, the organization's electricity usage has been closely controlled and monitored in a continuous manner. As well, machinery systems have been improved, aiming at increasing their efficiency. Solar energy as an alternative energy source is being used in some parts of the office buildings. The objectives are to reduce electricity consumption and to reduce carbon dioxide emissions, ensuring that they are at the level close to every year's level.

Thanachart Group has three buildings considered as designated buildings for energy conservation purposes under the Royal Decree on Designated Buildings. These include (1) Suanmali Building, (2) Petchburi Building, and (3) Wongsawang Building. As well, energy conservation measures are imposed for other buildings of Thanachart Group, which are not yet considered as designated buildings.

Table showing electric energy consumption (kWh) in 2015 - 2017 in the three designated buildings

Building	Electric energy consumption	2017	2016	2015
Suanmali	Energy consumption (kWh)	3,723,000.00	3,860,000.00	3,852,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	2,167.16	2,246.91	2,242.25
Petchburi	Energy consumption (kWh)	2,896,000.00	3,027,000.00	3,323,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	1,624.66	1,762.02	1,934.32
Wongsawang	Energy consumption (kWh)	1,378,000.00	1,466,000.00	1,508,000.00
	Carbon Dioxide (CO2) emission reduction (Ton/year)	773.05	853.36	877.81

Training for Instilling Energy Conservation Consciousness

The energy conservation training course for the Power of Ants which consists of representatives of each work unit in the organization has been developed and revised, ensuring that it will meet the established objective. Emphasis is placed on the knowledge which could be applied to workplaces and also to the daily life of trainees. The training course is organized one or two times annually. The objective is to instill the sustainable energy conservation consciousness in the participants.

Imparting Body of Knowledge to Achieve Sustainability and Continuity

Thanachart Group organized an energy day activity under the project entitled “Reuse-Recycle-Refund”. The objective was to promote environmental protection and climate change mitigation. As well, the Group aimed to instill participants with the energy conservation consciousness. A campaign was also launched to promote reuse and recycling of everyday items as well as collection reward points. As part of the event, a cloth bag painting activity was also organized. Noteworthy was a game of lucky draw called Soi Dao which required participants to pull a prize ticket from a mock sky display. The proceeds from selling 1,100 cloth bags were given to state hospitals for purchasing medicines for members of the general public. Other activities included acceptance of donations in the form of aluminium materials to be used for producing prostheses, and in the form of plastic bottles via automated reverse vending machines. Donators would collect reward points in exchange. In this connection, the collected plastic bottles would be recycled. As a result, the donations helped reduce up to 121 kilograms of carbon dioxide emissions.

“Thanachart...Power of Ants in Reducing Global Warming” Project

Thanachart Group pays attention to conservation of the environment which might be indirectly affected by its business operations through the use of energy and natural resources. In this connection, it is likely that all groups of stakeholders will be affected. In 2018, Thanachart Group enhanced potential and the body of knowledge of its personnel in relation to the environment. Noteworthy was the area of



1 - 7 Training the energy conservation at seven buildings of Thanachart Group

8 - 10 An “Energy Day” Fair activity, the “Reuse - Recycle - Refund” Project

energy conservation. The Group invited external lecturers to conduct two training courses for its personnel. These included the course on “Energy Conservation and World Change” and the course on “Why Do We Have to Conserve Energy?”. The objective was to ensure that the energy conservation was implemented correctly with a clear goal in mind. Another objective was to encourage employees to recognize the importance of joint efforts in the organization in conserving energy. In addition, the Group arranged for the representatives of its working committee on energy management to attend two external seminars which included the course on “In-depth Knowledge about Chillers in the Era of Internet of Things (IoT) in a Connected World” and the course on “Innovation Solutions for Energy Management and Air-Conditioning Systems in the Digital Era”. The two training courses were held by the Department of Alternative Energy Development and Efficiency, Ministry of Energy, at the Energy Conservation Building in Honour of His Majesty the King. The objective was for the Group’s personnel to broaden their knowledge and understanding about air-conditioning systems.

In view of the past implementation, Thanachart Group continuously placed emphasis on achieving sustainability for the organization and its businesses. In this connection, all the work units of the organization were required to participate in the energy conservation activities. The knowledge gained was useful not only to the organization but also to the employees themselves. For examples, on an annual basis, the Group organized field visits to the organizations which were successful in energy conservation. The knowledge gained from the visits was appropriately applied to the conservation of energy used in the buildings of Thanachart Group.

- First field visit to observe energy conservation management at the Well-Being Learning Center Building, the Office of the Thai Health Promotion Foundation, on Thursday, 17 May 2018

- Second field visit to observe energy conservation management at PTT Metro Forest Learning Center, PTT Reforestation Institute, on Thursday, 18 October 2018

Water and Waste Management

Thanachart Group has implemented the water and waste management plan in a continuous manner. In this



11 - 13 First field visit to observe energy conservation management at the Well-Being Learning Center Building

14 - 16 Second field visit to observe energy conservation management at PTT Metro Forest Learning Center

connection, it has established formats and processes in relation to the water used in the organization. As well, it has launched a campaign aiming at making employees realize the importance of using water as an economic commodity in order to alleviate water shortage in the future. In particular, it has implemented public relations activities encouraging employees to use water economically. As well, it has changed various devices in order to save water. It also ensures proper management of the treated wastewater before it is released. In addition, it has the treated water tested for quality regularly by experts and officers from the Pollution Control Department, Ministry of Natural Resources and Environment, ensuring that the treated water meets the standards imposed by the ministerial regulations. The main objective is to avoid causing negative impacts on the environment and ecosystems.

Implementation of Energy Consumption Reduction Measures

Thanachart Group pays close attention to energy consumption reduction measures in line with the energy conservation policy. In this connection, both executives and staff constantly ensure that energy is being used in an effective and efficient manner. Emphasis is placed on continuous implementation of energy conservation measures and on improvements of existing systems. The measures implemented in each building of Thanachart Group must take into account the energy consumption reduction as a key element. Importantly, the implementation must not affect the well-being of the personnel in the buildings. As well, it must not directly or indirectly affect the environment, both inside and outside the building. Among others, these measures include the following:

- **Controlling water pump on-off switch** is a way to manage electricity usage based on peak and off-peak times, by avoiding usage during peak hours and promoting usage during off-peak hours from 22:00 hours to 9:00 hours.
- TBANK made arrangements for **the replacement of incandescent lamps with LED lamps** both inside and outside buildings.
- TBANK made arrangements for **seasonal adjustments of the chilled water temperature set point on chillers** in order to save energy usage and reduce expenses.

- **Installing new Air Handling Units (AHUs)**, replacing the existing ones which have been used for a long time.

- **Improving air cooler piping systems** in order to enable the ventilation systems for cooling to work more efficiently.

Environmental Protection in Terms of Occupational Health and Safety in Buildings

Thanachart Group has been closely monitoring, assessing, and controlling risk factors that have potential to cause harm. Emphasis is placed on improving the work environment, both inside the building and outside areas surrounding the building in the immediate vicinity. The objective is to ensure workplace health and safety of employees and all parties concerned in a regular and continuous manner.

- **Measuring lighting levels** in buildings, ensuring that the work environment is appropriate and the indoor lighting is in line with the established standards and the related laws as well as the occupational health and safety requirements. The lighting levels are scheduled to be measured at least once a year.

- **Testing quality of air** in buildings, ensuring that the work environment is appropriate and the indoor air quality is in line with the established standards and the related laws as well as the occupational health and safety requirements. The air quality is scheduled to be tested at least once a year.

- **Testing quality of drinking water** in buildings in compliance with the established standards and the related laws as well as occupational health and safety in buildings. It is important not only to closely monitor, assess the containment of hazards but also to establish measures aiming at preventing water contamination. The measures help bolster the confidence of employees in buildings and customers visiting buildings as the drinking water in each building is clean and meets the established standards. The water quality is scheduled to be tested at least twice a year.

- **Organizing training courses for employees on basic life safety and fire extinguishing.** The objective is for employees at all levels to acquire emergency fire safety skills. Covering theory and practice, the training enables participants to get acquainted with the use of various firefighting tools and equipment.

Improving work processes to reduce the use of natural resources

Apart from encouraging employees to make the best use of available paper, Thanachart Group improves work processes in order to reduce paper usage. The efforts also indirectly help preserve the environment. In this connection, the following activities have been implemented in various forms.

- Applying electronic systems to operations, workflows as well as meetings and meeting arrangements in the organization. The application helps reduce paper usage significantly. Previously, a lot of paper was used for preparing supporting documentation for meetings.
- Sending information or lists to customer electronically (in place of paper) in business processes also helps reduce paper usage significantly. As well, customers receive information more quickly via electronic channels of communication as agreed.
- Launching campaigns aiming at inculcating the benefits of paper reduction in employees. As a result, they will minimize paper usage. Among others, they are encouraged to reuse waste paper within the office.

3. Fair Business Practice

Priority Areas	Practice Guidelines
Code of Conduct	<ul style="list-style-type: none">- In 2018, Thanachart Group took the following actions in relation to the Code of Business Ethics.<ol style="list-style-type: none">1) The Group revised its policies and Handbook of the Code of Ethics, ensuring that they were in line with the various changes that took place. In this connection, the Group took into consideration the Corporate Governance Code for Listed Companies 2017 (CG Code) issued by the Office of the Securities and Exchange Commission (SEC), the regulations on consolidated supervision and the corporate governance of financial institutions issued by the Bank of Thailand, the Banking Industry Code of Conduct issued by the Thai Bankers' Association, as well as the Corporate Governance Report of Thai Listed Companies (CGR) issued by the Thai Institute of Directors Association (IOD).2) The Group requested its member companies to revise policies and code handbook, ensuring that they were in line with the Group's policies and Handbook of the Code of Ethics.3) The Group organized a training activity on the Handbook of the Code of Ethics for employees at all level continuously. In this connection, new employees were required to sign the handbook acknowledgement form.4) The Group made arrangements for its executives and employees at all levels to sign not only an agreement to adhere to the policies and the Code of Ethics but also an agreement to avoid taking any action in pursuit of business benefits which represented a conflict of interest with Thanachart Group.

Priority Areas	Practice Guidelines
	<p>5) The Group prepared an appraisal form to be used for assessing employees of Thanachart Group at all levels. The objectives were to develop tests and to assess the knowledge and understanding in relation to the compliance with the principles of good corporate governance and anti-corruption twice a year.</p> <p>6) The Group organized seminars for trading partners, and business representatives to learn about the Group's Corporate Governance policy, Code of Business Ethics as well as the Code of Conduct for staff members. The objectives were for them to be aware of and support the policy and the Code of Ethics.</p>
Supporting Socially Responsible Trading Partners	<ul style="list-style-type: none"> - In selecting trading partners, the Group has adopted a clear policy of not supporting trading partners that are not socially responsible, such as those using child labor. Nor shall it encourage unethical or illegal business conduct.
Providing Consumers with Clear Information about Its Products and Services.	<ul style="list-style-type: none"> - Thanachart Group not only publicizes details of its products and services but also provides customers and consumers in general with clear user manuals related to the products and services.
Protection of Customer Rights	<ul style="list-style-type: none"> - Thanachart Group gives services that meet professional standards and are of good quality. - Staff members of the Group are required to keep customer information confidential and are prohibited from disclosing it to any third party. - Staff members are prohibited from using customer information for an undue advantage for the Company and related parties, except in compliance with the requirements of the law. - Thanachart Group puts in place or makes available channels, through which customers could file complaints and give opinions about services. In handling complaints, the Group takes corrective actions and inform customers of the results in a timely manner through its website, the Group's customer service marketing officers (Thanachart Contact Center 1770) and TBANK's Facebook Page (www.facebook.com/thanachartbank).

Responsibility to Trading Partners in Supply Chain

Thanachart Group conducts its business affairs by following the sustainable development guidelines across the entire supply chain, starting with management of social and environmental impacts through TBANK's procurement process. Emphasis is placed on development of trading partners on a continuous basis, ensuring their sustainable development. Such development would be achieved through honest, transparent, and accountable business operations. As a result, it is hoped that Thanachart Group's trading partners will be able to develop their business operation processes while raising social and environmental standards at the same time.

The Group's business operations have to depend on trading partners' cooperation, in order to be able to deliver products and services that meet customer needs in a responsible manner. In 2018, Thanachart Group had over 400 trading partners in the following areas:

1. Procurement of stationery and general supplies including general products and services, stationery, office supplies, important printing forms, general printing supplies, printed plastic cards, and other miscellaneous items.

2. Outsourcing services including marketing and sales promotions, public relations, document/cash transportation services, security services, cleaning services, chauffeur services, and messenger services. The services are provided by quality companies whose business operations are in compliance with the labor law.

3. Building maintenance services such as refurbishment of office buildings (both at headquarters and at branches), renovation, maintenance, repairs and replacement of spare parts and equipment within TBANK's offices or in areas where electronic appliances are installed, as well as furniture repair jobs.

4. Procurement of information technology and office equipment including electronic equipment (such as desktop computers, notebooks, multifunction copiers, cash deposit machines, and automated teller machines), security devices (such as CCTV cameras and burglar alarm systems), and all types of electric appliances.

As a result, it is essential for Thanachart Group to pay close attention to the efficiency of its trading partners in managing resources. The trading partners are required to comply with environmental laws, regulations, and standards. As well, they must be capable of using natural resources in an efficient and effective manner and reducing negative impacts on the environment by following the 3R's: reduce, reuse/recycle, and replenish. The above criteria serve as guidelines for the work units in charge of procurement in selecting each trading partner. In the future, Thanachart Group will incorporate into the guidelines three additional dimensions including society, environment, and corporate governance, which will cover issues related to business ethics, labor conditions, human rights, laws, occupational health and safety, and environment.

In this connection, trading partners are required to sign an acknowledgement, agreeing to strictly adhere to the anti-corruption policy. Thanachart Group will also check, monitor, and assess the performance of its trading partners in these areas in a continuous manner.

In case trading partners fail to follow the established guidelines, Thanachart Group may consider taking actions against them, taking into account the impacts and damages caused, such as activating penalty clauses specified in the agreement, claiming compensation for damages in line with the agreement, cancelling the agreement or removing the name of the trading partners in the approved vendor list.

Actions Taken in 2018

- Thanachart Group restructured the procurement management, aiming at streamlining procurement processes including administration and management processes as well as business operations across the supply chain. In this connection, the Group has adopted a centralized procurement policy and has assigned the responsibility to the strategic procurement division and the central administration office. The objective is to ensure that the procurement processes are transparent and that suppliers and service providers are assessed on a continuous basis.

- Thanachart Group established guidelines for selecting trading partners, ensuring that they had qualifications that meet the needs of the work units which would like to

make use of their services. As well, they had to be a juristic person whose registered capital amount being in line with the requirements established for each procurement characteristic. Importantly, they also had to possess a site reference in line with the procurement characteristic, with its value being no less than the value of the project concerned. For example, if the project pursued by TBANK had a value of 5 million baht, the value of the past performance which served as the site reference had to be equal to or more than 5 million baht. Importantly, the Group also made use of the Electronic Data Interchange (EDI) to check relationships between trading partners. Moreover, the Group checked whether the trading partners were on the designated list issued by the Anti-Money-Laundering Office (AMLO).

- Thanachart Group encouraged its suppliers and service providers to pay close attention to the conduct of business affairs in a socially and environmentally responsible manner. The objective was to raise the standards and broaden the scope in order to achieve sustainable procurement. Emphasis was placed on developing operating procedures in collaboration with trading partners in various forms and on managing costs in a systematic manner. The Group expected that trading partners would benefit from the concepts which would enable them to manage better and learn how to reduce costs properly in order to be able to deliver good products and services at a competitive price. In the end, trading partners would be able to operate their businesses in a stable and sustainable manner as well.

- Thanachart Group developed a procurement policy, aiming at raising procurement standards, by taking into consideration social and environmental factors such as fair trade, human rights, labor conditions, occupational health, and safety, environmentally friendly production processes, and environmental management in the workplace. The developments were in line with the Group's Code of Business Ethics as well as its Code of Conduct for staff members. The main objective was to achieve sustainable development across the supply chain.

- Thanachart Group managed its relationships with suppliers and service providers (Supplier Relationship Management) in a systematic manner as the relationships had impacts on its overall business performance. All parties concerned were cooperated with one another in developing

products and services that cater to the business needs. The cooperation not only enhanced the Group's competitiveness but also facilitated the business expansion of suppliers and service providers. Visits were paid to the workplaces of the trading partners. Financial knowledge was shared with the trading partners' employees so that they had the knowledge and could make use of it.

- Thanachart Group was determined to promote further adoption of the sustainable development concept throughout the supply chain. It started by discussing and cooperating with trading partners in developing businesses, aiming at raising procurement standards by taking into account economic, social, and environmental factors. The cooperation enabled all parties to achieve several goals in concrete terms. An example was the purchase of various products from charitable organizations, which could be used as mementoes on various occasions. As another example, the Group and a number trading partners jointly developed various print media by using environmentally friendly print materials. Other example was the continuous cooperation with trading partners in researching and developing new procurement processes in order to come up with innovative products for the society and the environment which are in line with the sustainable development policy.

Examples of Project

Electronic Equipment Procurement Project

Thanachart Group has established a procurement guideline that places emphasis on use of environmentally friendly materials and reduction of carbon dioxide emissions by requiring that raw materials for production must be capable for being recycled. As well, it is required that the various electronic equipment to be procured must meet standards for safety requirements established by national standards institutes such as Underwriter Laboratories (UL). In addition, the equipment must receive certification from national institutes such as Federal Communications Commission (FCC) that it conforms to standards that limit the amount of electromagnetic interference (EMI). Importantly, the equipment must receive certification for energy efficiency, such as Energy Star 5, apart from receiving certification from national institutes for products that meet electronic product environmental performance criteria, such as Electronic Product Environmental

Assessment Tool (EPEAT) rating. The guideline covers procurement of electronic equipment such as computers and their peripheral devices, multifunction photocopiers that received product certification from Thai Green Label Scheme, and other electrical appliances.

A4 Paper Procurement Project

Foreseeing impacts on the environment, Thanachart Group has adopted a policy, ensuring that the A4 paper to be procured must be made from perennial plant fibers or those of farm trees or used agricultural materials mixed with 100 percent recycled fibers without using any new trees since the production of paper is based on an environmentally friendly process. In this connection, over 95 percent of the paper used consists of the following:

1. A4 Paper 80 grams is made from 70 percent farmed tree fibers and 30 percent recycled fibers using waste or used materials as mixtures. Emphasis is also placed on reduction of the use of bleaching agents in the environmentally friendly production process. The raw materials are suitable for producing paper with quality equal to the photocopy paper made from 100 percent new fibers. Apart from being thick, smooth, slippery, and white, both sides of the paper could be printed.

2. A4 Paper 70 grams which accounts for 90 percent of printing is made from 50 percent farmed tree fibers and 50 percent recycled fibers using waste or used materials as mixtures. Emphasis is also placed on reduction of the use of bleaching agents in the environmentally friendly production process. The result is a higher degree of opacity for high performance. Apart from being thick, smooth, slippery, and white, both sides of the paper could be printed.

Project on Renovation and Redecoration of Branches and Office Buildings

Thanachart Group has established guidelines for procuring construction raw materials for renovating and decorating branches and office buildings, which are environmentally friendly. In this connection, the Group recognizes the importance of procuring construction materials which meet quality standards in terms of occupational health, safety, and the environment. In particular, in selecting

interior paint for areas within branches and office buildings, emphasis is placed on paint which is safe for consumers and environmentally friendly. The objective is to minimize Volatile Organic Compounds (VOCs) exposure. As well, paint to be used must be free not only from Alkylphenol Ethoxylate (APEO) but also from other harmful chemicals such as formaldehyde, mercury, lead, cadmium, chromium, and evaporators.

Fire Extinguisher Purchase Project

Fire extinguishers making use of liquid formula instead of dry powder were purchased. Apart from being eco-friendly, non-CFC fire extinguishers were capable of preventing toxic gas production. Importantly, users could see things clearly when using the fire-extinguishers as they did not produce dust. As well, bearing the green label, the fire extinguishers could be safely used on electronic devices and electrical devices.

Office Furniture Procurement Projects

Thanachart Group has established guidelines for office furniture procurement, in which emphasis is placed on ensuring that raw materials used for production must be environmentally friendly and also that the furniture must be purchased from manufacturers whose product designs, production processes, and green buildings must be environmentally friendly. Importantly, the raw materials used in the production processes must be recyclable. For example, one could recycle office furniture by changing their forms or rearranging them, instead of throwing them away as useless items. In this connection, recycling helps reduce the use of natural resources for reproduction. Another aspect is the steps involved in the design of products. For example, the area of a table top, arm rest and table legs could be designed in such a way that their left and right sides could be used without having to place orders for new parts in case offices have to be renovated or furniture has to be removed or relocated.

Project for Buying Water-cooled Chillers Using Magnetic Bearing Oil-Free Technology, to be Installed at Suanmali Building

Thanachart Bank developed guidelines for selecting appropriate products which helped reduce electricity

consumption. In this connection, the Bank chose water-cooled chiller systems using magnetic bearing oil-free technology since air-conditioners on any floor could be turned on or off separately. In addition, the new systems did not have to use oil to operate the air-conditioners as in the case of conventional air-conditioning systems. As a result, use of oil was reduced and maintenance costs were also cut. Importantly, the new systems were eco-friendly.

Online Procurement Project

Thanachart Group has adopted an Online Purchasing System as its standard procurement procedure. As a result, apart from being able to reduce paper use by over 1 percent, compared with past consumption, the Group managed to save 150,000 baht per annum in terms of reduced paper usage expenses. In addition, the Group made use of Electronic Request For (x) (eRFx) as part of its standard procurement procedure. As a result, the Group was able to reduce use of paper which normally had to be sent to its trading partners for preparation of quotations for different projects.

Responsibility towards Lenders

The Company and member companies of Thanachart Group not only strictly adhere to the agreements with lenders but also fulfill all the obligations, particularly those related to guarantee conditions, capital management and in an event of default, what the loan proceeds are used for, principal and interest payments, guarantee conditions and any other matters agreed with the lenders. In this connection, the Company shall send a report on the financial position and financial information to the lenders in line with the established terms and conditions in an accurate, transparent, and regular manner.

As regards the capital management, the Company pays great attention to stability and strength as well as liquidity management, ensuring that it has enough liquidity to make repayments to the lenders in accordance with the established schedules.

Responsibility towards Prevention of Software Piracy

On the Policy

Thanachart Group has established security measures for computers and usage. The objective is to control software piracy in relation to computer hardware and software package installation.

On the Processes

- Thanachart Group has put in place processes for keeping asset registers and reviewing them at least once a year for improvements. In this connection, officers will be assigned to check the software installed on the employees' computers.

- As well, the Group has put in place processes for entering a purchase requisition in the purchase invoice register when a user submits a request.

On the Technology

- Computer users are prohibited from installing software themselves. Otherwise, they will be denied permission to access their computers. If they want to use certain software, they are required to get a prior permission from the work unit concerned and to make a request to the information system and technology department for further action.

- A desktop management system has been installed on each computer for the purposes of checking the installed software and collecting data for preparing a monthly report.

On the Users

Thanachart Group organizes IT Security Awareness Training and Testing for employees at least once a year. The objective is for employees to be aware of the Group's policy on information systems security.

CSR in Process towards Other Stakeholders

1. "Rethink" Campaign Program

Rethink Project is a Corporate Social Responsibility (CSR) activity initiated by TBANK. Based on the sufficiency economy philosophy of His Majesty the late King Bhumibol

Adulyadej, the project has been implemented continuously for four consecutive years. The objective is to create and develop a social economy, ensuring that it is stable and sustainable. To achieve this, members of the general public are provided with knowledge and guidelines on financial discipline, which are introduced under the slogan “Rethink, Use Money Wisely and Feel Happiness”.

In 2018, TBANK publicized the project in numerous formats via various channels, using the concept of “A Series of Rethink Second”. Messages were transmitted in the form of video clips about everyday life stories and a second just before a person from a different group of people decides to make a payment. The person may belong to a group of teenagers, working age population, or a group of seniors. The objective is to raise the awareness of the important time just before making a financial decision. If one could rethink and change one’s payment behavior in the present, it could serve as a good starting point for achieving financial stability and sustainable happiness in the future. In this connection, the video clips were further developed and produced in various formats in order to broaden knowledge and understanding of a wider public.

Moreover, in order to inculcate members of the public with the financial discipline and the financial management which are easy to understand and could be practically implemented in real-world settings, TBANK produced a series of “T-Money Tips” video clips, aiming at introducing to the public tips, secrets, and suggestions about everyday finance management, including income tax calculation and retirement financial planning, among others. The video clips and other financial knowledge were publicized through TBANK’s various channels such as Facebook, LINE, television sets at branches, and its website (www.thanachartcsr.com) throughout the year.

2. “Thanachart Insurance - Yes, We Safe” Project

As an operator in insurance business, TNI recognizes the importance of losses caused by numerous car accidents that occur each year. As a result, it is determined not only to operate its business with responsibility towards the society but also to participate in promoting socially beneficial activities. In particular, it inculcates in members of the public the good consciousness of jointly implementing preventive measures for road safety in a continuous manner through its “Thanachart Insurance - Yes, We Safe” Project. The project consists of two key areas. The first one focuses on ensuring safety while



17 - 18 “Rethink” Campaign Program

19 - 21 “Thanachart Insurance - Yes, We Safe” Project

the other focuses on giving different types of aid to victims of road traffic accidents. The program has been implemented since 2013.

In 2018, TNI implemented the “Drive DD United Season 4” program which was the fourth consecutive year of contest. The objectives are to participate in preventing accidents on the road and ensuring road traffic safety. In particular, it provides university students at all levels nationwide, whose age does not exceed 25, with an opportunity to participate in submitting their entries in a video clip contest on the theme of “Keep Life, Drive Slow”. Realizing that these students belong to the age group with the highest road traffic accident rate, the contest helps inculcate the consciousness of safe driving in the youth who are on the receiving end of media messages. It is also hoped that many of them will probably become some of the people producing media messages for the public when they grow up, and that they will play a key role in inculcating in members of the general public the consciousness of building a society free from road traffic accidents in a sustainable manner. In this connection, the program receives support and advice from both the public and private sectors including the Office of Insurance Commission (OIC), the Office of Accident Reduction Network, and the Thai Health Promotion Foundation (ThaiHealth).

On the assistance side, believing that accidents could not be completely avoided, TNI has been giving scholarships to students of Sirindhorn School of Prosthetics and Orthotics, the Faculty of Medicine, Siriraj Hospital, and Mahidol University. The school produces professional prosthetists/orthotists with a Bachelor in Prosthetics and Orthotics. They have knowledge to produce prosthetics and orthotics (P&O) devices and appliances to restore the physical capabilities of patients. They are also capable of producing, redesign, and developing the devices and corrective appliances with standards on a par with the international level. With these devices and appliances, people with disabilities can live normal lives. In addition, TNI initiated a project entitled “Safer on the Road”, aiming at joining hands with communities to make roads safer. To achieve this, TNI coordinated with road safety party networks and communities in implementing problem-solving measures and improving community areas which pose accident risks on collector roads. The objectives are to prevent accidents and to raise road safety standards for both people living in the communities and users of the road. These include 10 locations in the

following nine provinces nationwide: Khon Kaen, Phitsanulok, Ratchaburi, Suphan Buri, Surat Thani, Pathum Thani, Nakhon Pathom, Phra Nakhon Si Ayutthaya, and Nakhon Nayok.

CSR after Process

This type of CSR covers any activities other than those undertaken in the ordinary course of its business. Thanachart Group has been involved in this type of activities for a long time since the beginning of its business operations. Later, as the commercial banking services became one of Thanachart Group’s main businesses with an extensive branch network nationwide, the CSR activities have been implemented by regional hubs with cooperation from the staff members of Thanachart Group. Their customers, business counterparts, and people living in communities are also invited to participate in the activities. In 2018, the Group took part in the following CSR and environmental protection activities in order to promote and develop society in various areas.

1. Promotion of Education, Religion, and Thai Cultural Identity: Thanachart Group participated in activities aiming at filling in education gaps as well as streamlining the country’s educational systems. As well, the Group supported activities related to promotion of religion as well as Thai cultural identity and local culture in collaboration with the communities, employees, and members of the general public. The joint efforts laid a strong foundation for the country’s strengths and competitiveness.

2. Promotion and support of implementation of activities for charity: Playing the role of a good corporate citizen, Thanachart Group participated in social development by giving support to the activities implemented by various charitable organizations which were involved in strengthening society and making it sustainable. The activities covered all target groups, regardless of whether they are patients, children, youth, women or the underprivileged.

3. Environmental protection: As part of its determination to implement activities which help reduce indirect impacts on the environment created by its business operations, Thanachart Group promoted education and understanding in using energy in the most efficient manner. It also participated in campaigns aiming at inculcating energy conservation culture in both executives and employees.

Moreover, Thanachart Group has established the Thanachart Foundation for Thai Society which serves as a key mechanism in driving the implementation of the Group's CSR activities. Most of the Foundation's activities focus on creating a sound and sustainable society as well as social development. The main aim is to build a prototype model for developing communities and society in various ways. Emphasis is placed on the knowledge in developing, improving, and changing oneself, including thoughts, practicing skills, confidence, making decision as well as right attitudes and values suitable for making a living. Focus is also given on improvements of one's livelihood based on His Majesty the late King Bhumibol Adulyadej's concept of the 'Sufficiency Economy'. Importantly, Thanachart Group has established coordination networks for giving social assistance and services in case of unfortunate events. The Group also participated in activities related to preservation of Thai arts and culture.

Recognizing the importance of encouraging executives and employees of Thanachart Group to jointly improve the society as well as instilling the spirit of volunteering in employees at all levels in various work units, in 2018 TBANK established Thanachart CSR Club which served as a center for mobilizing the power of members in supporting the implementation of CSR and environmental protection activities to be organized. In this connection, the members would be provided with opportunities to express opinions about the existing CSR and environmental protection activities and to jointly develop plans for CSR activities with an aim of making the society strong and sustainable.

Promotion of Education, Religion, and Thai Cultural Identity

Presentation of Royal Kathin Robes in 2018

Thanachart Group's presentation of Royal Kathin Robes could be traced back to the year 2006 when the Group organized the presentation at Wat Kaew Korawaram in Krabi Province. The year 2018 marked the 12th consecutive year. The presentation of Royal Kathin Robes could be well considered as the Group's main CSR activity which has been implemented regularly. The main objective is to promote and maintain Buddhism so that it continues staying with the Thai society.



22 - 24 Presentation of Royal Kathin Robes in 2018

In 2018, Thanachart Group was graciously bestowed by His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun to offer the Royal Robes at Wat Pom Wichian Chotikaram, a royal temple in Samut Sakhon Province. In this connection, this was the first year in which TBANK invited member companies of Thanachart Group, customers, trading partners, executives, employees, and members of the general public to jointly make donations in support of Buddhism and also to partly contribute to the construction of a heart center at Samut Sakhon Hospital. The total cash given by the donators amounted to 15,773,182.40 baht. As an annual practice, Thanachart Group continued to give not only scholarships to needy students with good academic records and good behavior but also education funding support to schools in Samut Sakhon Province.

“Thanachart Initiates and Fulfills Thai Identity” Project

In appreciation of the royal kindness of Princess Bajrakitiyabha, the Royal Granddaughter, TBANK humbly invited Her Royal Highness Princess Bajrakitiyabha to preside over the opening ceremony of the final round of the 47th Annual Contest of ‘Thanachart Initiates and Fulfills Thai Identity’ Project in 2018. The ceremony was held in Suanmali Hall of TBANK’s Suanmali Building for second consecutive year. In this connection, Her Royal Highness graciously attended to the previous two reading aloud contests among students of lower and upper levels of the secondary education (Mathayom Suksa). Her Royal Highness Princess Bajrakitiyabha has been attaching great importance to preservation of Thai identity and culture. As part of her many contributions, Her Royal Highness currently gives assistance to several underprivileged groups in society. As a result, she makes a good role model for young people in the country.

“Thanachart Initiates and Fulfills Thai Identity” Project was inherited from Siam City Bank whose project previously called ‘Siam City Preservation of Thai Identity’. The implementation of the project in 2018 marked the 47th consecutive year. One of its main objectives is to maintain and preserve Thai identity including reading aloud Thai and using Thai manners in daily life. The project not only helps preserve the unique identity for Thai people and prevent its disintegration over time, but also strikes a balance between social values which have been increasingly affected by foreign cultures. Moreover,



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25 - 28 “Thanachart Initiates and Fulfills Thai Identity” Project

the project helps inspire and inculcate in Thai youth about the love of Thai culture. The love makes them cherish the culture and helps keep it as part of Thai society forever. Both Thai language and Thai manners are widely recognized as unique characteristics of Thai identity.

The project consists of two main activities including reading aloud contests and Thai manners contests. Representing their educational institutions, students from Prathomsuksa 1 to the University level are provided with an opportunity to participate in the contests to compete for Her Royal Highness Princess Maha Chakri Sirindhorn's Cups, honorable shields and certificates of honor, as well as scholarships. In 2018, there were more than 5,500 students from every region participating in the contests and in this year there was still the Thai manners contests for hearing-impaired children to compete for Her Royal Highness Princess Maha Chakri Sirindhorn's honorable shields and scholarships. In addition, TBANK recognizes the importance of promoting and supporting hearing-impaired children so that they have opportunities to participate in various social activities and are able to lead dignified lives as normal people. As well, these hearing-impaired children should be provided with opportunities to show their determination, intention, and potential for participating in the activities related to the maintenance and preservation of Thai identity by practicing Thai manners properly. This marked the fourth consecutive year of the implementation. Apart from enhancing potential and opening up opportunities in the society, TBANK intends to enhance potential of visually impaired children by initiating a project entitled "Reading Aloud Contest for Visually Impaired Children", through the use of Braille. This was the first year in which the contest was organized. In this connection, teachers from educational institutions nationwide which taught visually impaired children had their students applied for the contest.

In 2018, TBANK continued to organize favorable school video clip contests on the theme of "Before getting on the stage". This was the second consecutive year in which the contests were held. The objective was to encourage participation of teachers, children, and their parents in the project. The project consisted of two main activities including reading aloud contests and Thai manners contests. TBANK made use of its online media as main channels to promote the activities. There were over 60 schools which participated in the contests. Moreover, in order to enhance preparedness

and potential of teachers so that they had appropriate knowledge and understanding to serve as a role model and share the correct knowledge about Thai manners with the country's youth, TBANK organized a training activity entitled "Teachers as Role Models of Thai Manners" by coordinating with the Department of Cultural Promotion, Ministry of Culture. This was the first time which the activity was organized. Over 240 teachers participated in the training activity. Furthermore, to encourage employees of Thanachart Group to recognize the importance of Thai cultural identity preservation and to enable them to adopt Thai manners and read Thai correctly both during and outside office hours, TBANK organized a training activity entitled "Thanachart-Smart as Thais...Anyone Can Do" for employees of Thanachart Group. They were given training in Thai manners and how to read aloud Thai correctly. In this connection, the training activities were conducted by lecturers from the Department of Cultural Promotion, Ministry of Culture, as well as the National Broadcasting and Telecommunication Commission. As well, Thai manners and reading Thai aloud contests were organized for the training participants.

Garuda Museum by TBANK

"The Garuda Museum by TBANK" is considered the first and only Garuda museum in ASEAN. Its establishment could be traced back to the event on 1 October 2011 in which TBANK took transfer of SCIB's entire business. Before the acquisition, SCIB had been operating for over 70 years and the Royal Garuda Emblems had been graciously bestowed by His Majesty the King upon SCIB for display at its headquarters and branches since 1941. After the merger with TBANK in 2011, it was necessary to dismount Garuda Emblem in compliance with the Garuda Emblem Act (No. 2) B.E. 2535 (1992). TBANK recognized the value and the importance of the Royal Garuda Emblem which Thai people have a great faith in and a strong relationship with. The Emblem is also a symbol representing His Majesty the King of Thailand. As a result, TBANK respectfully relocated the Emblems from the headquarters and branches to its Bangpu Training Center in the municipal area of Tambon Bangpu, Samut Prakan Province. This was followed by the founding of the Garuda Museum. The Museum showcases various stories of Garuda in a multimedia format. The stories are principally based on Thai people's basic understanding about Garuda and Buddhism beliefs. It is designed and created so that visitors could

learn about the origin of Garuda according to the legend from the viewpoints of both Buddhism and Brahmanism. Importantly, an area in the museum has been set aside for exhibiting the Emblems which are respectfully relocated from SCIB's branches. One of the objectives of the exhibition is to reflect the Royal Garuda Emblem's relationship with the country's three fundamental institutions, namely the Nation, Religion, and Monarchy. In addition, the museum serves as a resourceful place for children, youth, and interested members of the general public to learn about the history. Moreover, in honor of and in gratitude for the boundless and gracious kindness of His Majesty the late King Bhumibol Adulyadej, TBANK built an additional room for "Remembering The Great King". The room shows to visitors the linkages between the Garuda and the royal duties of His Majesty the late King Bhumibol Adulyadej.

Activities "Related to Sustenance and Preservation of Local Traditions"

TBANK recognized the value of Thai identities, customs, and traditions in various localities throughout the country, which reflect ways of living, folk wisdom, and cultural growth. The heritages which have been passed from one generation to the next and represent unique identities which no other country could imitate. They are invaluable and worthy of preservation. As a result, the activities related to "sustenance and preservation of local traditions" have been conceived. In this connection, TBANK's network hubs which are located nationwide are responsible for implementing these activities and cooperating with communities as a member of their respective localities. This leads to cooperation among the employees, customers, members of the public as well as various institutes and agencies, both in the public and private sectors. The activities also include regional tourism promotions and public relations. In 2018, the following were the activities organized in relation to the sustenance and preservation of local traditions.

1. Nakhon Sawan Chinese New Year Festival 102th in 2018, Nakhon Sawan Province,
2. Commemoration marking the 43rd anniversary of the death of Luang Pu Tim Issariko, Wat Lahanrai, Rayong Province,
3. Candle festival for the Buddhist Lent in 2018, Ubon Ratchathani Province,
4. Buddhist Lent Candle Making and Offering Ceremony 2018, Songkhla Province,



29 - 30 Garuda Museum by TBANK

5. Tak Bat Khaotom Lukyon Festival, Saraburi Province,

6. Lotus throwing festival (held on the 14th day of 11th lunar month) in Samut Prakan Province,

7. Sustenance of vegetarian tradition and culture, Phuket Province,

8. Conservation of Yi Peng festival in Chiang Mai Province.

“Things Given by Elders Used by Juniors” Project

The Project was conceived as a result of Thanachart Group’s determination to promote and develop Thailand’s education. The concept was based on reuse of office equipment which was no longer used but was still in a good condition. They were obtained from improvements of TBANK’s headquarters and branches. The equipment was donated to state agencies, associations, foundations and various schools for further use. In 2018, TBANK donated 2,215 pieces of equipment to 54 recipients nationwide, including state agencies, associations, foundations, and schools. The equipment included tables, cabinets, chairs, and computers.

Promotion and Support of Implementation of Activities for Charity

Annual Red Cross Fair

TBANK continuously participated in the sale of Red Cross lottery tickets as well as the Red Cross Fair on a yearly basis. The participation in the fair could be traced back to the year 1976 when Bangkok Metropolitan Bank was invited to join the Red Cross Fair, at which the bank used the name of “Bangkok Metropolitan Bank’s Red Cross Booth”. Later in 2002 when Bangkok Metropolitan Bank merged with SCIB, the name of SCIB was used at the fair under the name “Siam City Bank’s Red Cross Booth”. Then in 2011 when the business of SCIB was transferred to TBANK, the name of “Thanachart Bank” was used at the fair. The booth name was “Thanachart Bank’s Red Cross Booth”. Today, TBANK continues to participate in the sale of Red Cross lottery tickets and the Red Cross Fair annually.

In 2018, TBANK participated in the Red Cross Fair held at Lumpini Park from 23 November to 1 December 2018. The decoration of its booth was based on the concept of



31 “Things Given by Elders Used by Junior” Project
32 - 34 Annual Red Cross Fair

“Engine to Success” which represented the Bank’s policy of not only delivering good products and services to customers but also giving back to society through CSR activities. At the fair, TBANK held a workshop for its customers who participated in activities organized at the Bank’s booth. Used plastic straws were recycled by using them for decorating cloth bags. The recycling of the used plastic straws was part of TBANK’s campaign against climate change. In addition, the Bank received donations of plastic straws which would be forwarded to a youth group called “Sandal Gang” in Lopburi Province. The youth group used the straws as raw materials for producing pillows for paralyzed or bed-ridden patients. Moreover, TBANK would humbly present the net proceeds worth 6,300,000 baht from its sale of Red Cross lottery tickets and its participation in the Red Cross Fair in 2018, to Her Royal Highness Princess Maha Chakri Sirindhorn, Executive Vice President of the Council of the Thai Red Cross Society for supporting the Society’s activities.

Activity Supporting Inspire Project Initiated by H.R.H. Princess Bajrakitiyabha, Ministry of Justice

Recognizing the importance of boosting morale of and giving opportunities to the underprivileged sections of the society, TBANK participated in support for “the Inspire Project under the initiatives of Her Royal Highness Princess Bajrakitiyabha, the Ministry of Justice”. The main objectives of the project were not only to boost morale of the group of people who made missteps in life and to enable them to re-enter society, but also to build a society which provided inmates with opportunities. The objectives were in line with the initiatives of Her Royal Highness Princess Bajrakitiyabha. Her Royal Highness kindly recommended that prisons adopt His Majesty the late King Bhumibol Adulyadej’s Philosophy of Sufficiency Economy so that inmates recognized their own values, were able to depend on themselves, and stop wasting or being extravagant with money. In addition, inmates were provided with vocational training, startup capital and scholarships. This was to enable them to get back on their own two feet, look after themselves and their family, and also avoid repeating the same mistakes when they were released from prisons.

In 2018, TBANK participated in support for “Run for Better Life” Doi Hang Cross Country Trail, marking the 12th anniversary of the Inspire Project under the initiatives of Her



35 - 36 Activity supporting Inspire Project Initiated by H.R.H Princess Bajrakitiyabha, Ministry of Justice

Royal Highness Princess Bajrakitiyabha. The event took place at Doi Hang Temporary Prison in Chiang Rai Province. The objective was to expose the areas of the prison to the public, so that they knew the inmates were useful and were able to help the society. Her Royal Highness expected that Doi Hang Temporary Prison would serve as a learning center and a new agro tourism attraction in Chiang Rai Province. In fact, it was the first time in Thailand that a prison served as a tourist attraction as well as a learning center. In addition, TBANK purchased the products produced by inmates and gave them as souvenirs to its customers on various occasions. As part of the implementation of the activity, staff of TBANK visited the production process and directly talked with inmates. In this connection, the staff provided the inmates with suggestions on product design, packaging and development of marketing channels. Emphasis was placed on development of online marketing channels so that the products produced under the Inspire Project would become more popular in the marketplace.

Bridge-of-Merit Project

The establishment of the Bridge-of-Merit Project could be traced back to the “Thanachart Initiates and Fulfills...Merit Saving Exposition” Project which was implemented in 2009. Several charitable organizations were invited to participate in the exposition, open their booths and publicize the work of their organization. Later in 2011, the establishment of the “Bridge-of-Merit” Project was conceived. The objective was to carry on the support to the work of the charitable organizations in a sustainable manner. In this connection, TBANK served as the bridge linking givers and recipients. TBANK’s customers and members of the general public could jointly donate cash to the charitable organizations through the Bank’s various channels including ATMs TBANK counters, Automatic Deposit Machines (ADMs) or through the internet without any service fee to be charged. In addition, TBANK plans to introduce an E-donation system to facilitate donation in the future. Currently, there are altogether 15 charitable organizations which participate in the Bridge-of-Merit Project. Their names are as follows:

1. Association for the Promotion of the Status of Women,
2. Baan Nokkamin Foundation,
3. Cardiac Children Foundation of Thailand Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,

4. Foundation for Children with Disability,
 5. Foundation for Slum Child Care Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,
 6. Ramathibodi Foundation,
 7. Thammasat University,
 8. Princess Mother’s Medical Volunteer Foundation,
 9. Foundation for the Family Welfare of War Veterans Under the Royal Patronage of Her Royal Highness the Princess Mother,
 10. Sai Jai Thai Foundation Under the Royal Patronage,
 11. Srithanya Hospital Foundation,
 12. Khum Klao Foundation Under the Royal Patronage,
 13. Soka Gakkai Thailand,
 14. Queen Sirikit Center for Breast Cancer Foundation,
- and
15. Friend in Need (of “PA”) Volunteers Foundation, Thai Red Cross.

Support to Chakri Naruebodindra Medical Institute, Ramathibodi Foundation

Thanachart Group joined hands in making cash donations as a partial support to a Project of Chakri Naruebodindra Medical Institute, Ramathibodi Foundation continuously on an annual basis. The Project’s objectives are to build a medical institute and a hospital with 400 beds for treating patients at all levels in an integrated manner as well as promoting health, rehabilitation, protection against diseases, health care and public health services with proper standards. In addition, the new medical institute would serve as a learning network center which gave academic services in relation to health promotion for people living in the country’s eastern region. In 2018 which was the fifth consecutive year of the continuous support, TBANK, TFUND, TNI, and TBROKE jointly donated cash in the amount of 5,000,000 baht.

Blood Donation in Honor of H.R.H. Princess Maha Chakri Sirindhorn

The activity has been implemented by TBANK’s Network Hub 2 of the northeastern region (Khon Kaen) for fourteen consecutive years. The four areas covered by the activity include Khon Kaen Province, Roi Et Province, Kalasin Province, and Maha Sarakham Province. The objective of the activity is to encourage members of the public and staff members to perform good deeds in honor of Her Royal

Highness Princess Maha Chakri Sirindhorn. In this connection, they jointly donate blood to be used not only for saving lives of accident victims in emergency rooms, but also for alleviating blood shortage during treatment. In 2018, more than 700 people donated 280,000 cc of blood to the Thai Red Cross Society.

Other Corporate Social Responsibility Activities

Apart from the various Corporate Social Responsibility activities which Thanachart Group has been implemented in a continuous manner, Thanachart Group is determined to implement other activities which enable the Group to play a participative role in strengthening the society in a sustainable manner. The related details are as follows:

1. Early Warning Video Clip Project: TBANK and the Department of Special Investigation (DSI) jointly implemented the “Early Warning Video Clip” Project, providing customers and members of the general public with early warning alerts and assistance which enable them to avoid becoming victims of fraudsters or being cheated in financial transaction frauds committed by groups of people who take up unlawful occupations. In this connection, each episode of the video clip series was broadcast via various communication channels of the Bank and DSI. Among others, these included TV sets at branches, the Bank’s website (www.thanachartbank.co.th), LINE, Facebook, and Twitter as well as the website of DSI.

2. Farmers-Can-Still-Smile Project: This was a Corporate Social Responsibility project jointly implemented by TBANK, MBK Center, and Pathumwan Princess Hotel. The objective was to give assistance to Thai farmers who were hard hit by plummeting pineapple prices. In particular, the Project purchased 5,000 kilograms (or 5 tonnes) of honey pineapple variety (a sub-variety of Pattavia) from farmers in Lampang Province and gave the pineapples to their trading partners, customers, members of the public, as well as communities and schools in the vicinity of Pathumwan District. In addition, those who participated in the project activity were provided with an opportunity to make cash donations in the form of scholarships to Phra Dabos School. The total money donated by the participants amounted to 50,000 baht.

3. Disaster Relief Fund Raising for Laos: The fund was for assisting victims of the flash floods caused by the collapse of Xe Pian-Xe Nam Noy hydropower dam in Laos



37 - 39 “Early Warning Video Clip” Project

People's Democratic Republic. The floods did enormous damage to houses and commercial properties in the southern part of the country. Over 6,000 people were affected with many reported missing. TBANK donated 600 blankets to the Embassy of the Lao People's Democratic Republic in Thailand. As well, the Bank served as a conduit for donations from its executives, employees, customers and members of the general public to help the victims. The total fund raised amounted to 500,000 baht.

4. Under the activity marking National Children's Day:

TBANK participated in organizing an activity for children, on the theme of "Thanachart Kids Zone" in the compound of Government House. The design of the activity was in line with the 2018 motto "Clever, Cautious, and Creative in Technology". The objective was for children to participate in the game called "Superheroes Go Lucky". Participants in the activity were given gifts, rewards and sweets. In addition, TBROKE joined the Nine Center Rama 9 and Bangkok Broadcasting & Television Company Limited Channel 7 in organizing an activity on the theme of "Good Thinking, Kids' Day". As well, the company provided children with sports equipment, learning equipment and materials as well as various toys under a toy-sharing project during the Ripley's Carnival 2018 at Ripley's World Pattaya.

5. In relation to the activity titled "T-Broker Builds Teams, Builds Energy, and Builds Success - 2nd Anniversary":

TBROKE has been implementing social and environmental activities in a continuous manner. In 2018, the company gave learning equipment and materials as well as scholarships to students with good academic performance records. As well, it helped improve the environment surrounding San Chao Mae Akat (Rotemanee) School in Samut Songkram Province.

6. Under the activity titled "TCAP brings young children happiness":

the Company organized a social responsible activity in which it gave things to young children at Bangkok School for the Blind. As well, it hosted a luncheon for them with its staff participating in the activity for bringing the young children happiness.



40 - 42 "Farmers - Can - Still - Smile" Project

43 - 44 "Disaster Relief Fund Raising for Laos" Project



INTERNAL CONTROL AND RISK MANAGEMENT

The Company places strong emphasis on the establishment of effective and consistent internal control system. Strong internal control would help the Company to enhance effective business operation, steer the Company toward its goals, and protect the Company from operational error and from illicit exploitation from executives and staff. Furthermore, the Company takes into consideration the use of suggestions given by the auditors and the BOT's inspectors in streamlining the internal control system. Internal control system can be summarized as follows:

1. Organization and Environment

The Company sets the structure in supporting the achievement of the organization's objective. The Company properly specifies in writing the limitation of authorities and roles and responsibilities of staff and executives. It also puts in place the effective internal control system. The scopes of responsibility of the operational staff, approval authority, control and supervision function, and evaluation function are separate in order to avoid conflicts of interest, create check and balance, and conduct business operation under the principal of good corporate governance. The Company has put in writing the policies, working procedures, and working manuals. The Audit Committee is assigned to assess the sufficiency of the internal control system with various sub-committees being appointed to consider and make a decision on various matters efficiently.

The Company's Board of Directors sets clear business targets which can be measured and monitored the operating results ensuring that they are in line with the set targets. Good Corporate Governance, Code of Conduct, Anti-corruption policies and measures, and related announcements are set for the Directors, executives, and staff to adhere to in practice. Self-evaluations in good corporate governance and anti-corruption are conducted for staff every year to create awareness and consciousness. Systems or channels are provided for customers and employees to state their opinions or complaints and to whistle-blow regarding frauds and corruptions through the provided channels. A security and protection measures are provided for the whistleblower and the accused with justice and fairness.

2. Risk Management

The Company appoints the Risk Management Committee and also assigns the Risk Management Department of TBANK to effectively consider, monitor, and supervise various risks in line with business objectives. Policies and risk management guidelines are clearly set in writings and are disclosed in the Intranet of the Company for the Directors, executives, and staff to cohere to as a practice guideline. Also, external risk factors that may affect business operations, internal control, and financial statements are assessed. Responsive measure to each change is evaluated adequately. Furthermore, the concerned risk report is presented to the Audit Committee and the Company's Board of Directors monthly and quarterly respectively.

3. Supervision of Operational Management

The Company has put in place appropriate internal control measures for all levels. Apart from covering various processes, the measures clearly define power and authority as well as the related limits in relation to approval of transactions. As regards the execution of related party transactions, the Company has established guidelines in the corporate governance policy, which are aimed at preventing conflicts of interest. In particular, approval will not be given by related parties. In relation to loan extension or investment, the Company has established a specific policy on loan extension to major shareholders and related lending as well as investment in related businesses. The policy is in compliance with the regulations imposed by the BOT.

In addition, it has established standards for controlling the use of information systems. Importantly, it has introduced not only regulations governing information and technology, but also policy/standards in relation to information systems security. Moreover, it has established standards for the control, development and maintenance of technology systems. These will serve as standards for controlling operations and ensuring security in relation to the use of the Company's information systems.

In case the Company invests in its subsidiaries, the Company appoints its representatives to sit on the boards of directors of the subsidiaries to set the policies and also to give directions for them. As well, arrangements have been made that the representatives give a monthly report of the subsidiaries to the Company.

4. Information Technology and Communication

The Company has put in place the process of information preparation and the guideline of information disclosure. The disclosed information has to be accurate, current, and sufficient to all related parties, i.e. Directors, executives, staff, shareholders, clients, and other stakeholders in order to efficiently support their decision making. Communication channels are provided for both internal and external parties to report on frauds and corruptions through whistle-blower hotline.

5. Auditing and Monitoring

The Company has put in place a system for monitoring business performance and presenting a report comparing the actual performance with the established goals of the Company and its subsidiaries to the Executive Committee and the Board of Directors on a monthly basis. In this connection, the goals will be reviewed every six months.

Internal Audit, who reports directly to the Audit Committee, is responsible for auditing and assessing work units and work procedures in order to evaluate the internal control and risk management systems. They are also responsible for reporting any significant defect and making suggestion

guidelines to correct the root cause problems as well as reporting progress of correction of such defect to the Audit Committee quarterly. The auditing makes use of End-to-end process as the auditing guidelines.

Furthermore, the Company uses the service of the Compliance Department of TBANK to monitor the adherence to the Code of Conduct and the avoidance of any conflict of interest. They report to the Audit Committee, the Executive Committee, and the Company's Board of Directors every six months.

In the Company's Board of Directors Meeting No. 2/2019 dated 25 February 2019, the Board of Directors concluded that the internal control system of the Company was appropriate and adequate to conduct business operation.

Head of Internal Audit

The Company as the holding company has assigned Ms. Sirinthorn Phayaphrom, Vice President, Audit Department to be the Head of Internal Audit of the Company. She is responsible for monitoring internal audit work of the Company. With more than 15 years of experiences and profound knowledge in the business activities and operations of the Company, she is most suitable for the roles and responsibilities. The consideration to evaluate, remove, transfer or dismissal of employment of the Company's Head of Internal Audit must be consented by the Audit Committee. Her profiles can be seen in the section of Board of Directors and Executives Management of the Company in this Annual Report.

Head of Compliance

The Company uses the service of the Compliance Department of TBANK under the centralized support service policy. In effect, Mr. Kittichai Singha, Executive Vice President, the Head of the Compliance Department of TBANK, is responsible for monitoring the Company's operation assuring that it is in compliance with the regulations of the authorities concerned. His profiles are disclosed in the section of Board of Directors and Executives Management of the Company in this Annual Report.



BOARD OF DIRECTORS AND EXECUTIVES

Board of Directors and Executives Management of the Company

The Board of Directors

(Information as at 31 December 2018)

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

Date of Appointment	30 October 1980
Age	74 Years
Education	<ul style="list-style-type: none"> • Master of Science (Finance) in Management, Massachusetts Institute of Technology, USA • Bachelor of Science in Electrical Engineering, Massachusetts Institute of Technology, USA
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 25/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti-Corruption for Executives 2017
Position in Other Listed Company	
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman 2006 - Present
Position in Other Non-listed Company	
Laem Sai Village Company Limited	<ul style="list-style-type: none"> • Director 2016 - Present
Siam Piwat Holding Company Limited	<ul style="list-style-type: none"> • Director 2006 - Present
MBK Resort Public Company Limited	<ul style="list-style-type: none"> • Chairman 2003 - Present
Siam Piwat Company Limited	<ul style="list-style-type: none"> • Director 2003 - Present
B.V. Holding Company Limited	<ul style="list-style-type: none"> • Director 2003 - Present
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Chairman 2002 - Present
Deebuk Company Limited	<ul style="list-style-type: none"> • Director 1987 - Present
Thai Farming Company Limited	<ul style="list-style-type: none"> • Director 1987 - Present
Experience in the Past 5 Years	
Dusit Thani Public Company Limited	<ul style="list-style-type: none"> • Director 2015 - 2017 • Advisor 2001 - 2015
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2012 - 2014
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2005 - 2013
Plan Estate Company Limited	<ul style="list-style-type: none"> • Chairman 2003 - 2015
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Advisor 2001 - 2015
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 1994 - 2018
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Suphadej Poonpipat

Vice Chairman, Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Chief Executive Officer (Executive Director)

Date of Appointment	23 May 1983
Age	68 Years
Education	<ul style="list-style-type: none"> • Master of Science, University of Wisconsin, USA • Bachelor of Business Administration and Accounting, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Role of the Compensation Committee (RCC), Class 15/2012 • Certificate, Role of the Chairman Program (RCP), Class 28/2012 • Certificate, Financial Institutions Governance Program (FGP), Class 4/2012 • Certificate, Director Accreditation Program (DAP), Class 8/2004 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 • Block Chain Technology 2018 <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Capital Market Academy Leadership Program, Class 8/2009
Position in Other Listed Company	
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Good Corporate Governance Committee 2016 - Present
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman 2012 - Present • Chairman of the Executive Committee 2018 - Present • Chairman of the Nomination and the Compensation Committee 2015 - Present • Vice Chairman 2006 - Present
Position in Other Non-listed Company	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Member of the Succession Committee 2016 - Present • Vice Chairman and Chairman of the Executive Committee 2005 - Present
DMS Property Investment Private Company Limited	<ul style="list-style-type: none"> • Chairman 2015 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2014 - Present
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 2014 - Present • Chairman of the Executive Committee 2005 - Present
Siam Piwat Holding Company Limited	<ul style="list-style-type: none"> • Director 2006 - Present
MBK Resort Public Company Limited	<ul style="list-style-type: none"> • Director 2005 - Present
Siam Piwat Company Limited	<ul style="list-style-type: none"> • Director 2003 - Present
Experience in the Past 5 Years	
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman 2012 - 2014
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 2011 - 2017
DMS Property Investment Private Company Limited	<ul style="list-style-type: none"> • Director 2011 - 2015
Royal Orchid Hotel (Thailand) Public Company Limited	<ul style="list-style-type: none"> • Director 2007 - 2018
Thai Royal Orchid Real Estate Company Limited	<ul style="list-style-type: none"> • Director 2007 - 2018
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee 2005 - 2013 • Director 2003 - 2013
Plan Estate Company Limited	<ul style="list-style-type: none"> • Director 2003 - 2015
MBK Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman of the Executive Committee 2003 - 2018 • Member of the Nomination and the Compensation Committee 2002 - 2015
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Siripen Sitasuwan

Chairperson of the Audit Committee and Member of the Nomination, Remuneration, and Corporate Governance Committee (Independent Director)

Date of Appointment	23 May 2000
Age	70 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Wichita State University, Kansas, USA • Bachelor of Business Administration and Accounting, Chulalongkorn University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Audit Committee Program (ACP), Class 32/2010 • Certificate, Role of the Compensation Committee (RCC), Class 4/2007 • Certificate, Director Certification Program (DCP), Class 33/2003 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 <p><u>Singapore Institute of Directors</u></p> <ul style="list-style-type: none"> • Attendance for course LCD - Module 1: Listed Company Director Essentials- Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know • Attendance for course LCD - Module 2: Audit Committee Essentials • Attendance for course LCD - Module 3: Risk Management Essentials • Attendance for course LCD - Module 4: Nominating Committee Essentials • Attendance for course LCD - Module 5: Remuneration Committee Essentials
Position in Other Listed Company	
Sermsuk Public Company Limited	<ul style="list-style-type: none"> • Member of the Sustainability and Risk Management Committee 2015 - Present • Director and Member of the Audit Committee 2013 - Present
Thai Solar Energy Public Company Limited	<ul style="list-style-type: none"> • Director and Chairperson of the Audit Committee 2013 - Present
Position in Other Non-listed Company	
Fraser and Neave, Limited (Singapore)	<ul style="list-style-type: none"> • Chairperson of the Audit Committee and Member of the Nomination Committee 2014 - Present • Director and Member of the Remuneration Committee 2013 - Present
Experience in the Past 5 Years	
Fraser's Centrepont Limited (Singapore)	<ul style="list-style-type: none"> • Director, Member of the Audit Committee, and Member of the Remuneration Committee 2013 - 2014
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> • Member of the Nomination Committee and Member of the Remuneration Committee 2009 - 2014
Solaris Asset Management Company Limited	<ul style="list-style-type: none"> • Chairperson 2008 - 2017
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Tiraphot Vajrabhaya

Chairman of the Nomination, Remuneration, and Corporate Governance Committee
and Member of the Audit Committee (Independent Director)

Date of Appointment	3 April 2014		
Age	65 Years		
Education	<ul style="list-style-type: none">• Master of Business Administration, Boston University, USA• B.A in Economics and Commerce, University of Melbourne, Australia		
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Certification Program (DCP), Class 197/2014• Certificate, Role of the Compensation Committee (RCC), Class 19/2014 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014• Anti-Corruption for Executives 2017• Block Chain Technology 2018		
Position in Other Listed Company	None		
Position in Other Non-listed Company			
U.S.P.N. Company Limited	<ul style="list-style-type: none">• Director		1997 - Present
U.V.S.P. Company Limited	<ul style="list-style-type: none">• Director		1997 - Present
T.V.V. Enterprise Company Limited	<ul style="list-style-type: none">• Director and Managing Director		1984 - Present
Experience in the Past 5 Years			
Thanu Chana Company Limited	<ul style="list-style-type: none">• Director		1997 - 2014
Family Relationship with Director and Management	None		
No. of TCAP Share Held	None		

Mr. Prinya Hom-anek
Member of the Audit Committee
(Independent Director)

Date of Appointment	23 November 2018	
Age	49 Years	
Education	<ul style="list-style-type: none"> • Honorary Doctorate Degree of Science, Rajamangala University of Technology Suvarnabhumi • Master of Business Administration, Assumption University • Bachelor of Engineering (Electrical Engineering), Chulalongkorn University 	
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Certificate, Director Certification Program (DCP), Class 217/2016 <u>International Information System Security Certification Consortium</u> <ul style="list-style-type: none"> • Certified Information System Security Professional (CISSP) <u>ISACA</u> <ul style="list-style-type: none"> • Certified Information System Auditor (CISA) • Certified in the Governance of Enterprise IT <u>Association of Certified Fraud Examiners</u> <ul style="list-style-type: none"> • Certified Fraud Examiner (CFE) 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Intelligent Data Analytic Company Limited	• Director and Member of the Executive Committee	2018 - Present
Thai Institute of Directors Association	• Trainer	2017 - Present
Thailand Information Security Association	• Director and Secretary	2017 - Present
Boonrawd Trading Company Limited	• Advisor	2015 - Present
Cybertron Company Limited	• Director and Member of the Executive Committee	2015 - Present
ACIS Professional Center Company Limited	• Chairman and Member of the Executive Committee	2003 - Present
Experience in the Past 5 Years		
Anti-Money Laundering Office (AMLO)	• Qualified Committee	2015 - 2016
ACIS Professional Center Company Limited	• Managing Director	2003 - 2014
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Vichit Yanamorn

Member of the Nomination, Remuneration, and Corporate Governance Committee
and Member of the Risk Management Committee (Non-executive Director)

Date of Appointment	25 February 2015	
Age	72 Years	
Education	<ul style="list-style-type: none">• Master of Science (Computer Science), University of Iowa, USA• Bachelor of Commerce and Accountancy (Statistics), Second Class Honor, Chulalongkorn University	
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">• Certificate, Driving Company Success with IT Governance (ITG), Class 3/2016• Certificate, Role of the Nomination and Governance Committee (RNG), Class 7/2015• Certificate, Role of the Compensation Committee (RCC), Class 20/2015• Certificate, Audit Committee Program (ACP), Class 18/2007• Certificate, Director Accreditation Program (DAP), Class 34/2005 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">• Anti-Corruption for Executives 2017• Block Chain Technology 2018 <p><u>Bank of Thailand</u></p> <ul style="list-style-type: none">• Thailand Sustainable Banking 2018 <p><u>The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none">• IT Future for Listed Company, Class 3/2017• IT Future for Capital Market, Class 2/2018	
Position in Other Listed Company		
Netbay Public Company Limited	<ul style="list-style-type: none">• Director and Member of the Audit Committee• Member of the Nomination and Remuneration Committee	2014 - Present 2015 - Present
MBK Public Company Limited	<ul style="list-style-type: none">• Information Technology Advisor	2012 - Present
IT City Public Company Limited	<ul style="list-style-type: none">• Director and Member of the Audit Committee	2004 - Present
Position in Other Non-listed Company		
Amornchewin Company Limited	<ul style="list-style-type: none">• Director	2016 - Present
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none">• Information Technology Advisor	2014 - Present
The Grand UB Company Limited	<ul style="list-style-type: none">• Director	2010 - Present
New Continent Company Limited	<ul style="list-style-type: none">• Director	2002 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	<ul style="list-style-type: none">• Information Technology Advisor	2007 - 2013
Thai Feed Mills Public Company Limited	<ul style="list-style-type: none">• Director	2004 - 2015
Public Sector Audit Evaluation Sub-committee of Social Development and Human Security	<ul style="list-style-type: none">• Sub-committee	2001 - 2017
Acerts Company Limited	<ul style="list-style-type: none">• Director	1991 - 2016
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Teeranun Srihong
Member of the Risk Management Committee
(Non-executive Director)

Date of Appointment	25 April 2018	
Age	53 Years	
Education	<ul style="list-style-type: none"> • Master of Business Administration, University of Michigan - Ann Arbor, USA • Bachelor of Engineering (Computer), Chulalongkorn University 	
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 86/2010 • Certificate, Director Certification Program (DCP), Class 179/2017 <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Capital Market Academy Leader Program Class 14/2012 <p><u>Thailand Energy Academy</u></p> <ul style="list-style-type: none"> • Certificate, The Executive Program of Energy Literacy for a Sustainable Future, Class 6/2015 <p><u>Thailand National Defence College</u></p> <ul style="list-style-type: none"> • Certificate, The Joint State - Private Sector Course Class 26 <p><u>Harvard Business School, Boston, USA</u></p> <ul style="list-style-type: none"> • Advanced Management Program (AMP 189) <p><u>Bank of Thailand</u></p> <ul style="list-style-type: none"> • Thailand Sustainable Banking 2018 	
Position in Other Listed Company		
Sansiri Public Company Limited	<ul style="list-style-type: none"> • Advisor 	2017 - Present
Bangchak Corporation Public Company Limited	<ul style="list-style-type: none"> • Advisor 	2017 - Present
Position in Other Non-listed Company		
Arcel Capital Company Limited	<ul style="list-style-type: none"> • Director 	2018 - Present
The Mall Group Company Limited	<ul style="list-style-type: none"> • Director 	2018 - Present
The Mall Shopping Complex Company Limited	<ul style="list-style-type: none"> • Director 	2018 - Present
Thai Ackro Exchange Company Limited	<ul style="list-style-type: none"> • Chairman 	2018 - Present
Advance Power Conversion Company Limited	<ul style="list-style-type: none"> • Director 	2018 - Present
Thailand Management Association	<ul style="list-style-type: none"> • Chairman 	2018 - Present
Sub-committee on Digital Strategy for Capital Market	<ul style="list-style-type: none"> • Chairman 	2018 - Present
Committee to Drive Policy Implementation to Use Big Data, Data Center, and Cloud Computing	<ul style="list-style-type: none"> • Director 	2018 - Present
Celar Consulting Company Limited	<ul style="list-style-type: none"> • Director and Managing Director 	2017 - Present
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Director and Member of the Executive Committee 	2017 - Present
The Securities and Exchange Commission, Thailand	<ul style="list-style-type: none"> • Advisor 	2017 - Present
The Committee of Mobilizing Reform according to the Thailand 4.0 Agenda	<ul style="list-style-type: none"> • Director 	2017 - Present

Experience in the Past 5 Years

The National Digital Economy and Society Commission	• Qualified Director of Economics	2017 - 2018
Digital Economy Promotion Agency, The Government Complex	• Chairman	2017 - 2018
Enter Solution Company Limited	• Director and Member of the Executive Committee	2017 - 2018
Thailand Management Association	• Vice Chairman	2014 - 2018
Kasikornbank Public Company Limited	• Director and Managing Director	2013 - 2017
	• Senior Executive Vice President	2010 - 2013
	• Enterprise Risk Management Committee	2003 - 2017
Kasikorn Business - Technology Group Company Limited	• Chairman	2016 - 2017
Beacon Venture Capital Company Limited	• Director	2016 - 2017
Kasikorn Leasing Company Limited	• Chairman	2014 - 2016
Muang Thai Group Holding Company Limited	• Director	2013 - 2017
Kasikorn Securities Public Company Limited	• Chairman	2013 - 2016
Kasikorn Asset Management Company Limited	• Chairman	2013 - 2014
Kasikorn Factory and Equipment Company Limited	• Chairman	2012 - 2013

Family Relationship with Director and Management None

No. of TCAP Share Held None

Ms. Suvarnapha Suvarnaprathip

Vice Chairperson of the Executive Committee and Vice Chairperson of the Risk Management Committee (Executive Director)

Date of Appointment	1 September 2005
Age	73 Years
Education	<ul style="list-style-type: none">• Bachelor of Economics, Monash University, Australia
Directorship and Executive Training Program	<u>Banker Trust, New York, USA</u> <ul style="list-style-type: none">• Corporate Finance Training Program <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Certificate, Director Accreditation Program (DAP), Class 20/2004 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti-Corruption for Executives 2017• Block Chain Technology 2018 <u>Bank of Thailand</u> <ul style="list-style-type: none">• Thailand Sustainable Banking 2018
Position in Other Listed Company	None
Position in Other Non-listed Company	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none">• Vice Chairperson of the Executive Committee 2006 - Present• Director 2002 - Present
Seacon Development Public Company Limited	<ul style="list-style-type: none">• Director 1991 - Present
Experience in the Past 5 Years	
Thanachart Life Assurance Public Company Limited	<ul style="list-style-type: none">• Director and Member of the Executive Committee 2005 - 2013
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Somjate Moosirilert

Member of the Executive Committee, Member of the Risk Management Committee,
and Senior Executive Vice President (Executive Director)

Date of Appointment	2 March 2009	
Age	62 Years	
Education	<ul style="list-style-type: none"> • Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University • Bachelor of Business Administration, Thammasat University 	
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Corporate Governance for Capital Market Intermediaries (CGI), Class 15/2016 • Certificate, Role of the Chairman Program (RCP), Class 5/2001 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 <p><u>Thai Listed Company Association, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, TLCA Leadership Development Program (LDP) 2012 <p><u>Capital Market Academy, The Stock Exchange of Thailand</u></p> <ul style="list-style-type: none"> • Certificate, Capital Market Academy Leadership Program, Class 5/2007 <p><u>Judicial Training Institute, Courts of Justice</u></p> <ul style="list-style-type: none"> • Certificate, The Program for Senior Executives on Justice Administration, Class 9/2005 <p><u>Bank of Thailand</u></p> <ul style="list-style-type: none"> • Thailand Sustainable Banking 2018 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
The Thai Bankers' Association	• Director	2018 - Present
Thai Listed Company Association	• Vice Chairman	2017 - Present
Thanachart Insurance Public Company Limited	• Vice Chairman	2014 - Present
	• Vice Chairman of the Executive Committee	2013 - Present
Thanachart Fund Management Company Limited	• Chairman	2013 - Present
	• Chairman of the Executive Committee	2011 - Present
Thanachart Securities Public Company Limited	• Chairman of the Executive Committee	2013 - Present
	• Chairman	2009 - Present
Thanachart Bank Public Company Limited	• Chairman of the Risk Management Committee	2012 - Present
	• Chief Executive Officer and President	2011 - Present
	• Director and Member of the Executive Committee	2009 - Present
TS Asset Management Company Limited	• Chairman and Chairman of the Executive Committee	2011 - Present
Association of Thai Securities Companies	• Board Advisor	2010 - Present

Experience in the Past 5 Years

The Thai Bankers' Association	<ul style="list-style-type: none">• Advisor	2016 - 2018
	<ul style="list-style-type: none">• Director	2011 - 2016
Thai Listed Company Association	<ul style="list-style-type: none">• Vice Chairman Advisor	2015 - 2017
	<ul style="list-style-type: none">• Director and Vice Chairman	2011 - 2015
Sasin Graduate Institute of Business	<ul style="list-style-type: none">• Director	2014 - 2016
Administration of Chulalongkorn University		
Siam City Life Assurance Public Company Limited	<ul style="list-style-type: none">• Chairman and Chairman of the Executive Committee	2010 - 2014

Family Relationship with Director and Management

None

No. of TCAP Share Held

None

Since 1 January 2019, the Company has had a resolution to change the person responsible for Chief Executive Officer position and members of the Risk Management Committee. At the same time, the name of the Committee has been changed to the Risk Oversight Committee. The details are as follows:

- Appointing Mr. Somjate Moosirilert as Chief Executive Officer, replacing Mr. Suphadej Poonpipat.
- Appointing Mr. Teeranun Srihong as the Chairman of the Risk Oversight Committee, replacing Mr. Suphadej Poonpipat who has resigned from the Risk Management Committee.
- Appointing Mr. Prinya Hom-anek as the members of the Risk Oversight Committee.
- Ms. Suvarnapha Suvarnaprathip has resigned from the Risk Management Committee.

Executives

Mr. Kamtorn Tantisirivat

Member of the Risk Management Committee, Secretary to the Risk Management Committee, and Executive Vice President, Financial Division

Age	56 Years		
Education	<ul style="list-style-type: none">• M.B.A. in Finance, The University of Michigan at Ann Arbor, USA• M.S. in Computer Science, The University of Texas at Austin, USA• Bachelor of Engineering, Chulalongkorn University		
Directorship and Executive Training Program	<u>CFA Institute</u> <ul style="list-style-type: none">• CFA Program 2001 <u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none">• Anti Corruption for Executives, Class 1/2014• Anti Corruption for Executives 2017• Impacts of IFRS 9 to Thanachart Group• Block Chain Technology 2018 <u>Federation of Accounting Professions</u> <ul style="list-style-type: none">• Thailand IFRS Conference 2016 <u>KPMG</u> <ul style="list-style-type: none">• Classification of Financial Assets/Liabilities according to the IFRS 9 <u>EY Office Limited</u> <ul style="list-style-type: none">• Preparation for the Change of Financial Reporting Standard <u>IMC Institute</u> <ul style="list-style-type: none">• Blockchain 2017: Unlocking Internet of Value <u>NYC Management Company Limited</u> <ul style="list-style-type: none">• What to Know about new TFRS <u>Bank of Thailand</u> <ul style="list-style-type: none">• Thailand Sustainable Banking 2018		
Position in Other Listed Company	None		
Position in Other Non-listed Company			
MAX Asset Management Company Limited	<ul style="list-style-type: none">• Vice Chairman		2018 - Present
NFS Asset Management Company Limited	<ul style="list-style-type: none">• Vice Chairman		2018 - Present
MT Service 2016 Company Limited	<ul style="list-style-type: none">• Director		2016 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none">• Director, Member of the Executive Committee, and Member of the Risk Management Committee		2014 - Present
Experience in the Past 5 Years			
Thanachart Bank Public Company Limited	<ul style="list-style-type: none">• Senior Vice President, Risk Policy and Capital Markets Unit		2007 - 2013
MAX Asset Management Company Limited	<ul style="list-style-type: none">• Chairman		2016 - 2018
NFS Asset Management Company Limited	<ul style="list-style-type: none">• Chairman and Chairman of the Executive Committee		2016 - 2018
Family Relationship with Director and Management	None		
No. of TCAP Share Held	None		

Note: Since 1 January 2019, the name of the Risk Management Committee has been changed to the Risk Oversight Committee.

Mr. Watchara Permphithak
Senior Vice President, Business Division

Age	57 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institution of Development Administration • Bachelor of Engineering (Electrical), Kasetsart University
Directorship and Executive Training Program	<u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Position in Other Listed Company	None
Position in Other Non-listed Company	
MAX Asset Management Company Limited	• Director 2007 - Present
NFS Asset Management Company Limited	• Director 2006 - Present
Experience in the Past 5 Years	
MAX Asset Management Company Limited	• Vice Chairman 2016 - 2018
NFS Asset Management Company Limited	<ul style="list-style-type: none"> • Vice Chairman 2016 - 2018 • Vice Chairman of the Executive Committee 2006 - 2018
Thanachart Bank Public Company Limited	• Senior Vice President, Asset Development 2012 - 2015
Owendelle Company Limited	• Director 2012 - 2013
TS Asset Management Company Limited	• Director 2011 - 2015
NASSET Property Fund 6	• Investment Committee 2007 - 2015
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Thanawan Chaisithikarnkha
Senior Vice President, Accounting Department

Age	53 Years	
Education	<ul style="list-style-type: none"> • Master of Business Administration Program in Entrepreneurship Management, King Mongkut's University of Technology Thonburi • MINI MBA, Chulalongkorn University • Bachelor of Business (Accounting), Ramkhamhaeng University 	
Directorship and Executive Training Program	<u>Thanachart Bank Public Company Limited</u> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014 <u>Thai Institute of Banking and Finance Association</u> <ul style="list-style-type: none"> • Young Banker's Executive Development Program (YOBEX) <u>NIDA Business School/The Stock Exchange of Thailand/Market for Alternative Investment (MAI) and The Federation of Thai Industries</u> <ul style="list-style-type: none"> • CFO Professional Program 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
MT Service 2016 Company Limited	• Director	2016 - Present
MBK Life Assurance Public Company Limited	• Director	2010 - Present
Experience in the Past 5 Years		
Thanachart Capital Public Company Limited	• First Vice President, Accounting Department	2012 - 2018
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Company Secretary

Mr. Panupan Tuangthong

Company Secretary, Secretary to the Board of Directors, Secretary to the Executive Committee, Secretary to the Nomination, Remuneration, and Corporate Governance Committee, and Vice President to the Corporate Secretary Office

Age	55 Years
Education	<ul style="list-style-type: none">● Bachelor of Law, Thammasat University
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none">● Certificate, Corporate Governance for Executives (CGE), Class 8/2017● Certificate, Director Certification Program (DCP), Class 150/2011● Certificate, Financial Institutions Governance Program (FGP), Class 2/2011● Certificate, Effective Minute Taking (EMT), Class 8/2007● Certificate, Company Secretary Program (CSP), Class 4/2003 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none">● Anti Corruption for Executives, Class 1/2014● Anti-Corruption for Executives 2017 <p><u>Bank of Thailand</u></p> <ul style="list-style-type: none">● Thailand Sustainable Banking 2018
Position in Other Listed Company	None
Position in Other Non-listed Company	
Thai Listed Company Association	<ul style="list-style-type: none">● Director, Thai Company Secretary Club 2014 - Present
Experience in the Past 5 Years	
Thanachart Capital Public Company Limited	<ul style="list-style-type: none">● Secretary to the Nomination Committee 2007 - 2014
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Details of the Company's Head of Internal Audit and Head of Compliance

The Company's Head of Internal Audit

Ms. Sirinthorn Phayaphrom

Vice President, Internal Audit and Secretary to the Audit Committee

Age	51 Years
Education	<ul style="list-style-type: none">• Master of Business Administration (Innovation Management), Ramkhamhaeng University• Bachelor of Business Administration (Accounting), Ramkhamhaeng University
Training Program related to Roles and Responsibilities and Competencies of Head of Internal Audit	<ul style="list-style-type: none">• Knowledge of Anti-Money Laundering and Combating Financing of Terrorism Act. (AML/CFT)• Knowledge of Business and Standards of Financial Report for Audit Work• Risk Based Audit• AML/CFT for Internal Auditor <p><u>Bank and Financial Institution Internal Audit Club</u></p> <ul style="list-style-type: none">• Audit Guidelines for Internal Auditors of Financial Institution in Digital Era <p><u>The Institute of Internal Auditors of Thailand</u></p> <ul style="list-style-type: none">• Anti-Corruption: Synergy to Success 2017• Transform Operation Audit to The Digital Age• Transforming IA for the Digital Age• Adaptation of Non-IT Auditor in Digital Era
Position in Other Listed Company	None
Position in Other Non-listed Company	None
Experience in the Past 5 Years	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none">• Assistant Vice President, Branch Network Internal Audit <p>2013 - 2014</p>
Family Relationship with Management	None
No. of TCAP Shares Held	None

The Company's Head of Compliance

Mr. Kittichai Singha

Executive Vice President, Compliance Department, TBANK

Age	47 Years
Education	<ul style="list-style-type: none"> • Master of Arts (Diplomacy and International Affairs), Thammasat University • Bachelor of Arts, Srinakharinwirot University
Training Program related to Roles and Responsibilities and Competencies of Head of Compliance	<p><u>SMBC Singapore</u></p> <ul style="list-style-type: none"> • Asia Pacific Compliance Executive 2018 <p><u>Thai Bankers' Association</u></p> <ul style="list-style-type: none"> • Securities Law for Head of Compliance 2017 • Securities Law for Head of Compliance 2015 <p><u>Citibank Thailand</u></p> <ul style="list-style-type: none"> • Digital Bank Compliance Workshop 2017 • Citi Leader Program 2016 • Fraud Workshop 2015 • Talent Identification and Retention Workshop 2015 • Building and Management Upward Relationship 2014 • AML, Sanctions and Anti-Bribery Corruption 2012 • Asia Pacific Regulatory Compliance Workshop 2004 <p><u>Citibank Singapore</u></p> <ul style="list-style-type: none"> • Asia Pacific Head of Compliance Workshop 2016 <p><u>The Securities and Exchange Commission, Thailand</u></p> <ul style="list-style-type: none"> • Securities Laws for Brokers and Underwriters of Debt Securities 2013 <p><u>Thai Bond Market Association</u></p> <ul style="list-style-type: none"> • Bond Trading Compliance Training 2012 <p><u>Bank of China, New York City</u></p> <ul style="list-style-type: none"> • Risk Management and Anti-Money Laundering 2003 <p><u>Bank of Thailand</u></p> <ul style="list-style-type: none"> • Central Bank for Commercial Bankers 1998
Position in Other Listed Company	None
Position in Other Non-listed Company	None
Experience in the Past 5 Years	
Sumitomo Mitsui Banking Corporation	<ul style="list-style-type: none"> • Senior Vice President, the Country Compliance Head 2018
Citibank N.A. Thailand	<ul style="list-style-type: none"> • Senior Vice President, Regulatory Compliance Head 2014 - 2018 • Vice President, Head of Consumer Bank Compliance 2006 - 2014
Family Relationship with Management	None
No. of TCAP Shares Held	None

Report on Changes in Shareholding of the Company's Directors and Executives in 2017 to 2018

(Information as at 31 December 2018)

No.	Name	Position	Number of Share(s) held as at 31 December 2018	Number of Share(s) held as at 31 December 2017	Increase (Decrease)	Percentage of Shareholding (Percent)
1	Mr. Banterng Tantivit Spouse and minor children	Chairman	- -	- -	- -	- -
2	Mr. Suphadej Poonpipat Spouse and minor children	Vice Chairman, and Chief Executive Officer	- -	- -	- -	- -
3	Mrs. Siripen Sitasuwan Spouse and minor children	Director	- -	- -	- -	- -
4	Mr. Tiraphot Vajrabhaya Spouse and minor children	Director	- -	- -	- -	- -
5	Mr. Prinya Hom-anek Spouse and minor children	Director	- -	- -	- -	- -
6	Mr. Vichit Yanamorn Spouse and minor children	Director	- -	- -	- -	- -
7	Mr. Teeranun Srihong Spouse and minor children	Director	- -	- -	- -	- -
8	Ms. Suvarnapha Suvarnaprathip Spouse and minor children	Director	- -	- -	- -	- -
9	Mr. Somjate Moosirilert Spouse and minor children	Director, and Senior Executive Vice President	- -	- -	- -	- -
10	Mr. Kamtorn Tantisirivat Spouse and minor children	Executive Vice President, Financial Division	- -	- -	- -	- -
11	Mr. Watchara Permpithak Spouse and minor children	Senior Vice President, Business Division	- -	- -	- -	- -
12	Mrs. Thanawan Chaisithikamkha Spouse and minor children	Senior Vice President, Accounting Department	- -	- -	- -	- -

The Information of the Executive and Authorized Persons' Position in Subsidiary, Associated, and Related Companies

(Information as at 31 December 2018)

Name	TCAP	Subsidiary Companies									Associated Company	Related Companies																																						
		1	2	3	4	5	6	7	8	9		10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40								
Mr. Banterng Tantavit	xxx	xxx									xxx	xxx	x	x	x	x	x	x																																
Mr. Suphadej Poonpipat	xx /// B	xx ///	xxx ///	xxx							xx ///	x	x	x					xxx	xxx																														
Mrs. Siripen Sitasuwan	x																				x	x	x																											
Mr. Tiraphot Vajrabhaya	x																								x	x	xD																							
Mr. Prinya Hom-anek	x																											x /	x /	xxx /																				
Mr. Vichit Yanamorn	x																														x	x	x	x	x															
Mr. Teeranun Srihong	x		x /																																		x	x	x	xxx	x	xD								
Ms. Suvamapha Suvamapraphip	x //	x //																																													x			
Mr. Somjate Moosirilert	x / C	x / A	xx //		xxx ///	xxx ///	xxx ///																																											
Mr. Kamtorn Tantisirivat	E			x /				xx	xx	x																																								
Mr. Watchara Permpithak	F							x	x																																									
Mrs. Thanawan Chaisithikamkha	F			x						x																																								

Notes:

XXX Chairman

/// Chairman of the Executive Committee

A CEO & President

D Managing Director

XX Vice Chairman

// Vice Chairman of the Executive Committee

B CEO

E Executive Vice President

X Director

/ Executive Committee

C Senior Executive Vice President

F Senior Vice President

List of Subsidiary, Associated, and Related Companies

(Information as at 31 December 2018)

Subsidiary Companies

- | | |
|---|---|
| 1. Thanachart Bank Public Company Limited | 6. TS Asset Management Company Limited |
| 2. Thanachart Insurance Public Company Limited | 7. MAX Asset Management Company Limited |
| 3. MBK Life Assurance Public Company Limited | 8. NFS Asset Management Company Limited |
| 4. Thanachart Securities Public Company Limited | 9. MT Service 2016 Company Limited |
| 5. Thanachart Fund Management Company Limited | |

Associated Company

10. MBK Public Company Limited

Related Companies

- | | |
|---|---|
| 11. MBK Resort Public Company Limited | 26. Intelligent Data Analytic Company Limited |
| 12. Siam Piwat Holding Company Limited | 27. Cybertron Company Limited |
| 13. Siam Piwat Company Limited | 28. ACIS Professional Center Company Limited |
| 14. Deebuk Company Limited | 29. Netbay Public Company Limited |
| 15. Thai Farming Company Limited | 30. IT City Public Company Limited |
| 16. B.V. Holding Company Limited | 31. Amornchewin Company Limited |
| 17. Laem Sai Village Company Limited | 32. The Grand UB Company Limited |
| 18. Patum Ricemill and Granary Public Company Limited | 33. New Continent Company Limited |
| 19. DMS Property Investment Private Company Limited | 34. Arcel Capital Company Limited |
| 20. Sermasuk Public Company Limited | 35. The Mall Group Company Limited |
| 21. Thai Solar Energy Public Company Limited | 36. The Mall Shopping Complex Company Limited |
| 22. Fraser and Neave, Limited (Singapore) | 37. Thai Ackro Exchange Company Limited |
| 23. U.S.P.N. Company Limited | 38. Advance Power Conversion Company Limited |
| 24. U.V.S.P. Company Limited | 39. Celar Consulting Company Limited |
| 25. T.V.V. Enterprise Company Limited | 40. Seacon Development Public Company Limited |

Details Related to Directors of Subsidiary Companies as at 31 December 2018

Subsidiary Companies that significantly generated income more than 10 percent of total income in consolidated comprehensive income statements of the latest accounting year were Thanachart Bank Public Company Limited and Thanachart Insurance Public Company Limited.

Name		TBANK	TNI
1. Mr. Banterng	Tantivit	XXX	
2. Mr. Suphadej	Poonpipat	XX ///	XXX ///
3. Dr. Thanachart	Numnonda	X	
4. Mr. Narong	Chivangkur	X	
5. Assoc. Prof. Dr. Somjai Phagaphasvivat		X	
6. Ms. Mookda	Pairatchavet	X	
7. Mr. Rod	Michael Reynolds	X	
8. Mr. Walter	Tas	X	
9. Mr. Alexander	Kwai Lap Choi	X	
10. Ms. Suvarnapaha	Suvarnaprathip	X //	
11. Mr. Somjate	Moosirilert	X / A	XX //
12. Mr. William	George Said	X / B	
13. Mr. Praphan	Anupongongarch		X
14. Mr. Perapart	Meksingvee		X /
15. Mr. Chulasingh	Vasantasingh		X
16. Mr. Wichian	Mektrakarn		X
17. Mr. Pirus	Pradithavani		X
18. Mr. Sunan	Amhiran		X
19. Mr. Teeranun	Srihong		X /

Notes:

XXX Chairman	XX Vice Chairman	X Director
/// Chairman of the Executive Committee	// Vice Chairman of the Executive Committee	/ Executive Committee
A CEO & President	B Chief Operating Officer	C Deputy Chief Executive Officer

Board of Directors and Executives Management of TBANK (Subsidiary Company that is the Company's Main Business)

The Board of Directors of TBANK

(Information as at 31 December 2018)

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Mr. Suphadej Poonpipat
Vice Chairman, Chairman of the Executive Committee, and Member of the Succession Committee
(Executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee
(Executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Mr. Somjate Moosirilert
Member of the Executive Committee, Chairman of the Risk Management Committee,
and Chief Executive Officer and President (Executive Director)

- His profile is disclosed in the part of Directors and Executives of the Company -

Dr. Thanachart Numnonda
Chairman of the Audit Committee
(Independent Director)

The Director's date of first appointment	5 April 2017
The Director's date of latest appointment:	5 April 2017
Age	53 Years
Education	<ul style="list-style-type: none"> • Doctor of Philosophy in Engineering, University of Auckland, New Zealand • Master of Engineering (Electrical and Electronic), University of Auckland, New Zealand • Bachelor of Engineering (Electrical Engineering), Khon Kaen University
Directorship and Executive Training Program	<p>External Training</p> <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Strategic Board Master (SBM), Class 5/2018 • Financial Statements for Directors (FSD), Class 35/2018 • Directors Certification Program (DCP), Class 242/2017 • Role of the Chairman Program (RCP), Class 41/2017 • Advanced Audit Committee Program (AAP), Class 25/2016 • Director Accreditation Program (DAP), Class 121/2015 <p><u>In-House Training</u></p> <ul style="list-style-type: none"> • Block Chain Technology, 2018
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	
2016 - Present	<ul style="list-style-type: none"> • Chairman, Independent Director, and Chairman of the Audit Committee, SiamEast Solutions Plc.
2015 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Humanica Plc.
2015 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Vintcom Technology Plc.
<u>Position in Other Non-listed Company</u>	
2013 - Present	<ul style="list-style-type: none"> • Director, IMC Outsourcing (Thailand) Co., Ltd.
<u>Other Organizations</u>	
2013 - Present	<ul style="list-style-type: none"> • Committee of UBU Council, Ubon Ratchathani University
2015 - 2017	<ul style="list-style-type: none"> • President, The Association of Thai ICT Industry

Mr. Narong Chivangkur
Chairman of the Nomination and Remuneration Committee
and Chairman of the Succession Committee (Independent Director)

The Director's date of first appointment	22 April 2002
The Director's date of latest appointment:	5 April 2016
Age	74 Years
Education	<ul style="list-style-type: none"> Higher Diploma in Business and Marketing, Assumption Commercial College
Directorship and Executive Training Program	<p>External Training</p> <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> Strategic Board Master (SBM), Class 3/2018 Driving Company Success with IT Governance (ITG), Class 4/2017 Boards that Make a Difference (BMD), Class 3/2016 Board Matters and Trends (BMT), Class 1/2016 Advanced Audit Committee Program (AACP), Class 23/2016 Ethical Leadership Program (ELP), Class 3/2016 Anti-Corruption for Executive Program (ACEP), Class 3/2012 Role of the Nomination and Governance Committee (RNG), Class 1/2011 Financial Institutions Governance Program (FGP), Class 2/2011 Audit Committee Program (ACP), Class 32/2010 Financial Statement for Directors (FSD), Class 4/2009 Successful Formulation & Execution of Strategy (SFE), Class 2/2008 Role of the Compensation Committee (RCC), Class 4/2007 Chartered Director Class (CDC), Class 1/2007 Corporate Governance and Social Responsibility (CSR), Class 1/2007 Director Certification Program (DCP), Class 34/2003 Director Examination, Class 11/2003 <p><u>Pennsylvania State University</u></p> <ul style="list-style-type: none"> Advanced Executive Development Program, 1987 <p><u>Rochester Institute of Technology</u></p> <ul style="list-style-type: none"> Financial Management Program, 1986 <p><u>Asian Institute of Management</u></p> <ul style="list-style-type: none"> Management Development Program, 1982 <p>In-House Training</p> <ul style="list-style-type: none"> Block Chain Technology, 2018 Cyber Security for Board of Directors, 2017 Development of Anti-Corruption Standards of Thailand, 2017 Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None

Family Relationship with Director and Management None

Experience in the Past 5 Years

Thanachart Group None

Position in Other Listed Company None

Position in Other Non-listed Company
2005 - 2014 • Director, Momchailai Development Co., Ltd.

Other Organizations None

Assoc. Prof. Dr. Somjai Phagaphasvivat
Member of the Audit Committee
Member of the Risk Oversight Committee (Independent Director)

The Director's date of first appointment	26 March 2009
The Director's date of latest appointment:	5 April 2016
Age	72 Years
Education	<ul style="list-style-type: none"> • Doctorado de Estado, Facultad de Ciencia Política, Universidad Complutense de Madrid, Spain • Diplome d'Etudes Supérieures, (Economic Integration), Université de Nancy, France • Licenciatura, Facultad de Ciencia Política y Económica, Universidad Complutense de Madrid, Spain • Bachelor of Arts, Chulalongkorn University
Directorship and Executive Training Program	External Training <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> • Director Accreditation Program (DAP), Class 34/2005 In-House Training <ul style="list-style-type: none"> • Block Chain Technology, 2018 • Cyber Security for Board of Directors, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	
2016 - Present	<ul style="list-style-type: none"> • Chairman of the Corporate Governance Committee, Supalai Plc.
2015 - Present	<ul style="list-style-type: none"> • Independent Director, Supalai Plc.
2013 - Present	<ul style="list-style-type: none"> • Chairman, SEAFICO Plc.
2004 - Present	<ul style="list-style-type: none"> • Independent Director, SEAFICO Plc.
2013 - Present	<ul style="list-style-type: none"> • Chairman of the Audit Committee, Amarin Printing and Publishing Plc.
1996 - Present	<ul style="list-style-type: none"> • Independent Director, Amarin Printing and Publishing Plc.
1996 - 2013	<ul style="list-style-type: none"> • Member of the Audit Committee, Amarin Printing and Publishing Plc.
2008 - Present	<ul style="list-style-type: none"> • Chairman of the Audit Committee, Lee Feed Mill Plc.
1991 - Present	<ul style="list-style-type: none"> • Independent Director, Lee Feed Mill Plc.
2007 - 2016	<ul style="list-style-type: none"> • Director and Chairman of the Audit Committee, Thai Hua Rubber Plc.
<u>Position in Other Non-listed Company</u>	
2007 - 2016	<ul style="list-style-type: none"> • Director and Chairman of the Audit Committee, The Krungthep Thanakom Co., Ltd.
<u>Other Organizations</u>	None

Ms. Mookda Pairatchavet

Member of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Succession Committee (Independent Director)

The Director's date of first appointment	5 April 2017
The Director's date of latest appointment:	5 April 2017
Age	59 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Management, Wagner College, Staten Island, New York, USA• Bachelor of Business Administration (Accounting), Assumption University
Directorship and Executive Training Program	External Training <u>Thai Institute of Directors Association</u> <ul style="list-style-type: none">• Advanced Audit Committee Program (AAP), Class 28/2018• Board Nomination and Compensation Program (BNCP), Class 3/2018• Director Certification Program (DCP), Class 242/2017 In-House Training <ul style="list-style-type: none">• Block Chain Technology, 2018• Cyber Security for Board of Directors, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	
2016 - Present	<ul style="list-style-type: none">• Managing Director, AMA Management and Consulting Co., Ltd.
2002 - 2015	<ul style="list-style-type: none">• General Manager, PepsiCo Services Asia Co., Ltd.
2002 - 2015	<ul style="list-style-type: none">• General Manager, Pepsi-Cola (Thai) Trading Co., Ltd.
<u>Other Organizations</u>	None

Mr. Rod Michael Reynolds
Member of the Nomination and Remuneration Committee
and Member of the Succession Committee (Non-executive Director)

The Director's date of first appointment	15 January 2013
The Director's date of latest appointment:	25 April 2018
Age	61 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, The Schulich School of Business, York University, Toronto, Canada • Bachelor of Science in Engineering, Queen's University, Ontario, Canada
Directorship and Executive Training Program	<p>External Training</p> <p><u>Euromoney Training</u></p> <ul style="list-style-type: none"> • Euromoney Asia Corporate Governance Program, 2012 <p>In-House Training</p> <ul style="list-style-type: none"> • Block Chain Technology, 2018 • Cyber Security for Board of Directors, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	
2018 - Present	<ul style="list-style-type: none"> • Director, BG2.1 Ltd.
2017 - Present	<ul style="list-style-type: none"> • Director, BoulderGate Ltd.
2016 - Present	<ul style="list-style-type: none"> • Director, Aileron Project Ltd.
2009 - Present	<ul style="list-style-type: none"> • Director, Logarithmics Co., Ltd.
1983 - 2016	<ul style="list-style-type: none"> • Various executive positions, The Bank of Nova Scotia
2012 - 2015	<ul style="list-style-type: none"> • Senior Independent Director, C.H. Bailey Plc.
2009 - 2013	<ul style="list-style-type: none"> • Director, Tulsa Inspection Resources LLC.
<u>Other Organizations</u>	None

Mr. Walter Tas
Director
(Non-executive Director)

The Director's date of first appointment	1 March 2015
The Director's date of latest appointment:	5 April 2016
Age	47 Years
Education	<ul style="list-style-type: none"> • Master of Arts, Economics and Business Administration, Vrije Universiteit Amsterdam, The Netherlands • Bachelor of Commerce - Economics, Hogeschool voor Economiche Studies, Amsterdam, The Netherlands
Directorship and Executive Training Program	<p>External Training</p> <p><u>Hong Kong Institute of Bankers</u></p> <ul style="list-style-type: none"> • RegTech: Harnessing Behavioural Science and AI for Risk Management and Performance Optimisation, 2018 • Fighting Corruption: Challenges Confronting Bank Directors, 2017 • Regulator's Perspective - Account Opening, KYC Information Collection and Financial Inclusion, 2016 • Trends and Updates on Credit Risk Regulations and Requirements: Impact on Banking and Finance Sector of HK and China, 2016 • Resolution Regime for Financial Institutions in Hong Kong, 2015 • Implementation of Basel III in Hong Kong and Regulatory Requirements, 2015 • Corporate Governance for Als, 2014 <p>In-House Training</p> <ul style="list-style-type: none"> • Block Chain Technology, 2018 • Cyber Security for Board of Directors, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	
2018 - Present	<ul style="list-style-type: none"> • Head, Asia Pacific, Global Banking and Markets, Bank of Nova Scotia, Asia Pacific
2016 - 2018	<ul style="list-style-type: none"> • Chief Operating Officer & CFO, Global Banking and Markets, Bank of Nova Scotia, Asia Pacific
2014 - 2016	<ul style="list-style-type: none"> • Vice President, CFO & Corporate Development, Bank of Nova Scotia, Asia Pacific
2017 - Present	<ul style="list-style-type: none"> • Director, The Bank of Nova Scotia Asia Limited, Singapore
2016 - Present	<ul style="list-style-type: none"> • Director, Scotia Securities Asia Limited
2014 - Present	<ul style="list-style-type: none"> • Director, Scotiabank (Hong Kong) Limited, Hong Kong
2011 - 2014	<ul style="list-style-type: none"> • Vice President, Strategic Transactions and Review, The Bank of Nova Scotia
<u>Other Organizations</u>	None

Mr. Alexander Kwai Lap Choi
Director, Chairman of the Risk Oversight Committee
(Non-Executive Director)

The Director's date of first appointment	1 January 2018
The Director's date of latest appointment:	1 January 2018
Age	62 Years
Education	<ul style="list-style-type: none"> • High School, Raimondi College, Hong Kong • Hong Kong Certificate of Education, Raimondi College, Hong Kong
Directorship and Executive Training Program	<p>External Training</p> <p><u>The Bank of Nova Scotia</u></p> <ul style="list-style-type: none"> • The Fundamentals of Coaching Excellence, 2007 <p><u>The Institut Bank-Bank Malaysia</u></p> <ul style="list-style-type: none"> • Law of Negotiable Instruments, 1988 <p>In-House Training</p> <ul style="list-style-type: none"> • Block Chain Technology, 2018
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u> 2007 - 2017	<ul style="list-style-type: none"> • Vice President & Regional Head, Global Wholesale Operations, The Bank of Nova Scotia, Asia Pacific, Hong Kong
<u>Other Organizations</u>	None

Mr. William George Said

Member of the Executive Committee, Vice Chairman of the Risk Management Committee,
Chief Operating Officer (Executive Director, Authorized Signatory)

The Director's date of first appointment	5 August 2017
The Director's date of latest appointment:	5 August 2017
Age	46 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, Queen's University, Kingston, Canada• Bachelor of Commerce, Dalhousie University, Nova Scotia, Canada
Directorship and Executive Training Program	In-House Training <ul style="list-style-type: none">• Block Chain Technology, 2018• Cyber Security for Board of Directors, 2017• Anti-Bribery & Anti-Corruption, 2017• Development of Anti-Corruption Standards of Thailand, 2017• Understanding Global Sanctions, 2017• Crucial Conversations (Executive Briefing), 2017• Volcker Rule Fundamentals and Proprietary Trading, 2017• Anti-money Laundering and Terrorism and Proliferation of Weapons of Mass Destruction Financing, 2017• Leadership Transformation, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2017 - Present	<ul style="list-style-type: none">• Director, Thanachart Securities Plc.
2016 - 2017	<ul style="list-style-type: none">• Executive Vice President, Chief Administrative Officer, Thanachart Bank Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	
2015 - 2016	<ul style="list-style-type: none">• Managing Director, Structural Cost Transformation, Scotiabank
2011 - 2015	<ul style="list-style-type: none">• Managing Director and Head of Greater China, Scotiabank
<u>Other Organizations</u>	None

Mr. Anuwat Luengtaweekul
Executive Vice President,
Retail and Small Business Banking

The date of first appointment	1 June 2009
Age	55 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, Rangsit University • Bachelor of Science (Accounting), Kasetsart University
Directorship and Executive Training Program	<p>External Training</p> <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Role of the Compensation Committee (RCC), Class 21/2016 • How to the Measure the Success of Corporate Strategy (HMS), Class 4/2014 • Successful Formulation & Execution of Strategy (SFE), Class 3/2009 • Director Certification Program (DCP), Class 24/2002 • Board and Performance Evaluation Program, Commerce Academy, UTCC • Top Executive Program in Commerce and Trade, Class 11/2018 <p>In-House Training</p> <ul style="list-style-type: none"> • Anti Corruption for Executives, Class 1/2014
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2017 - 2018	<ul style="list-style-type: none"> • Executive Vice President, Retail and Small Business Distribution, Thanachart Bank Plc.
2009 - 2017	<ul style="list-style-type: none"> • Executive Vice President, Chief Financial Officer, Thanachart Bank Plc.
2016 - Present	<ul style="list-style-type: none"> • Member of the Nomination and Remuneration Committee, Ratchthani Leasing Plc.
2012 - Present	<ul style="list-style-type: none"> • Director, Ratchthani Leasing Plc.
<u>Position in Other Listed Company</u>	
2010 - Present	<ul style="list-style-type: none"> • Independent Director and Member of the Audit Committee, Information and Communication Networks Plc.
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Mr. Ziad El-Hoss

Member of the Risk Management Committee, Executive Vice President, Chief Risk Officer

The date of first appointment	12 February 2015
Age	63 Years
Education	<ul style="list-style-type: none">• Master of Business Administration, The American University of Beirut, Lebanon
Directorship and Executive Training Program	External Training <u>The Bank of Nova Scotia</u> <ul style="list-style-type: none">• Canadian Securities Course• Anti-Corruption• Anti-Money Laundering• Operational Risk• Integrity and Privacy• Global Sanctions• Information and Cyber Security• Managing High Risk Customers
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u> 2015 - Present	<ul style="list-style-type: none">• Vice Chairman and Vice Chairman of the Executive Committee, TS Asset Management Co., Ltd.
2013 - 2015	<ul style="list-style-type: none">• Executive Vice President, Chief Risk Officer, Thanachart Bank Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u> 2008 - 2013	<ul style="list-style-type: none">• Vice Presiden, The Bank of Nova Scotia
<u>Other Organizations</u>	None

Mr. Praphan Anupongongarch
Member of the Risk Oversight Committee, Executive Vice President, Automotive Lending

The date of first appointment	17 September 2016
Age	55 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institute of Development Administration • Bachelor of Business Administration (Marketing), Sukhothai Thammathirat Open University • Bachelor of Science (Mathematics), King Mongkut's Institute of Technology Thonburi
Directorship and Executive Training Program	<p>External Training</p> <p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Successful Formulation and Execution of Strategy (SFE), Class 22/2014 • Director Certification Program (DCP), Class 173/2013 <p><u>Institute of Business and Industrial Development</u></p> <ul style="list-style-type: none"> • Industrial and Investment Development for Executive, Class 5/2018
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2010- Present	<ul style="list-style-type: none"> • Director, Thanachart Insurance Plc.
2014 - 2016	<ul style="list-style-type: none"> • Executive Vice President, Automotive Lending, Thanachart Bank Plc.
2010 - 2014	<ul style="list-style-type: none"> • Executive Vice President, Secured Lending and Deposits, Thanachart Bank Plc.
2010 - 2018	<ul style="list-style-type: none"> • Director and Member of the Executive Committee, Ratchthani Leasing Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Dr. Sutut Chitmonkongsuk
Executive Vice President, Chief Information Technology and Digital Officer

The date of first appointment	16 April 2017
Age	57 Years
Education	<ul style="list-style-type: none"> • Ph.D. Business Administration, English Program, Institute of International Studies, Ramkhamhaeng University • Master of Business Administration, Assumption University of Thailand • Bachelor of Science (Statistics), Ramkhamhaeng University
Directorship and Executive Training Program	External Training <u>Financial Planner Association of Singapore (FPAS)</u> <ul style="list-style-type: none"> • Certified Financial Planner (CFP), 2007
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2017 - 2018	<ul style="list-style-type: none"> • Executive Vice President, Chief Digital Officer, Thanachart Bank Plc.
2013 - 2017	<ul style="list-style-type: none"> • Executive Vice President, Commercial Banking, Thanachart Bank Plc.
2012 - 2013	<ul style="list-style-type: none"> • Senior Vice President, Transaction Banking, Thanachart Bank Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Mr. Wichak Sirisae
 Member of the Risk Management Committee, Executive Vice President,
 Financial Markets and Treasury

The date of first appointment	1 March 2018
Age	59 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institute of Development Administration • Bachelor of Economics, Ramkhamhaeng University
Directorship and Executive Training Program	External Training <u>Standard Chartered Bank</u> <ul style="list-style-type: none"> • Asset and Liability Management <u>Euromoney Training</u> <ul style="list-style-type: none"> • Credit Derivatives
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u> 2006 - 2018	<ul style="list-style-type: none"> • Senior Vice President, Business Assessment and Control, Siam Commercial Bank Plc.
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Mrs. Pittimart Sanguansook
 Member of the Risk Management Committee, Executive Vice President,
 Chief Financial Officer

The date of first appointment	27 June 2017
Age	54 Years
Education	<ul style="list-style-type: none"> • Bachelor of Accounting, Thammasat University • High Diploma in Auditing, Thammasat University
Directorship and Executive Training Program	External Training <u>Thailand Securities Institute, The Stock Exchange of Thailand</u> <ul style="list-style-type: none"> • Strategic CFO in Capital Markets Program, 2016 <u>The Bank of Nova Scotia, Canada</u> <ul style="list-style-type: none"> • IFRS Update, 2013
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2017 - 2018	<ul style="list-style-type: none"> • Senior Vice President, Chief Financial Officer, Thanachart Bank Plc.
2016 - 2017	<ul style="list-style-type: none"> • Senior Vice President, Finance, Thanachart Bank Plc.
2014 - 2016	<ul style="list-style-type: none"> • Senior Vice President, Accounting, Thanachart Bank Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Mr. Suwit Eurpiyachart
Senior Vice President, Accounting

The date of first appointment	23 July 2018
Age	44 Years
Education	<ul style="list-style-type: none"> • Certified Public Accountant of Thailand • Master of Accountancy (Financial Accounting), Chulalongkorn University • Bachelor of Accountancy, Chulalongkorn University
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	None
<u>Position in Other Listed Company</u>	
2017 - 2018	<ul style="list-style-type: none"> • Vice President, Finance Group, Bank of Ayudhaya Bank Plc.
2016 - 2017	<ul style="list-style-type: none"> • Vice President, Head of Financial Contorl, Bank of Ayudhaya Bank Plc.
<u>Position in Other Non-listed Company</u>	
2016 - 2018	<ul style="list-style-type: none"> • Chief Financial Officer, KrungSri Asset Management Co., Ltd.
2012 - 2016	<ul style="list-style-type: none"> • Vice President, Citibank
<u>Other Organizations</u>	None

Mr. Jaraschai Boworntammarat
Acting Senior Vice President, Finance

The date of first appointment	17 September 2018
Age	44 Years
Education	<ul style="list-style-type: none"> • Master of Economics (Business Economics), National Institute of Development Administration • Master of Engineering (Industrial Engineering), Kasetsart University • Bachelor of Engineering (Mechanical Engineering), Kasetsart University
Directorship and Executive Training Program	External Training <u>Federation of Accounting Professions, Under the Royal Patronage of His Majesty the King</u> <ul style="list-style-type: none"> • CFO in Practice, 2017
Percentage of Shareholding in TBANK	None
Family Relationship with Director and Management	None
Experience in the Past 5 Years	
<u>Thanachart Group</u>	
2016 - Present	<ul style="list-style-type: none"> • First Vice President, Financial Planning & Analysis, Thanachart Bank Plc.
<u>Position in Other Listed Company</u>	None
<u>Position in Other Non-listed Company</u>	None
<u>Other Organizations</u>	None

Since 1 January 2019, TBANK has made changes on Directors and Executives. The details of which can be seen in the section of Management Structure in this Annual Report.



RELATED PARTY TRANSACTIONS

Measures or Procedures Related to Approval of Related Party Transactions

The Company pays great attention to related party transactions and connected transactions. Under the good corporate governance framework, the Company has established a practice policy and approval processes which are in line with the requirements of the Public Limited Companies Act, the Securities and Exchange Act, and other related laws as well as the regulations of the regulators concerned, including the SEC and the SET. The objective is to prevent transactions that give rise to conflicts of interest. The policy and processes which cover transactions between the Company and parties who may have conflicts of interest have been announced to the staff and executives for adherence.

In considering the execution of transactions between the Company and its subsidiaries with parties which may have conflicts of interest, the Company uses the same procedures as applied to customers or business counterparts in general. It also follows properly established normal processes as it deems necessary to support the Company's operations. In executing related party transactions, to prevent a conflict of interest, the Company not only has adopted the practice of using a fair and appropriate price but it also complies with the regulatory requirements, taking into consideration mainly the maximum benefit to be gained by the Company and its shareholders.

In approving transactions between the Company and its subsidiaries with parties who may have conflicts of interest, in case of normal business transactions, they could be executed in the same manner as in the case of ordinary customers. In entering into transactions with parties who may have conflicts of interest, it is essential to get opinions from the Compliance Unit. As well, the transactions are subject to screening by the Audit Committee before forwarding them to the Board of Directors for approval. In considering transactions with parties who may have conflicts of interest, Directors or high-level executives of the Company or member companies of Thanachart Group who have conflicts of interest are prohibited from considering and voting on the related agenda items. The approval of the transactions is subject to the authority limits and the credit limits which have been established by the Company. As well, the approval has to be in line with the requirements of the authorities concerned. Importantly, the information related to the execution of such transactions must be disclosed in line with the requirements imposed by the authorities concerned, the financial reporting standards as well as the regulations established by the Company.

Policies and Trends on Related Party Transactions in the Future

Related party transactions between the Company and its subsidiaries with parties having a possible conflict of interest shall arise from normal business transactions or transactions that support various business operations. In this connection, the Company has established clear standards and approval procedures and it is the Company's policy to follow the same normal practices as well as terms and conditions of trade as applied to customers in general.

Information Disclosure

In 2018, the Company entered into a number of key transactions with related parties and businesses, the information of which is disclosed in notes to financial statements for the year ended 31 December 2018.



GENERAL INFORMATION

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	A holding company which is authorized to operate the following businesses: 1. Making investments and loans to member companies of its own financial business group. 2. Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the Bank of Thailand.
Head Office	:	444 MBK Tower, 16 th - 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330, THAILAND
Registration No.	:	0107536000510
Registered Capital	:	11,651,297,030 baht
Paid-up Capital	:	11,651,297,030 baht
Ordinary Shares	:	1,165,116,547 shares at 10 baht per share
Preferred Shares	:	13,156 shares at 10 baht per share
Website	:	www.thanachart.co.th
E-mail	:	tcap_ir@thanachart.co.th
Tel.	:	+66 (0) 2217 8000, 2217 8160
Fax	:	+66 (0) 2217 8312
Contact Center	:	1770

- Notes:**
- 1) Preferred shareholders have right to convert preferred shares into ordinary shares at the ratio of 1 : 1 without any costs, and can subscribe conversion on every 15th of February, May, August, and November of every year. Ordinary shares and preferred shares shown above were the number of shares as of 22 February 2019.
 - 2) Ordinary shareholders and preferred shareholders have equal right for gaining dividend, attending the meeting, and voting in shareholder's meeting and other rights. Voting right equals one share per one vote.
 - 3) The aforementioned ordinary shares include the repurchased shares amounting to 19,467,000 shares under the Treasury Stock Project from 8 August 2018 to 7 February 2019.

Investments of Thanachart Capital Public Company Limited in Other Companies

As of 31 December 2018, the Company had investments in other companies by holding at least 10 percent of their issued and paid-up shares as follows:

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
Thanachart Bank Public Company Limited 444 MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8333	Banking	Ordinary	99,136,649,030	60,648,621,700	6,064,862,170	3,090,699,234	50.96
NFS Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8289	Asset Management	Ordinary	175,000,030	175,000,030	17,500,003	17,500,000	100.00
MAX Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2611 9494	Asset Management	Ordinary	40,000,030	40,000,030	4,000,003	3,337,601	83.44
MBK Life Assurance Public Company Limited 231 MBK Life Building, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2252 5070 Fax : +66 (0) 2252 7155	Life Assurance	Ordinary	1,000,000,000	700,000,000	70,000,000	35,699,997	51.00
MBK Public Company Limited 444 MBK Center, 8 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2620 9000 Fax : +66 (0) 2620 7000	Real Estate Business & Hotel and Tourism Business	Ordinary	1,694,923,000	1,694,923,000	1,694,923,000	169,492,300	10.00

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
HTR Corporation Limited 32/46, Shino-Thai Tower, 18 th Floor, Sukhumvit 21 Road (Asoke), North Klongtoey, Wattana, Bangkok 10110 Tel. : +66 (0) 2259 8911-6 Fax : +66 (0) 2259 8919	Office Building & Property Development	Ordinary	500,000,000	500,000,000	50,000,000	5,000,000	10.00
MT Service 2016 Company Limited 231 MBK Life Building, 10 th , 11 th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254 4166 Fax : +66 (0) 2254 4166	Services	Ordinary	50,000,000	50,000,000	5,000,000	2,549,998	51.00
TM Broker Company Limited 231 MBK Life Building, 8 th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2026 3541 Fax : +66 (0) 2252 7157	Life Insurance Broker / Non - life Insurance Broker	Ordinary	20,000,000	20,000,000	2,000,000	1,019,998	51.00
Bangkok Home Company Limited 444 MBK Tower, 10 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000	Being Liquidated	Ordinary	15,000,000	15,000,000	1,000,000	998,679	99.87
Puen Pob Paet Company Limited 444 MBK Tower, 9 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330	Deserted	Ordinary	1,000,000	1,000,000	100,000	9,999	10.00

Reference Information

Securities

- Ordinary Shares and Preferred Shares

Securities Registrar

: Thailand Securities Depository Company Limited
93 Ratchadapisek Road, Din Daeng, Bangkok 10400, THAILAND
Tel. : +66 (0) 2009 9000
Fax : +66 (0) 2009 9991
Call Center : +66 (0) 2009 9999
Website : www.set.or.th/tsd

Debentures of Thanachart Capital Public Company Limited

- No. 1/2012 due 2022 (TCAP22NA)
- No. 1/2013 due 2023 (TCAP238A)
- No. 1/2013 due 2025 (TCAP258A)
- No. 2/2013 due 2023 (TCAP23OA)
- No. 3/2013 due 2020 (TCAP20NA)
- No. 1/2017 due 2019 (TCAP196A)
- No. 1/2018 due 2019 (TCAP199A)

: Thanachart Bank Public Company Limited
1101 Petchburi Building, 2nd Floor, Petchburitatmai Road,
Makkasan, Ratchathewi, Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5000 Ext. 4518 - 9
Fax : +66 (0) 2651 7899
Website : www.thanachartbank.co.th

Debentures of Thanachart Capital Public Company Limited due in 2018

- No. 3/2013 (TCAP18NA)
- No. 4/2015 (TCAP181A)

Audit Firm

: EY Office Limited
193/136 - 137 Lake Rajada Office Complex, 33rd Floor,
Rajadapisek Road, Klongtoey, Bangkok 10110, THAILAND
Tel. : +66 (0) 2264 0777, 2264 9090
Fax : +66 (0) 2264 0789 - 90
Website : www.ey.com

Auditor's Name

: Ms. Somjai Khunapasut,
Certified Public Accountant (Thailand) No. 4499

Legal Advisor

: None

Frequently Contacted Financial Institutions

: Thanachart Bank Public Company Limited
The Government Saving Bank

Companies in Thanachart Group

Thanachart Capital Public Company Limited

444 MBK Tower, 16th - 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0107536000510
Website : www.thanachart.co.th

NFS Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8289
Registration No. : 0105540086022
Website : None

MAX Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 9494
Registration No. : 0105540093282
Website : None

MBK Life Assurance Public Company Limited

231 MBK Life Building, Ratchadamri Road,
Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2252 5070
Fax : +66 (0) 2252 7155
Registration No. : 0107555000481
Website : www.mbklife.co.th

MT Service 2016 Company Limited

231 MBK Life Building, 10th, 11th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2254 4166
Fax : +66 (0) 2254 4166
Registration No. : 0105559103291
Website : None

Thanachart Bank Public Company Limited

444 MBK Tower, Phayathai Road,
Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8333
Registration No. : 0107536001401
Website : www.thanachartbank.co.th

Thanachart Securities Public Company Limited

444 MBK Tower, 14th, 18th and 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2056 8888
Fax : +66 (0) 2217 8625
Registration No. : 0107547000591
Website : www.thanachartsec.com

Thanachart Fund Management Company Limited

231 MBK Life Building, 5th - 7th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2126 8300
Fax : +66 (0) 2217 5281
Registration No. : 0105535049696
Website : www.thanachartfund.com

Thanachart Insurance Public Company Limited

999/1 The Nine Tower,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2308 9300
Fax : +66 (0) 2308 9333
Registration No. : 0107555000473
Website : www.thanachartinsurance.co.th

TS Asset Management Company Limited

1101 Petchburi Building, 9th Floor,
Petchburitatmai Road, Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5000
Fax : +66 (0) 2208 5892
Registration No. : 0105554031624
Website : www.thanachartnpa.com

TM Broker Company Limited

231 MBK Life Building, 8th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2026 3541
Fax : +66 (0) 2252 7157
Registration No. : 0105559122776
Website : None

Thanachart Broker Company Limited

999/3, 999/4 The Nine Tower,
Rama 9 Road, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2783 0200, 2783 0300
Fax : +66 (0) 2056 7901 - 2
Registration No. : 0105540075314
Website : None

Thanachart Training and Development Company Limited

2 Thanachart Suanmali Office Building, M Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2300
Registration No. : 0105550042966
Website : None

Thanachart Group Leasing Company Limited

444 MBK Tower, 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8098
Registration No. : 0105538045861
Website : None

National Leasing Company Limited

444 MBK Tower, 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : None
Registration No. : 0105532078407
Website : None

Ratchthani Leasing Public Company Limited

77/35 - 36 Sinsathorn Tower, 11th UP Floor,
Krungthonburi Road, Khlongtongsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9000
Fax : +66 (0) 2431 9099
Registration No. : 0107545000209
Website : www.ratchthani.com

RTN Insurance Broker Company Limited

77/20 Sinsathorn Tower, 2nd Floor,
Krungthonburi Road, Khlongtongsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9500
Fax : +66 (0) 2431 9567
Registration No. : 0105561189971
Website : www.rtnbroker.com

Thanachart Management and Service Company Limited

2 Thanachart Suanmali Office Building, 2nd Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2520
Registration No. : 0105533119077
Website : None

Security Scib Services Company Limited

1091/230 Petchburitatmai Road,
Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5061 - 2
Fax : +66 (0) 2651 6611
Registration No. : 0105534009895
Website : None

Note: National Leasing Company Limited was liquidated completely on 22 January 2019.



SHAREHOLDERS AND DIVIDEND POLICY

Shareholders

Structure of Major Shareholders of the Company

Below is the list of the Company's top ten shareholders/group of shareholders holding ordinary and preferred shares.

Name of Shareholders/Group of Shareholders	Ordinary Shares	Preferred Shares	Total Shares	Percentage of Shareholding
1. Thai NVDR Company Limited	207,252,739	-	207,252,739	17.788
2. MBK Public Company Limited	129,914,400	-	129,914,400	11.150
PRIMACY ELEGANCE INVESTMENTS LIMITED	3,400,000	-	3,400,000	0.292
3. STATE STREET EUROPE LIMITED	75,626,680	-	75,626,680	6.491
4. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	28,894,500	-	28,894,500	2.480
5. BNY MELLON NOMINEES LIMITED	25,763,297	-	25,763,297	2.211
6. Thanachart Dividend Stock Fund	18,922,300	-	18,922,300	1.624
7. SE ASIA (TYPE B) NOMINEES LLC	17,188,100	-	17,188,100	1.475
8. STATE STREET BANK AND TRUST COMPANY	16,391,401	-	16,391,401	1.407
9. NORTRUST NOMINEES LTD-CL AC	15,183,869	-	15,183,869	1.303
10. Mr. Nivate Hemvachiravarakorn	14,000,000	-	14,000,000	1.202
Other Shareholders	612,579,201	13,216	612,592,417	52.577
Issued and Paid-up Shares	1,165,116,487	13,216	1,165,129,703	100.000
Thai Shareholders	843,911,985	13,156	843,925,141	72.432
Foreign Shareholders	321,204,502	60	321,204,562	27.568

Source: Report of the Company's Major Shareholders as at 9 October 2018 (the most recent record date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes: 1) The second largest shareholder is included the relevant person under the amended Securities and Exchange Act (No. 4), B.E. 2551, section 258. MBK Public Company Limited operates real estate business and hotel and tourism business. The following is the most recent record date of registration book which was on 20 September 2018.

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Patum Rice Mill and Granary Public Company Limited	474,249,530	27.981
PRG. Granary Company Limited	25,000,000	1.475
2. Thanachart Capital Public Company Limited	169,493,100	10.000
Thanachart Securities Public Company Limited	75,603,000	4.461
Thanachart Bank Public Company Limited	57,829,300	3.412
Thanachart Insurance Public Company Limited	34,365,000	2.028
3. Thai NVDR Company Limited	108,625,209	6.409
4. DBS BANK LTD	40,892,800	2.413
5. Mr. Prinya Tieworn	38,000,000	2.242
6. NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	36,183,227	2.135
7. STATE STREET BANK AND TRUST COMPANY	35,735,964	2.108
8. AIA COMPANY LIMITED-EQ3-P	35,530,700	2.096
9. Bualuang Long-Term Equity Fund	20,596,600	1.215
10. Support Foundation of Thai	20,182,000	1.191
Other Shareholders	522,636,570	30.835
Issued and Paid-up Shares	1,694,923,000	100.000
Thai Shareholders	1,425,022,869	84.076
Foreign Shareholders	269,900,131	15.924

Note: The first and second largest shareholder are included the relevant person under the amended Securities and Exchange Act (No. 4), B.E. 2551, Section 258.

2) The major shareholders no. 3 - 5, and 7 - 9 are Nominee Accounts that cannot be identified real shareholders.

Major Shareholders whose Behavior Exhibits Significant Influence over Management Policy Setting

- None -

Structure of Major Shareholders of Thanachart Bank Public Company Limited

1. The list of top ten shareholders/group of shareholders are as follows:

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Thanachart Capital Public Company Limited	3,090,699,234	50.961
2. Scotia Netherlands Holdings B.V.	2,971,739,163	48.999
3. Mr. Thung-ngern Pum-ngern	460,309	0.008
4. Ms. Kittima Tolieng	173,278	0.003
5. Mr. Sathit Mujarintangkur	121,360	0.002
6. Ms. Piengjai Hanphanit	96,665	0.002
7. Mr. Kobchai Chirathivat	84,809	0.001
8. Mr. Thanawat Chareonthassanont	70,000	0.001
9. Mr. Pinit Laosontorn	69,926	0.001
10. Mr. Somyos Jittipralangsri	60,000	0.001
By receivership of Legal Execution Department of Thai Finance and Securities PCL.		
Other Shareholders	1,287,426	0.021
Issued and Paid-up Shares	6,064,862,170	100.000
Thai Shareholders	3,093,079,707	51.000
Foreign Shareholders	2,971,782,463	49.000

Source: Report of TBANK's Major Shareholders as at 6 September 2018 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes:

- 1) The first largest shareholder (Thanachart Capital Public Company Limited) is the holding company, authorized to operate the following businesses: 1) Making investments and loans to member companies of its own Financial Business Group. 2) Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the BOT.
- 2) The second largest shareholder (Scotia Netherlands Holdings B.V.) is a juristic person registered in the Netherlands. The BOT permitted Scotiabank to change its shareholding in TBANK by holding 48.999 percent of the total paid-up shares of TBANK through Scotia Netherlands Holding B.V. on 9 May 2011.

2. Groups of major shareholders who have significant influence over the formulation of management policies or TBANK's operation include Thanachart Capital Public Company Limited (TCAP) and the Scotia Netherlands Holding B.V., which holds 50.961 percent and 48.999 percent of the total paid-up shares respectively.

Shareholders' Agreement

The Company and Scotiabank hold an agreement between the shareholders namely Shareholders' Agreement. The important agreement is to send representatives to participate in the management in the director and executive levels as well as directors in major subsidiary companies. Moreover, any resolution made by the Board of Directors of TBANK and its shareholders' meeting on the significant issues shall comply with TBANK's Articles of Association. Such agreement is put in place for TBANK's management to achieve the goals of shareholders from both parties.

Shareholders' Agreement Affected to Newly Offered and Issued Securities

- None -

Dividend Policy

Dividend Policy of the Company

In considering dividend payments, the Company takes into consideration its performance and the long-term benefits to its shareholders, as well as its capital adequacy. The dividend payments must also receive approval at the shareholders' meeting. However, the Board of Directors may pay an interim dividend to shareholders occasionally when it considers that the Company has an adequate profit and deems appropriate to make the payment. The Board of Directors is required to report the dividend payments to the shareholders at its next shareholders' meeting.

Dividend Payments in the Past Five Years

Operating Performance	2017	2016	2015	2014	2013
Earnings per Share (Separate Financial Statements) (Baht)	2.04	1.42	1.86	1.37	1.77
Dividend per Share (Baht)	2.20	2.00	1.80	1.60	1.60
Dividend Payout Ratio (Separate Financial Statements) (Percent)	107.74	140.43	95.60	116.81	88.53
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	36.61	38.76	38.58	37.70	20.91

Note: On 22 October 2018, the Company made interim dividend payment for the year 2018 at the rate of 1.00 baht per share.

Dividend Payment Policy of Subsidiary Companies Made to the Company

The Company has not specified the dividend payout ratio made to the Company by its subsidiary companies. However, the dividend payment of each subsidiary company depends on its performance.

Each subsidiary company's dividend payment policy is to pay a dividend when it has profit. In order to make the dividend payments, it has to take into account the excess cash for business operation, the capital adequacy for supporting the business, and legal reserve, depending on the business of each subsidiary company. Any subsidiary company may pay an interim dividend occasionally to the Company when it considers that it has an adequate profit and deems appropriate to make the payment. After making the interim dividend payment, it is required to report the dividend payments to the shareholders at its next shareholders' meeting.



REPORT OF THE NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE

The Board of Directors has established the Nomination, Remuneration, and Corporate Governance Committee which consists of three members, of whom two are Independent Directors and one is Non-executive Director. Their names are as follows:

1. Mr. Tiraphot	Vajrabhaya	Chairman	(Independent Director)
2. Mrs. Siripen	Sitasuwan	Member	(Independent Director)
3. Mr. Vichit	Yanamorn	Member	(Non-executive Director)

The Nomination, Remuneration, and Corporate Governance Committee has carried out the duties assigned by the Board of Directors in a careful and cautious manner as well as in line with the Committee's policies and Code of Conduct established by the Board of Directors in the best interests of the Company's operations, the details of which are as follows:

- Recruiting and selecting candidates with a diverse range of knowledge, ability, experience, and expertise, who meet all eligibility requirements of the law and possess no prohibited characteristics established by the law or stipulated in the official announcements. Also, proposing them for appointment as the Company's Directors, the members of various sub-committees, Chief Executive Officer, and executives at the executive vice president level and higher. As well, ensuring that the number, structure, qualifications, knowledge, and expertise of the Directors are appropriate in line with the Company's corporate governance.

- Determining remuneration and the rates of remuneration applicable to Members of the Board of Directors, the members of various sub-committees, Chief Executive Officer, and executives at the executive vice president level and higher, ensuring that they are not only at the levels appropriate to their duties and responsibilities and comparable to the remuneration of those industry peers but also at the levels which are fair to shareholders. In addition, proposing performance appraisal of the Board of Directors and various sub-committees as well as assessing the performance of Chief Executive Officer and executives at the executive vice president level and higher.

- In carrying out corporate governance responsibilities, the Committee reviews, proposes and monitors the implementation of the policy on good corporate governance and code of ethics as well as the related regulations and guidelines. The Committee not only takes into consideration corporate governance assessments of the Company, which are prepared by external parties, but also proposes desirable practices or regulations for the Board of Directors and sub-committees. As well, the Committee monitors the adequacy of disclosure of the Company's information in the areas related to corporate governance and sustainable development. Importantly, the Committee encourages sharing of good corporate governance culture as well as participation in sustainable development.

In 2018, the Nomination, Remuneration, and Corporate Governance Committee held seven meetings altogether. The following important agenda items were considered:

1. Considering agenda items related to nomination of Directors and persons with power in management
 - Considering and selecting persons with appropriate qualifications and also checking whether their qualifications were in line with the regulations and notifications issued by the state agencies and by the Company. The objective was to propose names of candidates to the Company's Board of Directors for appointment as Members of the Board of Directors and Members of the Audit Committee, replacing the ones retiring during the year 2018. Submitting names of candidates to be proposed to shareholders for appointment as Directors, replacing the ones retiring by rotation at the Annual General Meeting of Shareholders 2019.

- Considering and reviewing the structure, qualifications and skills matrix of the Board of Directors in 2018. Also proposing the structure of the Risk Management Committee as well as the change of its name to “the Risk Oversight Committee”. In addition, checking the qualifications of the Directors and executives in 2018, ensuring that they were in line with the regulations imposed by the Bank of Thailand in relation to corporate governance of financial institutions.

- Considering the employment and appointment of executives in 2018. Also considering the succession plan related to the positions of the Chief Executive Officer and the persons with power in management respectively.

2. Considering agenda items related to determination of remuneration of Directors and persons with power in management

- Considering and reviewing the remuneration of the Company’s Board of Directors and other committees in 2018 and the allocation of performance allowances for the Chief Executive Officer and high-ranking executives (at the level of executive vice president and above) in 2018, which would be submitted to the Board of Directors for consideration.

- Considering and arranging for performance appraisals as well as summarizing results of the annual performance appraisals of the Board of Directors and all other committees. The objective was to make use of the related recommendations for further improvements and development. As well, considering the performance appraisals of the Chief Executive Officer and the high-ranking executives respectively.

3. Considering agenda items relating to implementation of corporate governance activities


- Considering and reviewing the Good Corporate Governance Policies as well as the Handbook of the Code of Ethics of Thanachart Financial Conglomerate in 2018. Topics relating to the good corporate governance policies were amended, ensuring that they were in line with the Code of Corporate Governance for Listed Companies. In addition, the Handbook of the Code of Ethics was amended, ensuring that the Code included all important issues in line with the Banking Industry Code of Conduct. As well, considering the compliance with the Code of Corporate Governance for Listed Companies, the information of which to be proposed to the Board of Directors.

- Acknowledging results of the survey under the Corporate Governance Report (CGR) 2018, to be used for strengthening the Company’s corporate governance.

- Considering the organization of the Annual General Meeting of Shareholders 2018, ensuring full compliance with the laws and the notifications issued by the state agencies as well as the regulations related to good corporate governance. Also considering the agenda of the Annual General Meeting of Shareholders 2018, ensuring that the meeting had all the necessary agenda items included. Also, considering that shareholders were provided with an opportunity to propose not only agenda items for the Annual General Meeting of Shareholders but also names of persons to be nominated for election by shareholders as Directors replacing those who were retiring by rotation at the Annual General Meeting of Shareholders 2019.

- Acknowledging the report on information disclosure in 2018, in compliance with the principles of good corporate governance. Also, considering the report of the Nomination, Remuneration, and Corporate Governance Committee which would be disclosed in the Annual Report 2018 as well as via other channels. The objective was to monitor the adequacy of the Company’s information disclosure principle.

In this connection, the nomination and remuneration policy and the details of the nomination and remuneration process have been disclosed in this annual report.



(Mr. Tiraphot Vajrabhaya)

Chairman of the Nomination, Remuneration,
and Corporate Governance Committee



REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company consists of three members. Each member is an Independent Director, qualified in the field of accounting and finance, and experienced with financial institutions and large organizations. The members are as follows:

- | | | |
|-----------------|------------|-------------|
| 1. Mrs. Siripen | Sitasuwan | Chairperson |
| 2. Mr. Tiraphot | Vajrabhaya | Member |
| 3. Mr. Prinya | Hom-anek | Member |

In 2018, the Company has appointed Mr. Prinya Hom-anek as the member of the Audit Committee, effective on 23 November 2018. This was to replace Mr. Somkiat Sukdheva who resigned from the member of the Board of Directors, member of the Audit Committee, and member of the Risk Management Committee on 12 June 2018. In this regards, Ms. Sirinthorn Phayaphrom, Vice President, Audit Department, is the secretary of the Audit Committee.

The Audit Committee has carried out the duties and responsibilities as assigned by the Company's Board of Directors, which are in line with the regulations of the SEC and the notifications of the SET and the BOT. The duties and responsibilities are specified in the Charter approved by the Company's Board of Directors.

In 2018, the Audit Committee held 16 meetings with management, high-ranking executives from related work functions, and the auditors. Of the total meetings, 12 were regular meetings and 4 were extraordinary meetings. The meetings were held to acknowledge and consider various related matters as follows:

- Financial Reports

The Committee reviewed quarterly financial statements, annual financial statements, and consolidated financial statements of the Company and its subsidiaries by conferring with the auditors, Chief Financial Officer, and the management of Accounting Department of the Company for ensuring that the financial statements were in accordance with the Generally Accepted Accounting Principles and the disclosed information was sufficient, complete, and reliable. The Committee also considered accounting policies and important changes. Moreover, the Committee arranged the meetings with the auditors without the management for conferring about independent work and opinion of the auditors. The auditors have reported all examined issues to the Audit Committee for consideration.

- Internal Control and Internal Audit

The Committee ensured that the Company has an efficient internal control system and efficient internal audit as well as appropriate anti-corruption measures. The Committee also ensured that the Company has whistle-blowing procedures and considers the procedures independently by protecting the confidentiality of a whistleblower to ensure the whistleblower does not get into trouble and the accused person is fairly treated. The Committee conferred with the internal auditors in strategizing and approving annual audit process plans, evaluating the sufficiency and suitability of the personnel, and independence of internal audit work process. The Committee monitored and evaluated the performance monthly including evaluation of staff knowledge and competency in order to develop knowledge and efficiency of auditing. The Committee also considered the BOT audit report and the report of the auditors in order to evaluate the adequacy of internal control system.

- Compliance with Rules and Regulations

The Committee closely monitored the enforcement of rules and regulations so as the Company may operate in accordance with the regulations of authorities such as the SEC, the SET, the OIC, and the BOT, in order to acknowledge changing regulations that have any effect to the Company's performance to be able to adjust, resolve, and closely monitor.

- Risk Management

The Audit Committee placed importance particularly on risk management because the Committee realized that changes in economic situations, political climates, and social issues have significant impacts to the Company's risk management directions. The Committee arranged the meetings with executives of risk management to acknowledge risk management report in all aspects. This was to ensure that the Company has a comprehensive risk management system that is substantial and sufficient.

- The Charter of the Audit Committee

The Committee ensured that the Charter of the Audit Committee is regularly revised at least once a year and approved the revision of the Charter of the Audit Department and ensured that they were up-to-date and most appropriate. The performance of the Audit Committee was also assessed and it was concluded that the Committee functioned in accordance with the Charter and yielded good and appropriate results that helped achieve good corporate governance.

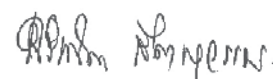
- Auditor

The Committee gave advice for selecting the auditors by considering from qualification, experienced personal, independence, performance in the past, and the fairness in remuneration for the auditors in accordance with their responsibilities. The results were reported to the Company's Board of Directors for proposing to the Annual General Meeting of Shareholders for appointing the auditors and approving the audit fees.

- Related Party Transaction and Conflict of Interest

The Committee examined the related party transactions or transactions that may lead to a conflict of interest by holding the principles of rationale, transparency, and sufficiency of disclosure to related parties as reported by related departments before reporting to the Company's Board of Directors.

The Audit Committee independently acts on its duties with cautiousness and gives frankly opinion for the benefits of the Company with cooperation from executives and staff of the Company and without limitation in data. Finally, the Audit Committee is of the opinion that the financial reports were correctly prepared and the financial information was sufficiently and properly disclosed in accordance with the Generally Accepted Accounting Principle. The internal control system and internal audit are appropriate and efficient. As well, the Company's risk management system and risk control are efficient. The Company operates strictly abiding by the laws and regulations of the authorities. The external auditors are independent in carrying out their duties. In addition, related party transactions or transactions that may lead to a conflict of interest are reasonable and considered as normal business operations with sufficient disclosure.



(Mrs. Siripen Sitasuwan)
Chairperson of the Audit Committee



RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORT

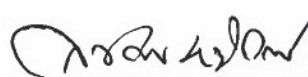
The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries, the separate financial statements of the Company as well as the financial information presented in this Annual Report. The aforementioned financial statements for the year ended 31 December 2018 were prepared in accordance with the financial reporting standards, not only consistently applying appropriate accounting policies but also exercising discretion and making estimates as deemed necessary, in a careful and rational manner. Moreover, adequate information which is useful to shareholders and investors has been disclosed in the notes to financial statements. Importantly, an independent certified public accountant has audited the financial statements, to which the auditor expresses an unqualified opinion.

The Board of Directors encourages both the Company and its subsidiaries to put principles of good corporate governance into practice. The objective is to ensure that the business operations of the Company and its subsidiaries are efficient, transparent, and reliable. In this regard, appropriate internal control systems and risk management systems have been put in place, ensuring that available information is correct and reasonably complete. In this connection, the Board of Directors has established the Audit Committee consisting of only Independent Directors. The Committee is responsible not only for maintenance of the quality of financial reports and internal control but also for disclosure of related party transactions and processes, ensuring that the disclosed information is complete, adequate, and appropriate. The opinions of the Audit Committee on the aforementioned matters are expressed in the Report of the Audit Committee accompanying this Annual Report.

The Board of Directors is of the opinion that the overall internal control systems of the Company and its subsidiaries are both adequate and appropriate. The systems build confidence and ensure that the consolidated financial statements of the Company and its subsidiaries as well as the separate financial statements of the Company for the year ended 31 December 2018 are reliable in line with financial reporting standards and are in compliance with the related laws and regulations.



(Mr. Banterng Tantivit)
Chairman



(Mr. Somjate Moosirilert)
Chief Executive Officer



INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thanachart Capital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Allowances for doubtful accounts

As discussed in Note 10 to the consolidated financial statements, as at 31 December 2018 the Group had loans to customers of Baht 820,771 million (accounting for 77% of total assets) and allowance for doubtful accounts amounting to Baht 24,144 million, which are material amounts. The allowance for doubtful accounts is estimated based on criteria established by the Bank of Thailand and relies on various assumptions. Therefore, the management is required to exercise considerable judgment in determining the assumptions to be used. Because the allowance for doubtful accounts is material and estimated based on judgement, I addressed the adequacy of allowance for doubtful accounts as a key audit matter.

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

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

- In cases where the Group set loan loss provisions on a specific basis, I tested on a sampling basis the allowance for doubtful accounts by reviewing the loan classification and checking the correctness of the collateral values used in the allowance calculation.
- In cases where the Group applied a collective approach to loan loss provisioning, I tested, on a sampling basis, the assumptions and historical data or information used in determining the assumptions relating to the probability of default and loss given default, compared the assumptions used in the current year and the prior year, and reviewed whether the assumptions and methods were applied consistently.

Recognition of interest income

For the year 2018, the Group recognised interest income on loans to customers amounting to Baht 43,613 million (accounting for 64% of total income). The interest income was derived from a variety of loans provided to a large number of customers and each type of loan agreement had different conditions. Moreover, the recognition of interest income relies primarily on data processed by information systems and regulations require the Group to cease accrual of interest income for overdue loans. I therefore addressed the measurement and occurrence of interest income as a key audit matter.

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

Goodwill

As at 31 December 2018, goodwill of Baht 17,799 million was presented in the financial statements. I have focused on the examination of the impairment of goodwill because the impairment assessment on goodwill is a significant accounting estimate requiring the management to exercise a judgment in identifying the cash generating units, estimating the cash inflows that are expected to be generated from that group of assets in the future, and setting an appropriate discount rate and long-term growth rate.

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

Insurance contract liabilities

As discussed in Note 26 to the consolidated financial statements, as at 31 December 2018, the Company and its subsidiaries have life policy reserves of Baht 7,903 million and outstanding claims from insurance contracts of Baht 1,695 million that are treated as part of the insurance / life insurance contract liabilities in the financial statements. Life reserves are the accumulated reserves for insurance policies in force from the inception of the insurance contracts to the end of the reporting period, and are calculated under an actuarial method which applies several assumptions that are best estimates of obligations under the insurance contracts at that time. Changes in these assumptions will affect the balance of life reserves. The loss reserves and outstanding claims are estimates of claims incurred and reported and claims incurred but not reported made by the management of the subsidiaries using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. In addition, the estimates of these reserves are dependent on the accuracy of the data related to the number, amounts and nature of both current and historical claims incurred. I therefore focused on the completeness of these reserves.

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

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

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



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 25 February 2019

STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Cash		11,021,897	11,453,283	-	-
Interbank and money market items - net	6	99,117,357	95,918,183	23,512	22,346
Derivatives assets	7	2,005,388	2,889,208	-	-
Investments - net	8	170,436,987	178,702,646	1,855,854	2,787,420
Investments in subsidiary and associated companies - net	9	3,026,903	2,827,333	33,166,944	33,822,462
Loans to customers and accrued interest receivables	10				
Loans to customers		820,771,229	767,889,652	1,466,959	806,749
Accrued interest receivables		656,970	601,200	2	2
Total loans to customers and accrued interest receivables		821,428,199	768,490,852	1,466,961	806,751
Less: Deferred revenue		(66,158,693)	(55,128,589)	(2,117)	(1,951)
Allowance for doubtful accounts	11	(24,144,379)	(24,517,149)	(86,371)	(79,899)
Revaluation allowance for debt restructuring	12	(603)	(977)	-	-
Net loans to customers and accrued interest receivables		731,124,524	688,844,137	1,378,473	724,901
Customers' liability under acceptances		9,164	9,824	-	-
Property foreclosed - net	14	4,822,435	4,747,089	851,814	708,943
Land, premises and equipment - net	15	8,042,888	8,677,958	38,623	45,502
Intangible assets - net	16	1,850,151	2,263,007	759	873
Goodwill	17	17,799,200	17,636,604	-	-
Deferred tax assets	18	779,113	908,093	-	-
Receivables from purchase and sale of securities	19	2,639,539	3,126,780	289,344	-
Other assets - net	20	8,253,626	7,520,778	38,254	37,050
Total assets		1,060,929,172	1,025,524,923	37,643,577	38,149,497

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



STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Liabilities and equity					
Deposits	21	751,916,956	716,091,089	-	-
Interbank and money market items	22	71,922,702	82,342,804	-	-
Liability payable on demand		1,163,165	1,988,656	-	-
Derivatives liabilities	7	2,097,019	2,867,633	-	-
Debts issued and borrowings	23	55,012,914	51,595,578	12,200,000	12,700,000
Bank's liability under acceptances		9,164	9,824	-	-
Provisions	24	3,914,644	3,679,324	28,683	25,888
Deferred tax liabilities	18	1,402,533	1,323,465	133,868	149,488
Accrued interest payables	25	2,276,928	2,453,222	89,756	98,371
Insurance contracts liabilities	26	14,061,571	14,641,100	-	-
Payables from purchase and sale of securities	27	1,324,840	2,258,566	192,451	-
Other liabilities	28	17,908,473	16,203,390	315,569	302,084
Total liabilities		923,010,909	895,454,651	12,960,327	13,275,831

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Equity					
Share capital	29				
Registered, issued and paid-up					
13,216 preferred shares of Baht 10 each		132	132	132	132
1,165,116,487 common shares of Baht 10 each					
(2017: 1,206,466,487 common shares of Baht 10 each)		11,651,165	12,064,665	11,651,165	12,064,665
		11,651,297	12,064,797	11,651,297	12,064,797
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	30	2,352,253	3,067,410	531,430	593,864
Retained earnings					
Appropriated - statutory reserve	31	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		764,980	1,399,914	764,980	1,399,914
Unappropriated		48,388,381	43,544,720	9,157,048	8,871,530
Less: Treasury shares - common shares	29	(764,980)	(1,399,914)	(764,980)	(1,399,914)
Equity attributable to owners of the Company		65,735,406	62,020,402	24,683,250	24,873,666
Non-controlling interests		72,182,857	68,049,870	-	-
Total equity		137,918,263	130,070,272	24,683,250	24,873,666
Total liabilities and equity		1,060,929,172	1,025,524,923	37,643,577	38,149,497

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



STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

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

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Profit or loss					
Interest income	34	46,558,981	44,681,323	80,413	75,458
Interest expenses	35	(15,791,750)	(15,510,956)	(571,714)	(582,275)
Net interest income		30,767,231	29,170,367	(491,301)	(506,817)
Fees and service income		10,243,728	9,097,431	556	525
Fees and service expenses		(3,586,102)	(3,207,407)	(539)	(488)
Net fees and service income	36	6,657,626	5,890,024	17	37
Gains on trading and foreign exchange transactions	37	309,740	664,994	-	-
Gains on investments	38	458,989	1,908,241	109,417	484,669
Share of profit from investments accounted for under equity method	9.5	542,607	336,899	-	-
Gains (losses) on property foreclosed and other assets		588,487	51,850	220,122	(93,231)
Insurance/Life insurance income	39	7,800,929	7,355,875	-	-
Dividend income		502,518	557,466	3,594,276	2,818,719
Other operating income		1,539,608	1,387,142	124,466	94,338
Total operating income		49,167,735	47,322,858	3,556,997	2,797,715
Insurance expenses	40	(4,992,679)	(4,750,950)	-	-
Net operating income		44,175,056	42,571,908	3,556,997	2,797,715
Other operating expenses					
Employee's expenses		11,413,336	12,202,011	121,529	115,378
Directors' remuneration	41	101,810	92,737	39,674	36,845
Premises and equipment expenses		2,629,454	2,835,015	19,287	20,146
Taxes and duties		733,017	745,870	3,354	5,395
Other expenses		6,101,753	4,960,283	48,946	51,676
Total other operating expenses		20,979,370	20,835,916	232,790	229,440
Impairment loss of loans and debt securities	42	4,784,661	6,236,181	7,780	36,180
Profit before income tax		18,411,025	15,499,811	3,316,427	2,532,095
Income tax	18.2	(2,604,474)	(1,158,647)	12	(152,857)
Profit for the year		15,806,551	14,341,164	3,316,439	2,379,238

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

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

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

		Consolidated		Separate	
		financial statements		financial statements	
	Note	2018	2017	2018	2017
Other comprehensive income	43				
<i>Transactions that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on change in value of available-for-sale securities		(1,460,910)	1,330,352	(78,042)	114,174
Share of other comprehensive income (loss) of an associate		(93,732)	32,782	-	-
Income tax relating to components of other comprehensive income (loss)		297,067	(267,443)	15,608	(22,835)
		(1,257,575)	1,095,691	(62,434)	91,339
<i>Transactions that will never be reclassified subsequently to profit or loss</i>					
Share of other comprehensive losses of an associate		(158)	-	-	-
Actuarial gains (losses) on defined benefit plan		3,543	(235,784)	(621)	(2,272)
Income tax relating to components of other comprehensive income (loss)		236	46,560	-	-
		3,621	(189,224)	(621)	(2,272)
Total other comprehensive income (loss)		(1,253,954)	906,467	(63,055)	89,067
Total comprehensive income		14,552,597	15,247,631	3,253,384	2,468,305
Profit attributable to					
The Company		7,839,428	7,001,170	3,316,439	2,379,238
Non-controlling interests		7,967,123	7,339,994	-	-
		15,806,551	14,341,164	3,316,439	2,379,238
Total comprehensive income attributable to					
The Company		7,142,971	7,515,427	3,253,384	2,468,305
Non-controlling interests		7,409,626	7,732,204	-	-
		14,552,597	15,247,631	3,253,384	2,468,305
Earnings per share of the Company	44				
Basic earnings per share (Baht per share)		6.74	6.01	2.85	2.04
Diluted earnings per share (Baht per share)		6.74	6.01	2.85	2.04

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



STATEMENT OF CHANGES IN EQUITY

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2018

(Unit: Thousand Baht)

Consolidated financial statements															
Equity attributable to the Company's shareholders															
Other components of equity															
Issued and paid-up share capital		Premium on common share	Share premium of a subsidiary	Amount by which		Revaluation surplus on investments - net	Revaluation surplus on assets	Share of other comprehensive income (loss) of an associate	Share of surplus from the change in the ownership interests in subsidiaries of an associate	Retained earnings			Treasury shares	Non-controlling interests	Total
				in subsidiary / associate lower than attributable net book value						Appropriated		Statutory reserve			
Preferred shares	Common shares														
Balance as at 1 January 2017	132	12,064,665	2,065,645	775,814	226,460	389,880	664,875	392,875	-	1,277,830	1,399,914	39,032,705	(1,399,914)	62,960,488	119,851,369
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	-	-	-	(2,446,773)	-	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	1,148	-	-	1,148
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,660,767)	(2,660,767)
Surplus from the change in the ownership interests in subsidiaries an associate	-	-	-	-	-	-	-	-	59,719	-	-	-	-	17,945	77,664
Transfer to retained earnings	-	-	-	-	-	-	(23,328)	(30,467)	-	-	-	53,795	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	7,001,170	-	7,339,994	14,341,164
Other comprehensive income for the year (loss)	-	-	-	-	-	588,034	-	23,548	-	-	-	(97,325)	-	392,210	906,467
Balance as at 31 December 2017	132	12,064,665	2,065,645	775,814	226,460	977,914	641,547	385,956	59,719	1,277,830	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272
Balance as at 1 January 2018	132	12,064,665	2,065,645	775,814	226,460	977,914	641,547	385,956	59,719	1,277,830	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272
Cumulative effect from share capital reduction of an associated company	-	-	-	-	3,625	-	-	2,898	471	-	-	9,436	-	4,806	21,236
Dividend paid (Note 33)	-	-	-	-	-	-	-	-	-	-	-	(2,679,798)	-	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	978	-	-	978
Cash payment for treasury shares (Note 29)	-	-	-	-	-	-	-	-	-	-	-	-	(764,980)	-	(764,980)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	764,980	(764,980)	-	-	-
Share capital reduction from treasury shares cancellation	-	(413,500)	-	-	-	-	-	-	-	-	(1,399,914)	413,500	1,399,914	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,281,252)	(3,281,252)
Surplus from the change in the ownership interests in subsidiaries an associate	-	-	-	-	-	-	-	-	(597)	-	-	-	-	(193)	(790)
Transfer to retained earnings	-	-	-	-	-	-	(20,665)	(2,229)	(455)	-	-	23,349	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	7,839,428	-	7,967,123	15,806,551
Other comprehensive income for the year (loss)	-	-	-	-	-	(626,454)	-	(71,751)	-	-	-	1,748	-	(557,497)	(1,253,954)
Balance as at 31 December 2018	132	11,651,165	2,065,645	775,814	230,085	351,460	620,882	314,874	59,138	1,277,830	764,980	48,388,381	(764,980)	72,182,857	137,918,263

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



STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Separate financial statements									
	Issued and paid-up share capital			Other components of equity		Retained earnings				
	Preferred	Common	Premium on	Revaluation	Revaluation	Appropriated				
	shares	shares	common share	surplus on	surplus on	Statutory	Treasury shares	Unappropriated	Treasury shares	Total
				investments - net	assets	reserve	reserve			
Balance as at 1 January 2017	132	12,064,665	2,065,645	490,247	12,278	1,277,830	1,399,914	8,940,189	(1,399,914)	24,850,986
Dividend paid (Note 33)	-	-	-	-	-	-	-	(2,446,773)	-	(2,446,773)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,148	-	1,148
Profit for the year	-	-	-	-	-	-	-	2,379,238	-	2,379,238
Other comprehensive income for the year	-	-	-	91,339	-	-	-	(2,272)	-	89,067
Balance as at 31 December 2017	132	12,064,665	2,065,645	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666
Balance as at 1 January 2018	132	12,064,665	2,065,645	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666
Dividend paid (Note 33)	-	-	-	-	-	-	-	(2,679,798)	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	978	-	978
Cash payment for treasury shares (Note 29)	-	-	-	-	-	-	-	-	(764,980)	(764,980)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	764,980	(764,980)	-	-
Share capital reduction from treasury shares cancellation	-	(413,500)	-	-	-	-	(1,399,914)	413,500	1,399,914	-
Profit for the year	-	-	-	-	-	-	-	3,316,439	-	3,316,439
Other comprehensive income for the year	-	-	-	(62,434)	-	-	-	(621)	-	(63,055)
Balance as at 31 December 2018	132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250

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



STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit before income tax	18,411,025	15,499,811	3,316,427	2,532,095
Adjustments to reconcile profit before income tax to net cash received by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(542,607)	(336,899)	-	-
Depreciation and amortisation	1,472,395	1,583,572	7,530	7,566
Impairment loss of loans and debt securities	4,784,661	6,236,181	7,780	36,180
Increase in provisions	759,900	676,621	2,174	1,762
Increase (decrease) in allowance for impairment of property foreclosed	(100,141)	232,148	(57,386)	221,157
Increase in allowance for impairment of equipment/other assets	29,234	10,226	2,873	22,981
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments	199,593	(106,272)	-	-
Gain from disposal of investment in an associated company	(37,890)	(443,025)	(24,875)	(281,235)
Unrealised loss on exchange	132,867	1,455,894	-	-
Gain on the capital returned from investment in a subsidiary	-	-	(58,084)	(52,988)
Loss (gain) on disposal of land, premises and equipment / intangible assets	(25,562)	18,673	(2,143)	(49)
Decrease (increase) in accrued other income receivable	(468,415)	87,235	-	39
	24,615,060	24,914,165	3,194,296	2,487,508
Net interest income	(30,767,231)	(29,170,367)	491,301	506,817
Dividend income	(502,518)	(557,466)	(3,594,276)	(2,818,719)
Cash received from interest on operating activities	43,917,348	41,570,834	59,946	51,953
Cash paid for interest on operating activities	(13,682,204)	(12,349,135)	-	-
Cash paid for income tax	(1,548,867)	(1,170,009)	(5,579)	(4,759)
Income from operating activities before changes in operating assets and liabilities	22,031,588	23,238,022	145,688	222,800

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

STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(3,132,910)	(47,365,471)	(1,165)	7,950
Derivatives assets	1,230,119	1,111,356	-	-
Investments in trading securities	612,945	(2,823,033)	-	-
Loans to customers	(53,456,768)	(33,505,821)	(658,792)	350,432
Property foreclosed	6,284,126	5,291,669	11,584	(258,526)
Receivables from purchase and sale of securities	487,242	(2,000,917)	(289,344)	-
Other assets	(872,896)	9,075	(2,591)	(9,690)
Increase (decrease) in operating liabilities				
Deposits	35,825,867	39,635,265	-	-
Interbank and money market items	(10,251,111)	16,508,551	-	-
Liability payable on demand	(825,491)	2,231	-	-
Derivatives liabilities	(1,444,263)	(1,744,879)	-	-
Payable from purchase and sales of securities	(1,126,178)	(107,722)	-	-
Insurance contract liabilities	(579,530)	47,361	-	-
Other liabilities	574,324	3,057,358	13,485	(17,947)
Net cash flows from (used in) operating activities	(4,642,936)	1,353,045	(781,135)	295,019
Cash flows from investing activities				
Decrease (increase) in investments in securities	6,390,741	11,294,333	853,701	(451,708)
Cash received from disposal of investment in an associated company	58,449	709,279	29,423	343,218
Cash received from capital return from subsidiary companies	-	-	610,943	-
Cash received from interest	2,781,486	3,830,277	19,860	25,608
Cash received from dividend	752,903	805,191	3,594,276	2,818,719
Cash paid for purchase of premises and equipment / intangible assets	(479,571)	(654,536)	(757)	(7,173)
Cash received from disposal of land, premises and equipment / intangible assets	55,706	23,831	2,930	49
Net cash flows from investing activities	9,559,714	16,008,375	5,110,376	2,728,713

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



STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2018

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Cash flows from financing activities				
Cash received from debts issued and borrowings	17,620,202	13,223,572	3,100,000	500,000
Cash paid for debts issued and borrowings	(14,202,866)	(23,332,157)	(3,600,000)	(500,000)
Cash paid for interest expenses on debts issued and borrowings	(2,250,088)	(2,770,330)	(577,893)	(578,107)
Cash paid for dividend	(2,678,820)	(2,445,625)	(2,678,820)	(2,445,625)
Cash paid for treasury shares	(572,528)	-	(572,528)	-
Cash paid for dividend to non-controlling interests	(3,264,064)	(2,660,644)	-	-
Net cash flows used in financing activities	(5,348,164)	(17,985,184)	(4,329,241)	(3,023,732)
Net decrease in cash	(431,386)	(623,764)	-	-
Cash at beginning of the year	11,453,283	12,077,047	-	-
Cash at end of the year	11,021,897	11,453,283	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	6,126,696	4,793,307	-	-
Property foreclosed received from capital returned from a subsidiary company	-	-	98,110	93,183
Bad debt written off	5,653,975	7,672,958	-	771
Payable from purchase of assets	83,612	33,265	-	-

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

Thanachart Capital Public Company Limited and its subsidiaries

Notes to financial statements

For the year ended 31 December 2018

1. General information

Thanachart Capital Public Company Limited (“the Company”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

2. Basis of preparation of the financial statements

- 2.1** These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand (“BOT”). The presentation of the financial statements has been made in compliance with the BOT’s Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of preparation of the consolidated financial statements

- a) The consolidated financial statements included the financial statements of the Company and the following subsidiary companies. (“the subsidiaries”).

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2018	2017	2018	2017
<u>Subsidiaries directly held by the Company</u>					
Thanachart Bank Plc.	Commercial bank	50.96	50.96	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	In liquidation process	99.80	99.80	0.06	0.06
MBK Life Assurance Plc.	Life insurance	51.00	51.00	-	-
TM Broker Co., Ltd.	Insurance broker	51.00	51.00	-	-
MT Service 2016 Co., Ltd.	Service	51.00	51.00	-	-
<u>Subsidiaries indirectly held by the Company</u>					
Thanachart Securities Plc.	Securities business	-	-	100.00	100.00
Thanachart Insurance Plc.	Non-life insurance	-	-	100.00	100.00
Thanachart Fund Management Co., Ltd.	Fund management	-	-	75.00	75.00
Thanachart Broker Co., Ltd.	Insurance broker	-	-	100.00	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
TS Asset Management Co., Ltd.	Non-performing asset management	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	65.18	65.18
National Leasing Co., Ltd. ⁽¹⁾	In liquidation process	-	-	-	100.00
Security Scib Services Co., Ltd.	Service	-	-	100.00	100.00
RTN Insurance Broker Co., Ltd.	Non-life insurance broker	-	-	65.18	-

(1) On 20 September 2018, National Leasing Co., Ltd. returned all capital to its shareholders and registered the completion of its liquidation with the Ministry of Commerce on 22 January 2019.

- b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2018 and 2017 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the years	
	2018	2017	2018	2017
Thanachart Bank Plc.	973,716	942,889	33,137	32,851
MBK Life Assurance Plc.	9,287	9,996	112	190
Thanachart Insurance Plc.	13,695	12,749	3,326	3,292
Thanachart Securities Plc.	8,509	11,447	1,644	1,761
TS Asset Management Co., Ltd.	2,066	2,528	120	178
Ratchthani Leasing Plc.	47,124	39,019	2,899	2,378
NFS Asset Management Co., Ltd.	936	1,182	120	62

- c) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- d) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- e) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.
- f) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiary and associated companies under the cost method.

3. New financial reporting standards

3.1 Financial reporting standards that became effective in the current year

During the current year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TFRS 18 (revised 2017)	Revenues
TSIC 31 (revised 2017)	Revenue-Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customers Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the year.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised on an accrual basis. When the Company and its subsidiaries provide loyalty programmes to customers, they apportion compensation received from such services based on the fair value of accumulated reward points and realise it as deferred revenue. This deferred revenue is recorded under "other liabilities" in the statement of financial position. The Company and its subsidiaries then realise it as revenue in profit or loss in the statement of comprehensive income when the customers claim a reward and the Company and its subsidiaries have fulfilled their commitment to provide such reward.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium are recorded as unearned items, and recognised as income over the coverage year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is due, only if the policy is still in force at the year-end date.

4.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

4.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

4.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans to customers and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

4.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

4.6 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as “Receivables from purchase and sale of securities”.

4.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT's guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

- b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.
- c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.
- d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.
- e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

4.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

4.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

4.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

4.11 Land, premises and equipment and depreciation

- a) Land is stated at revalued amount less allowance for loss on impairment of assets (if any). No depreciation is provided on land.

The Company and its subsidiaries initially record land at its cost on the acquisition date, and subsequently have it revalued by an independent professional appraiser, and state it at the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

- b) Assets under installation are stated at cost, and depreciation is not provided.

- c) Premises and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their cost on a straight-line basis over the following estimated useful lives:

Buildings	-	20 - 30 years
Buildings improvement	-	5 - 10 years
Furniture, fixtures and equipment	-	3 - 10 years
Motor vehicles	-	5 years

Depreciation is included in determining income.

- d) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.
- e) The Company and its subsidiaries derecognise the revaluation surplus on an asset upon disposal or when no future economic benefits are expected from its use or disposal. The revaluation surplus remaining upon derecognition is transferred directly to retained earnings.

4.12 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

4.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

4.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

4.15 Receivable from/payable to Clearing House

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

4.16 Securities purchased under resale agreements/ securities sold under repurchase agreements

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of "Interbank and money market items" or "Loans to customers", depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of "Interbank and money market items" in the statements of financial position and the underlying securities are treated as collateral.

4.17 Classification of insurance contracts

Subsidiary companies classify insurance contracts and reinsurance contracts based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the subsidiary classifies it as an investment contract. Investment contracts are those contracts that transfer significant financial risk but not significant insurance risk. Financial risk is the risk arising from the change in interest rate risk, foreign exchange rate risk and securities prices.

In classifying insurance contracts subsidiary companies assess the significance of the insurance risk on the basis of individual contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

4.18 Premium receivable and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period.

4.19 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable from reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the proportion of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.

- b) Amounts due to reinsurers are stated at the outstanding balances payable to reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

4.20 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprises unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling accident with coverage periods of not over six-months	- 100% of premium as from the date policy is effective, throughout the period of insurance coverage
Other	- Monthly average basis (the one-twenty fourth basis)

Unearned reinsurance premiums reserve is calculated based on the proportion of premiums ceded, using the same method as that applied for direct insurance policies that transfer the insurance risk throughout the term of the insurance contract to a reinsurer.

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for estimated future claims under all policies in force as at the financial statement date.

Subsidiaries determine life insurance premium reserve under long-term policies by using the gross premium valuation method (GPV). Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission (“OIC”) regarding valuation of assets and liabilities of life insurance company.

4.21 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary’s management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and net of recorded claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

4.22 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

4.23 Financial derivatives

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors, adjusted to reflect counterparty credit risk.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation (if any) recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

4.24 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

4.25 Impairment of assets

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. 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.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined in case that no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

4.26 Structured notes

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission (SEC), and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

4.27 Employee benefits

a) Short-term employee benefits

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.28 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading and translation of foreign currencies are included in determining income.

4.29 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

4.30 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.31 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market

Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

5.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

5.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

5.3 Allowance for impairment of investments in securities

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

5.4 Assessment of investment funds as structured entities

In determining whether the funds to which a subsidiary provides asset management services are structured entities, the management is required to use judgment, taking into consideration the voting rights and other similar rights afforded to other parties, including the rights to remove the subsidiary as fund manager, liquidate the funds, or redeem holdings in the funds, and determining whether such rights are the dominant factor when deciding who controls the funds.

5.5 Fair value of financial instruments

In determining the fair value of financial instruments, which are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

5.6 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

5.7 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land at revalued amounts. Such amounts are determined by the independent appraisers using the market approach. The valuation involves certain assumptions and estimates as described in Note 15 to the financial statements.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the year when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

5.8 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

5.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

5.10 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

5.11 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, based on the best estimate at that time, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

5.12 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time.

5.13 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

5.14 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

6. Interbank and money market items (assets)

(Unit: Million Baht)

Consolidated financial statements						
	2018			2017		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	6,634	-	6,634	5,434	800	6,234
Commercial banks	554	33,786	34,340	411	24,258	24,669
Specialised financial institutions	-	39,150	39,150	-	36,891	36,891
Other financial institutions	850	16,567	17,417	798	17,997	18,795
Total	8,038	89,503	97,541	6,643	79,946	86,589
Add: Accrued interest receivables	-	41	41	-	21	21
Less: Deferred revenue	-	-	-	-	(3)	(3)
Less: Allowance for doubtful accounts	-	(161)	(161)	-	(244)	(244)
Total domestic items	8,038	89,383	97,421	6,643	79,720	86,363
Foreign						
US Dollar	1,307	30	1,337	1,397	7,794	9,191
Euro	70	-	70	45	-	45
Others	289	-	289	283	-	283
Total	1,666	30	1,696	1,725	7,794	9,519
Add: Accrued interest receivables	-	-	-	-	36	36
Total foreign items	1,666	30	1,696	1,725	7,830	9,555
Total	9,704	89,413	99,117	8,368	87,550	95,918

(Unit: Million Baht)

Separate financial statements						
	2018			2017		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	24	-	24	22	-	22
Add: Accrued interest receivables	-	-	-	-	-	-
Total domestic items	24	-	24	22	-	22

As at 31 December 2018, the Company had deposits with a subsidiary company of Baht 24 million in the separate financial statements (2017: Baht 22 million).

7. Derivatives

As at 31 December 2018 and 2017, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	2018			2017		
	Fair value/Adjustments on an accrual basis		Notional amount*	Fair value/Adjustments on an accrual basis		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate						
Derivatives for trading	460	527	78,516	530	585	85,137
Derivatives for banking book	2	-	137	128	32	9,592
Interest rate						
Derivatives for trading	1,144	1,128	282,096	1,848	1,785	271,684
Derivatives for banking book	-	-	21,530	-	-	20,530
Foreign exchange rate and interest rate						
Derivatives for trading	111	104	5,014	139	138	7,931
Derivatives for banking book	284	334	17,426	243	325	10,425
Others						
Derivatives for trading	4	4	1,216	1	3	2,303
Total	2,005	2,097	405,935	2,889	2,868	407,602

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as accrued interest receivables under the caption of other assets or accrued interest payables, as the case maybe.

Below are the proportions of trading derivatives transactions classified by counterparty, determined based on the notional amount, as at 31 December 2018 and 2017.

Counterparty	Consolidated financial statements	
	2018	2017
	Percent	Percent
Financial institutions	93.52	93.32
Third parties	6.48	6.68
Total	100.00	100.00

8. Investments

8.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2018		2017		2018		2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	13,330	13,346	11,487	11,500	-	-	-	-
Private debt securities	3,348	3,507	5,135	5,364	-	-	-	-
Domestic marketable equity securities	1,079	958	1,748	1,713	-	-	-	-
	17,757	17,811	18,370	18,577	-	-	-	-
Add: Allowance for change in value	54		207		-		-	
Net	17,811		18,577		-		-	
Available-for-sale securities								
Government and state enterprises securities	100,199	99,910	114,299	114,495	170	170	497	497
Private debt securities	23,725	23,702	25,025	25,373	320	321	686	695
Foreign debt securities	17,385	17,203	10,441	10,430	-	-	-	-
Domestic marketable equity securities	6,025	6,793	3,350	4,531	224	877	224	941
Unit trusts	74	68	610	625	71	66	199	200
	147,408	147,676	153,725	155,454	785	1,434	1,606	2,333
Add: Allowance for change in value	268		1,729		649		727	
Net	147,676		155,454		1,434		2,333	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2018		2017		2018		2017	
	Cost/ Amortised		Cost/ Amortised		Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value	cost	Fair value	cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	461	467	43	49	-	-	-	-
Private debt securities	220	247	240	273	-	-	-	-
Investment in receivables purchased	838	1,517	956	1,702	498	1,078	529	1,124
	1,519	2,231	1,239	2,024	498	1,078	529	1,124
Less: Allowance for impairment	(221)		(239)		(127)		(126)	
Net	1,298		1,000		371		403	
General investment								
Domestic non-marketable equity securities	3,684		3,681		76		76	
Foreign non-marketable equity securities	1		1		-		-	
Unit trusts	-		25		-		-	
	3,685		3,707		76		76	
Less: Allowance for impairment	(33)		(35)		(25)		(25)	
Net	3,652		3,672		51		51	
Total investments - net	170,437		178,703		1,856		2,787	

8.2 Classified by remaining period of debt securities

(Unit: Million Baht)

Consolidated financial statements										
2018						2017				
Due within						Due within				
Less						Less				
At call	than 1 year	1 - 5 years	Over 5 years	Total		At call	than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities										
	5	54,117	46,075	2	100,199	5	23,293	90,859	142	114,299
Private debt securities	-	2,119	16,957	4,649	23,725	-	1,188	18,865	4,972	25,025
Foreign debt securities	-	-	17,385	-	17,385	-	4,249	5,863	329	10,441
Total	5	56,236	80,417	4,651	141,309	5	28,730	115,587	5,443	149,765
Add: Allowance for change in value	-	7	(480)	(21)	(494)	-	39	453	41	533
Total	5	56,243	79,937	4,630	140,815	5	28,769	116,040	5,484	150,298
Held-to-maturity debt securities										
Government and state enterprises securities										
	-	419	-	42	461	-	-	-	43	43
Private debt securities	-	30	40	150	220	-	40	50	150	240
Investments in receivables purchased ⁽¹⁾	838	-	-	-	838	956	-	-	-	956
Total	838	449	40	192	1,519	956	40	50	193	1,239
Less: Allowance for impairment	(221)	-	-	-	(221)	(239)	-	-	-	(239)
Total	617	449	40	192	1,298	717	40	50	193	1,000
Total debt securities	622	56,692	79,977	4,822	142,113	722	28,809	116,090	5,677	151,298

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

(Unit: Million Baht)

Separate financial statements

	2018					2017				
	Due within					Due within				
	Less than At call	1 year	1 - 5 years	Over 5 years	Total	Less than At call	1 year	1 - 5 years	Over 5 years	Total
Available-for-sale securities										
Government and state enterprises securities	-	170	-	-	170	-	497	-	-	497
Private debt securities	-	130	190	-	320	-	315	371	-	686
Total	-	300	190	-	490	-	812	371	-	1,183
Add: Allowance for change in value	-	-	1	-	1	-	6	3	-	9
Total	-	300	191	-	491	-	818	374	-	1,192
Held-to-maturity debt securities										
Investments in receivables purchased ⁽¹⁾	498	-	-	-	498	529	-	-	-	529
Total	498	-	-	-	498	529	-	-	-	529
Less: Allowance for impairment	(127)	-	-	-	(127)	(126)	-	-	-	(126)
Total	371	-	-	-	371	403	-	-	-	403
Total debt securities	371	300	191	-	862	403	818	374	-	1,595

(1) The balance of investments in receivables purchased at call are the balance of loans receivable purchased which mainly defaulted on repayment of principal and interest.

8.3 Investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee

As at 31 December 2018 and 2017, investments in securities in which the Company and its subsidiaries hold not less than 10 percent of the equity of the investee, but which are not treated as subsidiary or associated companies, separated by industry as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Manufacturing and commerce	1,538	1,668	764	828
Banking and finance sector	1	1	-	-
Real estate and construction	21	21	20	20

8.4 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 December 2018 and 2017 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Investments in receivables purchased	838	956	498	529
Less: Allowance for impairment	(221)	(239)	(127)	(126)
Investments in receivables purchased - net	617	717	371	403

	2018				2017			
	Number	Balance	Purchase	Yield	Number	Balance	Purchase	Yield
	of	per			of	per		
	debtors	agreement	price		debtors	agreement	price	
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
<u>Consolidated financial statements</u>								
Total accumulated investments in receivables purchased	2,938	33,611	7,845	1.75 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in receivables purchased as at the end of the year	291	7,683	838		307	8,240	956	
<u>Separate financial statements</u>								
Total accumulated investments in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in receivables purchased as at the end of the year	193	4,749	498		193	4,752	529	

In 2018 the Company and its subsidiaries did not enter into any debt restructuring agreements with debtors (2017: Consolidated financial statements: 6 debtors entered into debt restructuring agreements, with book balances before restructuring amounting to Baht 14 million, by means of modification of repayment conditions. There were no losses on debt restructuring, and Baht 8 million of the receivables were due within the year 2017 while Baht 6 million were due within 5 years. Separate financial statements: 5 debtors entered into debt restructuring agreements with book balances before restructuring amounting to Baht 13 million, by means of modification of repayment conditions. There were no losses on debt restructuring, and Baht 7 million of the receivables were due within the year 2017 while Baht 6 million were due within 5 years).

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 December 2018 and 2017, there were no outstanding restructured receivables in the investments in receivables purchased account.

8.5 Investments in companies having problems relating to financial position and operating results

As at 31 December 2018 and 2017, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

Consolidated financial statements								
Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts		
2018	2017	2018	2017	2018	2017	2018	2017	
		Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	
<u>Investments in receivables</u>								
<u>purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	101	114	638	729	1,180	1,287	129	147

Separate financial statements								
						Allowance for possible		
Number of debtors		Cost		Fair value/ collateral value		loss/impairment		
						provided in the accounts		
2018	2017	2018	2017	2018	2017	2018	2017	
		Million	Million	Million	Million	Million	Million	
		Baht	Baht	Baht	Baht	Baht	Baht	
<u>Investments in receivables</u>								
<u>purchased</u>								
1. Companies which have loan settlement problems or have defaulted on the repayment	64	65	362	392	865	905	58	58

9. Investments in subsidiary and associated companies

9.1 Separate financial statements

As at 31 December 2018 and 2017, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the years	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Subsidiary companies</u>								
Thanachart Bank Plc.	60,649	60,649	50.96	50.96	31,866	31,866	3,183	2,472
NFS Asset Management Co., Ltd.	175	700	100.00	100.00	175	700	56	130
MBK Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	40	143	83.44	83.44	33	117	179	45
NASSET Property Fund 6	121	121	99.80	99.80	6	48	-	-
MT Service 2016 Co., Ltd.	50	50	51.00	51.00	26	26	-	-
TM Broker Co., Ltd.	20	20	51.00	51.00	10	10	-	-
<u>Associated company</u>								
MBK Plc.	1,695	1,708	10.00	10.00	591	596	126	124
Total investments in subsidiary and associated companies					33,167	33,823	3,544	2,771

During the year 2018, NFS Asset Management Co., Ltd. decreased its registered shares capital and returned Baht 525 million to the Company, based on the par value. However, the Company had no gain on the capital return.

During the year 2018, Max Asset Management Co., Ltd. decreased its registered shares capital and returned Baht 86 million to the Company, based on the par value. However, the Company recorded a gain on capital return of Baht 2 million in the separate financial statements and this was eliminated in the consolidated financial statements.

During the year 2018, NASSET Property Fund 6 returned capital of Baht 98 million to the Company, based on the net asset value. The Company recorded a gain on capital return of Baht 56 million in the separate financial statements and this was eliminated in the consolidated financial statements.

9.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Dividend paid to non-controlling interests during the years		Profit (loss) allocated to non-controlling interests during the years		Other comprehensive income (loss) allocated to non-controlling interests during the years	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(%)	(%)								
Thanachart Bank Plc. and its subsidiaries	49.04	49.04	71,544	67,369	3,228	2,652	7,938	7,314	(535)	381
MBK Life Assurance Plc.	49.00	49.00	598	631	-	-	(12)	33	(21)	10

9.3 Summarised financial information of subsidiaries that have material non-controlling interests based on amounts before inter-company elimination

Summarised information about financial position

(Unit: Million Baht)

	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2018	2017	2018	2017
Total assets	1,046,612	1,009,557	9,765	10,610
Total liabilities	902,406	873,349	8,545	9,322

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2018	2017	2018	2017
Net operating income	43,239	41,981	96	202
Profit (loss) for the year	15,458	14,369	(25)	67
Other comprehensive income	(1,062)	806	(43)	21
Total comprehensive income	14,396	15,175	(68)	88

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December			
	Thanachart Bank Plc. and its subsidiaries		MBK Life Assurance Plc.	
	2018	2017	2018	2017
Cash flow from (used in) operating activities	(9,304)	2,615	2,600	(1,075)
Cash flow from (used in) investing activities	13,193	14,195	(2,598)	1,075
Cash flow used in financing activities	(4,323)	(17,434)	-	-
Net increase (decrease) in cash	(434)	(624)	2	-

9.4 Cash flow information of asset management companies that are subsidiaries

Cash flow information of asset management companies that are subsidiaries for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Million Baht)					
	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2018	2017	2018	2017	2018	2017
Cash flows from operating activities						
Profit before income tax	30	48	249	58	123	108
Adjustments to reconcile profit before income tax to net cash received by (paid for) operating activities						
Gain on assets transferred for debt settlement	-	-	(4)	(9)	-	-
Loss on impairment of property foreclosed (reversal)	(5)	(2)	2	(1)	(27)	(6)
Impairment loss of loans and debt securities (reversal)	32	(46)	12	-	(61)	(2)
Others	(1)	(2)	-	(1)	-	1
	56	(2)	259	47	35	101
Net interest income	24	17	24	22	(82)	(148)
Dividend income	(4)	(3)	-	-	-	-
Cash received from interest	4	8	7	-	82	148
Cash paid for income tax	(7)	(16)	(40)	(27)	(36)	(15)
Income (loss) from operating activities before changes in operating assets and liabilities	73	4	250	42	(1)	86
Decrease (increase) in operating assets						
Current investments	(48)	317	(30)	187	-	-
Investments in receivables purchased	-	-	28	11	-	-
Loans to customers	10	57	(108)	(67)	278	333
Property foreclosed	253	92	(132)	(33)	275	347
Other assets	(5)	1	5	(4)	1	(20)
Increase (decrease) in operating liabilities						
Other liabilities	32	(26)	(79)	38	7	(20)
Net cash flows from (used in) operating activities	315	445	(66)	174	560	726
Cash flows from investing activities						
Cash received from dividend	4	3	-	-	-	-
Net cash flows from investing activities	4	3	-	-	-	-

(Unit: Million Baht)

	NFS Asset Management Co., Ltd.		Max Asset Management Co., Ltd.		TS Asset Management Co., Ltd.	
	2018	2017	2018	2017	2018	2017
Cash flows from financing activities						
Debts issued and borrowings	282	(230)	458	(57)	-	-
Cash paid for interest on borrowings	(27)	(25)	(32)	(22)	-	-
Cash paid for dividend	(56)	(130)	(215)	(54)	(250)	(330)
Cash paid for capital return	(525)	-	(103)	-	-	-
Net cash flows from (used in) financing activities	(326)	(385)	108	(133)	(250)	(330)
Net increase (decrease) in cash and cash equivalents	(7)	63	42	41	310	396
Cash and cash equivalents at the beginning of the year	93	30	55	14	586	190
Cash and cash equivalents at the end of the year	86	93	97	55	896	586

9.5 Investment in an associated company in the consolidated financial statements

As at 31 December 2018 and 2017, investment in an associated company in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following company which operates in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income during the years		Share of profit during the years		Share of surplus		Share of other			
					Cost method ⁽¹⁾		Equity method						from the change		in the ownership		Share of other	
													subsidiaries of the		associate		comprehensive	
	income																	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017		
MBK Plc. (operating in property rental, hotel and services businesses)	1,695	1,708	19.90	19.90	855	861	3,027	2,827	251	248	543	337	(1)	82	(94)	33		
Total investment in an associated company					855	861	3,027	2,827	251	248	543	337	(1)	82	(94)	33		

(1) After deducting intergroup transactions.

The Company and its subsidiaries classified investment in MBK Plc. as investment in an associated company since the Company and its subsidiaries had significant influence in that company.

9.6 Summarised financial information of an associated company

- a) Summarised financial information of MBK Plc. as at 30 September 2018 and 2017, and for the years then ended are as follows:

Summarised information about financial position

	(Unit: Million Baht)	
	30 September 2018 ⁽¹⁾	30 September 2017 ⁽¹⁾
Total assets	52,119	46,668
Total liabilities	(27,201)	(23,830)
Other equity items of an associated company	221	193
Net assets	25,139	23,031
Shareholding percentage (%)	19.90	19.90
Share of net assets	5,003	4,583
Elimination entries	(2,027)	(1,808)
Goodwill	51	52
Carrying amounts of associate based on equity method	3,027	2,827

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the years ended 30 September ⁽¹⁾	
	2018	2017
Revenue	12,688	10,351
Profit for the year	3,020	1,864
Other comprehensive income	76	1,060
Total comprehensive income for the year	3,096	2,924

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2018 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2018 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the year ended 30 September 2018 is not materially different from the income for the year ended 31 December 2018.

During the year 2018, the Company and Thanachart Bank Plc. (the subsidiary) sold 1,303,700 ordinary shares and 1,290,700 ordinary shares of MBK Plc., respectively. As a result, the shareholding of the Company and its subsidiaries decreased from 19.90 percent to 19.75 percent.

On 26 July 2018, MBK Plc. registered a decrease in its share capital of 13,037,000 shares, reducing its paid-up share capital from 1,707,960,000 shares to 1,694,923,000 shares, and increasing the shareholding of the Company and its subsidiaries from 19.75 percent to 19.90 percent.

b) Fair value of investment in an associated company

As at 31 December 2018 and 2017, the fair value of investment in an associated company which is listed on the Stock Exchange of Thailand is as follows:

				(Unit: Million Baht)
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
MBK Plc.	6,914	6,560	3,475	3,296

10. Loans to customers and accrued interest receivables

10.1 Classified by loan type

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Loans to customers</u>				
Overdrafts	16,370	16,668	-	-
Loans	273,199	263,062	44	48
Notes receivables	38,397	56,185	1,374	711
Hire purchase receivables	486,636	425,996	48	48
Financial lease receivables	2,166	1,710	-	-
Others	181	153	-	-
Less: Deferred revenues	(66,158)	(55,129)	(2)	(2)
Total loans to customers net of deferred revenues	750,791	708,645	1,464	805
Add: Accrued interest receivables	657	601	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	751,448	709,246	1,464	805
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(8,564)	(8,446)	(86)	(80)
- Collective approach	(7,090)	(5,820)	-	-
2) Excess provision	(8,477)	(10,237)	-	-
Less: Revaluation allowance for debt restructuring	(1)	(1)	-	-
Loans to customers and accrued interest receivables - net	727,316	684,742	1,378	725
<u>Securities business receivables</u>				
Credit balances receivables	3,791	4,101	-	-
Other receivables	31	15	-	-
Total securities business receivables	3,822	4,116	-	-
Less: Allowance for doubtful accounts	(13)	(14)	-	-
Securities business receivables - net	3,809	4,102	-	-
Total loans to customers and accrued interest receivables - net	731,125	688,844	1,378	725

10.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	743,094	-	743,094	696,946	-	696,946
US Dollar	5,519	4,538	10,057	8,555	5,570	14,125
Other currencies	92	1,370	1,462	161	1,529	1,690
Total*	748,705	5,908	754,613	705,662	7,099	712,761

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	1,464	-	1,464	805	-	805
Total*	1,464	-	1,464	805	-	805

* Total loans net of deferred revenues

10.3 Classified by type of business and loan classification

(Unit: Million Baht)

	Consolidated financial statements							
	2018							
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	6,495	14	37	10	26	6,582	-	6,582
Manufacturing and commerce	69,123	222	570	517	4,019	74,451	365	74,816
Real estate and construction	46,427	138	202	41	1,730	48,538	62	48,600
Public utilities and services	52,444	110	306	142	984	53,986	128	54,114
Personal consuming								
Housing loans	97,631	1,126	1,543	853	2,072	103,225	55	103,280
Securities business	-	-	-	-	-	-	3,822	3,822
Hire purchase	343,579	25,510	1,433	1,422	740	372,684	47,996	420,680
Others	29,012	615	565	187	693	31,072	330	31,402
Others	11,066	15	-	-	236	11,317	-	11,317
Total*	655,777	27,750	4,656	3,172	10,500	701,855	52,758	754,613

* Total loans net of deferred revenues

(Unit: Million Baht)

Consolidated financial statements

2017								
	The Company and subsidiary companies which are financial institutions						Other subsidiary companies	Consolidated
	Normal	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total		
Agricultural and mining	7,141	289	30	11	27	7,498	-	7,498
Manufacturing and commerce	75,475	313	2,534	274	2,177	80,773	332	81,105
Real estate and construction	45,286	94	262	150	1,653	47,445	39	47,484
Public utilities and services	57,038	285	279	85	1,080	58,767	111	58,878
Personal consuming								
Housing loans	92,789	1,255	897	829	1,851	97,621	55	97,676
Securities business	-	-	-	-	-	-	4,116	4,116
Hire purchase	304,052	23,433	1,312	1,144	1,121	331,062	39,969	371,031
Others	27,263	627	497	181	575	29,143	361	29,504
Others	15,223	2	146	-	98	15,469	-	15,469
Total*	624,267	26,298	5,957	2,674	8,582	667,778	44,983	712,761

* Total loans net of deferred revenues

(Unit: Million Baht)

Separate financial statements

2018						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Personal consuming						
Housing loans	10	-	-	-	6	16
Hire purchase	-	-	-	-	46	46
Others	3	-	-	-	30	33
Others	1,367	-	-	-	-	1,367
Total*	1,380	-	-	-	84	1,464

* Total loans net of deferred revenues

(Unit: Million Baht)

	Separate financial statements					
	2017					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Manufacturing and commerce	-	-	-	-	2	2
Personal consuming						
Housing loans	10	4	-	1	6	21
Hire purchase	-	-	-	-	46	46
Others	3	-	-	-	30	33
Others	703	-	-	-	-	703
Total*	716	4	-	1	84	805

* Total loans net of deferred revenues

10.4 Non-performing loans

As at 31 December 2018 and 2017, the Company and its subsidiaries (banking, securities and asset management businesses) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Non-performing loans (excluding accrued interest receivables)				
The Company	84	85	84	85
Banking business	15,881	14,384	-	-
Asset management business	2,363	2,744	-	-
Securities business	45	14	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Company and its subsidiaries (banking and securities businesses) had loans for which income recognition under an accrual basis has been discontinued, as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
The Company	84	85	84	85
Banking business	21,867	21,362	-	-
Securities business	45	14	-	-

The Company recognises income from loans that were transferred from investment in receivables on a cash basis. Subsidiary companies engaged in the asset management business also recognise income from loans on a cash basis.

10.5 Debt restructuring

During the years 2018 and 2017, the Company and its subsidiaries (banking and asset management businesses) have entered into debt restructuring agreements as follows:

Type of restructuring	Consolidated financial statements				
	Number of debtors	Outstanding	Outstanding	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		balances before restructuring ⁽¹⁾	balances after restructuring ⁽¹⁾		
		Million Baht	Million Baht		Million Baht
<u>2018</u>					
Modification of repayment conditions	1,200	2,443	2,433		
Transfer of assets and/or common shares and/or modification of repayment conditions	2	56	56	Land, Land and premise thereon	64
Transfer of assets	4	16	16	Land and premise thereon	20
Total	1,206	2,515	2,505		
<u>2017</u>					
Modification of repayment conditions	1,092	2,317	2,317		
Transfer of assets and/or common shares and/or modification of repayment conditions	2	60	59	Land and premise thereon and car	49
Total	1,094	2,377	2,376		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the years, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2018 and 2017, are summarised below.

Periods	Consolidated financial statements			
	2018		2017	
	Number of	Outstanding	Number of	Outstanding
	debtors	balances after restructuring	debtors	balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	375	796	398	1,016
Due within the year	287	692	264	851
Less than 5 years	204	264	264	204
5 - 10 years	216	425	121	193
10 - 15 years	37	132	20	52
Over 15 years	87	196	27	60
Total	1,206	2,505	1,094	2,376

Supplemental information for the years 2018 and 2017 relating to restructured loans is as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interest income recognised in the statements of comprehensive income	667	866	1	1
Gain on debt settlement/assets transferred for debt settlement	128	49	64	37
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	9	-	-	-
Cash repayment from receivables	2,784	3,613	67	48
Property foreclosed received for debt settlement	93	73	-	-

As at 31 December 2018 and 2017, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	2018	2017	2018	2017	2018	2017
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	16	17	28	30	17	17
Thanachart Bank Plc.	6,430	8,465	7,829	8,240	1,532	1,772
TS Asset Management Co., Ltd.	190	238	1,926	2,580	1,180	1,771
Other subsidiaries	109	100	324	319	112	118

10.6 Hire purchase/financial lease receivables

As at 31 December 2018 and 2017, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2018				
Amounts due under lease agreements				
Less than				
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	116,735	324,322	47,745	488,802
Less: Unearned finance income	(21,223)	(41,495)	(3,438)	(66,156)
Present value of minimum lease payments receivables	95,512	282,827	44,307	422,646
Allowance for doubtful accounts				(10,538)
Hire purchase/financial lease receivables - net				412,108

* Included non-performing receivables

(Unit: Million Baht)

Consolidated financial statement as at 31 December 2017

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	113,943	287,236	26,527	427,706
Less: Unearned finance income	(18,817)	(34,899)	(1,409)	(55,125)
Present value of minimum lease payments receivables	95,126	252,337	25,118	372,581
Allowance for doubtful accounts				(9,571)
Hire purchase/financial lease receivables - net				363,010

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2018

	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	48	-	-	48
Less: Unearned finance income	(2)	-	-	(2)
Present value of minimum lease payments receivables	46	-	-	46
Allowance for doubtful accounts				(46)
Hire purchase/financial lease receivables - net				-

* Included non-performing receivables

(Unit: Million Baht)

Separate financial statement as at 31 December 2017				
Amounts due under lease agreements				
	Less than			
	1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	48	-	-	48
Less: Unearned finance income	(2)	-	-	(2)
Present value of minimum lease payments				
receivables	46	-	-	46
Allowance for doubtful accounts				(46)
Hire purchase/financial lease				
receivables - net				-

* Included non-performing receivables

10.7 Classified by classification

As at 31 December 2018 and 2017, the Company and its financial institution subsidiaries (banking and asset management businesses) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

Consolidated financial statements ⁽¹⁾						
	2018			2017		
	Loans and accrued interest receivables	Net balance used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	Net balance used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	656,410	437,439	4,127	624,843	416,560	3,311
Special mention	27,759	25,868	2,438	26,308	23,844	2,336
Substandard	4,659	2,381	1,639	5,960	2,998	2,241
Doubtful	3,172	1,947	1,155	2,674	1,491	823
Doubtful of loss	10,500	4,390	3,993	8,582	4,111	3,473
Total	702,500	472,025	13,352	668,367	449,004	12,184
Additional allowance for possible uncollectible accounts			8,257			10,017
Total			21,609			22,201

(1) Only the Company and subsidiary companies subject to BOT's regulations; and after deducting intergroup transactions.

(Unit: Million Baht)

Separate financial statements

	2018			2017		
	Net balance			Net balance		
	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts	Loans and accrued interest receivables	used in making allowance for doubtful accounts	Allowance for doubtful accounts
Normal	1,380	1,370	13	716	707	7
Special mention	-	-	-	4	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	1	-	-
Doubtful of loss	84	73	73	84	73	73
Total	1,464	1,443	86	805	780	80

Percentage of allowance for doubtful account set up

	Hire purchase receivables - personal consumer of Thanachart Bank ⁽²⁾		Other loans	
	2018	2017	2018	2017
Normal	0.93	0.71	1	1
Special mention	9.60	10.03	2	2
Substandard	47.57	40.67	100	100
Doubtful	42.88	39.66	100	100
Doubtful of loss	42.75	40.60	100	100

(2) These percentages are average rates used in setting up allowance for doubtful accounts.

10.8 Loans to companies which have settlement problems

As at 31 December 2018 and 2017, loans of the Company and its subsidiaries (which engaged in banking business, asset management business, hire purchase and financial lease businesses) in the consolidated financial statements and the separate financial statements included amounts due from companies with weak financial positions and poor operating results, as follows:

Consolidated financial statements							
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts
	2018	2017	2018	2017	2018	2017	2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	5	4	200	205	2	1	3
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	30	32	302	554	195	310	107
3. Companies which have loan settlement problems or have defaulted on the repayment	1,050	1,035	8,167	8,262	4,638	4,634	3,907

Separate financial statements							
	Number of debtors		Debt balances		Collateral value		Allowance for doubtful accounts provided in the accounts
	2018	2017	2018	2017	2018	2017	2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	19	20	16	16	14	11	10

10.9 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 31 December 2018 and 2017, a subsidiary company operating in the securities business classified securities business receivables and accrued interest receivables in accordance with the Notification of the Securities and Exchange Commission (“SEC”) governing accounting for the non-performing debts of securities companies as follows:

(Unit: Million Baht)

	2018			2017		
	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts	Debt balances	Allowance for doubtful accounts	Debt balances net of allowance for doubtful accounts
Normal	3,777	-	3,777	4,102	-	4,102
Substandard	33	1	32	1	1	-
Doubtful	12	12	-	13	13	-
Total	3,822	13	3,809	4,116	14	4,102

Allowance for doubtful accounts for substandard loans set aside by the subsidiary is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

10.10 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2018 and 2017, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	2018	2017
Current or overdue not over 90 days	46,761	38,793
Overdue 91 - 365 days	831	811
Overdue more than 1 year	179	168
Debtors under legal actions	781	679
Total	48,552	40,451
Allowance for doubtful accounts provided in the accounts	2,521	2,301

11. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2018									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	3,311	2,336	2,241	823	3,473	10,017	22,201	2,316	24,517
Increase (decrease) during the year	816	102	(602)	332	5,028	(1,760)	3,916	320	4,236
Bad debts recovery	-	-	-	-	1,033	-	1,033	12	1,045
Bad debts written-off	-	-	-	-	(5,541)	-	(5,541)	(113)	(5,654)
Balance - end of the year	4,127	2,438	1,639	1,155	3,993	8,257	21,609	2,535	24,144

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2017									
The Company and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	Excess provision	Total	Other subsidiary companies	Consolidated
Balance - beginning of the year	2,985	2,151	1,666	906	3,577	11,743	23,028	2,125	25,153
Increase (decrease) during the year	326	185	575	(83)	6,411	(1,726)	5,688	290	5,978
Bad debts recovery	-	-	-	-	1,051	-	1,051	8	1,059
Bad debts written-off	-	-	-	-	(7,566)	-	(7,566)	(107)	(7,673)
Balance - end of the year	3,311	2,336	2,241	823	3,473	10,017	22,201	2,316	24,517

(Unit: Million Baht)

Separate financial statements						
For the year ended 31 December 2018						
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	7	-	-	-	73	80
Increase during the year	6	-	-	-	-	6
Balance - end of the year	13	-	-	-	73	86

(Unit: Million Baht)

	Separate financial statements					
	For the year ended 31 December 2017					
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	Total
Balance - beginning of the year	10	-	-	-	76	86
Decrease during the year	(3)	-	-	-	(3)	(6)
Bad debts recovery	-	-	-	-	1	1
Bad debts written-off	-	-	-	-	(1)	(1)
Balance - end of the year	7	-	-	-	73	80

12. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance - beginning of the year	1	2	-	-
Amortised during the year	-	(1)	-	-
Balance - end of the year	1	1	-	-

13. Classification of assets

As at 31 December 2018 and 2017, the quality of assets of the Company and its financial institution subsidiaries (banking and asset management businesses) classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2018					
	Interbank and money market items	Loans to customers and accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	85,449	656,410	-	-	142	742,001
Special mention	-	27,759	-	-	109	27,868
Substandard	-	4,659	-	-	11	4,670
Doubtful	-	3,172	-	-	9	3,181
Doubtful of loss	-	10,500	1,094	1,658	423	13,675
Total	85,449	702,500	1,094	1,658	694	791,395

(Unit: Million Baht)

Consolidated financial statements

2017

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	76,154	624,843	-	-	187	701,184
Special mention	-	26,308	-	-	116	26,424
Substandard	-	5,960	-	-	11	5,971
Doubtful	-	2,674	-	-	8	2,682
Doubtful of loss	-	8,582	503	1,761	402	11,248
Total	76,154	668,367	503	1,761	724	747,509

(Unit: Million Baht)

Separate financial statements

2018

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	1,380	-	-	-	1,380
Special mention	-	-	-	-	-	-
Substandard	-	-	-	-	-	-
Doubtful	-	-	-	-	-	-
Doubtful of loss	-	84	157	1,251	107	1,599
Total	-	1,464	157	1,251	107	2,979

(Unit: Million Baht)

Separate financial statements

2017

	Loans to customers and Interbank and money market items	accrued interest receivables	Investments	Property foreclosed	Other assets	Total
Normal	-	716	-	-	-	716
Special mention	-	4	-	-	-	4
Substandard	-	-	-	-	-	-
Doubtful	-	1	-	-	-	1
Doubtful of loss	-	84	151	1,308	104	1,647
Total	-	805	151	1,308	104	2,368

14. Property foreclosed

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2018				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	3,609	102	(611)	3,100
Movable assets	446	6,043	(5,871)	618
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	2,124	503	(154)	2,473
Non-used branches				
External appraiser	368	135	(172)	331
Total property foreclosed	6,547	6,783	(6,808)	6,522
Less: Allowance for impairment	(1,800)	(611)	711	(1,700)
Property foreclosed - net	4,747	6,172	(6,097)	4,822

(Unit: Million Baht)

Consolidated financial statements				
For the year ended 31 December 2017				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	4,064	12	(467)	3,609
Movable assets	418	4,787	(4,759)	446
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	1,981	452	(309)	2,124
Non-used branches				
External appraiser	97	506	(235)	368
Total property foreclosed	6,560	5,757	(5,770)	6,547
Less: Allowance for impairment	(1,568)	(730)	498	(1,800)
Property foreclosed - net	4,992	5,027	(5,272)	4,747

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2018				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,092	7	(54)	1,045
Movable assets	1	-	(1)	-
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	770	52	(5)	817
Others				
Immovable assets				
External appraiser	154	105	(18)	241
Total property foreclosed	2,017	164	(78)	2,103
Less: Allowance for impairment	(1,308)	(7)	64	(1,251)
Property foreclosed - net	709	157	(14)	852

(Unit: Million Baht)

Separate financial statements				
For the year ended 31 December 2017				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,124	2	(34)	1,092
Movable assets	1	-	-	1
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	463	334	(27)	770
Others				
Immovable assets				
External appraiser	77	95	(18)	154
Total property foreclosed	1,665	431	(79)	2,017
Less: Allowance for impairment	(1,087)	(262)	41	(1,308)
Property foreclosed - net	578	169	(38)	709

15. Land, premises and equipment

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2018						
	Land*	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2018	5,609	2,477	7,279	80	2	15,447
Additions	-	-	184	5	106	295
Transfers/disposals	(126)	(165)	(765)	(23)	(16)	(1,095)
31 December 2018	5,483	2,312	6,698	62	92	14,647
<u>Accumulated depreciation</u>						
1 January 2018	-	1,024	5,609	57	-	6,690
Transfers/disposals	-	(143)	(769)	(21)	-	(933)
Depreciation for the year	-	124	637	7	-	768
31 December 2018	-	1,005	5,477	43	-	6,525
<u>Allowance for impairment</u>						
1 January 2018	57	22	-	-	-	79
31 December 2018	57	22	-	-	-	79
<u>Net book value</u>						
31 December 2018	5,426	1,285	1,221	19	92	8,043
Depreciation for the year						768

* present at revalued amount.

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2017

	Land*	Buildings and building improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2017	5,993	2,642	7,399	78	12	16,124
Additions	-	1	339	15	71	426
Transfers/disposals	(384)	(166)	(459)	(13)	(81)	(1,103)
31 December 2017	5,609	2,477	7,279	80	2	15,447
<u>Accumulated depreciation</u>						
1 January 2017	-	972	5,387	62	-	6,421
Transfers/disposals	-	(75)	(491)	(11)	-	(577)
Depreciation for the year	-	127	713	6	-	846
31 December 2017	-	1,024	5,609	57	-	6,690
<u>Allowance for impairment</u>						
1 January 2017	68	25	5	-	-	98
Transfers/disposals	(11)	(3)	(5)	-	-	(19)
31 December 2017	57	22	-	-	-	79
<u>Net book value</u>						
31 December 2017	5,552	1,431	1,670	23	2	8,678
Depreciation for the year						846

* present at revalued amount.

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2018

	Land*	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2018	18	45	62	33	-	158
Additions	-	-	1	-	-	1
Transfers/disposals	-	-	(1)	(14)	-	(15)
31 December 2018	18	45	62	19	-	144
<u>Accumulated depreciation</u>						
1 January 2018	-	32	56	25	-	113
Transfers/disposals	-	-	(1)	(14)	-	(15)
Depreciation for the year	-	2	3	2	-	7
31 December 2018	-	34	58	13	-	105
<u>Net book value</u>						
31 December 2018	18	11	4	6	-	39
Depreciation for the year						7

* present at revalued amount.

(Unit: Million Baht)

Separate financial statements

For the year ended 31 December 2017

	Land*	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost</u>						
1 January 2017	18	45	72	27	-	162
Additions	-	-	1	6	-	7
Transfers/disposals	-	-	(11)	-	-	(11)
31 December 2017	18	45	62	33	-	158
<u>Accumulated depreciation</u>						
1 January 2017	-	30	63	24	-	117
Transfers/disposals	-	-	(11)	-	-	(11)
Depreciation for the year	-	2	4	1	-	7
31 December 2017	-	32	56	25	-	113
<u>Net book value</u>						
31 December 2017	18	13	6	8	-	45
Depreciation for the year						7

* present at revalued amount.

As at 31 December 2018 and 2017, the Company and its subsidiaries have building, office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 3,999 million and Baht 3,721 million, respectively (separate financial statements: Baht 63 million and Baht 67 million, respectively).

As at 31 December 2018 and 2017, the Company and its subsidiaries have no vehicles acquired under financial lease agreements.

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of land in 2015 and 2016, using the market approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as at 31 December 2018 and 2017 would have been as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Land	3,995	4,091	3	3

Key assumptions used in the valuation are summarised below.

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	6,300 - 1,000,000	41,200	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land of the Company and its subsidiaries are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance - beginning of the year	1,559	1,616	15	15
Transferred out during the year	(51)	(57)	-	-
Balance - end of the year	1,508	1,559	15	15

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

16. Intangible assets

(Unit: Million Baht)

For the year ended 31 December 2018					
Consolidated financial statements					Separate financial statements
Intangible assets from business combination	Computer software	Membership fees for Thailand		Computer software under development	Computer software
		Futures	Exchange and others		
				Total	
<u>Cost</u>					
1 January 2018	4,100	3,118	7	174	7,399
Additions	-	88	-	180	268
Transfers/disposals	-	159	-	(159)	-
31 December 2018	4,100	3,365	7	195	7,667
<u>Accumulated amortisation</u>					
1 January 2018	3,423	1,675	7	-	5,105
Amortisation for the year	316	365	-	-	681
31 December 2018	3,739	2,040	7	-	5,786
<u>Allowance for impairment</u>					
1 January 2018	-	31	-	-	31
31 December 2018	-	31	-	-	31
<u>Net book value</u>					
31 December 2018	361	1,294	-	195	1,850
Remaining amortisation period	1.25 years	0 - 10 years	-	-	0 - 9 years
Amortisation for the year				681	-

(Unit: Million Baht)

For the year ended 31 December 2017

	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>						
1 January 2017	4,100	2,856	7	177	7,140	9
Additions	-	117	-	145	262	-
Transfers/disposals	-	145	-	(148)	(3)	-
31 December 2017	4,100	3,118	7	174	7,399	9
<u>Accumulated amortisation</u>						
1 January 2017	3,040	1,353	7	-	4,400	8
Transfers/disposals	-	(3)	-	-	(3)	-
Amortisation for the year	383	325	-	-	708	-
31 December 2017	3,423	1,675	7	-	5,105	8
<u>Allowance for impairment</u>						
1 January 2017	-	31	-	-	31	-
31 December 2017	-	31	-	-	31	-
<u>Net book value</u>						
31 December 2017	677	1,412	-	174	2,263	1
Amortisation for the year					708	-

As at 31 December 2018 and 2017, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 552 million and Baht 346 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

17. Goodwill

The Company and its subsidiaries allocated goodwill arising from business combinations to the cash generating unit (CGU) for annual impairment testing, on the assumption that the CGU is the consolidated financial statements of Thanachart Bank and its subsidiaries.

The recoverable amount of the CGU have been determined based on its value in use. The value in use was calculated by using estimate future cash flow, covering a five-year period, for the consolidated operating results of Thanachart Bank and its subsidiaries.

Key assumptions used in value in use calculation are summarised below:

	Rate (Percentage)
Terminal growth rate	4
Discount rate	11

The management of the Company and its subsidiaries determined these key assumptions based on historical operating results and expected market growth. The discount rate used is a rate that reflects risks specific to Thanachart Bank and its subsidiaries.

The management of the Company believes that changes in the key assumption used to determine the value in use of the CGU would not result in impairment.

The management of the Company believes that there is no impairment of goodwill.

18. Deferred tax assets/ liabilities and income tax

18.1 Deferred tax assets/ liabilities

As at 31 December 2018 and 2017, deferred tax assets/liabilities are as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	779	908	-	-
Deferred tax liabilities	(1,402)	(1,323)	(134)	(149)
Net	(623)	(415)	(134)	(149)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

Consolidated financial statements		
	2018	2017
Deferred tax assets		
Intercompany gain from disposal of assets	37	182
Non-accrual of interest income	71	67
Allowance for doubtful debts - general provision/other assets	1,069	1,225
Allowance for impairment of properties foreclosed	74	94
Employee benefits	542	536
Provisions	229	188
Accrued expenses	68	82
Insurance contract liabilities	309	300
Fees income received in advance	351	363
Late payment fee	171	175
Others	317	159
	3,238	3,371
Deferred tax assets		
Deferred tax liabilities		
Assets transferred as a result of business combination	(1,087)	(1,108)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(2,088)	(1,685)
Intangible assets	(72)	(135)
Unrealised gains on changes in value of available-for-sale securities	(189)	(346)
Others	(425)	(512)
	(3,861)	(3,786)
Deferred tax liabilities		
Net	(623)	(415)

(Unit: Million Baht)

Separate financial statements		
	2018	2017
Deferred tax liabilities		
Unrealised gains on changes in value of available-for-sale securities	(130)	(145)
Others	(4)	(4)
	(134)	(149)
Deferred tax liabilities		

As at 31 December 2018 and 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,441 million and Baht 3,080 million, respectively (separate financial statements: Baht 2,937 million and Baht 2,724 million, respectively) on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow full utilisation of the temporary differences and unused full tax losses.

The unused tax losses amounting to Baht 1,323 million will expire by 2019 - 2023.

18.2 Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current income tax:				
Corporate income tax charge for the year	2,091	879	-	-
Adjustment in respect of income tax from previous year	10	3	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	504	277	-	153
Income tax expense reported in statements of comprehensive income	2,605	1,159	-	153

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	Consolidated financial		Separate financial	
	statements		statements	
	2018	2017	2018	2017
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	(292)	266	(16)	23
Deferred tax relating to actuarial gain (loss) on defined benefit plan	-	(46)	-	-
Deferred tax relating to share of other comprehensive income of an associated company	(5)	1	-	-
	(297)	221	(16)	23

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accounting profit before tax	18,411	15,500	3,316	2,532
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	3,682	3,100	663	506
Adjustment in respect of income tax from previous year	10	3	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(1,087)	(1,944)	(663)	(353)
Income tax expenses reported in statements of comprehensive income	2,605	1,159	-	153

19. Receivables from purchase and sale of securities

				(Unit: Million Baht)	
		Consolidated		Separate	
		financial statements		financial statements	
		2018	2017	2018	2017
Receivables from purchase and sale of securities		2,640	3,127	289	-

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accrued premium insurance income	520	308	-	-
Suspense debtors	722	700	-	-
Other receivables	1,816	1,495	112	107
VAT refundable	962	690	-	-
Other receivables - VAT paid in advance for customers	251	248	-	-
Deposits	248	246	3	3
Estimated insurance claims recoveries	259	248	-	-
Receivable from clearing house	64	343	-	-
Leasehold right	101	123	9	9
Prepaid corporate income tax	706	661	10	9
Deposits from derivative contracts	337	535	-	-
Prepaid expenses	483	446	7	8
Reinsurance assets	721	418	-	-
Accrued interest and dividend receivables	485	742	2	3
Others	1,103	813	2	2
Total	8,778	8,016	145	141
Less: Allowance for impairment	(524)	(495)	(107)	(104)
Other assets - net	8,254	7,521	38	37

21. Deposits

21.1 Classified by type of deposits

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Current	12,759	11,953	-	-
Saving	351,939	295,390	-	-
Certificates of deposit	85,460	142,505	-	-
Fixed deposits				
- Less than 6 months	44,025	36,529	-	-
- 6 months and up to 1 year	41,832	63,772	-	-
- Over 1 year	215,902	165,942	-	-
Total deposits	751,917	716,091	-	-

21.2 Classified by currency and country

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	751,285	1	751,286	714,351	1	714,352
US Dollar	490	29	519	1,523	31	1,554
Other currencies	109	3	112	182	3	185
Total	751,884	33	751,917	716,056	35	716,091

22. Interbank and money market items (liabilities)

(Unit: Million Baht)

Consolidated financial statements						
	2018			2017		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	413	-	413	418	372	790
Commercial banks	3,520	12,310	15,830	1,929	21,597	23,526
Specialised financial institutions	32	7,440	7,472	47	12,525	12,572
Other financial institutions	17,770	15,322	33,092	15,390	12,077	27,467
Total domestic items	21,735	35,072	56,807	17,784	46,571	64,355
Foreign						
US Dollar	177	13,921	14,098	274	15,263	15,537
Euro	1	-	1	1	-	1
Baht	485	532	1,017	2,221	229	2,450
Total foreign items	663	14,453	15,116	2,496	15,492	17,988
Total	22,398	49,525	71,923	20,280	62,063	82,343

As at 31 December 2018, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 2,690 million, a short-term loan in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2017: included loans of a subsidiary company amounting to Baht 2,550 million).

23. Debt issued and borrowings

As at 31 December 2018 and 2017, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2018	2017	2018	2017	2018	2017
						(Thousand unit)	(Thousand unit)				
1	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	13,000	13,000	12,530	12,530	-	-
2	Subordinated instruments issued under Tier II	Year 2015	Year 2025	4.65	1,000	7,000	7,000	7,000	7,000	-	-
3	Unsubordinated debentures	Year 2012	Year 2022	4.60	1,000	3,000	3,000	3,000	3,000	3,000	3,000
4	Unsubordinated debentures	Year 2013	Year 2018	4.70	1,000	-	3,100	-	3,100	-	3,100
5	Unsubordinated debentures	Year 2013	Year 2020	5.03	1,000	2,900	2,900	2,900	2,900	2,900	2,900
6	Unsubordinated debentures	Year 2013	Year 2023	4.85 , 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
7	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
8	Unsubordinated debentures	Year 2014	Year 2018	4.75	1,000	-	2,000	-	2,000	-	-
9	Unsubordinated debentures	Year 2015	Year 2018	1.96	1,000	-	500	-	500	-	500
10	Unsubordinated debentures	Year 2015	Year 2018	3.00 , 3.10	1,000	-	1,100	-	1,100	-	-
11	Unsubordinated debentures	Year 2016	Year 2019	2.70 , 2.88	1,000	1,700	1,700	1,400	1,400	-	-
12	Unsubordinated debentures	Year 2016	Year 2019	2.95 , 3.00	1,000	1,735	1,735	1,735	1,735	-	-
13	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	2,000	2,000	2,000	2,000	-	-
14	Unsubordinated debentures	Year 2017	Year 2019	1.75	1,000	500	500	500	500	500	500
15	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	10,060	10,010	9,979	-	-
16	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	70	70	70	-	-

(Unit: Million Baht)

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2018	2017	2018	2017	2018	2017
						(Thousand unit)	(Thousand unit)				
17	Unsubordinated debentures	Year 2018	Year 2019	1.88	1,000	3,100	-	3,100	-	3,100	-
18	Unsubordinated debentures	Year 2018	Year 2020	2.28 - 2.80	1,000	3,865	-	3,815	-	-	-
19	Unsubordinated debentures	Year 2018	Year 2021	2.31 , 2.70	1,000	1,970	-	1,970	-	-	-
20	Unsubordinated debentures	Year 2018	Year 2021	2.30 , 2.50	1,000	1,110	-	1,110	-	-	-
21	Unsubordinated debentures	Year 2018	Year 2020	2.80	1,000	140	-	140	-	-	-
22	Structured notes		Year 2019					277	393	-	-
23	Promissory notes		At call	0.20 - 2.50, 5.65, 6.65				467	399	-	-
24	Promissory notes		Year 2019 - 2021	2.90, 3.30				289	290	-	-
Total debt issued and borrowings								55,013	51,596	12,200	12,700

Instruments 1) and 2) are name-registered, Tier II capital, subordinated, unsecured instruments with no instrument holder's representative, paying interest quarterly. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met.

Instruments 8) are name-registered, unsubordinated, unsecured debentures with a debentures holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions as specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 10), 11), 13), 15), 18), and 19) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest semi-annually. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 3) to 7), 9), 14) and 17) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 12), 16), 20) and 21) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

24. Provisions

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2018					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
As at 1 January 2018	361	2,740	167	411	3,679
Increase during the year	272	191	3	689	1,155
Decrease from actual utilised	(28)	(146)	(12)	(335)	(521)
Reversal of provisions	(6)	(13)	(24)	(355)	(398)
As at 31 December 2018	599	2,772	134	410	3,915

(Unit: Million Baht)

Consolidated financial statements					
For the year ended 31 December 2017					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
As at 1 January 2017	411	2,475	434	357	3,677
Increase during the year	41	839	30	1,432	2,342
Decrease from actual utilised	(82)	(574)	(7)	(247)	(910)
Reversal of provisions	(9)	-	(290)	(1,131)	(1,430)
As at 31 December 2017	361	2,740	167	411	3,679

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2018			
	Loss from litigation	Employee benefits	Total
As at 1 January 2018	-	26	26
Increase during the year	-	3	3
As at 31 December 2018	-	29	29

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2017			
	Loss from litigation	Employee benefits	Total
As at 1 January 2017	47	38	85
Increase during the year	-	4	4
Decrease from actual utilised	(46)	(16)	(62)
Reversal of provisions	(1)	-	(1)
As at 31 December 2017	-	26	26

Long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Defined benefit obligation at the beginning of the year	2,378	2,204	26	38
Recognised in profit and loss:				
Current service cost	173	150	1	1
Interest cost	77	74	1	1
Past service costs and gains or losses arising from the payment of benefits	(55)	(199)	-	-
Recognised in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	(2)	97	-	1
- Financial assumptions changes	(8)	96	-	1
- Experience adjustments	6	43	1	-
Employee benefits paid during the year	(59)	(87)	-	(16)
Defined benefit obligation at the end of the year	2,510	2,378	29	26

As at 31 December 2018 and 2017, the Company and its subsidiaries expect to pay Baht 61 million and Baht 59 million, respectively, in long-term employee benefits during the next one year (separate financial statements: nil).

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

			(Percent per annum)	
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.66 - 3.35	2.71 - 3.13	3.13	3.11
Future salary increase rate	5.00 - 5.36	5.00 - 5.98	5.00	5.00
Average staff turnover rate (depending on age)	0.00 - 50.00	0.00 - 42.86	0.00 - 25.39	0.00 - 26.10

The result of sensitivity analysis for significant assumptions that affect the increasing in present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

		Consolidated		Separate	
		financial statements		financial statements	
	Change	2018	2017	2018	2017
Discount rate	Decrease 0.25%	64	63	1	1
Future salary increase rate	Increase 0.25%	62	61	1	1
Average staff turnover rate	Decrease 0.25%	56	56	1	1

As at 31 December 2018 and 2017, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 11, 14, 16, 22 years and 11, 14, 16, 20 years, respectively (separate financial statements: 16 years).

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 732 million (The separate financial statement: Baht 9 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective

25. Accrued interest payables

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Accrued interest payables	2,277	2,453	90	98

26. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Life policy reserve	7,903	-	7,903	8,953	-	8,953
Loss reserves and outstanding claims	1,695	(158)	1,537	1,701	(137)	1,564
Unearned premium reserve	4,381	(564)	3,817	3,851	(281)	3,570
Unexpired risks reserve	-	-	-	3	-	3
Unpaid policy benefits	7	-	7	5	-	5
Other liabilities under insurance policies	76	-	76	128	-	128
Total	14,062	(722)	13,340	14,641	(418)	14,223

Non-life insurance

Assumptions used in determining liabilities from insurance contracts

The assumptions used in determining liabilities from insurance contracts are set taking into consideration the model used to assess, the nature of the data, including actual experience up to the date the assessment is made. The analysis performed considers both internal and external factors that affect the pattern of experience, such as the underwriting process, the proportion of insurance, the process of claims handling, the reinsurance policy, economic trends and regulatory changes. In the event that historical loss data is insufficient to be a credible basis for the determination of the assumptions, industry information is used to ensure that this method is appropriate. In addition, the assumptions used in determining insurance liabilities should be consistent with the assumptions used in determining claims liabilities.

Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in calculating those liabilities, which will impact claims liabilities both before reinsurance and after reinsurance. The risk may occur because the frequency and severity of the damage or loss adjustment claim expense may not be in line with expectations.

(Unit: Million Baht)

Consolidated financial statements					
2018					
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase (decrease) on profit before tax	Increase (decrease) on equity
Ultimate loss ratio	Increase 2%	170	157	(157)	(126)
Loss adjustment expense	Increase 2%	12	12	(12)	(10)
Ultimate loss ratio	Decrease 2%	(169)	(156)	156	125
Loss adjustment expense	Decrease 2%	(12)	(12)	12	10

(Unit: Million Baht)

Consolidated financial statements					
2017					
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase (decrease) on profit before tax	Increase (decrease) on equity
Ultimate loss ratio	Increase 2%	161	157	(157)	(126)
Loss adjustment expense	Increase 2%	13	13	(13)	(10)
Ultimate loss ratio	Decrease 2%	(158)	(154)	154	123
Loss adjustment expense	Decrease 2%	(13)	(13)	13	10

Life insurance

Assumptions used in the estimating life reserve for long-term contracts

Mortality rate

The assumptions are determined based on actual historical claims data of the subsidiary company, the industry mortality rate and TMO 2008. Assumptions are differentiated by the type of product, sex and age of the insured, the credibility of data, and the underwriting process. An increase in rates will lead to a larger number of claims, which will increase the long-term insurance policy reserves.

Related expenses

The assumptions are determined through analysis of actual expenses per the financial statements, taking into account both fixed expenses and variable expenses that relate to policy maintenance and adjusted appropriately for inflation. An increase in the level of expenses will result in an increase in the long-term insurance policy reserves.

Lapse and surrender rates

The subsidiary company determines the assumptions based on actual historical lapse and surrender rates of the subsidiary, taking into account the product type, distribution channel and the credibility of data, as well as industry data, in order to arrive at appropriate rates. An increase in lapse and surrender rates early in the life policy will tend to increase in expense, which will reduce profits for shareholders.

Discount rate

The subsidiary company determines the discount rates to be used in estimating the subsidiary company's future payment obligation to the insured using the risk free rate as at the valuation date, which is the higher of the rate of the return on non-interest bearing Thai governments bonds at the valuation date and average rate of return on non-interest bearing Thai governments bonds at the end of each of the eight quarters following the valuation date. A decrease in the discount rate would result in an increase the long-term insurance policy reserves.

Sensitivity analysis

The result of sensitivity analysis for significant assumptions that affect the present value of the insurance contract liabilities as at 31 December 2018 and 2017 are summarised below:

(Unit: Million Baht)

Consolidated financial statements					
2018					
	Change	Insurance contract liabilities		Effect to	
		Gross		Increase (decrease) on profit before tax	Increase (decrease) on equity
		reinsurance increase (decrease)	Net reinsurance increase (decrease)		
Mortality rate	Increase 10%	17	-	(17)	(14)
Expenses rate	Increase 10%	9	-	(9)	(7)
Lapse and surrender rates	Increase 10%	(18)	-	18	14
Discount rate	Increase 0.5%	(183)	-	183	147
Mortality rate	Decrease 10%	(18)	-	18	14
Expenses rate	Decrease 10%	(9)	-	9	7
Lapse and surrender rates	Decrease 10%	18	-	(18)	(14)
Discount rate	Decrease 0.1%	27	-	(27)	(22)

(Unit: Million Baht)

Consolidated financial statements					
2017					
	Change	Insurance contract liabilities		Effect to	
		Gross		Increase (decrease) on profit before tax	Increase (decrease) on equity
		reinsurance increase (decrease)	Net reinsurance increase (decrease)		
Mortality rate	Increase 10%	17	-	(17)	(13)
Expenses rate	Increase 10%	10	-	(10)	(8)
Lapse and surrender rates	Increase 10%	(22)	-	22	17
Discount rate	Increase 0.5%	(229)	-	229	183
Mortality rate	Decrease 10%	(17)	-	17	13
Expenses rate	Decrease 10%	(10)	-	10	8
Lapse and surrender rates	Decrease 10%	22	-	(22)	(18)
Discount rate	Decrease 0.1%	19	-	(19)	(16)

26.1 Life policy reserve

(Unit: Million Baht)

Consolidated financial statements		
For the years ended 31 December		
	2018	2017
Balance - beginning of the year	8,953	9,558
Insurance policy reserves increased from new policies and enforced policies	116	137
Insurance policy reserves decreased from benefit paid, lapse, surrender and others	(1,238)	(1,063)
Assumptions changes	(76)	150
Experience adjustments	148	200
Other adjustments	-	(29)
Balance - end of the year	7,903	8,953

26.2 Loss reserves and outstanding claims

(Unit: Million Baht)

Consolidated financial statements		
For the years ended 31 December		
	2018	2017
Balance - beginning of the year	1,701	1,559
Claim expenses for the year	4,733	3,949
Change in loss reserves and outstanding in claims and assumption	280	152
Claim expenses paid during the year	(5,019)	(3,959)
Balance - end of the year	1,695	1,701

26.3 Unearned premium reserve

(Unit: Million Baht)

Consolidated financial statements		
For the years ended 31 December		
	2018	2017
Balance - beginning of the year	3,851	3,408
Premium written for the year	8,722	7,655
Premium earned during the current year	(8,192)	(7,212)
Balance - end of the year	4,381	3,851

26.4 Unexpired risks reserve

(Unit: Million Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2018	2017
Balance - beginning of the year	63	19
Increase during the year	673	45
Expire during the year	(511)	(1)
Balance - end of the year	225	63

26.5 Insurance/Life insurance risk

Non-life insurance

Insurance Risk

Insurance risk is the risk that the frequency and severity of losses may deviate from the assumptions used in determining the premium rate, reserve calculations and underwriting. Insurance risk can be divided into three types, depending on the source of the risk, and these consist of product development and pricing risk, underwriting risk and claims management risk.

A subsidiary has insurance risk management procedures covering risk identification, risk assessment using risk measurement indexes like the estimated ultimate combine ratio and claim management, as well as the monitoring and reporting of risk, in order to ensure that risk is appropriately reflected.

Life insurance

Insurance Risk

Insurance risk is the risk that actual claim and benefit payments under life policies will differ from a subsidiary's expectations because fluctuations in frequency, violence and the timing result cause them to deviate from the assumptions that were used in determining premium rate, insurance reserve calculation and the underwriting process. Insurance risk is classified into 3 categories based on the source of risk, as follows:

A) Product development and product pricing risk

Product development and product pricing risk are the risks that premiums will not be sufficient to pay losses and benefits to the insured because the related risk factors, which are mortality rate, morbidity rate, lapse and surrender rates, and investment return rate, deviate from assumptions that used to determine premium rates that may be not appropriate and consistent with the current environment and the occurrence of disasters, violent incidents which have resulted in many deaths and injuries.

In addition, the subsidiary company launches life insurance products which are whole life-ordinary product, endowment-ordinary product, term-ordinary product, group product and other product but the majority of the subsidiary 's products is endowment-ordinary product so the subsidiary may have concentration risk in this product and high loss and underwriting cost in this product would be tend to reduce profits.

B) Underwriting risk

Underwriting risk is arising due to insufficient in underwriting process, no manuals or guidelines for determining underwriting process which are appropriate each risk factor and these are effect to incompleteness of risk assessment such as underwriting in high risk or underwriting which has premium not related to risk etc.

C) Claims management risk

Claim management risk is risk that the subsidiary company allocates insufficient long-term insurance policy reserves to cover its liabilities under insurance policies.

However, the subsidiary company manages the risk by designing new products that are competitive and meet customer needs, adjusting premium rates and conditions for underwriting processes so that they reflect the level of risk, and managing the amounts of short term and long term investments so that they are appropriate and in line with the situation in the money market and the capital market and the insurance maturity profile. It also reviews the correctness and appropriateness of the models used in the design of products, reviews the principles applied in the underwriting process to ensure they are current and consistent for each risk factor, review the reasonableness of the main assumptions used in estimating long-term insurance policy reserves and test the adequacy of the reserves by designing possible scenarios, such as changes in interest rates that would affect the discount rate, in order to ensure that the subsidiary company has adequate reserves to meet its obligations to its policyholders.

26.6 Unpaid policy benefits

(Unit: Million Baht)

	Consolidated financial statements	
	2018	2017
Death benefits	5	4
Surrender	1	-
Others	1	1
Total unpaid policy benefits	7	5

27. Payables from purchase and sale of securities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Payables from purchase and sale of securities	1,325	2,259	192	-

28. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other payables	2,917	2,741	221	219
Suspense cash received from accounts receivable	2,045	1,962	-	-
Income received in advance	1,758	1,830	-	-
Corporate income tax payable	1,013	408	-	-
Accrued personnel expenses	2,267	2,353	70	69
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	1,750	1,714	-	-
Accrued other expenses	2,158	1,431	4	3
Insurance premium received in advance	1,706	1,422	-	-
Payable to clearing house	795	1,269	-	-
Others	1,499	1,073	21	11
Total other liabilities	17,908	16,203	316	302

29. Share capital/Treasury stocks

During the year ended 31 December 2018, there is no conversion of preferred shares to the Company's common shares. Therefore, as at 31 December 2018, 13,216 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

As at 30 June 2018, the Company has 41,350,000 treasury shares valued at Baht 1,400 million that were repurchased during 10 February 2015 to 9 August 2015. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

On 27 August 2018, the Board of Directors of the Company approved a decrease of Baht 413,500,000 in the Company's registered share capital due to the end of treasury stock program, though the cancellation of 41,350,000 shares, valued at Baht 1,400 million. The Company registered the decrease in its share capital with the Ministry of Commerce on 31 August 2018 resulting in a decline in the issued and fully paid up share capital from Baht 12,064,797,030 to Baht 11,651,297,030. Of the difference between the treasury stock value and the par value, amounting to Baht 986 million, the Company recognised as a deduction against retained earnings. Moreover, the Company cancelled the appropriation of retained earnings as a reserve for treasury shares amounting Baht 1,400 million, and returned it to unappropriated retained earnings.

As at 31 December 2018, the Company has 14,874,400 treasury shares valued at Baht 765 million. In addition, in January 2019 the Company repurchased 4,592,600 shares with a value of Baht 235 million, and as a result there are a total of 19,467,000 treasury shares with a value of Baht 1,000 million, which is in line with the limit approved by the Board of Directors. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

30. Other components of equity

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Share premium of a subsidiary	776	776	-	-
Amount by which the value of investment in subsidiary/associate lower than attributable net book value	230	226	-	-
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	60	336	1	9
Equity instruments	988	1,110	653	718
Total	1,048	1,446	654	727
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(307)	(55)	-	-
Equity instruments	(297)	(164)	(5)	-
Total	(604)	(219)	(5)	-
Total revaluation surplus on investments	444	1,227	649	727
Less: The effect of deferred tax liabilities	(93)	(249)	(130)	(145)
Net revaluation surplus on investments	351	978	519	582
Revaluation surplus on assets	776	802	15	15
Less: The effect of deferred tax liabilities	(155)	(160)	(3)	(3)
Net revaluation surplus on assets	621	642	12	12
Share of other comprehensive income of associate	326	399	-	-
Less: The effect of deferred tax liabilities	(11)	(14)	-	-
Net share of other comprehensive income of associate	315	385	-	-
Share of surplus from the change in the ownership interests in subsidiaries of the associate	61	62	-	-
Less: The effect of deferred tax liabilities	(2)	(2)	-	-
Net share of surplus from the change in the ownership interests in subsidiaries of the associate	59	60	-	-
Total	2,352	3,067	531	594

31. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit 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.

As at 31 December 2018, the statutory reserve has fully been set aside.

32. Capital funds

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have an appropriate financial structure and to preserve the ability to continue their businesses as going concerns. Moreover, the Company and its subsidiaries have legal requirements and rules specific to their areas of business regarding maintenance of capital funds, cash, liquidity and other matters.

As at 31 December 2018 and 2017 the capital funds of the Company and its subsidiaries, calculated in accordance with the BOT regulation regarding "Consolidated Supervision", consist of the following:

	(Unit: Million Baht)	
	2018	2017
<u>Tier I capital</u>		
Common Equity Tier I capital		
Issued and fully paid-up share capital less treasury shares	10,886	10,665
Share premium	2,066	2,066
Statutory reserve	1,278	1,278
Retained earnings - unappropriated	45,200	41,263
Other components of equity		
Accumulated other comprehensive income	955	1,619
Other components of changes in equity	776	776
Portion of non-controlling interest of subsidiary operating		
commercial banking business qualifying as Tier I capital	60,527	57,527
Less: Deductions from Common Equity Tier I capital	(19,720)	(19,613)
Total Common Equity Tier I capital	101,968	95,581
Total Tier I capital	101,968	95,581
<u>Tier II capital</u>		
Subordinated debentures	11,773	12,061
Reserve for assets classified as normal	8,706	8,412
Total Tier II capital	20,479	20,473
Total capital funds	122,447	116,054

As at 31 December 2018 and 2017, the capital adequacy ratios of the financial group calculated in accordance with the Notification of the BOT are as follows:

	2018		2017	
	Capital ratio of the financial group	Minimum BOT requirement	Capital ratio of the financial group	Minimum BOT requirement
Total capital to risk-weighted assets (percent)	15.57	10.375	15.33	9.75
Total Tier I to risk-weighted assets (percent)	12.97	7.875	12.62	7.25
Total Common Equity Tier I to risk-weighted assets (percent)	12.97	6.375	12.62	5.75

In compliance with the Notification of the BOT regarding Consolidated Supervision, the Company has to disclose qualitative and quantitative information about the capital requirements of the Company and its subsidiaries in the financial group (Full Consolidation). The Company will disclose capital requirement information as at 31 December 2018 on its website at www.thanachart.co.th within April 2019 and have disclosed capital requirement information as at 30 June 2018 on the website since October 2018.

33. Dividends

During the years ended 31 December 2018 and 2017, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Interim dividend for the first half-year of 2018	The Company's Board of Directors on 24 September 2018	1,165	1.00	22 October 2018
Dividend for the second half-year of 2017	The Annual General Meeting of shareholders on 25 April 2018	1,515	1.30	17 May 2018
		2,680	2.30	
Interim dividend for the first half-year of 2017	The Company's Board of Directors on 25 September 2017	1,049	0.90	20 October 2017
Dividend for the second half-year of 2016	The Annual General Meeting of shareholders on 5 April 2017	1,398	1.20	3 May 2017
		2,447	2.10	

34. Interest income

Interest income for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2018	2017
Interbank and money market items	1,779	1,391
Investments and trading transactions	257	238
Investments in debt securities	2,689	3,191
Loans to customers	17,579	17,786
Hire purchase and financial lease	24,255	22,075
Total interest income	46,559	44,681

35. Interest expenses

Interest expenses for the years ended 31 December 2018 and 2017 consisted of the following:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2018	2017
Deposits	9,063	8,698
Interbank and money market items	997	791
Contribution fee to the Financial Institutions Development Fund and the Deposit Protection Agency	3,482	3,348
Debts issued and borrowings		
- Subordinated debentures	-	370
- Unsubordinated debentures/short-term debentures	1,140	1,197
- Subordinated instruments	1,077	1,077
- Others	21	22
Borrowings cost	12	8
Total interest expenses	15,792	15,511

36. Fees and service income

Fees and service income for the years ended 31 December 2018 and 2017 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Fees and service income				
Acceptance, aval and guarantees	200	202	-	-
Brokerage fee from securities/derivatives	1,251	1,323	-	-
Hire purchase fee income	1,603	1,547	-	-
Credit card fee	1,187	1,065	-	-
ATM and electronic banking services	893	886	-	-
Insurance brokerage fee income	2,061	1,851	-	-
Others	3,049	2,223	1	-
Total fees and service income	10,244	9,097	1	-
Fees and service expenses	(3,586)	(3,207)	(1)	-
Net fees and service income	6,658	5,890	-	-

37. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the years ended 31 December 2018 and 2017 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Foreign exchange and derivatives relating to foreign exchange	352	277	-	-
Derivatives relating to interest rate	(12)	64	-	-
Debt securities	(119)	211	-	-
Equity securities	(520)	(51)	-	-
Others	609	164	-	-
Total	310	665	-	-

38. Gains on investments

Gains on investments for the years ended 31 December 2018 and 2017 consisted of the following:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Gains (losses) on disposal of available-for-sale securities	(78)	917	6	17
Gain on the capital returned from a subsidiary	-	-	58	53
Gains on disposal of investment in an associate company	38	443	25	281
Gains on debt settlement from investments in receivables purchased	314	263	20	134
Reversal loss on impairment of investments	1	65	-	-
Others	184	220	-	-
Total	459	1,908	109	485

39. Insurance/Life insurance income

Insurance/life insurance income for the years ended 31 December 2018 and 2017 consisted of the following:

			(Unit: Million Baht)	
	Consolidated financial statements			
	2018	2017		
Gross premium written	9,079	8,093		
Less : Premium ceded to reinsurers	(1,031)	(519)		
Net insurance premium income	8,048	7,574		
Less: Unearned premium reserve increased from previous year	(247)	(218)		
Total	7,801	7,356		

40. Insurance expenses

Insurance expenses for the years ended 31 December 2018 and 2017 consisted of the following:

		(Unit: Million Baht)	
		Consolidated financial statements	
		2018	2017
Gross claim and loss adjustment expense		4,103	3,658
Less: Claims recovery from reinsurers		(398)	(56)
Benefit payments under life policies and claims		2,064	1,448
Less: Benefit payment under life policies and claims refundable from reinsurers		(27)	(34)
Commissions and brokerages expenses		334	231
Less: Refundable commissions and brokerages expenses from reinsurers		(291)	(141)
Other underwriting expense		(792)	(355)
Total		4,993	4,751

41. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 55 million (separate financial statement: Baht 26 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders of the Company and its subsidiaries.

42. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2018 and 2017 consisted of the following:

		(Unit: Million Baht)	
		Consolidated	Separate
		financial statements	financial statements
		2018	2017
Impairment loss of loans (reversal)			
Interbank and money market items		(83)	21
Loans to customers		4,866	6,178
Reversal of revaluation allowance for debts restructured during the year		-	(1)
Loss from impairment of investments in receivables purchased		2	38
Total		4,785	6,236

43. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2018 and 2017 are as the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Other comprehensive income				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Available-for-sale securities:				
Unrealised gains (losses) during the year	(1,539)	2,247	(72)	131
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	78	(917)	(6)	(17)
	(1,461)	1,330	(78)	114
Share of other comprehensive income of an associate	(94)	33	-	-
Other comprehensive income (loss) for the year	(1,555)	1,363	(78)	114
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale investments	292	(266)	16	(23)
Income tax - other comprehensive income (loss) of an associate	5	(1)	-	-
Impact from related income taxes	297	(267)	16	(23)
	(1,258)	1,096	(62)	91
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Actuarial gains (losses) on defined benefit plan	4	(236)	(1)	(2)
Other comprehensive income (loss) for the year	4	(236)	(1)	(2)
Impact from related income taxes:				
Income tax - actuarial gains (losses) on defined benefit plan	-	46	-	-
Impact from related income taxes	-	46	-	-
	4	(190)	(1)	(2)
Other comprehensive income for the year - net	(1,254)	906	(63)	89

44. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the year, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the year, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential common shares were issued.

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	7,839,428	7,001,170	1,163,843	1,165,117	6.74	6.01
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	7,839,428	7,001,170	1,163,856	1,165,130	6.74	6.01

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2018	2017	2018	2017	2018	2017
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	3,316,439	2,379,238	1,163,843	1,165,117	2.85	2.04
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	3,316,439	2,379,238	1,163,856	1,165,130	2.85	2.04

45. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 2 - 15 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year ended 31 December 2018, amounting to Baht 431 million was contributed to the fund by the Company and its subsidiaries (separate financial statements: Baht 7 million) (2017: Baht 427 million in the consolidated financial statements and Baht 7 million in the separate financial statements).

46. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	2018	2017	2018	2017	(For the year 2018)
Transactions occurred during the years					
Subsidiary companies					
Purchase of debt securities	-	-	743	697	At market price
Sales of debt securities	-	-	1,286	266	At market price
Capital returned from a subsidiary company (2018: gain Baht 58 million 2017: gain Baht 53 million)	-	-	709	93	At the net assets value
Interest income	-	-	59	51	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	3,418	2,647	As declared
Rental and other service income	-	-	57	47	At the rate agreed under the contract
Other expenses	-	-	1	2	
Associated company					
Dividend income	-	-	126	124	As declared
Other income	-	1	-	-	
Interest expenses	6	4	-	-	At interest rate of 0.40 , 5.65 and 6.65 percent per annum
Dividend paid	-	-	298	273	As declared
Other expenses	105	129	12	11	
Related companies					
Purchase of debt securities	2,932	5,979	-	-	At market price
Sales of debt securities	1,231	4,587	-	-	At market price
Purchase/sales of forward exchange contracts	20,305	58,439	-	-	At market price
Interest income	228	215	-	-	At interest rate of 1.30 - 7.65 percent per annum
Dividend income	90	82	42	39	As declared
Insurance premium/life insurance premium income	4	12	-	-	At the rate agreed under the contract
Other income	2	4	-	-	
Interest expenses	321	198	-	-	At interest rate of 0.40 - 2.92 percent per annum

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated		Separate		
	financial statements		financial statements		Transfer pricing policy
	2018	2017	2018	2017	(For the year 2018)
<u>Transactions occurred during the years</u>					
<u>Related companies (continued)</u>					
Dividend paid	3,061	2,377	-	-	As declared
Project management expenses	41	29	11	13	At the contract price calculated by reference to estimated usage time
Other expenses	203	196	7	6	

The outstanding balances of the above transactions during the years ended 31 December 2018 and 2017 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	521	127
Loans to customers	-	-	964	748
<u>Associated company</u>				
Deposits	177	75	-	-
Debt issued and borrowings	95	54	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	65	213	-	-
Loans to customers	5,757	6,361	-	-
Investment in debt securities	49	1,020	-	-
Deposits	1,721	1,606	-	-
Interbank and money market items (liabilities)	12,998	13,661	-	-

As at 31 December 2018 and 2017, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

Consolidated financial statements									
2018									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Associated company									
MBK Plc.	-	-	-	29	327	-	134	2	-
Related companies									
Other related companies	11	-	5,575	32	1,366	13,022	-	58	1,348
	11	-	5,575	61	1,693	13,022	134	60	1,348

(Unit: Million Baht)

Consolidated financial statements									
2017									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Associated company									
MBK Plc.	-	-	-	29	56	-	58	2	-
Related companies									
Other related companies	301	591	5,839	36	1,478	13,138	-	32	698
	301	591	5,839	65	1,534	13,138	58	34	698

(Unit: Million Baht)

Separate financial statements

	2018								
	Assets				Liabilities				
	Interbank	Investments	Loans to	Other	Interbank	Debt issued	Other	Commitments	
	and money	- debt	customers		and money	and			
	market	securities	and interest		market	borrowings	liabilities		
	items		receivables	assets	Deposits	items			
Subsidiary companies									
Thanachart Bank Plc.	23	-	-	200	-	-	-	3	-
Thanachart Securities Plc.	-	-	-	-	-	-	-	192	-
NFS Asset Management Co., Ltd.	-	-	702	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	-	663	-	-	-	-	-	-
TM Broker Co., Ltd.	-	-	2	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	23	-	1,367	203	-	-	-	195	-

(Unit: Million Baht)

Separate financial statements

	2017								
	Assets				Liabilities				
	Interbank	Investments	Loans to	Other	Interbank	Debt issued	Other	Commitments	
	and money	- debt	customers		and money	and			
	market	securities	and interest		market	borrowings	liabilities		
	items		receivables	assets	Deposits	items			
Subsidiary companies									
Thanachart Bank Plc.	22	-	-	-	-	-	-	1	-
Thanachart Securities Plc.	-	-	-	1	-	-	-	-	-
NFS Asset Management Co., Ltd.	-	-	420	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	-	281	-	-	-	-	-	-
TM Broker Co., Ltd.	-	-	2	-	-	-	-	-	-
Associated company									
MBK Plc.	-	-	-	3	-	-	-	-	-
	22	-	703	4	-	-	-	1	-

As at 31 December 2018 and 2017, the Company has loans to subsidiary companies as follows:

		(Unit: Million Baht)	
Company's name	Interest rate	Outstanding balances	
		2018	2017
	(For the year 2018)		
Max Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	663	281
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	702	420
TM Broker Co., Ltd.	MLR of Thanachart Bank - 1%	2	2
Total		1,367	703

As at 31 December 2018, the Company and its subsidiaries have investments amounting to Baht 1,694 million (Baht 814 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2017: Baht 1,835 million in the consolidated financial statements and Baht 878 million in the separate financial statements).

As at 31 December 2018 and 2017, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Loans to customers	103	88	-	-
Deposits	1,204	1,527	-	-

Directors and management's remuneration

During the years 2018 and 2017, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	771	773	103	97
Post-employment benefits	16	17	1	1
	787	790	104	98

47. Financial information classified by operating segment

47.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2018 and 2017, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2018			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,060,687	28,079	(27,837)	1,060,929
Interbank and money market items (assets)	112,886	14,068	(27,837)	99,117
Investments	156,491	13,946	-	170,437
Investment in an associated company	3,027	-	-	3,027
Loans to customers and accrued interest receivables	731,125	-	-	731,125
Deposits	751,917	-	-	751,917
Interbank and money market items (liabilities)	71,923	27,837	(27,837)	71,923
Debt issued and borrowings	55,013	-	-	55,013

(Unit: Million Baht)

Consolidated financial statements				
2017				
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,025,209	23,728	(23,412)	1,025,525
Interbank and money market items (assets)	104,446	14,884	(23,412)	95,918
Investments	169,912	8,791	-	178,703
Investment in an associated company	2,827	-	-	2,827
Loans to customers and accrued interest receivables	688,844	-	-	688,844
Deposits	716,091	-	-	716,091
Interbank and money market items (liabilities)	82,343	23,412	(23,412)	82,343
Debt issued and borrowings	51,596	-	-	51,596

(Unit: Million Baht)

Consolidated financial statements				
2018				
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	46,450	785	(676)	46,559
Interest expenses	(15,792)	(676)	676	(15,792)
Net interest income	30,658	109	-	30,767
Net fees and service income	6,658	-	-	6,658
Net insurance/life insurance income	2,808	-	-	2,808
Other operating income	3,942	-	-	3,942
Other operating expenses	(20,979)	-	-	(20,979)
Impairment loss of loans and debt securities	(4,785)	-	-	(4,785)
Profit before income tax	18,302	109	-	18,411
Income tax	(2,605)	-	-	(2,605)
Profit before non-controlling interests	15,697	109	-	15,806

(Unit: Million Baht)

	Consolidated financial statements			
	2017			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	44,610	368	(297)	44,681
Interest expenses	(15,511)	(297)	297	(15,511)
Net interest income	29,099	71	-	29,170
Net fees and service income	5,890	-	-	5,890
Net insurance/life insurance income	2,605	-	-	2,605
Other operating income	4,933	(26)	-	4,907
Other operating expenses	(20,836)	-	-	(20,836)
Impairment loss of loans and debt securities	(6,236)	-	-	(6,236)
Profit before income tax	15,455	45	-	15,500
Income tax	(1,159)	-	-	(1,159)
Profit before non-controlling interests	14,296	45	-	14,341

47.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business and Fund management; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	2018							
	The Company	Banking business	Securities business and Fund management	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations
								Consolidated
Net interest income	(491)	28,365	207	266	204	36	2,341	(161)
Other operating income	4,048	9,251	2,564	(170)	2,088	464	1,336	(6,173)
Other operating expenses	(233)	(17,784)	(1,224)	(138)	(998)	(116)	(1,031)	545
Impairment loss of loans and debt securities	(8)	(4,465)	-	-	-	17	(389)	60
Profit before income tax	3,316	15,367	1,547	(42)	1,294	401	2,257	(5,729)
Income tax	-	(1,456)	(300)	17	(252)	(110)	(431)	(73)
Profit before non-controlling interests	3,316	13,911	1,247	(25)	1,042	291	1,826	(5,802)

(Unit: Million Baht)

	2017							
	The Company	Banking business	Securities business and Fund management	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations
								Consolidated
Net interest income	(507)	27,138	169	310	186	104	1,887	(117)
Other operating income	3,304	9,645	2,408	(108)	2,074	171	1,160	(5,252)
Other operating expenses	(229)	(17,702)	(1,292)	(136)	(958)	(109)	(980)	570
Impairment loss of loans and debt securities	(36)	(5,935)	-	-	-	48	(515)	202
Profit before income tax	2,532	13,146	1,285	66	1,302	214	1,552	(4,597)
Income tax	(153)	(11)	(250)	1	(251)	(95)	(298)	(102)
Profit before non-controlling interests	2,379	13,135	1,035	67	1,051	119	1,254	(4,699)

The segment assets of the Company and its subsidiaries as at 31 December 2018 and 2017 are as follow:

(Unit: Million Baht)

	The Company	Banking business	Securities business and Fund management	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 December 2018	37,644	984,124	9,557	9,765	14,494	4,622	48,658	(47,935)	1,060,929
As at 31 December 2017	38,150	954,460	12,306	10,610	13,452	4,782	40,617	(48,852)	1,025,525

47.3 Major of principal customers

In the years 2018 and 2017, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

48. Encumbrance of assets

As at 31 December 2018 and 2017, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

			(Unit: Million Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Interbank and money market items (assets)				
Placed at insurance registrar	750	770	-	-
Placed at court	2	3	-	-
Investments in securities				
Placed at insurance registrar	2,193	2,462	-	-
Placed at court	13	30	-	-
Security lending	-	10	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	1	2	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	288	30	-	-
	3,248	3,308	-	-

49. Commitments and contingent liabilities

As at 31 December 2018 and 2017, significant commitments and contingent liabilities consisted of:

49.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Aval to bills	303	115	-	-
Guarantees of loans	2,402	2,291	-	-
Liability under unmatured import bills	283	270	-	-
Letter of credits	759	1,045	-	-
Other obligations				
Committed (but not drawn) overdraft	22,341	23,832	-	-
Others	61,019	55,644	1	1
Total	87,107	83,197	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 7 to the financial statements.

49.2 As at 31 December 2018, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

Year	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Other companies	Other companies
2019	1,867	11
2020	1,345	3
2021 onward	1,361	1

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

49.3 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and those of BMB to Petchburi Asset Management Co., Ltd. (“PAM”), before they were transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). Subsequently, SCIB transferred its entire business, including commitments and agreements with PAM and/or SAM, to Thanachart Bank, effective from 1 October 2011. Thanachart Bank thus has commitments as a result of such transfer. However, the commitments of the Financial Institutions Development Fund (“FIDF”) to SCIB have been transferred to/assumed by Thanachart Bank as the purchaser of SCIB’s shares from FIDF. As at 31 December 2018, outstanding obligations are summarised below.

- a) There was an outstanding difference of Baht 2 million, as a result of the transfer of assets to SAM. These comprised receivables awaiting collection and the difference is presented under other assets in the statements of financial position. Such amount relate to transfers of guarantee claims, for which there are pending issues with regard to proof of rights of claim or the qualification of the assets transferred under the conditions set out in the transfer agreements. Such differences, for which full allowance for doubtful debts has been set aside, are now being examined and/or negotiated among Thanachart Bank, SAM and the FIDF for final resolution.
- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back, to request price adjustments or to request settlement together with interest. The major pending issue relates to the proof of rights of claim over these assets.

As at 31 December 2018, the transferred assets which SAM is re-examining totaling Baht 29 million of transactions incurred by BMB. If losses arise, Thanachart Bank will receive compensation for those from FIDF and any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to approximately Baht 29 million.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to Baht 452 million, as disclosed under contingent liabilities in Note 50 to the financial statements.

- d) Outstanding letters of guarantee.

The FIDF deposited an amount equal to the loss compensation limit with Thanachart Bank in FIDF's account. This deposit account is to compensate for losses incurred as a result of the transfer of business from BMB, if actual losses are incurred due to the outstanding issues described in a), b), c) and d) above. As at 31 December 2018, the deposit account of the FIDF with Thanachart Bank to fund the payment of compensation for losses has an outstanding balance of approximately Baht 407 million.

However, Thanachart Bank and SAM had a meeting and mutually agreed a resolution to such pending issues. Thanachart Bank believes that no significant further loss will be incurred, other than losses for which it has already set aside full allowance for doubtful debts and/or amount that will be compensated by FIDF.

50. Contingent liabilities/litigation

- a) As at 31 December 2018, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 2,419 million (separate financial statements: Baht 215 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities for litigation mentioned above in the consolidated financial statements amounting to Baht 452 million, relates to lawsuits involving Thanachart Bank, as a result of the transfer of business from BMB to SCIB, Thanachart Bank is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF.

- b) Furthermore, an organization supervised by a government agency requested that a subsidiary pay compensation amounting to Baht 2,100 million, plus interest at 7.5 percent per annum. The management of a subsidiary is confident that no loss will be incurred.

51. Letter of guarantees

As at 31 December 2018, the Company and its subsidiaries had letter of guarantees issued by banks on behalf of the Company and its subsidiaries, amounting approximately Baht 30 million, placed for electricity usage (separate financial statements: Baht 1 million).

52. Financial instruments

Financial instruments are any contracts which give rise to both a financial assets of one enterprise and a financial liability or equity instruments of another enterprise.

52.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

52.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2018 and 2017, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	11,022	11,022
Interbank and money market items	1,351	90,382	7,504	99,237
Derivatives assets	-	-	2,005	2,005
Investments	838	158,662	10,869	170,369
Loans to customers ⁽¹⁾	213,812	540,541	260	754,613
Receivables from purchase and sale of securities	-	-	2,640	2,640
Other assets - receivable from clearing house	-	-	64	64
<u>Financial liabilities</u>				
Deposits	361,816	383,034	7,067	751,917
Interbank and money market items	17,924	52,695	1,304	71,923
Liability payable on demand	-	-	1,163	1,163
Derivatives liabilities	-	-	2,097	2,097
Debt issued and borrowings	137	54,876	-	55,013
Payables from purchase and sale of securities	-	-	1,325	1,325
Other liabilities - payable to clearing house	-	-	795	795

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2017			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	11,453	11,453
Interbank and money market items	1,063	88,486	6,556	96,105
Derivatives assets	-	-	2,889	2,889
Investments	956	166,664	9,421	177,041
Loans to customers ⁽¹⁾	221,104	491,500	157	712,761
Receivables from purchase and sale of securities	-	-	3,127	3,127
Other assets - receivable from clearing house	-	-	343	343
<u>Financial liabilities</u>				
Deposits	304,946	404,079	7,066	716,091
Interbank and money market items	16,875	63,761	1,707	82,343
Liability payable on demand	-	-	1,989	1,989
Derivatives liabilities	-	-	2,868	2,868
Debt issued and borrowings	62	51,534	-	51,596
Payables from purchase and sale of securities	-	-	2,259	2,259
Other liabilities - payable to clearing house	-	-	1,269	1,269

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	2018			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	13	-	11	24
Investments	498	490	371	1,359
Loans to customers ⁽¹⁾	1,382	70	12	1,464
Receivables from purchase and sale of securities	-	-	289	289
<u>Financial liabilities</u>				
Debt issued and borrowings	-	12,200	-	12,200
Payables from purchase and sale of securities	-	-	192	192

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements			
	2017			
	Floating interest rate	Fixed interest rate	Non- interest bearing	Total
<u>Financial assets</u>				
Interbank and money market items	15	-	7	22
Investments	529	1,183	499	2,211
Loans to customers ⁽¹⁾	722	70	13	805
<u>Financial liabilities</u>				
Debt issued and borrowings	-	12,700	-	12,700

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Consolidated financial statements							
Transactions	2018						Weighted average interest rates
	Repricing or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
	Percent						
<u>Financial assets</u>							
Interbank and money market items	850	86,032	3,500	-	-	90,382	1.38 - 2.50
Investments	-	59,520	14,105	79,353	5,684	158,662	1.23 - 3.88
Loans to customers	6,511	36,361	19,492	241,421	236,756	540,541	1.28 - 10.55
<u>Financial liabilities</u>							
Deposits	18	127,523	212,005	43,488	-	383,034	1.60
Interbank and money market items	920	38,257	11,281	1,749	488	52,695	1.88 - 1.95
Debt issued and borrowings	330	2,477	6,724	24,915	20,430	54,876	1.00 - 3.97

(Unit: Million Baht)

	Consolidated financial statements						
	2017						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<u>Financial assets</u>							
Interbank and money market items	750	79,073	6,963	500	1,200	88,486	0.35 - 2.11
Investments	-	25,894	14,454	119,277	7,039	166,664	1.90 - 3.88
Loans to customers	4,643	44,916	25,871	240,130	175,940	491,500	1.28 - 10.58
<u>Financial liabilities</u>							
Deposits	51	129,188	233,576	41,264	-	404,079	1.60
Interbank and money market items	1,699	39,070	20,759	1,118	1,115	63,761	1.44 - 1.90
Debt issued and borrowings	388	893	6,200	21,823	22,230	51,534	1.00 - 5.52

(Unit: Million Baht)

Separate financial statements							
Transactions	2018						Weighted average interest rates
	Repricing or maturity date						
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
	Percent						
<u>Financial assets</u>							
Investments	-	170	130	190	-	490	2.88
Loans to customers	70	-	-	-	-	70	10.55
<u>Financial liabilities</u>							
Debt issued and borrowings	-	-	3,600	7,700	900	12,200	3.97

(Unit: Million Baht)

	Separate financial statements						
	2017						
	Repricing or maturity date						Weighted
		0 - 3	3 - 12	1 - 5	Over 5		average
Transactions	At call	months	months	years	years	Total	interest rates
							Percent
<u>Financial assets</u>							
Investments	-	-	813	370	-	1,183	2.67
Loans to customers	70	-	-	-	-	70	10.58
<u>Financial liabilities</u>							
Debt issued and borrowings	-	500	3,100	6,400	2,700	12,700	4.58

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years 2018 and 2017 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements						
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	88,894	1,779	2.00	60,378	1,391	2.30
Investments and trading operations	14,335	257	1.79	13,483	238	1.77
Investments in debt securities	135,887	2,689	1.98	159,485	3,191	2.00
Loans to customers/hire purchase and financial lease	711,447	41,834	5.88	681,458	39,861	5.85
<u>Interest bearings financial liabilities</u>						
Deposits	706,411	12,545	1.78	683,002	12,046	1.76
Interbank and money market items	70,993	997	1.40	67,105	791	1.18
Debt issued and borrowings	54,175	2,250	4.15	59,000	2,674	4.53

(Unit: Million Baht)

Separate financial statements						
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	balances		rate	balances		rate
			(Percent)			(Percent)
<u>Interest bearings financial assets</u>						
Interbank and money market items	512	6	1.09	120	-	0.32
Investments in debt securities	1,041	20	1.97	1,172	24	2.05
Loans to customers/hire purchase and financial lease	1,000	54	5.69	742	51	6.77
<u>Interest bearings financial liabilities</u>						
Debt issued and borrowings	12,715	572	4.50	12,585	582	4.63

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 31 December 2018 and 2017 can be summarised as follows:

(Unit: Million Baht)

Consolidated financial statements					
2018					
	US Dollar	Euro	Yen	Australian Dollar	Others
<u>Foreign currency in the statements of financial position</u>					
Cash	192	94	21	14	43
Interbank and money market items	1,337	70	79	29	181
Investments	17,386	-	-	-	-
Loans to customers and accrued interest receivable	10,103	51	30	1,377	10
Other assets	296	-	-	-	-
Total assets	29,314	215	130	1,420	234
Deposits	519	23	1	31	57
Interbank and money market items	14,098	1	-	-	-
Total liabilities	14,617	24	1	31	57
Net	14,697	191	129	1,389	177
<u>Foreign currency commitments</u>					
Guarantees of loans	800	1	-	-	-
Liability under unmatured import bills	196	3	27	-	-
Letter of credits	609	48	18	-	3
Others commitments	544	5	-	-	-

(Unit: Million Baht)

Consolidated financial statements

2017

Australian

	US Dollar	Euro	Yen	Dollar	Others
Foreign currency in the statements of					
<u>financial position</u>					
Cash	81	56	8	7	24
Interbank and money market items	9,227	45	99	26	158
Investments	10,442	-	-	-	-
Loans to customers and accrued interest receivable	14,167	67	87	1,535	8
Other assets	507	-	-	-	-
Total assets	34,424	168	194	1,568	190
Deposits	1,554	14	60	41	70
Interbank and money market items	15,537	1	-	-	-
Total liabilities	17,091	15	60	41	70
Net	17,333	153	134	1,527	120

Foreign currency commitments

Guarantees of loans	930	1	-	-	-
Liability under unmatured import bills	202	7	12	-	-
Letter of credits	813	109	19	4	4
Others commitments	567	5	-	-	1

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

Consolidated financial statements					
2018					
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	40,304	214	225	1	674
- Sold	37,035	348	346	1,378	828
Cross currency and interest rate swap contracts					
- Bought	2,378	-	-	-	-
- Sold	19,962	-	-	-	-
Interest rate swap contracts					
- Bought	66,154	-	-	-	-
- Sold	66,154	-	-	-	-

(Unit: Million Baht)

Consolidated financial statements					
2017					
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	43,563	845	170	54	553
- Sold	49,685	985	303	1,575	661
Cross currency and interest rate swap contracts					
- Bought	3,827	-	-	-	-
- Sold	14,431	-	-	-	-
Interest rate swap contracts					
- Bought	64,098	-	-	-	-
- Sold	64,098	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

52.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2018 and 2017 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2018				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	11,022	-	-	-	11,022
Interbank and money market items	9,704	89,533	-	-	99,237
Derivatives assets	-	670	1,335	-	2,005
Investments	843	73,362	85,300	10,864	170,369
Loans to customers ⁽¹⁾	41,158	187,162	526,293	-	754,613
Receivables from purchase and sale of securities	-	2,640	-	-	2,640
Other assets - receivable from clearing house	-	64	-	-	64
<u>Financial liabilities</u>					
Deposits	364,735	342,845	44,337	-	751,917
Interbank and money market items	22,398	47,288	2,237	-	71,923
Liability payable on demand	1,163	-	-	-	1,163
Derivatives liabilities	-	703	1,394	-	2,097
Debt issued and borrowings	467	9,201	45,345	-	55,013
Payables from purchase and sale of securities	-	1,325	-	-	1,325
Other liabilities - payable to clearing house	-	795	-	-	795
<u>Commitments</u>					
Aval to bill	2	291	10	-	303
Guarantees of loans	87	2,315	-	-	2,402
Liability under unmatured import bills	57	226	-	-	283
Letter of credits	31	728	-	-	759
Other commitments	37,732	43,858	1,770	-	83,360

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Consolidated financial statements					
Transactions	2017				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	11,453	-	-	-	11,453
Interbank and money market items	8,369	86,036	1,700	-	96,105
Derivatives assets	-	1,069	1,820	-	2,889
Investments	961	45,416	121,273	9,391	177,041
Loans to customers ⁽¹⁾	40,579	195,236	476,946	-	712,761
Receivables from purchase and sale of securities	-	3,127	-	-	3,127
Other assets - receivable from clearing house	-	343	-	-	343
<u>Financial liabilities</u>					
Deposits	307,410	365,945	42,736	-	716,091
Interbank and money market items	20,281	59,828	2,234	-	82,343
Liability payable on demand	1,989	-	-	-	1,989
Derivatives liabilities	-	1,319	1,549	-	2,868
Debt issued and borrowings	399	7,144	44,053	-	51,596
Payables from purchase and sale of securities	-	2,259	-	-	2,259
Other liabilities - payable to clearing house	-	1,269	-	-	1,269
<u>Commitments</u>					
Aval to bill	2	100	13	-	115
Guarantees of loans	87	2,204	-	-	2,291
Liability under unmatured import bills	48	222	-	-	270
Letter of credits	250	795	-	-	1,045
Other commitments	38,222	39,177	2,077	-	79,476

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
Transactions	2018				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	24	-	-	-	24
Investments	498	300	190	371	1,359
Loans to customers ⁽¹⁾	1,452	2	10	-	1,464
Receivables from purchase and sale of securities	-	289	-	-	289
<u>Financial liabilities</u>					
Debt issued and borrowings	-	3,600	8,600	-	12,200
Payables from purchase and sale of securities	-	192	-	-	192
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Separate financial statements					
Transactions	2017				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	22	-	-	-	22
Investments	529	813	370	499	2,211
Loans to customers ⁽¹⁾	788	2	15	-	805
<u>Financial liabilities</u>					
Debt issued and borrowings	-	3,600	9,100	-	12,700
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

52.4 Fair value

As at 31 December 2018 and 2017, the Company and its subsidiaries had the financial assets and financial liabilities which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Derivatives assets	1,719	1,719	-	1,719	-
Investments	165,487	165,487	7,751	157,736	-
Derivatives liabilities	1,763	1,763	2	1,761	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	5,426	5,426	-	-	5,426
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Cash	11,022	11,022	11,022	-	-
Interbank and money market items (assets)	99,117	99,117	8,851	64,095	26,171
Derivatives assets	286	315	-	315	-
Investments	4,950	11,048	-	714	10,334
Loans to customers	731,125	740,803	-	318,070	422,733
Receivables from purchase and sale of securities	2,640	2,640	-	2,640	-
Other assets - receivable from clearing house	64	64	-	64	-
Deposits	751,917	752,091	368,883	383,208	-
Interbank and money market items (liabilities)	71,923	71,923	19,227	33,275	19,421
Liability payable on demand	1,163	1,163	1,163	-	-
Derivatives liabilities	334	480	-	480	-
Debt issued and borrowings	55,013	55,830	-	55,830	-
Payables from purchase and sale of securities	1,325	1,325	-	1,325	-
Other liabilities - payable to clearing house	795	795	-	795	-

(Unit: Million Baht)

	Consolidated financial statements				
	2017				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Derivatives assets	2,518	2,518	-	2,518	-
Investments	174,031	174,031	6,244	167,787	-
Derivatives liabilities	2,511	2,511	-	2,511	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	5,552	5,552	-	-	5,552
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Cash	11,453	11,453	11,453	-	-
Interbank and money market items (assets)	95,918	95,918	7,571	55,998	32,349
Derivatives assets	371	529	-	529	-
Investments	4,672	10,459	-	356	10,103
Loans to customers	688,844	697,259	-	324,656	372,603
Receivables from purchase and sale of securities	3,127	3,127	-	3,127	-
Other assets - receivable from clearing house	343	343	-	343	-
Deposits	716,091	716,308	312,012	404,296	-
Interbank and money market items (liabilities)	82,343	82,345	18,581	46,920	16,844
Liability payable on demand	1,989	1,989	1,989	-	-
Derivatives liabilities	357	360	-	360	-
Debt issued and borrowings	51,596	53,391	-	53,391	-
Payables from purchase and sale of securities	2,259	2,259	-	2,259	-
Other liabilities - payable to clearing house	1,269	1,269	-	1,269	-

(Unit: Million Baht)

Separate financial statements

2018

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Investments	1,434	1,434	877	557	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	18	18	-	-	18
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Interbank and money market items (assets)	24	24	24	-	-
Investments	422	1,626	-	-	1,626
Loans to customers	1,378	1,378	-	1,366	12
Receivables from purchase and sale of securities	289	289	-	289	-
Debt issued and borrowings	12,200	12,741	-	12,741	-
Payables from purchase and sale of securities	192	192	-	192	-

(Unit: Million Baht)

Separate financial statements

2017

	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets and liabilities measured at fair value</u>					
Investments	2,333	2,333	941	1,392	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land	18	18	-	-	18
<u>Financial assets and liabilities for which fair value are disclosed</u>					
Interbank and money market items (assets)	22	22	22	-	-
Investments	454	1,655	-	-	1,655
Loans to customers	725	725	-	713	12
Debt issued and borrowings	12,700	13,629	-	13,629	-

Valuation techniques and inputs used for fair value measurement

Cash	- The fair value is assumed to approximate its book value in the statement of financial position.
Interbank and money market items (assets)	- The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature.
Derivatives	- The fair value is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty credit risk, as mentioned in Note 4.23 to the financial statements.
Investments	<ul style="list-style-type: none">- The fair value of marketable securities is based on the latest bid price of the last working day of the year.- The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association or on other markets.- The fair value of unit trusts is determined from their net asset value, as mentioned in Note 4.3 to the financial statements.- The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value.- The fair value of investments in receivables is calculated based on the present value of future cash flows expected to be derived from the sale of collateral.
Loans to customers	- The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and revaluation allowance for debt restructuring.

Loans to customers (continued)	<ul style="list-style-type: none"> - The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue. - The fair value of non-performing loans is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale or to approximate the net present value of the cash flows expected to be derived from the sale of collateral.
Land, premises and equipment - land	<ul style="list-style-type: none"> - The fair value of land is determined using market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.
Receivables and payables from purchase and sale of securities	<ul style="list-style-type: none"> - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Receivable from and payable to clearing house	<ul style="list-style-type: none"> - The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Deposits	<ul style="list-style-type: none"> - The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with no longer than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values. - The fair value of fixed rate deposits with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Thanachart Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	<ul style="list-style-type: none"> - The fair value of interbank and money market items payable on demand, floating rate deposits, fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values.

Interbank and money market items (liabilities) (continued)	- The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Thanachart Bank's announced interest rate for similar deposits.
Liabilities payable on demand	- The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book values. - The fair value of fixed rate debt issues and borrowings with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

52.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, as a result, the Company and its subsidiaries are able to maintain overall risk at acceptable levels.

As at 31 December 2018 and 2017, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2018			2017		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	41,418	-	41,418	45,185	-	45,185
- Sold	39,935	-	39,935	53,209	-	53,209
Cross currency and interest rate swap contracts						
- Bought	276	2,102	2,378	1,412	2,415	3,827
- Sold	438	19,524	19,962	5,680	8,751	14,431
Interest rate swap contracts						
- Paid fixed interest rate	32,174	129,237	161,411	38,084	116,132	154,216
- Paid floating interest rate	33,349	108,866	142,215	39,358	98,641	137,999
- Received fixed interest rate	33,349	108,266	141,615	39,358	98,041	137,399
- Received floating interest rate	32,174	129,837	162,011	38,084	116,732	154,816
Future contracts						
- Bought	53	-	53	239	-	239
- Sold	876	-	876	1,668	-	1,668
Derivative warrant contracts						
- Sold	9	-	9	1	-	1
Other						
- Sold	278	-	278	396	-	396

53. Events after the reporting period

On 25 February 2019, the Board of Directors of the Company passed a resolution to propose the payment of a dividend of Baht 1.60 per share, or a total of Baht 1,833 million, to the ordinary and preference shareholders, to be considered by the Annual General Meeting of Shareholders.

54. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2019.



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ABBREVIATIONS

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



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