

SMART
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ANNUAL REPORT 2020

Thanachart Capital Public Company Limited



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VISION

Being a holding company of the business group which generates appropriate and sustainable returns for all stakeholders.

PRINCIPLES OF BUSINESS OPERATIONS OF THANACHART GROUP

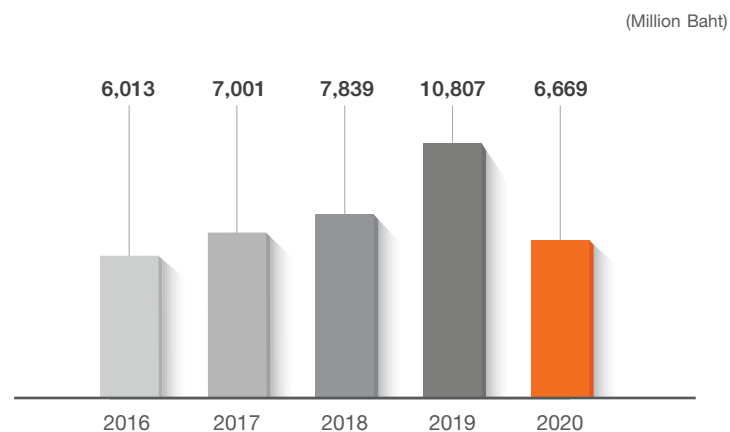
- 1 To compete in a morally responsible and ethical manner, achieving a good performance while taking into account both short-term and long-term effects.
- 2 To operate its businesses by respecting and being responsible for its shareholders and stakeholders.
- 3 To adhere to the business operations which care for the society and development or mitigate negative impacts on the environment.
- 4 To be able to make adjustments amidst changes in factors.



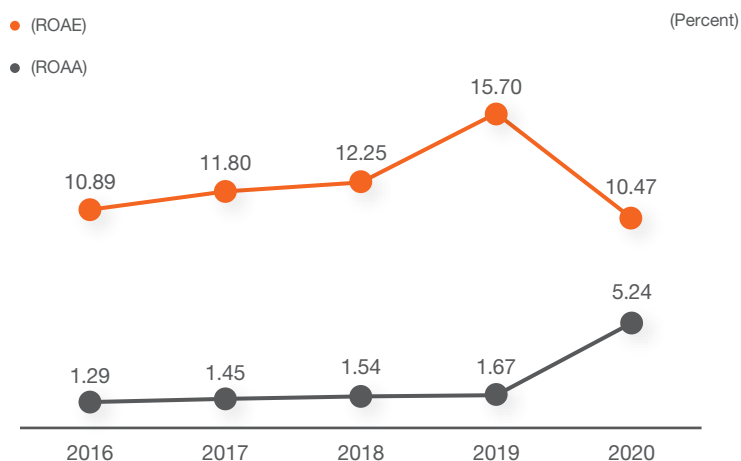


FINANCIAL HIGHLIGHTS

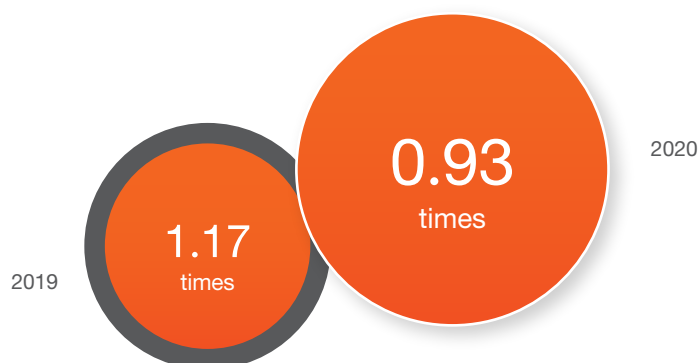
Profit attributable to the Company



Return on Average Assets (ROAA) and Return on Average Equity⁽¹⁾ (ROAE)



Debt to Equity Ratio (D/E Ratio)



Consolidated

As at or for the year ended 31 December	2020	2019	2018 (Restated)	2017	2016
Operating Performance (Million Baht)					
Interest Income	4,213	4,339	4,074	44,681	45,208
Interest Expenses	1,620	1,599	1,515	15,511	16,740
Net Interest Income	2,593	2,740	2,559	29,170	28,468
Non-interest Income	10,317	4,744	5,546	13,402	12,231
Net Operating Income	12,910	7,484	8,105	42,572	40,699
Other Operating Expenses	2,910	3,034	3,019	20,836	21,025
Expected Credit Loss/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	302	6,236	6,210
Profit before Income Tax	9,405	4,766	4,784	15,500	13,464
Income Tax	1,557	1,367	927	1,159	853
Profit for the Year from Continuing Operations	7,848	3,399	3,857	14,341	12,611
Profit for the Year from Discontinued Operations	-	13,361	11,949	-	-
Total Profit for the Year	7,848	16,760	15,806	14,341	12,611
Profit attributable to the Company	6,669	10,807	7,839	7,001	6,013
Profit attributable to Non-controlling Interest	1,179	5,953	7,967	7,340	6,598
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	5.24	1.67	1.54	1.45	1.29
Return on Average Equity ⁽¹⁾ (ROAE)	10.47	15.70	12.25	11.80	10.89
Debt to Equity Ratio (D/E Ratio) (times)	0.93	1.17	6.69	6.88	7.07
Financial Position (Million Baht)					
Loans to Customers and Accrued Interest Receivables - net	50,251	53,159	731,125	688,844	667,522
Total Assets	140,756	160,927	1,060,929	1,025,525	966,867
Total Liabilities	67,987	86,868	923,011	895,455	847,016
Total Equity	72,769	74,059	137,918	130,070	119,851
Equity Attributable to Owners of the Company	63,311	65,833	65,735	62,020	56,891
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	6.26	9.43	6.74	6.01	5.16
Book Value	60.38	57.46	57.15	53.23	48.83
Dividend ⁽²⁾	1.20	7.00	2.60	2.20	2.00
Common Shares Outstanding (Million Shares)					
Average-Basic	1,066	1,146	1,164	1,165	1,165
End of Year	1,049	1,146	1,150	1,165	1,165
Share Price ⁽³⁾ (Baht)					
Highest	57.00	59.50	60.25	58.00	44.75
Lowest	27.00	50.25	46.25	43.75	33.00
Closing	34.50	53.50	49.75	56.25	44.00
Market Capitalization (Million Baht)	40,197	62,334	57,965	65,539	51,266
Other Information					
Employees ⁽⁴⁾	1,864	2,062	13,893	13,885	14,763

Notes: ⁽¹⁾ ROAE is calculated from equity attributable to owners of the Company

⁽³⁾ Local Board / Highest and Lowest Share Prices During the Year

⁽²⁾ Dividend per share for 2020 is interim rate paid and Dividend per share for 2019 is interim rate paid plus special interim rate paid

⁽⁴⁾ Number of employees in 2020 and 2019 excludes employees of TBANK, TFUND, and TBROKE

Important Changes in the Last 10 Years



2010 - 2011

Merger between TBANK and SCIB



The Company came up with a merger plan for TBANK to buy a 47.58 percent equity stake in SCIB from the FIDF and to also make a tender to buy remaining ordinary shares from minority shareholders of SCIB in 2010. As a result, the total equity stake held by TBANK in SCIB amounted to 99.95 percent. In this connection, SCIB completed the Entire Business Transfer (EBT) to TBANK on 1 October 2011. ***This represented a historical merger in Thailand's commercial banking industry. The merger was also in line with the authorities' policy aimed at encouraging mergers among commercial banks to form a large bank. The objective of the policy was to strengthen the country's financial system and overall economy. The merger helped equip TBANK with higher capital and additional channels for giving services to both institutional and individual customers in more diverse business areas. As a result, TBANK was in the position most conducive for ensuring stability of income management as well as future growth.***

2013

Reaching Life Assurance Brokerage Service Agreement with Prudential

The Company allowed TBANK to enter into a cooperation agreement with Prudential, which enabled TBANK to offer life assurance products and services thru its branches. In this connection, TBANK sold its 100 percent equity stake in Thanachart Life Assurance Company Limited to Prudential, the world's leading financial group which offered insurance and financial services. ***As a result, TBANK was provided with a great opportunity not only to offer a diverse range of life assurance products to customers of Thanachart Group's member companies but also to significantly expand TBANK's life assurance brokerage business.***



2014

Non-life and Life Insurance Business Operations in Thanachart Group

The Company and MBK jointly purchased all the ordinary shares of Siam City Life Assurance Public Company Limited from TBANK and changed the name to MBK Life Assurance Public Company Limited. ***The acquisition served as a business operations strategy aimed at enabling Thanachart Group to operate both non-life and life insurance businesses again.***



2019

Major restructuring of Thanachart Group's business operations, turning the Company into a diversified investment holding company that generates stable returns for shareholders in the long term

The Company, as TBANK's parent company, changed the shareholding structures of Thanachart Group's member companies. In this connection, it sold all its equity stake in TBANK to TMB for the purpose of the merger between TMB and TBANK. Recognizing the potential and strengths of the two banks, the Company foresaw that the merger would produce a large commercial bank which almost doubled in size with total assets amounting to almost 2 trillion baht. Importantly, their business structures and expertise would support each other. The new bank which was created from the merger would be a bank whose number of customers increasing to about 10 million. This represented greater market potential, a larger market share as well as more business opportunities as a result of the two banks' combined competitiveness and expertise.

In this connection, ***the Company will become a diversified investment holding company. It invests in companies operating a variety of financial services businesses in which Thanachart Group has expertise. The Company is also a major shareholder of the new bank which is created from the merger. As a result, the Company will earn stable long-term returns on investment.***



MESSAGE FROM THE BOARD OF DIRECTORS

The COVID-19 pandemic has wreaked havoc globally since early 2020. Every country has implemented COVID-19 suppression measures. These include reduction of activities which encourage spread of the coronavirus, population mobility reductions as well as national lockdown and lockdown of some cities, which brought international travels to a standstill. As a result, the pandemic has had wide-ranging impacts on social and economic sectors of almost all countries in the world, including Thailand inevitably. In this connection, the Thai economy contracted by 6.1 percent in 2020. Numerous businesses related to tourism, hotels, shopping centers, restaurants, as well as real estate suffer losses or have to shut down permanently. A large number of employees and workers have been subject to pay cuts or layoffs. All of these have set off a chain reaction which severely affects borrower's ability to repay loans and the performance of financial institutions. It is necessary for the Thai government to launch several types of measures making use of special budgets which are huge in order to stimulate economy and support individuals who are hard hit by the situation.

As regards Thanachart Group in 2020, the Company which previously was a bank holding company, went through a major restructuring, turning itself into a diversified investment holding company. However, its shareholding in TMB still represented the majority of its investments. In this connection, the Company's various investments as at 2020 year end could be classified as follows:

- Having a 20.11 percent equity stake in TMB with an investment value amounting to 42,076 million baht,
- Having a 58.85 percent equity stake in THANI with an investment value amounting to 13,397 million baht,
- Having a 50.96 percent equity stake in TNI with an investment value amounting to 2,697 million baht,
- Having a 50.96 percent equity stake in TNS with an investment value amounting to 1,771 million baht,
- Having a 51.00 percent equity stake in MBK LIFE with an investment value amounting to 613 million baht,
- Having equity stakes in MAX AMC, NFS AMC, and TS AMC with a combined investment value amounting to 1,042 million baht,
- Having a 22.42 percent equity stake in MBK with an investment value amounting to 4,900 million baht,
- Real estate projects for sale and development with a net book value amounting to 1,598 million baht, and
- High liquid assets worth about 10 billion baht.



(Mr. Banterng Tantivit)
Chairman



As a result of the aforementioned restructuring of the Company, its income structure in 2020 changed significantly from the one in 2019. Based on the consolidated financial statements 2020 of the Company and its subsidiaries, total profit attributable to the Company amounted to 6,669 million baht. This was partly due to the gain from selling the Company's equity stake in Ajinomoto. If the gain which was a one-time item was not taken into account, it could be seen that normal net profit of the Company and its subsidiaries in 2020 decreased significantly as the share of profit from investments in TMB and MBK decreased. These companies were in the commercial banking industry, the shopping center industry and the hotel industry which were directly and adversely impacted by the COVID-19 pandemic crisis. Moreover, the Company was not yet in a position to make use of its excess liquidity from the restructuring, for making investments which would generate high rates of return as originally planned. This was mainly because the Board of Directors recognized the economic conditions were still highly volatile. It was considered appropriate for the Company to continue maintaining the high liquidity until it felt confident the COVID-19 pandemic crisis could be definitely and clearly lessened.




(Mr. Suphadej Poonpipat)

Vice Chairman

With regard to 2021, although there occurs a new upsurge of local COVID-19 transmission during the period from late 2019 to early 2020, the suppression measures are quite effective. Moreover, the government is making arrangements for having half of the country's population vaccinated against COVID-19 within 2021. As a result, the Thai economy will gradually recover. It is also expected that the Company's performance will be better than 2020. In relation to its business direction, the Company will not only continue keeping existing equity stakes in the various companies but will also support the business operations of all the companies, ensuring their strong financial positions. Moreover, the Company will consider making additional investments and operating businesses in which it has expertise, in a more aggressive manner. It will also broaden business networks of Thanachart Group's member companies, aiming to generate appropriate returns for shareholders in the long term. Early this year, the Board of Directors already adopted a resolution approving asset-based financing.

Sustainable business operation is always high on the Board of Directors's of priorities. In relation to the good corporate governance, the Board of Directors announced and put in place the Corporate Governance Policy and the Handbook of the Code of Ethics, the Anti-corruption Policy, the Risk Management Policy as well as other related policies. Moreover, it requested its subsidiaries to consider announcing and putting in place the policies similar to the ones adopted by the Company. In this connection, it closely monitored the implementation of the various policies. With regard to corporate social responsibility, the Company organized various activities related to business operations, which were of benefit to the society. In addition, it improved its business operations and its conduct of business affairs, aiming to reduce emissions of pollutants, conserve energy, and reduce the use of natural resources. The improvements augured well for the environment, the details of which were given under the topic titled Responsibility for Sustainable Operations of Thanachart Group in this Annual Report. In 2020, the member companies of Thanachart Group continued to be well received by external organizations, as witnessed by the various awards as follows:

- The Company and TNS were granted the Deal of the Year Awards at "the SET Awards 2020", for the merger between TMB and TBANK.



(Mr. Somjate Moosirilert)
Chief Executive Officer



- TNS was the Second Runner-Up on “the Best Local Brokerage” Ranking.

- TNI was granted “the Product of the Year Awards 2020”. It was also a winner of Insurance Awards under the category of “Best Claims Management Insurance Company”.

- The Company and THANI were selected as companies with outstanding performance in Environment, Society and Governance (ESG). Also noteworthy was the fact that they received an “Excellent” rating in the assessment of corporate governance, according to the Corporate Governance Report of Thai Listed Companies 2020 (CGR 2020).

- Thailand’s Private Sector Collective Action Coalition against Corruption (CAC) renewed the memberships of the Company and all member companies of Thanachart Group which marked the 9th consecutive year of their memberships.

The Board of Directors would like to take this opportunity to express thankfulness to all shareholders as well as all groups of stakeholders for their continued good support and trust in its performance of duties. The Board of Directors stands ready to dedicate itself to steering, to the best of its abilities, Thanachart Group through this pandemic. In addition, the Board of Directors hopes that all parties will continue to give their support so that Thanachart Group will be able to grow strongly and achieve successes continuously in the future.

BOARD OF DIRECTORS THANACHART CAPITAL PUBLIC COMPANY LIMITED



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2



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1 Mr. Banterng Tantivit
Chairman

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

3 Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee

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



5

Mrs. Siripen Sitasuwan

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

6

Mr. Tiraphot Vajrabhaya

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

7

Dr. Thanachart Numnonda

Chairman of the Risk Oversight Committee

8

Mrs. Salinee Wangtal

Member of the Audit Committee and
Member of the Risk Oversight Committee

9

Mr. Vichit Yanamorn

Member of the Nomination, Remuneration, and
Corporate Governance Committee and
Member of the Risk Oversight Committee

MANAGEMENT'S DISCUSSION AND ANALYSIS



Overview of Performance

For the year ended 31 December 2020

In 2020, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 7,848 million baht. This was mainly due to the operating results of the important subsidiary and associated companies as follows:

- THANI had a consolidated net profit of 1,860 million baht
- TNI had a net profit of 745 million baht
- TNS had a net profit of 479 million baht
- SPV2 had a net profit of 2,878 million baht
- Share of profit from investments accounted for under equity method was 2,154 million baht

As a result, net profit attributable to the Company amounted to 6,669 million baht, a decrease of 4,138 million baht or 38.29 percent from the previous year. The decrease was mainly due to the impact from the spread of COVID-19, and there was a non-recurring gain from business restructuring in 2019. However, the main subsidiaries including THANI, TNI as well as TNS have performed well.

Earnings per share (EPS) of the Company in 2020 were 6.26 baht, decreased from 9.43 baht last year. Return on Average Assets (ROAA) and Return on Average Equity (ROAE) were at 5.24 and 10.47 percent, respectively.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Interest Income	4,213	4,339	(126)	(2.90)
Interest Expenses	1,620	1,599	21	1.31
Net Interest Income	2,593	2,740	(147)	(5.36)
Net Fees and Service Income	1,249	1,084	165	15.22
Operating Income ⁽¹⁾	9,068	3,660	5,408	147.76
Net Operating Income	12,910	7,484	5,426	72.50
Other Operating Expenses	2,910	3,034	(124)	(4.09)
Expected Credit Losses/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	911	288.29
Profit before Income Tax	9,405	4,766	4,639	97.34
Income Tax	1,557	1,367	190	13.90
Profit for the Year from Continuing Operations	7,848	3,399	4,449	130.89
Profit for the Year from Discontinued Operations	-	13,361	(13,361)	(100.00)
Total Profit for the Year	7,848	16,760	(8,912)	(53.17)
Profit Attributable to the Company	6,669	10,807	(4,138)	(38.29)
Profit Attributable to Non-controlling Interests	1,179	5,953	(4,774)	(80.19)
Earnings per Share from Continuing Operations (Baht)	6.26	1.51	4.75	314.57
Earnings per Share from Discontinued Operations (Baht)	-	7.92	(7.92)	(100.00)
Earnings per Share (Baht)	6.26	9.43	(3.17)	(33.62)
Weighted Average Number of Ordinary Shares (Million Shares)	1,065.52	1,145.72	(80.20)	(7.00)

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

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items - Deposits				
at Financial Institutions	150	148	2	1.35
Financial Assets Measured at Fair Value				
through Profit or Loss	83	-	83	100.00
Investments and Trading Transactions	-	121	(121)	(100.00)
Investments in Debt Securities Measured at				
Amortized Cost	2	-	2	100.00
Investments in Debt Securities Measured at Fair				
Value through Other Comprehensive Income	234	-	234	100.00
Investments in Debt Securities	-	281	(281)	(100.00)
Loans to Customers	228	250	(22)	(8.80)
Hire Purchase and Financial Lease	3,516	3,539	(23)	(0.65)
Total Interest Income	4,213	4,339	(126)	(2.90)
Interest Expenses				
Interbank and Money Market Items - Borrowings				
from Financial Institutions	216	363	(147)	(40.50)
Debts Issued and Borrowings	1,373	1,222	151	12.36
Borrowings Cost	19	14	5	35.71
Others	12	-	12	100.00
Total Interest Expenses	1,620	1,599	21	1.31
Net Interest Income	2,593	2,740	(147)	(5.36)

In 2020, the Company and its subsidiaries had 2,593 million baht in net interest income, a decrease of 147 million baht or 5.36 percent from the previous year. This was mainly from the decrease in interest income from investments, due to the decline in interest rates following market conditions. In addition, interest income on loans declined following the slowdown in lending. Interest expenses slightly increased due to the adjustment of the subsidiary's funding structure to be more appropriate.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Fees and Service Income	1,659	1,458	201	13.79
Fees and Service Expenses	410	374	36	9.63
Net Fees and Service Income	1,249	1,084	165	15.22
Gain on Financial Instruments Measured at Fair Value through Profit or Loss/Gain on Trading and Foreign Exchange Transactions	151	146	5	3.42
Gain on Investments	3,757	514	3,243	630.93
Share of Profit from Investments Accounted for under Equity Method	2,154	367	1,787	486.92
Gain on Property Foreclosed and Other Assets	225	222	3	1.35
Net Insurance/Life Insurance Income	1,888	1,408	480	34.09
Dividend Income	308	181	127	70.17
Other Income	585	822	(237)	(28.83)
Total Other Operating Income	9,068	3,660	5,408	147.76
Total Non-interest Income	10,317	4,744	5,573	117.47

Non-interest income of the Company and its subsidiaries in 2020 amounted to 10,317 million baht, an increase of 5,573 million baht or 117.47 percent from the previous year. This was mainly due to the following.

Net Fees and Service Income

In 2020, net fees and service income amounted to 1,249 million baht, an increase of 165 million baht or 15.22 percent. This was mainly due to the increase in brokerage fees of TNS which was in line with the SET's trading volume.

Other Operating Income

Other operating income amounted to 9,068 million baht, an increase of 5,408 million baht or 147.76 percent. The main reasons were from:

- Gain on investments amounted to 3,757 million baht, an increase of 3,243 million baht or 630.93 percent.
- Share of profit from investments accounted for under equity amounted to 2,154 million baht, an increase of 1,787 million baht or 486.92 percent.
- Net insurance/life insurance income amounted to 1,888 million baht, an increase of 480 million baht or 34.09 percent.
- Dividend income amounted to 308 million baht, an increase of 127 million baht or 70.17 percent.
- Gain on financial instruments measured at fair value through profit or loss/gain on trading and foreign exchange transactions amounted to 151 million baht, an increase of 5 million baht or 3.42 percent.

- Gain on property foreclosed and other assets amounted to 225 million baht, an increase of 3 million baht or 1.35 percent.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Employee's Expenses	1,887	1,895	(8)	(0.42)
Directors' Remuneration	83	70	13	18.57
Premises and Equipment Expenses	245	245	-	-
Taxes and Duties	21	35	(14)	(40.00)
Other Expenses	674	789	(115)	(14.58)
Total Other Operating Expenses	2,910	3,034	(124)	(4.09)

In 2020, other operating expenses of the Company and its subsidiaries amounted to 2,910 million baht, a decrease of 124 million baht or 4.09 percent from last year. This was due to the effective cost control amidst the economic slowdown.

Expected Credit Loss/Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Expected Credit Loss/Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2020	2019	Increase/ (Decrease)	Percent
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	279	-	279	100.00
Loans to Debtors and Accrued Interest	316	(316)	632	200.00
Expected Credit Loss/Impairment Loss of Loans and Debt Securities (Reversal)	595	(316)	911	288.29

In 2020, the Company and its subsidiaries had expected credit loss in the amount of 595 million baht, to accommodate the potential impact of the COVID-19 outbreak on overall asset quality.

Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Cash	2	0.00	3	0.00	(1)	(33.33)
Interbank and Money Market Items - net						
- Deposits at Financial Institutions	7,812	5.55	7,404	4.60	408	5.51
Financial Assets Measured at Fair Value through						
Profit or Loss	3,357	2.38	-	-	3,357	100.00
Investments - net	21,650	15.38	41,551	25.82	(19,901)	(47.90)
Investments in Associated Companies and						
Joint Venture - net	48,007	34.11	45,421	28.22	2,586	5.69
Loans to Customers and Accrued Interest						
Receivables - net	50,251	35.70	53,159	33.03	(2,908)	(5.47)
Property Foreclosed - net	3,054	2.17	3,128	1.94	(74)	(2.37)
Land, Premises, Equipment and Right-of-use						
Assets - net	678	0.48	301	0.19	377	125.25
Assets Classified as Held for Sale	-	-	3,423	2.13	(3,423)	(100.00)
Other Assets	5,945	4.23	6,537	4.07	(592)	(9.06)
Total Assets	140,756	100.00	160,927	100.00	(20,171)	(12.53)
Interbank and Money Market Items - Borrowings						
from Financial Institutions	13,312	9.46	15,660	9.73	(2,348)	(14.99)
Debts Issued and Borrowings	33,887	24.07	44,780	27.83	(10,893)	(24.33)
Insurance Contracts Liabilities	12,231	8.69	13,096	8.14	(865)	(6.61)
Other Liabilities	8,557	6.08	13,332	8.28	(4,775)	(35.82)
Total Liabilities	67,987	48.30	86,868	53.98	(18,881)	(21.74)
Equity Attributable to Owners of the Company	63,311	44.98	65,833	40.91	(2,522)	(3.83)
Non-controlling Interests	9,458	6.72	8,226	5.11	1,232	14.98
Total Equity	72,769	51.70	74,059	46.02	(1,290)	(1.74)
Total Liabilities and Equity	140,756	100.00	160,927	100.00	(20,171)	(12.53)

Assets

As of 31 December 2020, Thanachart Group's total assets amounted to 140,756 million baht, a decrease of 20,171 million baht or 12.53 percent from the end of 2019. Key factors are as follows:

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Investments in Debt Securities Measured at Amortized Cost	43	0.06	-	-	43	100.00
Investments in Debt Securities Measured at Fair Value through Other Comprehensive Income	19,250	27.64	-	-	19,250	100.00
Investments in Equity Securities Designated at Fair Value through Other Comprehensive Income	2,357	3.38	-	-	2,357	100.00
Trading Securities - net	-	-	5,786	6.65	(5,786)	(100.00)
Available-for-sale Securities - net	-	-	33,197	38.17	(33,197)	(100.00)
Held-to-maturity Debt Securities - net	-	-	2,426	2.79	(2,426)	(100.00)
General Investments - net	-	-	142	0.17	(142)	(100.00)
Investments - net	21,650	31.08	41,551	47.78	(19,901)	(47.90)
Investments in Associated Companies and						
Joint Venture - net	48,007	68.92	45,421	52.22	2,586	5.69
Total Investments - net	69,657	100.00	86,972	100.00	(17,315)	(19.91)

As at 31 December 2020, the Company and its subsidiaries had total net investments of 69,657 million baht, a decrease of 17,315 million baht or 19.91 percent from the end of the previous year. This was mainly due to the decrease of bonds and private debt instruments. At the same time, net investments in associated companies and joint venture increased, due mainly from investment in TMB amounting to 1,973 million baht.

Net Loans to Customers and Accrued Interest Receivables

As of 31 December 2020, net loans to customers and accrued interest receivables amounted to 50,251 million baht, a decrease of 2,908 million baht or 5.47 percent.

Property Foreclosed

As at 31 December 2020, the Company and its subsidiaries had property foreclosed stated at cost amounted to 4,714 million baht, accounting for 3.35 percent of total assets. The allowance for impairment of the property foreclosed was 1,660 million baht, accounting for 35.21 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2020, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 67,987 million baht and 72,769 million baht, respectively. The ratio of debts to equity was at 0.93 times. The important components of funds from liabilities consisted of debts issued and borrowings which as at 31 December 2020 amounted to 33,887 million baht, accounting for 24.07 percent while interbank and money market items - borrowings from financial institutions, insurance contracts liabilities, and other liabilities accounted for 9.46 percent, 8.69 percent, and 6.08 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2020		31 December 2019		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Interbank and Money Market Items - Borrowings						
from Financial Institutions	13,312	9.46	15,660	9.73	(2,348)	(14.99)
Debts Issued and Borrowings	33,887	24.07	44,780	27.83	(10,893)	(24.33)
Insurance Contracts Liabilities	12,231	8.69	13,096	8.14	(865)	(6.61)
Other Liabilities	8,557	6.08	13,332	8.28	(4,775)	(35.82)
Total Liabilities	67,987	48.30	86,868	53.98	(18,881)	(21.74)
Total Shareholders' Equity	72,769	51.70	74,059	46.02	(1,290)	(1.74)
Total Liabilities and Equity	140,756	100.00	160,927	100.00	(20,171)	(12.53)

Liabilities

Total liabilities of Thanachart Group as of 31 December 2020 were 67,987 million baht, a decrease of 18,881 million baht or 21.74 percent from the end of 2019. The key items were as follows:

- Interbank and money market items - borrowings from financial institutions amounted to 13,312 million baht, a decrease of 2,348 million baht or 14.99 percent from the end of the previous year. This was from liquidity management.
- Debts issued and borrowings amounted to 33,887 million baht, a decrease of 10,893 million baht or 24.33 percent from the end of the previous year. This was due to the maturity of debt securities.

Shareholders' Equity

Total shareholders' equity as of 31 December 2020 was 72,769 million baht, a decrease of 1,290 million baht or 1.74 percent from the end of 2019. The total shareholders' equity comprised of the following:

- Equity attributable to the owners of the Company was 63,311 million baht, a decrease of 2,522 million baht or 3.83 percent. This was mainly due to the share repurchased of 4,863 million baht and the dividend payments of 3,146 million baht while the operating net profit of the Company and its subsidiaries in 2020 was in the amount of 6,669 million baht.
- Equity attributable to non-controlling interests amounted to 9,458 million baht, an increase of 1,232 million baht or 14.98 percent. This was mainly due to the operating results of the subsidiaries.

Cash Flows

As at 31 December 2020, the Company and its subsidiaries had cash in the amount of 2 million baht. The details of the net cash flows from various activities were as follows:

- Net cash flows from operating activities were 13,292 million baht, mainly due to 7,043 million baht in profit from operation. Key changes in operating assets and liabilities included a decrease of 2,667 million baht in loans to customers; a decrease of 1,330 million baht in receivables from purchase and sale of securities; a decrease of 837 million baht in property foreclosed; a decrease of 2,420 million baht in other assets; an increase of 1,135 million baht in payables from purchase and sale of securities; an increase of 413 million baht in interbank and money market items - deposits at financial institutions; an increase of 133 million baht in derivatives assets; a decrease of 2,347 million baht in interbank and money market items - borrowing from financial institutions; a decrease of 865 million baht in insurance contract liabilities; a decrease of 32 million baht in derivatives liabilities; and a decrease of 996 million baht in other liabilities.

- Net cash flows used in investing activities amounted to 11,245 million baht. This was due to a decrease of 11,974 million baht in investments in securities; cash received of 662 million baht from dividend; cash received of 177 million baht from interest; and cash received of 2 million baht from disposal of equipment. On the other hand, there were cash paid of 1,475 million baht for purchase of investment in subsidiaries, associated companies, and joint venture; and cash paid of 95 million baht for purchase of premises and equipment/intangible assets.

- Net cash flows from financing activities amounted to 24,538 million baht. This included cash received of 29,055 million baht from debts issued and borrowings; cash paid of 7,727 million baht for dividend; cash paid of 4,863 million baht for treasury shares; cash paid of 1,428 million baht for interest expenses on debts issued and borrowings; cash paid of 452 million baht for dividend to non-controlling interests; cash paid of 109 million baht for lease liabilities; cash received of 18,162 million baht from debts issued and borrowings; and cash received of 934 million baht from minority shareholders due to capital increases of the subsidiary companies.

Commitments

As of 31 December 2020, the Company and its subsidiaries had commitments in the amount of 64 million baht, an increase of 20 million baht or 45.45 percent from the end of 2019.

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

(Unit: Million Baht)

Subsidiary Companies	Shareholding (Percent)	Profit (Loss) for the Year	
		2020	2019
Ratchthani Leasing Public Company Limited (Consolidated)	58.85	1,860	1,964
Thanachart Insurance Public Company Limited	50.96	745	1,449
Thanachart Securities Public Company Limited	50.96	479	1,674
TS Asset Management Company Limited	99.99	24	135
MAX Asset Management Company Limited	83.44	7	224
NFS Asset Management Company Limited	100.00	(25)	135
MBK Life Assurance Public Company Limited	51.00	(383)	(231)

Ratchthani Leasing Public Company Limited

Overall Performance

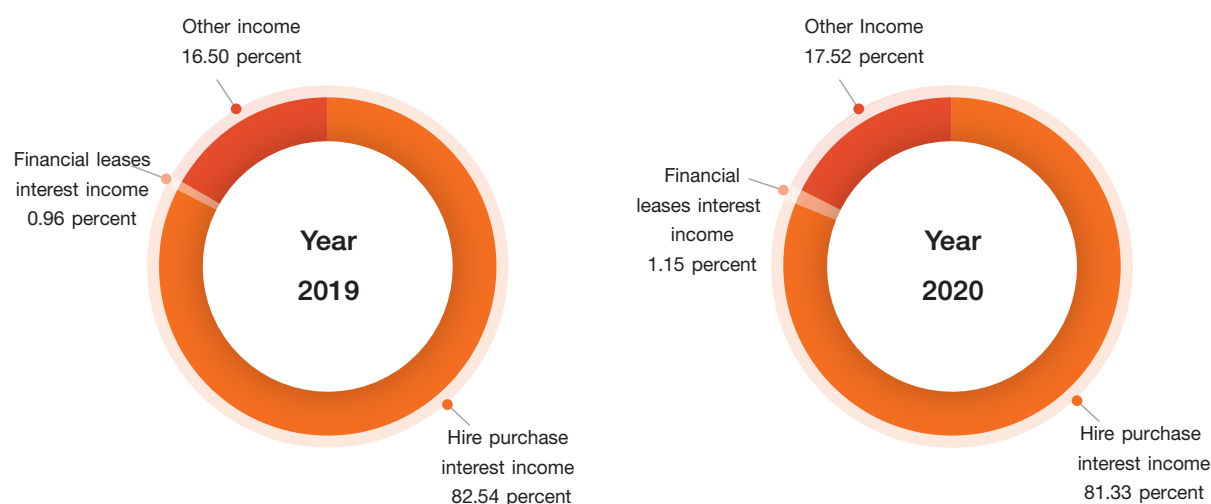
As for the year 2020, net profit of THANI and its subsidiaries amounted to 1,860 million baht, representing a decrease of 104 million baht or 5.30 percent, compared to the prior year. This was primarily due to the economic contraction as a result to COVID-19 pandemic. In this connection, THANI was careful in lending. Total income in 2020 amounted to 4,263 million baht, representing an increase of 25 million baht or 0.59 percent. On the other hand, financial expenses of THANI and its subsidiaries amounted to 1,063 million baht, representing an increase of 52 million baht or 5.14 percent. THANI ensured not only that the funds raised through borrowings were in line with the funds loaned out but also that the interest rate spreads were maintained at a level which enabled THANI to make a profit consistently.

Income

In 2020, THANI was prudent in lending, mainly due to the economic contraction as a result of COVID-19 transmission. Total income of THANI and its subsidiaries amounted to 4,263 million baht, representing an increase of 25 million baht or 0.59 percent compared to the prior year. On the other hand, hire purchase receivables and financial lease receivables decreased by 2,961 million baht or 5.96 percent compared to the year 2019.

The key components of the income of THANI and its subsidiaries in 2020 included hire purchase interest income and financial leases interest income. Their combined income amounted to 3,516 million baht, accounting for 82.48 percent of the total income. On the other hand, fees and service income amounted to 316 million baht while other income amounted to 431 million baht. They accounted for 7.41 percent and 10.11 percent respectively.

Proportions of the interest income from both hire purchase and finance lease agreements in comparison with other income (hereinafter referred to as fees and service income as well as other income) of THANI and its subsidiaries for the year 2020 and the year 2019 were as follows:



Expenses

Finance costs of THANI and its subsidiaries in 2020 amounted to 1,063 million baht while their selling and administrative expenses amounted 538 million baht. On the other hand, expected credit losses (ECL) amounted to 338 million baht while income tax amounted to 464 million baht.

The finance costs in 2020 which amounted to 1,063 million baht represented an increase of 52 million baht or 5.14 percent compared to the prior year. This was mainly due to the efforts to ensure not only that the funds raised through borrowings were line with the funds loaned out but also that the interest rate spreads were maintained at a level which enabled THANI to make a profit consistently. As a result, the cost of fund in 2020 was 2.70 percent.

Selling and administrative expenses in 2020 amounted to 538 million baht, representing a decrease of 32 million baht or 5.62 percent compared to the prior year. The key components of the selling and administrative expenses included personnel expenses, losses from impairment of repossessed cars and office expenditure.

Expected credit losses (ECL) in 2020 amounted to 338 million baht, representing an increase when compared to the bad debts and doubtful accounts in 2019, which amounted to 194 million baht. In this connection, the ECL accounted for 0.70 percent of the average hire purchase debts. This was mainly due to the credit risk which rose in line with the economic slowdown which was caused by COVID-19 pandemic. The additional provision in 2020 reflected the ECL model which predicted future developments and management overlay. The objective was to accommodate the risk which might arise from the uncertainties caused by the virus transmission. This was in compliance with the Thai Financial Reporting Standards No. 9 (TFRS 9).

Net Profit

Net Profit	For the Year	
	2020	2019
Net profit (Million Baht)	1,860	1,964
Net profit margin (Percent)	43.64	46.33
Yield on Loans (Percent)	7.04	7.04
Cost of Fund (Percent)	2.70	2.48
Interest Spread (Percent)	4.34	4.56

Net profit of THANI and its subsidiaries in 2020 amounted to 1,860 million baht, representing a decrease of 104 million baht or 5.30 percent compared to the year 2019. In addition, net profit margin of THANI was 43.64 percent, down from 46.33 percent in the prior year, mainly due the contraction of the economy which was caused by COVID-19 pandemic. In this connection, THANI was prudent in extending loans. THANI's yield on loans was 7.04 percent while cost of fund was 2.70 percent. As a result, its interest spread was 4.34 percent.

Financial Position

Assets	For the Year	
	2020	2019
Total Assets (Million Baht)	48,518	50,881
Hire Purchase Receivables - net (Million Baht)	46,058	49,049
Financial Lease Receivable - net (Million Baht)	690	660
Hire Purchase-to-Total Asset Ratio (Percent)	94.93	96.40
Property Foreclosed (Million Baht)	67	156

The major component in the asset structure of THANI and its subsidiaries was hire purchase receivables. As at the end of 2019, hire purchase receivables (net of allowance for doubtful accounts) amounted to 49,049 million baht, accounting for 96.40 percent of THANI's total assets.

For the year 2020, total assets of THANI and its subsidiaries amounted to 48,518 million baht, representing a decrease of 4.64 percent compared to 2019. In this connection, hire purchase receivables (net of allowance for doubtful accounts) accounted for 94.93 percent of their total assets, down from the prior year, mainly due to the contraction of the economy. Taking into account COVID-19 pandemic, THANI was prudent in extending loans. However, THANI continued to focus on giving hire purchase service which was its key business. Emphasis was also placed on

looking after and retaining customer base. The objectives were to maintain its market share and to enable it to stay competitive in the industry in the long run.

Quality of Receivables and Loan Loss Provision

As of 31 December 2020, expected credit losses (ECL) of THANI which might arise from hire purchase receivables and financial lease receivables amounted to 2,158 million baht. (The receivables included the hire purchase agreements which the court ruled that THANI won the case and THANI was in process of collecting debts and enforcing court judgements. These receivables were shown as part of other non-current assets.) The expected credit losses decreased by 67 million baht or 3.00 percent when compared to the loan loss provision as at the end of 2019. On the other hand, in comparison with 2019, the provision based on the expected credit losses increased by about 144 million baht, mainly due to the credit risk which increased as a result the economic slowdown caused by COVID-19 pandemic. The additional provision in 2020 reflected the ECL model which predicted future developments and management overlay. The objective was to accommodate the risk which might arise from the uncertainties caused by the virus transmission. This was in compliance with the Thai Financial Reporting Standards No. 9 (TFRS 9).

THANI adopted a policy for bad debt write-off. In this connection, THANI would dispose of the loans once the court ruled that the debtor and the guarantor make repayments to THANI. When THANI was unable to repossess the assets or enforce the debt judgements or collect debts from debtors, it would write off bad debts by disposing of the bad debts. The objective was to reduce the loan loss provision. On the other hand, any gain received from the disposal of the bad debts would be recorded as other income. As regards the years 2020 and 2019, THANI wrote off bad debts worth amounted to 438 million baht and 103 million baht respectively.

Most of hire purchase receivables and financial lease receivables (less unearned interest income) for the years 2020 and 2019 were normal receivables with no more than 3 installments overdue. They amounted to 46,479 million baht and 49,888 million baht respectively, which accounted for 96.87 percent and 96.05 percent of the total hire purchase receivables and financial lease receivables respectively. The information showed that most of THANI's receivables remained normal.

Adequacy of Loan Loss Provision

THANI set aside the loan loss provision for hire purchase receivables and financial lease receivables based on the probability of loss that it could not collect the debts, taking into consideration the status of the overdue debts. In relation to the receivables with no more than 3 installments overdue, the loan loss provision would be based on the net principal amount after deducting collateral value. In relation to the receivables with more than 3 installments overdue, the loan loss provision would be based on the net principal amount without deducting collateral value. On other other hand, in relation to debtors who signed debt settlement agreements, the loan loss provision was also based on the net principal amount without deducting the collateral value.

In addition, THANI acted prudently by considering setting aside more than adequate provision for loan losses of debts which could not be collected. THANI also enhanced the efficiency in debt collection in line with the expansion of the loan portfolio. In this connection, non-performing loans of hire purchase receivables and financial lease receivables in 2020 and 2019 amounted to 1,500 million baht and 2,049 million baht respectively. On the other hand, the loan loss provision amounted to 1,228 million baht and 2,225 million baht respectively.

Allowance for doubtful account to non-performing loans ratio of THANI as of 31 December 2020 and 31 December 2019 amounted to 81.86 percent and 108.57 percent respectively. Taking into consideration its prudent lending and strict debt collection standards, THANI believed that the loan loss provision remained appropriate, adequate and efficient in the ordinary course of THANI's normal operations.

Total Liabilities

(Unit: Million Baht)

Total Liabilities	31 December 2020	31 December 2019
Total Liabilities	37,699	43,210
Short-term Loans and Overdrafts	10,991	29,085
Long-term Loans	7,590	601
Long-term Debentures	18,099	12,496
Total Other Liabilities	1,019	1,027

Note: Short-term Loans and Overdrafts included the loans which were due to be repaid within one year.

As of 31 December 2020, total liabilities of THANI and its subsidiaries amounted to 37,699 million baht, representing a decrease of 12.75 percent compared to 2019 year end. This was mainly because in 2020 THANI offered for sale newly issued ordinary shares. The objectives were to accommodate THANI's lending and to strengthen its capital by managing the financial structure, ensuring its appropriate proportion. Another important objective was to build confidence of shareholders, investors, creditors and all the concerned stakeholders about THANI's stable and strong financial position in the long term.

As of 31 December 2020, loans of THANI and its subsidiaries consisted of short-term loans and overdrafts worth 10,991 million baht, long-term loans worth 7,590 million baht and long-term debentures worth 18,099 million baht.

Shareholders' Equity

On 26 May 2020, the Board of Directors of THANI at its Meeting No. 5/2020 adopted a resolution approving the second interim dividend for 2019 performance at the rate of 0.16 baht per share. Taking into account the two dividend payments, the total dividend was 0.32 baht per share, accounting for 65.31 percent of 2019 net profit based on the separate financial statements and 61.53 percent of 2019 net profit based on the consolidated financial statements.

On 10 July 2020, the Annual General Meeting of Shareholders of THANI adopted a resolution approving an allocation worth 75 million baht from 2019 net profit as statutory reserve. The meeting also adopted a resolution approving the increase of THANI's registered capital from 3,775,353,450 baht to 5,663,030,175 baht by issuing 1,887,676,725 new ordinary shares (with par value of 1.00 baht per share). They were offered for sale to shareholders in proportion to their respective shareholdings at the allocation ratio of 2 existing ordinary shares to 1 newly-issued ordinary share.

As of 31 December 2020, shareholders' equity of THANI amounted to 10,819 million baht, representing an increase of 3,148 million baht or 41.04 percent compared to 2019 year end. This was mainly due to 2020 net profit less statutory reserve and dividends payable as well as THANI's capital increase.

Liquidity

(Unit: Million Baht)

Cash flows	31 December 2020	31 December 2019
Cash Flows from (Used in) Operation Activities	5,925	(214)
Cash Flows from (Used in) Investing Activities	(16)	(12)
Cash Flows from (Used in) Financing Activities	(5,294)	441
Increase (Decrease) in Cash - net	615	215
Cash and Deposits at Banks	1,044	429

As of 31 December 2020, cash of THANI and its subsidiaries amounted to 1,044 million baht. In this connection, net cash flows increased by 615 million baht, representing an increase of 429 million baht compared to the end of 2019. The increase was mainly due to net cash flows worth 5,925 million baht from operating activities as a result of the efforts to mobilize funds for accommodating THANI's lending activities. Meanwhile, net cash flows used in financing activities for THANI's normal lending activities amounted to 5,294 million baht. On the other hand, net cash flows used in investing activities amounted to 16 million baht.

Liquidity ratio

As of 31 December 2020, liquidity ratio of THANI and its subsidiaries amounted to 1.61 times. In this connection, total current assets amounted to 19,210 million baht while total current liabilities amounted to 11,958 million baht. Total current assets were 7,252 million baht more than total current liabilities. However, THANI and its subsidiaries were still quite flexible in their short-term financial position, mainly due to the fact that most current liabilities included not only short-term loans in the form of Bills of Exchange (B/E) and Promissory Notes (P/N) from financial institutions, but also debentures which were due for redemption within one year. In this connection, most of the two types of the loans could be replaced by issuing new loans when they were due for redemption or reached maturity. Moreover, THANI had a reserve in the form of a short-term credit facility offered by TBANK which was prepared for providing THANI with additional short-term liquidity support. In addition, there were credit facilities made available by other financial institutions. As a result, THANI was able to manage the liquidity risk, ensuring that the risk was at an acceptable level and would not affect its main business operations.

On the other hand, their quick ratio was 1.59 times, which was not different from the liquid ratio, mainly because current assets of THANI and its subsidiaries were relatively highly liquid and accounted for 99.29 percent of total current assets.

Factors or Events that Might Significantly Affect Future Financial Position or Operations

In its conduct of business affairs in the past year amidst COVID-19 pandemic which occurred during 2020, THANI implemented various measures including its own debt relief measures as well as those imposed by the BOT, aiming at helping customers who were affected by COVID-19 pandemic. Although the Thai economy is well on the way to recovery from the slump, the road ahead is still fraught with uncertainties due to the new wave of COVID-19 transmission which might have impacts on the economy if the coronavirus spreads widely and causes the government to impose highly restrictive measures. Successful implementation of the policy to open the country for tourism in 2021 will greatly depend on the effectiveness and efficiency in securing and distributing COVID-19 vaccines. As a result, the key issue faced by the business sector is how to manage the risk as the recovery of the economy remains very uncertain. In this connection, THANI not only monitors the situation closely but also assesses the impacts continuously, particularly in relation to the quality of its assets. Importantly, THANI continues to conduct its business affairs in a cautious manner.

The above circumstances bring about a number of factors or events that might have significant impacts on the future financial position or business operations, a summary of which is as follows:

1. In relation to COVID-19 pandemic, the implementation of the lockdown measures to control the transmission is more specific in terms of areas and business sectors. As a result, it is likely to have less impact than the previous round of implementation. The factors which are expected to impact are the degree of restriction of lockdown measures and the duration of the implementation used for containing the new wave of infection. Successful development of coronavirus vaccines in the latter part of 2020 brings high hope to the recovery of tourism industry. Importantly, vaccines are a key variable which plays a very pivotal role in determining the success of economic recovery efforts in 2021. In relation to the distribution of vaccines, it is anticipated that about 20 percent of the population will be vaccinated in the second half of the year. This will allow Thailand to open the country. Vaccinated tourists will be allowed to enter the country and not subject to mandatory quarantine. As a result, the overall tourism industry and other business sectors will gradually recovery.

2. The economic factor is considered the most important factor affecting the operations of the business sector. Economic problems not only can lead to other problems but also have a psychological impact on the spending and investment of the businesses, particularly those in the service sector which is related to the tourism industry. It will take a long time for them to return to pre-pandemic levels. Moreover, they were hit again by the new wave of transmission towards the end of 2020. This was considered another risk factor which might hinder the economic recovery in 2021.

3. The government sector's disbursement measure was the main driver preventing the severe contraction of the economy in 2020. In this connection, the government sector speeded up budget spending, after the unusual delay problem in the preparation of the annual budget. Emphasis was placed on speeding up the disbursements of the public investment budget. The Thai economy in 2020 was faced with challenges from all directions as economic drivers including exports, tourism, consumption and domestic investment slowed down. As a result, it is necessary for the government sector to play an important role in recovering the economy by promoting injection of money into the economy and stimulating the economy in 2021.

Thanachart Insurance Public Company Limited

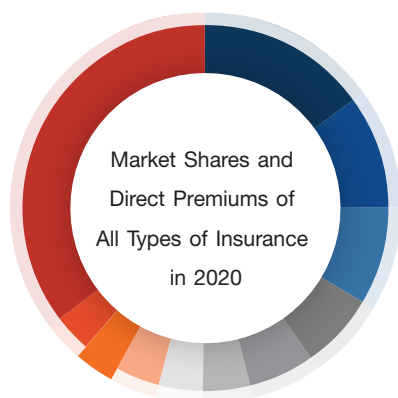
In 2020, TNI had total insurance premium of 8,682 million baht, and increase of 314 million baht or 3.75 percent from the previous year. In 2020, TNI commanded a 3.30 percent market share, taking into account all types of direct premiums. This was mainly attributable to the increase of sales revenue through non-bank channels and external brokers. Of the direct premiums received in 2020, premiums for motor insurance amounted to 7,419 million baht, representing an increase of 372 million baht or 5.27 percent compared to the previous year. In this connection, TNI commanded a 5.00 percent market share of motor insurance industry.

Composition of TNI's Direct Premiums over the Past 4 Years

(Unit: Million Baht)

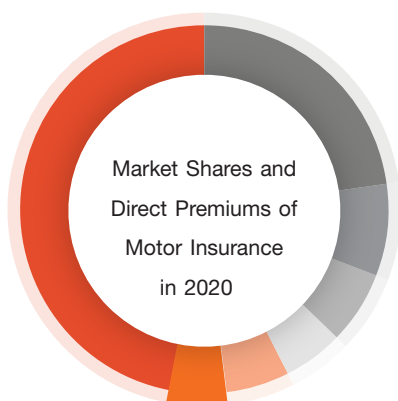
Type of Insurance	2020		2019		2018		2017	
	Direct Premiums	Percent	Direct Premiums	Percent	Direct Premiums	Percent	Direct Premiums	Percent
Motor Insurance	7,419.34	85.46	7,047.80	84.22	6,719.34	84.12	6,405.16	85.33
Fire Insurance	79.30	0.91	71.74	0.86	72.16	0.90	68.59	0.91
Marine Insurance	-	-	-	-	-	-	-	-
Miscellaneous Insurance	1,183.39	13.63	1,248.30	14.92	1,195.84	14.97	1,032.60	13.76
Total	8,682.03	100.00	8,367.84	100.00	7,987.34	100.00	7,506.35	100.00

Market Shares and Direct Premiums of All Types of Insurance



- Company ranked 1st (15.00 percent)
- Company ranked 2nd (9.90 percent)
- Company ranked 3rd (8.50 percent)
- Company ranked 4th (6.90 percent)
- Company ranked 5th (5.80 percent)
- Company ranked 6th (4.10 percent)
- Company ranked 7th (4.00 percent)
- Company ranked 8th (3.80 percent)
- TNI ranked 9th (3.30 percent)**
- Company ranked 10th (3.20 percent)
- Other companies (45 in total) (35.50 percent)

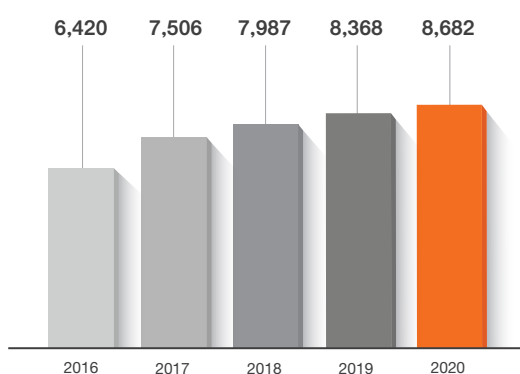
Market Shares and Direct Premiums of Motor Insurance



- Company ranked 1st (22.80 percent)
- Company ranked 2nd (8.10 percent)
- Company ranked 3rd (6.40 percent)
- Company ranked 4th (5.40 percent)
- Company ranked 5th (5.40 percent)
- TNI ranked 6th (5.00 percent)**
- Other Companies (35 in total) (46.90 percent)

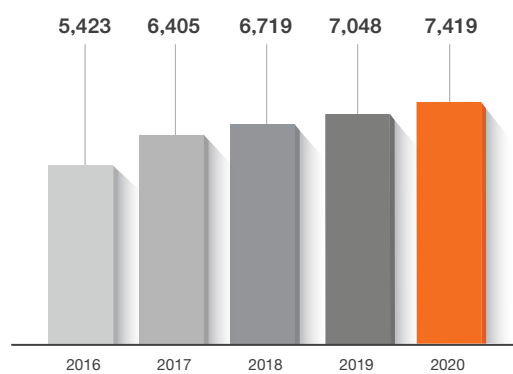
Direct Premiums of All Types of Insurance

(Unit: Million Baht)



Direct Premiums of Motor Insurance

(Unit: Million Baht)



Financial Position and Overall Performance

TNI was financially stable. Its financial position was strong with registered capital of 4,930 million baht, total assets of 15,354 million baht, capital of 5,909 million baht and the mandatory regulatory net capital ratio of 1,456.42 percent.

(Unit: Million Baht)

Financial Position	31 December 2020	31 December 2019
Total Assets	15,354	15,205
Total Liabilities	9,624	9,883
Shareholders' Equity	5,730	5,322
Capital	5,909	5,538

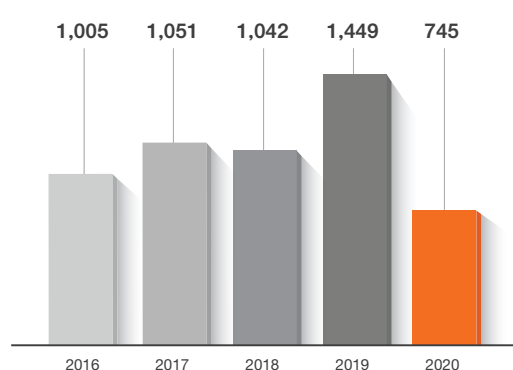
(Unit: Million Baht)

Overall Performance	2020	2019
Gross Premium Written	8,682	8,368
Net Premiums Written	7,750	6,965
Net Earned Premiums	7,271	6,963
Underwriting Expenses	5,604	5,403
Underwriting Profit	1,667	1,560
Operating Expenses	855	785
Operating Profit	812	775
Gain on Investments	103	1,016
Other Income	20	13
Profit before Income Tax	935	1,804
Income Tax	190	355
Net Profit	745	1,449

As regards TNI's performance, 2020 net profit amounted to 745 million baht, representing a decrease of 704 million baht or 48.59 percent from a year earlier. The decrease was mainly due to a special item in the previous year, i.e. net gain of 566 million baht from disposing of investments and the setting aside expected credit losses of 147 million baht in 2020 to prevent the risks arise from COVID-19 pandemic. In this connection, operating profit of TNI amounted to 812 million baht, up 37 million baht or 4.71 percent from a year earlier.

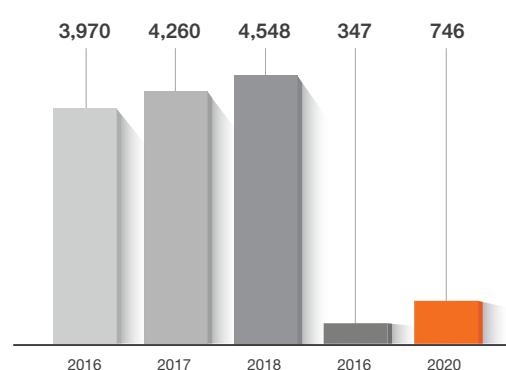
Profit of the year

(Unit: Million Baht)



Retained earnings for the year

(Unit: Million Baht)



Factors or Events that Might Significantly Affect the Future Financial Position or Business Operations

In 2020, TNI was impacted by COVID-19 transmissions in the areas of underwriting and investments, with details as follows:

1. In order to suppress COVID-19 transmission, the government implemented a lockdown measure and imposed a nationwide curfew in the second quarter of 2020. As a result, usage of cars fell sharply during the period. This had a positive impact on TNI's operations whose motor insurance was a major part of its business as the claims decreased.

2. The economic conditions affected the behavior of insurance buyers in relation to the product details, prices, and behavior in paying insurance premiums.

3. The investment climate affected TNI's return on investment. In this connection, the default risk also rose as the issuers of the instruments which TNI purchased might be unable to make the required payments on their debt obligation.

As regards the year 2021 and the direction of future insurance business, TNI expects that motor insurance premiums will grow, thanks to a number of supporting factors including the recovery of domestic demand and the improving economy. On the other hand, accident insurance and health insurance are expected to grow further, mainly due to the rising health care costs and the risk arising from COVID-19 transmissions. Taking into account people's lifestyle changes such as working from home and being acquainted with online shopping, TNI now pays attention to the development of digital insurance and new products suitable for being offered through online channels to enable customers to access protection in an easy, convenient, fast, and safe manner. TNI has also undertaken an initiative on iCloud storage, ensuring that information will be stored in a more efficient and safer manner. Importantly, TNI has also made more use of Artificial Intelligence to improve work systems. The objectives are to enhance potential for being a leader in insurance business, to enable TNI to deliver services to customers and trading partners efficiently and in a comprehensive manner, and to expand customer base.

Thanachart Securities Public Company Limited

Overall Performance

Economic conditions and trading value of the SET are two key factors affecting the business operations and growth of TNS. At 2020 year end, the SET Index closed at 1,449.35 points, which was lower compared to 1,579.84 points at 2019 year end. In this connection, the market share commanded by TNS in 2020 amounted to 2.91 percent of the SET's average daily trading value which was 68,607 million baht, representing an increase of 28.98 percent compared to prior year.

Trading volume on the Thailand Futures Exchange (TFEX) in 2020 amounted to 494,624 contracts, representing an increase compared to 428,369 contracts in the previous year. In this connection, SET50 Index Futures and Single Stock Futures accounted for most of the trading volume.

Net profit in 2020 was 479 million baht, representing a decrease of 1,195 million baht or 71.39 percent compared to prior year. Total income of TNS amounted to 1,517 million baht, representing a decrease of 1,559 million baht or 50.68 percent compared to prior year. The decrease was mainly due to the fact that in prior year, there was a net gain on disposal of investments of 1,267 million baht as per Thanachart Group's business restructuring plan. On the other hand, total expenses of TNS amounted to 920 million baht, representing a decrease of 70 million baht or 7.07 percent compared to prior year. This was mainly due to the cost containment measures adopted by TNS.

Performance Analysis

Income

Total income of TNS consisted of brokerage fees for trading of securities and futures contracts, fees and service income, interest on margin loans, deposit interest, gains and return on financial instruments and other income.

Total income of TNS in 2020 amounted to 1,517 million baht, representing a decrease of 50.68 percent compared to prior year. This was mainly due to the fact that TNS had total income of 3,076 million baht in 2019, the main item was the net gain on disposal of investments of 1,267 million baht as per Thanachart Group's business restructuring plan. Noteworthy was also the interest income on margin loans, which declined in line with the number of margin loans and the margin interest rates. However, brokerage fees in 2020 increased by 120 million baht or 12.21 percent, in line with the SET trading conditions while fees and service income rose by 115 million baht, thanks to underwriting fees and portfolio advisory fees.

Expenses

TNS's expenses in relation to securities business in 2020 consisted of fees and service expenses as well as interest expenses which amounted to 146 million baht and 35 million baht respectively. In this connection, interest expenses decreased by 67 million baht or 65.69 percent compared to prior year. The decrease was mainly because TNS made use of 1,500 million baht from the capital increase in the third quarter of 2019 as revolving funds in business operations in 2020.

Operating expenses amounted to 739 million baht, which consisted of employee benefit expenses and other expenses. In this connection, TNS's operating expense ratio based on security business revenues amounted to 49.04 percent.

Net profit

Net profit of TNS in 2020 amounted to 479 million baht, representing a decrease of 1,194 million baht compared to prior year. The drop in net profit was mainly because total income decreased by 50.68 percent while total expenses decreased by 7.07 percent. In this connection, earnings per share amounted to 0.16 baht while net profit margin was 31.58 percent.

Financial Position

Assets

As of 31 December 2020, total assets of TNS amounted to 6,852 million baht, representing an increase of 2.51 percent compared to 2019 year end. Most of TNS's assets include securities business receivables and receivables from clearing house and broker dealers as well as investments. In this connection, securities business receivables and receivable from clearing house remained unchanged, compared to the prior year. On the other hand, the investments decreased by 17.14 percent. The return on assets (ROA) was 7.08 percent.

Securities Business Receivables and Derivatives Business Receivables

Securities business receivables arose from the stock purchases made by TNS's customers through TNS. In this connection, customers would pay for the stock within two business days. Other receivables included derivatives business receivables, margin loans, receivables under debt restructuring, as well as receivables under enforcement of court judgements by way of reconciliation or in the process of making installment payments.

As at 2020 year end, securities business receivables and derivatives business receivables of TNS amounted to 4,262 million baht, decreased by 745 million baht or 14.88 percent compared to the prior year. The receivables consisted of margin loans worth 3,003 million baht, representing a decrease of 152 million baht or 4.82 percent,

as well as cash accounts receivables worth 1,247 million baht, representing a decrease of 572 million baht or 31.45 percent. This was mainly due to the difference in trading value between the two periods.

TNS classifies securities business receivables and derivatives business receivables, using the Thai Financial Reporting Standards No. 9 - Financial instruments. As of 31 December 2020, TNS set aside the allowance for expected credit loss in full compliance with the Thai Financial Reporting Standards No. 9.

Liabilities

TNS's debt structure included borrowings from financial institutions, securities business payables and derivatives business payables, payables to clearing house and broker dealers as well as other liabilities. As at 2020 year end, total liabilities of TNS amounted to 3,109 million baht, representing a decrease of 73 million baht or 2.29 percent compared to 2019 year end. Most of the liabilities were securities business payables and derivatives business payables as well as payables to clearing house, which amounted to 2,084 million baht or accounted for 67.03 percent of the total liabilities. In this connection, borrowings from financial institutions amounted to 550 million baht, representing a decrease of 150 million baht or 21.43 percent compared to 2019 year end. The decrease was in line with the decrease in margin loans.

Shareholders' Equity

As of 31 December 2020, shareholders' equity of TNS amounted to 3,743 million baht, representing an increase of 241 million baht or 6.88 percent compared to 2019 year end. In this connection, net operating profit amounted to 479 million baht while return on equity (ROE) amounted to 13.22 percent. During the year 2020, TNS paid 240 million baht as the dividend for 2019 performance and set aside 24 million baht from 2020 net profit as statutory reserve.

As at 31 December 2020, debt to equity ratio of TNS was 0.83 times, representing a decrease from 0.91 times compared to 31 December 2019. In case securities business payables and derivatives business payables as well as payables to clearing house were excluded, TNS's debt to equity ratio as at 31 December 2020 and 2019 would be 0.27 times and 0.40 times respectively.

Liquidity

In the conduct of TNS's business affairs, the activities which affected the liquidity most were operating activities. In this connection, cash flows from or used in operating activities arose from changes in revolving funds related to securities business receivables or payables, as well as receivables or payables to clearing house.

In 2020, TNS's net cash flow increased by 211 million baht. In this connection, cash flows from operating activities amounted to 639 million baht. On the other hand, cash flows used in investing activities amounted to 4 million baht while cash flows used in financing activities amounted to 424 million baht. In addition, TNS made a dividend payment worth 240 million baht to shareholders.

Net capital ratio (NCR) of TNS was 118.52 percent, which was well above the minimum requirement of 7 percent of general liabilities and assets pledged as collateral imposed by the SEC.

Sources of Funds

TNS's funds were mainly from shareholders' equity. As of 31 December 2019, changes were made to its shareholdings. Previously, TBANK was a major shareholder holding a 99.99 percent equity stake. After the changes, the shares of TNS which were held by the Company and Scotia Netherlands Holdings B.V. accounted for 50.96 percent and 49.00 percent respectively.

Major Factors that Might Affect TNS's Future Business Operations or Financial Position

Economic and political conditions and various domestic and international situations might have an impact on TNS's financial position and performance. Trend of changing interest rates, oil price volatility, political uncertainties, COVID-19 transmission, the BOT's monetary policy, Thailand's economic conditions as well as global economic situations are the factors that might affect both domestic and international investors confidence. Moreover, trading commissions are expected to fall consistently. Recognizing the aforementioned impacts, TNS has applied technology to the development of products including, among others, an app accessible by customers, through which TNS could inform them of various news such as marketing and sales promotion news, as well as stock trading apps, such as ThinkApp and Line, in order to adapt to changing consumer behavior. Moreover, TNS has developed new work systems as well as new services and products, aiming at not only increasing income and diversifying its income structure further but also increasing and improving the quality of its personnel, various news and services as well as implementing cost containment measures and making plans for optimum use of resources. The objective is to enable TNS to compete with other securities brokerage companies in the future.

MBK Life Assurance Public Company Limited

As at 31 December 2020, MBK LIFE's total assets amounted to 7,064 million baht, a decrease of 1,265 million baht or 15.19 percent from the end of 2019.

MBK LIFE had a net loss for the year 2020 in the total amount of 383 million baht, comparing to a net loss of 231 million baht in the year 2019. The main factor affecting its performance was a decrease in net insurance premium of 584 million baht and investments income decreased by 410 million baht which was an impact from gains on fair value adjustments which decreased from the end of 2019. Insurance expenses decreased by 895 million baht, due mainly to a decrease in benefits paid under insurance policies and net claims of 638 million baht. Insurance reserve for long-term insurance policies decreased by 81 million baht, due to the fact that the Zero Coupon Yield of the government bonds used to calculate insurance reserve according to the Gross Premium Valuation (GPV) decreased from the end of 2019. The expected credit loss was 73 million baht.

NATURE OF BUSINESS OPERATION

Overview of Business Operation

On 3 December 2019, the Company implemented the following: 1) purchased the shares of certain companies in the Group from TBANK in line with the business restructuring plan, 2) sold all its ordinary shares of TBANK to TMB, and 3) subscribed the newly issued ordinary shares of TMB in line with the plan related to the merger between TBANK and TMB. As a result, the Company was no longer the parent company of TBANK and Thanachart Financial Conglomerate.

Therefore, as from 3 December 2019, the Company became one of TMB's major shareholders. As of 31 December 2020, the Company had a 20.11 percent equity stake in TMB with two other major shareholders, namely ING and the Ministry of Finance holding 23.03 percent and 21.73 percent respectively. All the three major shareholders assigned their representatives to sit on TMB's Board of Directors. The objective was to jointly manage TMB's business operations. The Company's main income would be from its investment in TMB. Moreover, the Company remained a company listed on the SET as before. In this connection, the Company became a holding company, with the sizes of its core business and other subsidiaries being in compliance with the related requirements imposed by the Capital Market Supervisory Board as well as the related regulations of the SET.

In this connection, the Company designated **MAX Asset Management Company Limited** as a subsidiary which operated core businesses in line with the definition given in the relevant regulations of the SET. The member companies of Thanachart Group operate the following businesses:



Securities Business Group

Thanachart Securities Public Company Limited was granted Full-Services License Type Gor to operate securities businesses and other related businesses such as securities brokerage, securities underwriting, investment advisory services, securities borrowing and lending, financial advisory services, unit trust underwriting and repurchasing, securities registrar, issuer and offerer of derivative warrants for sale as well as investment portfolio advisory services. It was also granted Derivatives Business License Type Sor-1 to operate derivatives business and other related businesses such as derivatives brokerages and proprietary trading, derivatives trader as well as issuer and offerer of structured debentures for sale.

Insurance Business Group

1. 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.

2. MBK Life Assurance Public Company Limited operates a life insurance business. MBK LIFE provides individual and group life insurance to assure savings. Life and health protection are also offered to individuals, institutions and organizations.

3. TM Broker Company Limited gives life and non-life insurance brokerage services. TM Broker also introduces financial services such as loans to customers of MBK's Group as well as member companies of Thanachart Group and alliance companies of major shareholders. In addition, it organizes training activities for personnel of Thanachart Group, member companies of MBK, trading partners, personnel of trading partners and members of the general public who are interested in becoming insurance brokers or agents.

4. MT Service 2016 Company Limited operates back office and business support services for MBK LIFE and TM Broker.

Asset Management Business Group

1. 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.

2. 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.

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

Investments Business Group which consists of leasing and other services as follows:

Leasing Business

1. Ratchthani Leasing Public Company Limited provides auto hire purchase and financial lease services with the focus on auto market for new and used car markets for passenger cars as well as vehicles for commercial purposes, such as pick-ups, taxis, truck tractors and lorries, etc. It also offers other services related to hire purchases and financial lease, which were THANI's main businesses. In this connection, the Company holds the shares of THANI through SPV1.

2. RTN Insurance Broker Company Limited provides insurance brokerage services which cover non-life and life insurance as well as other related businesses in line with the established regulations. Currently, it gives services mainly to customers of THANI.

Investments Business

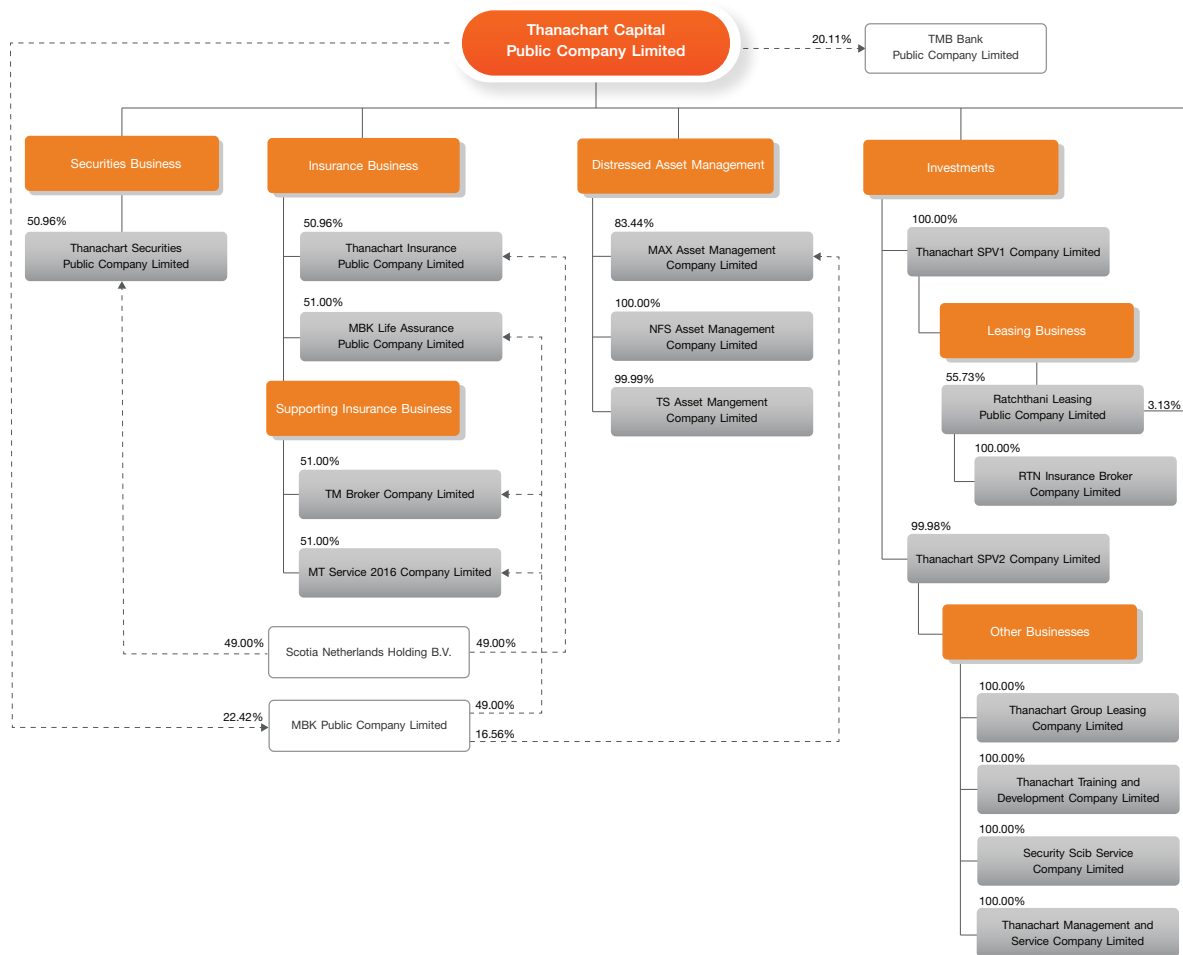
1. Thanachart SPV1 Company Limited operates investment business. It was established for the purpose of buying shares of THANI from TBANK, as part of the business restructuring plan.

2. Thanachart SPV2 Company Limited operates investment business. It was established for the purpose of buying shares of 1) Seacon, 2) Ajinomoto, 3) TGL, 4) TTD, 5) SSV, and 6) TMS from TBANK, as part of the business restructuring plan.

Other businesses include: **1) Thanachart Group Leasing Company Limited, 2) Thanachart Training and Development Company Limited, 3) Security SCIB Services Company Limited, and 4) Thanachart Management and Service Company.** These companies were transferred by TBANK to the Company. They do not operate new businesses. Eventually, they will be dissolved and liquidated. In this connection, the Company holds the shares of these companies through SPV2.

Shareholding Structure of Thanachart Group

As at 31 December 2020



Notes:

- 1) The Company has voting right proportional to its shareholding.
- 2) Thanachart Group Leasing Company Limited and Thanachart Training and Development Company Limited are being liquidated.
- 3) TMB Bank Public Company Limited, MBK Public Company Limited and Scotia Netherlands Holding B.V. are not member companies of Thanachart Group.

Key Events in 2020

- On 21 January 2020, the Board of Directors adopted a resolution approving a share repurchase program for financial management, with a spending limit of 6 billion baht. In this connection, no more than 97,045,970 shares would be repurchased. On 27 April 2020, the Company announced the closure of the share repurchase program. The repurchased shares were worth 4,863 million baht while the total number of the repurchased shares amounted to 97,045,970 shares.

- On 31 January 2020, the Company signed an agreement to sell shares of Ajinomoto. In particular, it agreed to sell all the shares it held through SPV2, which accounted for 6 percent of the total shares of Ajinomoto, to Ajinomoto Co. Inc. in Japan. The total transaction value amounted to about 7,167 million baht. The payment was made and the shares were transferred in February 2020.

- At its meeting on 30 March 2020, the Board of Directors adopted a resolution approving an interim payment from the Company's profit for the year ended 31 December 2019 at a rate of 1.80 baht per share to the Company's shareholders. In this connection, the determination of the list of shareholders for the right to receive the interim dividend payment was scheduled on 14 April 2020 while the interim dividend payment was scheduled on 28 April 2020. Taking into account the interim payment for the first six months of 2019 made at the rate of 1.20 baht per share on 18 October 2019 and the special interim dividend payment made at the rate 4.00 baht per share on 16 January 2020, the combined dividend payments made for the performance in 2019 amounted to 7.00 baht per share or 7,845 million baht in total.

- On 29 July 2020, the Board of Directors adopted a resolution approving an interim dividend payment at a rate of 1.20 baht per share to the Company's shareholders. In this connection, the determination of the list of shareholders for the right to receive the interim dividend payment was scheduled on 13 August 2020 while the interim dividend payment was scheduled on 27 August 2020.

Award Received in 2020

- The Company and TNS received the "Best Deal of the Year Award" for the mergers and acquisition deal at SET Awards 2020, as a result of the merger between TMB and TBANK. The award was given to organizations or financial advisors in relation to financial transactions, taking into account the outstanding deals which brought about changes or represented an important innovation in the capital market. Earlier, TNS once received the Best Deal of the Year Award at SET Awards 2017, thanks to its initial public offering of Banpu Power Public Company's shares for the first time.

- TNS was the second runner up winner for "Best Local Brokerage" at Asiamoney Brokers Poll 2020, which was organized by Asiamoney Magazine, a leading financial magazine in Asia and Pacific region. The award was based on the results of the poll among financial analysts and institutional investors worldwide.

- TNI was given the "Best Product of the Year Award" under the category of 2nd class type of car insurance for its product, namely "Thanachart Car Insurance 2+ with Full Provision". In this connection, the College of Management, Mahidol University, and Business Plus Magazine jointly conducted market research based on experts' academic principles and a poll among more than 10,000 consumers. The objective was to identify the products which matched and met consumer needs the most. In this connection, they would serve as successful models for developing innovative products or services which were capable of meeting consumer needs.

- TNI received the "Best Claims Management Insurance Company Award" for the second consecutive year. The awards ceremony was organized by International Finance Magazine (IFM) based in the United Kingdom. The magazine broadcast information and analysis about business developments and world markets. The purpose of

the award was to honor organizations with excellent business development. TNI received this award, thanks to its determination to give customers an edge in the form of the best services possible. Paying attention to detail and preparedness to fix all the pain points which worried customers, at every touch point where customers received their services were the key to the delivery of the best and most satisfactory experience.

- The Company and THANI were selected by Thaipat Institute as companies which were outstanding in terms of Environmental, Social and Governance (ESG) performances. In this connection, the two companies were put on the Universe of ESG100 in 2020 List, which included 100 selected securities with high ESG scores.

- The Company and THANI achieved a score which was considered to be “excellent” in the Corporate Governance Report of Thai Listed Company (CGR) 2020 published by the Thai Institute of Directors Association (IOD).

Policies and Strategies in Business Operations of Thanachart Group

The Company operates an investment business and is the parent company (or holding company) of Thanachart Group which offers a diverse range of financial services. These include securities business, non-life and life insurance businesses, distressed asset management business, hire purchases business and investment business. The Company’s vision is to **“be the parent company of a financial conglomerate which gives appropriate returns to all groups of stakeholders in a sustainable manner”**. On the other hand, its subsidiaries continue to espouse the philosophy of the customer-centric strategy in order to develop the products and services that meet the needs of each customer group and to deliver good experience to customers through the use of the products and services offered by the Group’s member companies. Moreover, the Company still has investment in commercial banking business. In particular, it has an equity stake in TMB which will merge with TBANK—an industry leader in auto hires purchase business. The equity stake is at a level which allows the Company to participate in the conduct of the TMB’s business affairs and, the Company will continue implementing the policy which covers all aspects of auto hire purchases. Emphasis will be placed on hire purchases for both new and used cars as well as cash your car loans. The Company also has an equity stake in THANI. THANI which places emphasis on hire purchases for trucks.

In 2020, numerous businesses were affected by COVID-19 pandemic. The Company in its role as an investment company was inevitably affected. In particular, its share of profit from the investments in the associated companies decreased, mainly because the profits of the associated companies in which the Company invested declined in line with the pandemic severity and the strict control measures adopted by the government sector to contain the transmission. The pandemic also plunged the country’s economy into deep contraction. However, the Company’s key subsidiaries which included TNS, TNI and THANI still registered a relatively strong performance. On the other hand, the Company still had excess cash of more than 10,000 million baht, after its business restructuring during the latter part of 2019, together with the disposal of its equity stake in Ajinomoto at the beginning of 2020, the payments of the special interim dividend at the rate of 4 baht per share, the share repurchases worth 4,850 million baht as well as the repayments of debentures and some small investments. In relation to the excess cash, the Company had not yet made any investment which would generate appropriate returns. This was mainly due to the situation of the past year, which would make the investment relatively high risk. As a result, the Board of Directors and the management adopted a policy aiming at looking after and strengthening its various subsidiaries. The objective was to prepare them for dealing with the risks which might arise.

The second wave of COVID-19 transmission which occurred from the latter part of 2020 to the beginning of 2021 was expected to weaken the Thai economy further and increase the investment risk. As a result, it was necessary for the Company to reserve cash during that time. The objective was to strengthen the financial positions of its various subsidiaries. In relation to its business direction, the Company will not only continue keeping existing equity stakes in the various companies but will also support the business operations of all the companies, ensuring their strong financial positions. Moreover, the Company will consider making additional investments and operating businesses in which it has expertise, in a more aggressive manner. It will also broaden business networks of Thanachart Group’s member companies, aiming to generate appropriate returns for shareholders in the long term. Early this year, the Board of Directors already adopted a resolution approving asset-based financing.

In 2021, Thanachart Group will continue to adhere to the above policies and business strategies. It aims to achieve the objectives of growing in a sustainable and stable manner and producing appropriate returns for all the stakeholders concerned. On the other hand, in order to achieve such objectives, good corporate governance is required and it is also necessary to implement in parallel the activities related to sustainable development and corporate social responsibility. As a result, it has put in place the following practice framework for the conduct of business affairs under the principles of good corporate governance, sustainable development and corporate social responsibility.

1. To compete in a morally responsible and ethical manner, achieving a good performance while taking into account both short-term and long-term effects.
2. To operate its businesses by respecting and being responsible for its shareholders and stakeholders.
3. To adhere to the business operations which care for the society and development or reduced the negative impacts on the environment.
4. To be able to make adjustments amidst changes in factors.

Policy of Operational Member Companies of Thanachart Group

The Company is the parent company of Thanachart Group. It has a controlling interest (holding more than 50 percent of the paid-up capital) of the Group's member companies. In this connection, it has established the following guidelines for managing the Group's member companies.

Business Policies

The Company is responsible for establishing key business policies of Thanachart Group annually. Each subsidiary company is required to formulate business plans and budgets for 3 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 competitive environment of the business.

In 2020, at the Company's Board of Directors Meeting No. 1/2020 dated 21 January 2020, the Board considered and approved of the Business Plan and Budgets of subsidiary companies for the years 2020-2022.

Supervision of Subsidiary Companies

The Directors and/or high ranking executives of the Company are assigned to sit on the boards of directors of the subsidiary companies. The arrangement not only enables the Company 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. In this connection, each subsidiary prepares a monthly performance report and sends it to the Executive Committee and the Board of Directors for information. In addition, the Company's finance department prepares a summary report on the financial statements and the performance of the Company and the Group's member companies and sends it to the Executive Committee and the Board of Directors on a monthly basis. Importantly, Managing Directors of the Company's key subsidiaries are required to present a performance report to the Executive Committee and the Board of Directors every three months.

Management of Support Services

In 2020, Thanachart Group continued to keep important support services at TBANK, such as services related to information technology, personnel administration, regulatory compliance oversight, operations, business controls, electronic services, administrative support services and procurement, legal services and asset appraisals, retail debt collections and collection agency services. On the other hand, the Group complied with the rules and regulations of the authorities concerned, ensuring that it made best use of the existing resources including the expertise of the operating

staff, various information technology systems, and headcount optimization. In this connection, TBANK continued to give services in line with the original agreement made in 2019.

Each member company of Thanachart Group operated a clearly separate business. On the other hand, the Company in its role as the Group's parent company operated as a holding company with the size organizational structure as well as the number of work units and work systems being at the levels adequate for handling only its own business affairs and operations. As a result, as from the beginning of the year 2021 onwards, each company would be separately responsible for their own main support services. In this connection, the Company would provide important support services or some support services for only the companies which operated asset management business.

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 Department of the Company is 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, a Compliance Unit had been put in place for the Company and the Group's member companies 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 gives its opinions in a manner independently 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 Department of the Company is 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 in 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 and the requirements imposed by the authorities concerned, ensuring that they were adequate and appropriate in line with each company's governance. In addition, the Company had developed the Good Corporate Governance Policy and the Handbook of the Code of Ethics, requesting Directors, executives and employees of Thanachart Group's member companies to comply with. In this connection, they were required not only to adhere to the principles of integrity and transparency but also to refrain from any act which gave rise to a conflict of interest.

Risk Management

The Company had developed the Risk Management Policy for Thanachart Group. 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 Oversight Committee and the Boards of Directors of member companies of Thanachart Group.

Income Structure of the Company and Its Subsidiaries

The Income structure of the Company and its subsidiaries based on the consolidated financial statements as at 31 December 2020, 2019 and 2018 was as follows:

(Unit: Million Baht)

	For the year ended 31 December					
	2020		2019		2018 (Revised)	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest Income						
Interbank and Money Market Items -						
Deposits at Financial Institutions	150	1.16	148	1.98	139	1.71
Investments and Trading Transactions	83	0.64	121	1.62	149	1.84
Investments in Debt Securities	236	1.83	281	3.75	216	2.66
Loans to Customers	228	1.77	250	3.34	368	4.54
Hire Purchase and Financial Lease	3,516	27.24	3,539	47.29	3,202	39.51
Total Interest Income	4,213	32.64	4,339	57.98	4,074	50.26
Interest Expenses	1,620	12.55	1,599	21.37	1,515	18.69
Net Interest Income	2,593	20.09	2,740	36.61	2,559	31.57
Non-interest Income						
Net Fees and Service Income	1,249	9.67	1,084	14.49	1,440	17.77
Gains on Financial Instruments						
Measured at Fair Value through						
Profit or Loss/Gain on Trading						
and Foreign Exchange Transactions	151	1.17	146	1.95	41	0.51
Gains on Investments	3,757	29.10	514	6.87	423	5.22
Share of Profit from Investments Accounted						
for Under Equity Method	2,154	16.69	367	4.90	543	6.70
Gains (Losses) on Property Foreclosed						
and Other Assets	225	1.74	222	2.97	369	4.55
Net Insurance/Life Insurance Income	1,888	14.62	1,408	18.81	1,807	22.29
Dividend Income	308	2.39	181	2.42	261	3.22
Other Operating Income	585	4.53	822	10.98	662	8.17
Total Non-interest Income	10,317	79.91	4,744	63.39	5,546	68.43
Net Operating Income	12,910	100.00	7,484	100.00	8,105	100.00

Thanachart Securities Public Company Limited



Ms. Pimpaka Nichgaroon

Managing Director

“In the past year, securities business was faced with challenges throughout the year, including sharp contraction of the Thai economy as a result of COVID-19 pandemic, domestic political conflict, and intense competition in securities business. However, TNS remained competitive and created good returns for shareholders, thanks to the introduction of new forms of investment products, which better met investor needs. Noteworthy were not only the introduction of the company’s portfolio advisory service called ZEAL for investors who wanted to construct efficient investment portfolios but also the company’s issuance of the derivative warrants which registered continuous growth over the past several years. Moreover, its success in reducing costs while maintaining its high service quality on a par with international standards was another key factor which contributed to the good returns for shareholders.”

The Structure of TNS’s Board of Directors and Sub-committees

List of Directors		Position
1. Mr. Somjate	Moosirilert	Chairman of the Board of Director and Chairman of the Executive Committee
2. Mrs. Asvini	Tailanga	Vice Chairperson, Member of the Executive Committee and Member of the Risk Oversight Committee
3. Mr. Punsak	Vejanurug	Chairman of the Audit Committee and Member of the Risk Oversight Committee
4. Mr. Nakarin	Virameteekul	Member of the Audit Committee
5. Mr. Pong-amorn	Nimpoonsawat	Chairman of the Risk Oversight Committee
6. Mr. William	George Said	Director
7. Mr. Samuel	Anthony Dotro*	Director
8. Ms. Pimpaka	Nichgaroon	Member of the Executive Committee and Managing Director

Note: * Mr. Samuel Anthony Dotro resigned as member of TNS’s Board of Director, effective 1 January 2021

Vision

To be a leading securities company in the development of financial and investment products as well as services which are aimed at building wealth for customers and creating shared value for all groups of stakeholders in a sustainable manner.

Missions

Mission for Customers

To create products and services which meet customer needs and also provide customers with appropriate investment advice based on customer data analysis. To focus also on development of technology and end-to-end processes in order not only to accommodate changes in the industry but to deliver excellent services.

Mission for Employees

To build quality workforce and develop their professionalism continuously in terms of skills, knowledge and expertise as well as work ethics. To also look after their welfare and remuneration, ensuring they are appropriate in order to achieve employee satisfaction and to keep quality employees with the company in the long term.

Mission for the Society

To adhere to the principles of good corporate governance and treat customers fairly, taking into account social and environmental responsibility, in order to ensure sustainability of the company's business operations.

Characteristics of Product and Service

TNS is one of Thailand's leading securities companies, which offers fully integrated securities services. In this connection, it was granted Securities Business License Type A (full license) as well as Derivatives Business License Type Sor-1 (full license). TNS places emphasis on diversified investment services in order to meet the investment needs of both domestic and foreign investors. As of 31 December 2020, TNS had one branch office which operated the following businesses.

1. Brokerage Business

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. Derivatives Brokerage Business

Derivative Business included trading services for future contracts and derivatives.

3. Securities Borrowing and Lending Business

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 Warrants Business (Issuance and Offer for Sale)

Derivative Warrant (DW) is an investment alternative for customers who desire to increase liquidity and diversify investment risk.

5. Mutual Fund Business (Selling and Redemption Supporting Agent)

TNS served as agent for selling and redemption of unit trusts. In particular, as selling agent of 17 asset management companies, in order to sell mutual funds and redeem mutual fund shares to investment consultants and members of the general public. They could select any mutual funds which were suitable to the investment type they deemed appropriate. In addition, TNS joined the Fund Service Platform Project under a service called Fund Connect developed by Thailand Securities Depository Co., Ltd. in collaboration with the SET and the securities companies which participated in the project. The objective was to establish a common platform which had the same system for trading unit trusts. The platform provided investors with additional investment opportunities. Customers could not only access the systems for trading unit trusts but also make investments themselves by using the Dollar-Cost-Averaging (DCA) strategy through the System for Fund which was a mutual fund trading application on mobile phones. Importantly, the system allowed customers to view in one place for all their investments in various mutual funds in a consolidated portfolio which was developed by a product development team. In addition, research papers were prepared and recommendations were made with regard to the outstanding funds of each type of mutual funds. Morningstar's research and recommendations were used as guidelines and tools for selling agents in introducing products and helping investors see a clearer picture of investments.

6. Financial Advisory and Securities Underwriting Businesses

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 Business

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. Structured Note Business (Issuance and Offer for Sale)

TNS also issued and offered for sale structured debentures. The objective was to provide customers with an additional opportunity to access a diverse range of investment alternatives. They could serve as an alternative investment tool for risk diversification.

9. Wealth Advisory Business

Investment design services or wealth advice for customers enabled them to easily access financial services and capital market as well as a diverse range of investment alternatives. The advice would be mainly based on the needs and personal characteristics of individual customer. The investment service helped determine the composition of investments in a portfolio at a cost which was not too high. In this connection, there were 5 steps as follows: (1) Assessed and understood the investor, (2) Determined the investment portfolio composition, (3) Implemented the asset allocation plan, (4) Monitored and improved investments, and (5) Reported on overall investment status. All of them were important steps which helped investors manage their financial security.

10. Portfolio Advisory Business

The company gives a portfolio advisory service called ZEAL in the form of wealth platform which offers a wide range of asset classes including ordinary shares, equity funds, foreign equity funds as well as derivatives. The objective is to provide investors with absolute return.

Market and Competition

1. Tensions between USA and Iran which escalated early last year might cause jitters in the global capital markets. But their impacts could not be compared with those caused by COVID-19 pandemic which wreaked havoc worldwide for a long time. The coronavirus had direct impacts not only on the global economy and world

trade but also inevitably on the Thai economy which was heavily dependent on tourism and exports. Although the government and the BOT launched relief measures to help people and businesses affected by COVID-19 pandemic, the Thai economy in 2020 was expected to contract by 6.7 percent, compared with 2.4 percent growth in 2019. Meanwhile, the SET Index ended 2020 at 1,449.35 points representing a decrease of 8.2 percent compared with the previous year. The average daily trading value of SET was 67,335 million baht per day in 2020, up 28 percent when compared with 52,468 million baht per day in 2019.

The SET Index rose to a high of 1,605 points at the beginning of the year. On the other hand, the heightened tensions between USA and Iran as well as the global spread of COVID-19 since February had adverse impacts on international tourism as well as supply chains of several industries which had production bases in China, Europe and USA. In particular, world trade volume and global economy contracted sharply. This was never happened before in the last 20 years. With regard to Thailand, the Thai economy contracted by 12.1 percent in the second quarter of 2020, compared to the same period in the previous year while it contracted at a decreasing rate by 6.4 percent in the third quarter of 2020, compared to the same period in the previous year. SET Index fell to its lowest level at 969 points in the middle of March but gradually recovered afterwards, thanks to a number of supporting factors as follows:

First Factor: Thailand had been very successful in controlling COVID-19 transmission since the latter part of March 2020. In this connection, the government sector continuously launched relief measures to help people and the business sector. These included debt relief measures, the BOT's debt restructuring programs and continuous policy rate cuts from 1.25 percent at the beginning of 2020 to 0.50 percent, provision of soft loans for SMEs, cash handouts worth 5,000 baht per month for people hit by COVID-19 pandemic, additional subsidy through the state welfare smart card holders, the tourism stimulus campaign known as Rao Tiew Duay Kan (We Travel Together), the consumption-boosting measures such as the 50/50 payment scheme and Shop Dee Mee Kuen stimulus campaign. Meanwhile, the SET issued a number of measures aimed at reducing market volatility. These included new requirements on short selling as well as adjustment to limit the floor and ceiling prices within a day from a 30 percent gain/loss to a 15 percent gain/loss, among others.

Second Factor: The Federal Reserve implemented both monetary and fiscal policies to stimulate the U.S. economy. In particular, it cut the federal funds rate from 1.75 percent at the end of 2019 to 0.25 percent in March 2020 when COVID-19 cases soared in USA. The Federal Reserve also provided liquidity injections into the private sector's bond market which included lower-quality bonds in order to bring stability to the financial market and the capital market. Noteworthy was the injections of massive liquidity through the quantitative easing program which increased the Fed's balance sheet from \$4.1 trillion at the end of 2019 to \$7.3 trillion at the end of 2020. The size of the injections was no smaller than the combined size of the injections during the period from 2009 to 2014. Another measure implemented was the provision of an additional \$600 per week to individuals for unemployment benefit. The massive liquidity injected through the monetary and fiscal policies helped push up stock market prices worldwide, in contrast to the sharp contraction of the global economy in 2020.

Third Factor: BioNTech and Pfizer were the first companies succeeding in developing vaccines against COVID-19 in November 2020. Their vaccines had an efficacy rate of higher than 90 percent. Later, many other companies reported that clinical trials of the COVID-19 vaccines developed by them showed their vaccines were efficacious. These include the vaccines developed by Moderna and AstraZeneca. In addition, it was expected that there would be several other companies which would gradually announce the results from the clinical trials of their COVID-19 vaccines in 2021.

As regards the year 2021, the Thai economy is expected to grow 4.0 percent, representing a recovery from a relatively low base in the prior year. It is also anticipated that the fiscal policy will help boost consumption and investment in the public sector as well as exports which will recover in line with the global economic trends. However, tourism sector which plays a very important role in the Thai economy will not fully recover unless the COVID-19 vaccines could protect the world's population against the coronavirus, to the extent that the vaccines are more effective than at present in suppressing the spread of the pandemic. In this connection, it is expected that tourism sector will return to normal in 2022.

The SET disclosed that, during the period from January to December 2020, there were additional 26 companies which got listed on the SET and the Market for Alternative Investment (MAI) with total fundraising value via IPOs listed on the Thai bourse amounting to 144 billion baht. In this connection, there were three large companies which mobilized funds worth more than ten billion baht. These included Central Retail Corporation Public Company Limited (63 billion baht), SCG Packaging Public Company Limited (45 billion baht) and Sri Trang Gloves (Thailand) Public Company Limited (15 billion baht). Moreover, based on information available in December 2020, total market capitalization of SET amounted to 16.1 trillion baht, down 3.8 percent from 16.1 trillion baht at the end of 2019 while total market capitalization of MAI amounted to 235 billion baht, up 9.2 percent from 215 billion baht at the end of 2019.

TNS commanded a market share of 2.91 percent, ranking 14th among 38 securities brokerage companies. The daily average trading value of SET in 2020 increased by 28 percent, compared with 67 billion baht in 2019. The increase was mainly due to the trading value of retail investors, which accounted for 42.7 percent of total trading value. On the other hand, the trading value of retail investors grew by 66.7 percent from the year 2019 while the trading value of foreign investors and institutional investors grew at the same rate by 11.4 percent from those of the year 2019. In this connection, TNS successfully maintained its quality services which were delivered to customers in relation to stock and fund investment. In particular, it introduced a new investment product called ZEAL which was a portfolio advisory service, through which the company managed investment portfolios on behalf of customers. The product received good responses from customers and were able to generate higher returns than the established targets despite the investment situation in 2020 whereby the capital market was fraught with several challenges.

2. Currently, there were 40 members in the Thailand Futures Exchange (TFEX). In 2020, the total trade volume was 120,193,573 contracts or about 494,624 contracts per day, up 15.47 percent from 2019 when taking into account the average daily trade volume. The majority of the volume came from single stock futures and SET50 index futures. TNS had a market share of 1.76 percent, ranked 19th among TFEX members.

3. Currently, competition in the financial advisory and underwriting services sector was highly competitive. The services included fund mobilization, listing companies on the SET, as well as mergers and acquisitions. However, main competitive potential depended on quality of services, expertise of personnel in providing customers with relevant advices and solutions to problems, having wide service networks as well as creative product innovations which could add more values and provided greater benefits to customers. These would be the key factors in drawing more customers towards using TNS's services.

Acquisitions of Products and Services

Sources of Funds

TNS's source of funds for its operations was primarily shareholders' equity which consisted of equity and retained earnings. As regards the policy related to funding sources, TNS adopted a policy which focused on using funding sources in line with the activities to be implemented and the related objectives, ensuring that they were appropriate in terms of the debt to equity ratio as well as the net capital ratio (NCR).

Investment

TNS adopted a policy to make investments in medium- and long-term equity instruments. The objective was twofold: to strategically invest in the businesses which could support the business operations of TNS or those of the Group and to invest in securities to get returns by taking into consideration the expected rate of return in terms of dividends and capital gains from selling securities.

TNS established the guidelines that its investment in equity instruments would be limited to no more than 60 percent of its capital and that the investment would not cause the company's net capital ratio (NCR) to be lower than the minimum regulatory requirement. In this connection, TNS could make investment in both listed and unlisted companies, provided that they had to be companies or organizations which had good business fundamentals and gave an appropriate rate of return. In case of investment in listed companies, it had to be ensured that the stock had sufficient trading volume or liquidity. Importantly, before each investment decision was made, it was essential to have

adequate supporting information and analysis. However, investment of TNS at present are mainly for risk management purpose.

Fund Raising and Lending through Parties Related to Executives or Major Shareholders

TNS raised funds in the form of equity and loans through related companies including TBANK and various financial institutions.

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



Mr. Perapart Meksingvee

Managing Director

“Although the insurance industry was affected by COVID-19 pandemic, particularly in the second quarter of 2020, the overall growth of the non-life insurance industry based on the information given by the Thai General Insurance Association was about 3.5 percent with the total premiums received amounting to about 252.6 billion baht. This was due to not only the implementation of the government’s stimulus measures aiming at boosting domestic investment and consumption but also people’s heightened eagerness to buy health insurance plans. Moreover, the latter part of the year witnessed a stronger demand for cars, thanks to the sales promotion activities at the motor expo.

The Thai General Insurance Association predicts that the country’s non-life insurance will register a growth of about 5 percent in 2021. There are five factors which contribute to the recovery in domestic demand and positive trends in the world economy. It is expected that health insurance will continue to achieve stronger growth as people recognize the importance of protecting themselves against the risk which is associated with soaring healthcare costs as well as the risk of COVID-19 infection. Moreover, if the government sector provides an additional tax deduction for health insurance premiums, more people will be motivated to buy health insurance plans. In addition, as more people adopt new lifestyles such as getting used to working at home and online shopping, the non-life insurance sector now pays attention to the development of digital insurance and new products suitable to be offered through online channels so that customers can access healthcare services in a fast, easy and convenient manner.”

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

List of Directors		Position
1. Mr. Banterng	Tantivit	Chairman of the Board of Director
2. Mr. Suphadej	Poonpipat	Vice Chairman and Chairman of the Executive Committee
3. Mr. Praphan	Anupongongarch	Vice Chairman of the Executive Committee
4. Mr. Wichian	Mektrakarn	Chairman of the Audit Committee, Member of the Risk Oversight Committee, and Member of the IT Oversight Committee
5. Mr. Pirus	Pradithavanij	Chairman of the Risk Oversight Committee, Member of the Audit Committee, and Member of the IT Oversight Committee
6. Mr. Surapant	Meknavin	Chairman of the IT Oversight Committee, Member of the Audit Committee, and Member of the Risk Oversight Committee
7. Mrs. Thanawan	Chaisithikarnkha	Director
8. Mr. William	George Said	Director
9. Mr. Samuel	Anthony Dotro	Director
10. Mr. Perapart	Meksingvee	Member of the Executive Committee, Member of the Risk Oversight Committee, Member of the IT Oversight Committee, and Managing Director

Vision

TNI has determined to become excellent in the insurance business by changing the frame of product development and service with creativity. It has risk management with professionalism to increase the potential in the competition by considering the demand of the customer as the basis. It is to give optimized benefit to its customers, employees, trade partners, society and shareholders.

Missions

- Development of products creatively with diversity in response to all the demands of the customers exactly.
- Development of quality on providing the service and after sales service for optimum benefit to its customers.
- Provide the service with fairness.

Characteristics of Product and Service

TNI gives insurance services which include non-life insurance such as auto insurance, fire insurance, miscellaneous insurance as well as investment business.

Market and Competition

In 2020 was considered a challenging year for the non-life insurance industry as it was faced with the economic downturn, mainly due to COVID-19 pandemic and political uncertainties. According to the Insurance Premium Rating Bureau, total direct premiums written for 12 months (January to December) amounted to 254,376 million baht, up 3.93 percent compared with the same period previous year. Each type of insurance had good prospects for growth. In particular, miscellaneous insurance grew 9.17 percent, mainly due to the sales of COVID-19

insurance policies. On the other hand, auto insurance which accounted for the largest proportion of non-life insurance grew 1.38 percent (compulsory third-party liability car insurance growing 1.42 percent while voluntary car insurance grew 1.38 percent). The factors which affected the growth of direct written premiums included domestic car sales which declined and the increase of voluntary car insurance premiums in line with the increased liability coverage imposed by the OIC.

In this connection, TNI developed and made the following adjustments in several areas to adapt to the new situations and to enable customers to access its services in a more convenient manner.

1. TNI developed an online channel for transaction execution. In particular, it had created its Line Official Account namely “Thanachart Insurance” which stood ready to provide customers with assistance 24/7 (anywhere anytime) for checking car insurance policy details, filing claims online, finding car repair garages as well as checking various special privileges. The objective was to reduce customers’ risk which might arise from travelling.

2. TNI introduced products in line with the economic conditions as a result of COVID-19 pandemic. The products offered short-term worthy coverage with premiums which were not too high in order to lessen customer burdens. These included COVID Smile Car Insurance and Car Insurance Thanachart 2+ with Full Provision for Short Term, among others. The objectives were to alleviate customers’ worries and to help customers reduce expenses.

3. TNI put in place an office location and a contingency plan not only for dealing with emergency situations in an efficient manner but also for service continuity as well as for building customer confidence for the company’s efficiency in providing customers with continuous services.

As a growth target for 2021, TNI aims to earn gross written premiums of 8,830 million baht. To achieve this target, the company has adopted a business plan and a strategy with emphasis placed on developing insurance products which are in line with customers’ demand for financial liquidity and changing customer behavior in order to continuously keep pace with the prevailing business environment. Importantly, it offers services through its Line Official Account namely “Thanachart Insurance”, which serves an online system for paying insurance premiums. The purpose is to provide customers with convenience in renewing their policies. They can pay their insurance premiums immediately at 24/7 (anywhere, anytime) and protected by the maximum safety standards. In this connection, the system will show a list of the policies which are going to expire soon and the premium amounts. Customers can pay them in cash right away or later with installment payment services, using the credit cards issued by participating banks or card issuers. The arrangements give additional convenience to customers who want to renew their policies.

As regards the distribution channels, after TBANK was merged with TMB, TNI was able to use additional distribution channel and expand its customer base. Previously, it could offer its products through only one bank, namely TBANK. Meanwhile, TNI had developed other distribution channels including, among others, online channels. The objectives were to keep pace with rapidly changing technology and to adapt to changing customer behavior.

Moreover, TNI had made use of technology for data management. To begin with, it started storing data in the Cloud. The objectives were to store data in a more efficient manner and to improve data security. In addition, it made more use of artificial intelligence (AI) in work processes, such as the issuance of e-Policies in order to reduce work hours. The objectives were to enhance potential for becoming a leader in insurance business, to deliver services to customers and trading partners in a timely and thorough manner, and to expand the customer base. According to the Thai General Insurance Association, the non-life insurance industry is expected to grow by 5.00 percent in 2021 with gross written premiums amounting to 250,000-262,500 million baht. The increase is in line with the expected growth rate of the Thai economy next year.



Mr. Pibul Vasinchatchawal

Managing Director

“MBK LIFE has adopted a plan to restructure its distribution channels in order to meet the needs of its customers and trading partners in a more efficient manner. It also plans to develop new insurance products throughout the year, aiming at catering to the needs of its trading partners and customers in line with the timing of the needs which might arise, such as year-end tax planning. Moreover, MBK LIFE plans to modernize its work processes by making use of technology as tools. The objectives are not only to provide customers and trading partners with convenience but also to increase service efficiency, control costs and manage resources more efficiently in the future.”

The Structure of MBK LIFE's Board of Directors and Sub-committees

List of Directors		Position
1. Mr. Suphadej	Poonpipat	Chairman of the Board of Director
2. Mr. Nophadon	Ruengchinda	Vice Chairman and Chairman of the Executive Committee
3. Pol. Col. Yanaphon	Youngyuen	Chairman of the Audit Committee
4. Mr. Pandit	Chanapai	Member of the Audit Committee
5. Mr. Sidhinard	Duangratan	Member of the Audit Committee
6. Mr. Suvait	Theeravachirakul	Director
7. Mr. Somboon	Prasobpiboon	Director
8. Mr. Kamtorn	Tantisirivat	Director
9. Mrs. Thanawan	Chaisithikarnkha	Member of the Executive Committee
10. Mr. Pibul	Vasinchatchawal*	Member of the Executive Committee and Managing Director

Note: * Mr. Pibul Vasinchatchawal retirement was effective at 1 January 2021

Vision

To be an alternative life insurance provider which continuously offers products to the specific target customer groups which have been selected by MBK LIFE, making the company a stable company and trusted by all the stakeholders concerned.

Missions

To introduce up-to-date life insurance products which adhere mainly to the needs of MBK LIFE's customers while delivering excellent services which make MBK LIFE's members happy and feel at peace.

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. In this connection, there are several products available.

As regards life assurance products for individuals, noteworthy are products which are suitable for building one's financial plan for the future. This is to establish financial security assurance which is truly in line with the objectives of each individual. A wide range of life assurance products for individuals are at one's disposal. Each one has different features related to life coverage, cash value, policy length, and the period for paying premiums. The available products consist of the following:

- Endowment insurance is a type of insurance policy, with the condition under which the sum insured will be paid to the policyholder who is still alive on the policy maturity or to the beneficiary in case of the policyholder's demise during the policy term. The endowment insurance serves two purposes including savings and protection. As emphasis is primarily placed on savings, there are several types of payout benefits available, including those which are paid during the policy term and those which are paid on the policy maturity. Also noteworthy are a wide range of various policy lengths and premium payment periods. The various differences cater to the different saving objectives of each policyholder.

- Annuity insurance is a type of insurance policy which focuses on savings while the policyholder still works and has income. The product is designed to secure guaranteed retirement income, ensuring that the policyholder will have adequate income in line with the retirement income needs or when they become old. The policyholder will receive a regular pension throughout the period specified in the policy. In this connection, MBK LIFE will start paying the pension at least from when the policyholder reaches 60 years of age until the policyholder is no less than 85 years old. However, this type of insurance policy will not make any payment of other benefits before the pension payment, except in the event of the policyholder's death whereby MBK LIFE will pay the sum insured to the beneficiary.

- Term life insurance is a type of insurance policy with the condition under which the sum insured will be paid to the beneficiary when the policyholder dies during a specified covered term, such as 5 years, 10 years, 15 years or 18 years. The term life insurance primarily places emphasis on guaranteeing payment of a death benefit. It has no part of savings and pays nothing if the policyholder is still alive when the policy matures. As a result, the premium rate is lower than the rates charged by other types of insurance policies for individuals. It is suitable for those who need high coverage but pay relatively low premiums.

As regards personal accident products, MBK LIFE 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 accident insurance 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, gender and 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 marketing strategy focuses on promoting marketing activities for individual customers. The main target is middle-upper income customers, which MBK LIFE offers saving and pension products. As for hire purchase customers, MBK LIFE offers credit life insurance. The products and protections are offered to answer the needs of customers while building customer relationship through service providing.

As regards corporate customers, the target market includes leading companies, savings cooperatives, and other juristic persons, with focus on group insurance products (with or without riders), which meet customer needs. The products will be introduced to organizations which offer employee benefits. Emphasis is also placed on meeting other needs of the target market.

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.

Leasing Business

Ratchthani Leasing Public Company Limited



Mr. Kovit Rongwattanasophon

Managing Director

“THANI aims to do business by strengthening competitiveness, using its experience and skills, and becoming a leader in providing loans for purchasing commercial vehicles, cars, and other assets. It offers fully integrated services, aiming at meeting the needs of target customer groups.”

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

List of Directors		Position
1. Mr. Virat	Chinprapinporn	Chairman of the Board of Director, Member of the Executive Committee, Member of the Risk Management Committee, and Chairman of the Corporate Governance Committee
2. Mr. Kovit	Rongwattanasophon	Chairman of the Executive Committee, Chairman of the Risk Management Committee, Member of the Corporate Governance Committee, and Managing Director
3. Mr. Charoensook	Kititti	Member of the Corporate Governance Committee
4. Mr. Somjate	Moosirilert	Member of the Executive Committee, Member of the Risk Management Committee, Member of the Nomination and Remuneration Committee, and Member of the Corporate Governance Committee
5. Ms. Suvarnapha	Suvarnaphathip	Member of the Corporate Governance Committee
6. Mr. Kamtorn	Tantisirivat	Member of the Executive Committee, Member of the Risk Management Committee, and Member of the Corporate Governance Committee
7. Mr. Sorasak	Chayarak	Member of the Corporate Governance Committee
8. Dr. Thakol	Nanthirapakorn	Chairman of the Audit Committee, and Member of the Corporate Governance Committee
9. Mr. Suvit	Arunanondchai	Chairman of the Nomination and Remuneration Committee, Member of the Audit Committee, and Member of the Corporate Governance Committee

List of Directors	Position
10. Mr. Varavudh Varaporn	Member of the Audit Committee, Member of the Nomination and Remuneration Committee, and Member of the Corporate Governance Committee
11. Dr. Naree Boontharawara	Member of the Audit Committee, and Member of the Corporate Governance Committee
12. Mr. Surapon Satimanont	Member of the Audit Committee, and Member of the Corporate Governance Committee

Vision

To be the leader in the loan services for commercial cars, vehicles, other assets and one-stop services that can satisfy customer's needs covering all provinces nationwide.

Missions

Mission to Shareholders

THANI will conduct business with transparency, efficiency and sustainable growth in order to continuously gain good performance and business result for shareholders.

Mission to Employees

THANI will develop human resources to occupy capabilities, expertise, skills, professionalism while sustaining honesty and professional code of conduct. THANI will provide the proper remuneration to sustain the qualified employees with THANI.

Mission to Trade Partner

THANI will create confidence, good relationship, fast services and fair return on business to trade partners for the efficient long-term business partnership.

Mission to Customers

THANI will develop products and services to the excellence to meet targeted customer's needs and create highest customer satisfaction.

Mission to the Society

THANI will conduct business in accordance with good corporate governance with honesty and resistance to all forms of corruption in order to give back to society and to cooperate in the country's economy development.

Mission to the Environment

THANI will conduct business with responsibility to the resources and environment and involving in the conservation, rehabilitation and balance of the ecosystem.

Characteristics of Product and Service

THANI offers auto hire purchase and financial lease services with focus on auto hire purchase market in which it had special expertise. This included the market for both used and new commercial vehicles such as pick-ups, taxis, truck tractors and lorries, as well as the market for used sedans (secondhand). As of December 31, 2020, THANI's loans for new cars accounted for 70 percent of total loan portfolio with used cars accounting for the remaining 30 percent. In addition, in 2020, emphasis was still placed on the market for commercial vehicles, both new and secondhand. In this connection, the commercial vehicles accounted for 65 percent while other vehicles accounted for the remaining 35 percent. Once a customer paid off an installment plan, the ownership of the car would be transferred to the customer.

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. THANI 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, checking of car registration documents, and among others. As a result, it was necessary to put in place a work team consisting of staff with experience in checking the condition and market prices of used cars.

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 2020, the overall hire purchase and leasing industry registered a slower growth, compared with the previous year, mainly due to the economic impacts of the COVID-19 pandemic, which affected private investment. As a result, sales of vehicles for personal use and commercial purposes decreased. Moreover, loan providers were cautious in the conduct of business affairs with emphasis placed on giving high-quality loans. On the other hand, competition in the hire purchase and leasing industry continued to be intense as financial institutions, commercial banks as well as financial services arms of automobile manufacturers and dealers also put efforts to penetrate the hire purchase and finance lease market for sedans, both new and secondhand. As a result, some operators made adjustments and attempted to achieve a larger proportion of used cars in their loan portfolios. However, these operators were not considered as direct competitors yet since THANI's main target market consisted of vehicles for commercial use, both new and secondhand. The competition in this market was not intense when compared with the market for sedans.

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

With high experience, business expertise, fast services, THANI was confident to maintain its competitiveness and its market share under the intense competition at the present.

Funding of Products and Services

Sources of Fund

Apart from capital used by THANI as a source of funds in business operations, it borrowed money from financial institutions. In this connection, the funding sources of THANI as of 31 December 2018, 2019 and 2020 were as follows:

(Unit: Million Baht)

Items	2020		2019		2018	
	Amount	Percent	Amount	Percent	Amount	Percent
Shareholders' Equity	10,818.69	22.78	7,671.02	15.39	7,194.96	15.48
Loans						
Short-term Loans *	10,991.23	23.14	29,085.49	58.34	21,981.88	47.29
Long-term Bonds **	18,098.73	38.10	12,496.33	25.07	17,201.58	37.01
Long-term Loans	7,589.98	15.98	600.91	1.21	100.00	0.22
Total Loans ***	36,679.64	77.22	42,182.73	84.62	39,283.46	84.52
Total	47,498.63	100.00	49,853.75	100.00	46,478.42	100.00

Notes: (*) Short-term loans, overdrafts, and long-term loans to be repaid within one year.
 (**) Net long-term bonds (excluding those to be repaid within one year) are the amount before the deferred expenses which are associated with bond issuance.
 (***) Other current liabilities are not counted as loans from normal business operations, such as transfer amount to be written off, creditor – the Revenue Department, performance insurance payable, and others.

As of 31 December 2020, total loans amounted to 36,679.94 million baht. The related repayment schedule was as follows:

(Unit: Million Baht)

Loan Repayment	Amount
Within 1 year	10,991.23
1-up to 2 years	13,345.55
2-up to 3 years	6,166.63
Over 3 years	6,176.53
Total	36,679.94

Taking into account the loan agreements which exclude the loans whose repayments were more than 4 months overdue and the debtors who were being sued, THANI's loans whose repayments were scheduled to be made were as follows:

(Unit: Million Baht)

Debt Repayments	Hire Purchase Agreements	Finance Lease Agreements	Total
Within 1 year	19,329.53	276.52	19,606.05
1-up to 2 years	15,238.54	233.27	15,471.81
2-up to 3 years	10,103.08	163.30	10,266.38
Over 3 years	6,192.70	94.93	6,287.63
Total	50,863.85	768.02	51,631.87

As of 31 December 2020, THANI's loans (including overdrafts and short-term loans) due to be repaid within one year amounted to 10,991.23 million baht while its long-term loans due to be repaid after one year but not more than two years amounted to 13,345.55 million baht. On the other hand, the installment payments due to be repaid by debtors within one year amounted to 19,606.05 million baht while the installment payments due to be repaid after

one year but not more than two years amounted to 15,471.81 million baht. It could be seen that THANI's sources of funds were adequate to repay the loans which were due within one year as part of the short-term loans would be repaid by the long-term loans. This was a capital structure strategy adopted by the company. In this connection, the short-term loans due to be repaid within one year consisted of overdrafts, loans in the form of promissory notes issued by financial institutions and third parties as well as long-term debts due for repayment within one year.

THANI recognized the importance of liquidity. As a result, it took out long-terms loans which carried a fixed interest rate as a new source of funds, ensuring that it was in line with the repayments of the debtors. The arrangement also helped reduce interest risk and mitigate funding mismatch. In this connection, THANI continued to closely monitor the risk management in a careful manner.

Lending

THANI's lending policy placed emphasis on the high quality of customers. Most of its customers were members of the general public. In considering the hire purchase loans for customers, THANI took into account their repayment ability and their guarantor's creditworthiness. Factors including the stability of their income and occupation, as well as the location of their residence or workplace were also taken into consideration. In particular, their personal history would be checked in detail. Moreover, an officer would be assigned to carefully check each procedure related to application approval.

Lending money through parties related to executives or major shareholders

Currently, THANI had no loans which were given through executives, major shareholders or related parties.

Investment

THANI invested in Kamrai Permpoon Open-ended Fund (KPLUS). The objective was to make a long-term investment. The investment was made in 1993 at the cost of 300,000 baht. However, as of 31 December 2020, the book value of the investment amounted to 187,572 baht. In this connection, THANI did not have any policy to make additional investment in the Fund.

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 loans 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.

Acquisitions of Products or Services

NFS AMC and MAX AMC looked for opportunities to purchase non-performing loans (NPLs) and non-performing assets (NPAs) from various domestic financial institutions. In most cases, they would purchase non-performing loans at public auctions. Sometimes they might purchase non-performing loans directly from financial institutions. These also included the acquisition of non-performing assets at auctions in which pledged collateral of non-performing assets previously managed by NFS AMC or MAX AMC was sold. Also included were the collateral and/or assets transferred by the debtors as debt repayments.

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 and TBANK. 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 and TBANK 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.

Acquisitions of Products or Services

TS AMC looked for opportunities to purchase non-performing loans (NPLs) and non-performing assets (NPAs) from various domestic financial institutions. In most cases, they would purchase non-performing loans at public auctions. Sometimes they might purchase non-performing loans directly from financial institutions. These also included the acquisition of non-performing assets at auctions in which pledged collateral of non-performing assets previously managed by TS AMC was sold. Also included were the collateral and/or assets transferred by the debtors as debt repayments.

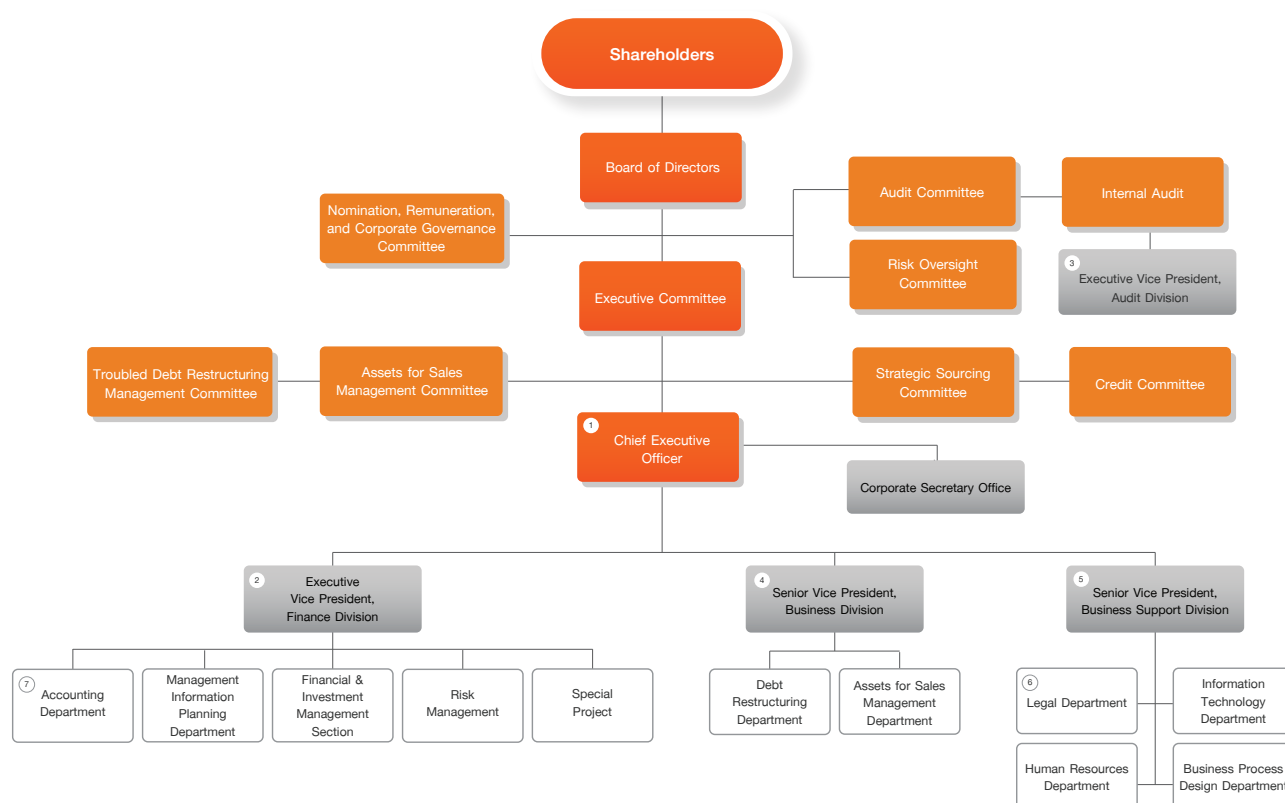
MANAGEMENT STRUCTURE

Thanachart Capital Public Company Limited

The management structure of the Company comprises the Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, the Executive Committee, the Risk Oversight Committee, the Troubled Debt Restructuring Management Committee, the Assets for Sales Management Committee, the Strategic Sourcing Committee, the Credit 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 at 31 December 2020



Note: ① - ⑦ 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

Structure of The Company's Board of Directors

In 2020, the Company had 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 4 of whom possessed the qualifications of Independent Directors.

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, and agendas for acknowledgement the reports from sub-committees. 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 was a total of 12 meetings in 2020.

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 List of the Company's Directors and the Meeting Attendance in 2020

List of Company's Directors	Position	Board of Directors	Audit Committee	Nomination, Remuneration, and Corporate Governance Committee	Executive Committee	Risk Oversight Committee
		(Total of 12 Meetings)	(Total of 12 Meetings)	(Total of 5 Meetings)	(Total of 12 Meetings)	(Total of 12 Meetings)
1. Mr. Banterng Tantivit	Chairman (Non-executive Director)	12	-	-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman and Chairman of the Executive Committee (Executive Director)	12	-	-	12	-
3. Mrs. Siripen Sitasuwan	Chairperson of the Audit Committee and Member of the Nomination, Remuneration, and Corporate Governance Committee (Independent Director)	12	12	5	-	-
4. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Audit Committee (Independent Director)	12	11	5	-	-
5. Mrs. Salinee Wangtal	Member of the Audit Committee and Member of the Risk Oversight Committee (Independent Director)	12	12	-	-	12
6. Dr. Thanachart Numnonda	Chairman of the Risk Oversight Committee (Independent Director)	12	-	-	-	12
7. Mr. Vichit Yanamorn	Member of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Risk Oversight Committee (Non-executive Director)	12	-	5	-	12
8. Ms. Suvarnapha Suvannapraphith	Vice Chairperson of the Executive Committee (Executive Director)	12	-	-	12	-
9. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Oversight Committee, and Chief Executive Officer (Executive Director)	12	-	-	12	8

Notes:

- 1) Authorized signatories of the Company included 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvannapraphith 3) Mr. Somjate Moosirilert. Any two out of three authorized signatories could jointly sign with the Company's seal affixed.
- 2) Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As of 31 December 2020, 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. Somjate	Moosirilert	Chief Executive Officer
2. Mr. Kamtorn	Tantisirivat	Executive Vice President, Finance Division
3. Ms. Thanawan	Teekautamakorn	Executive Vice President, Audit Division
4. Mr. Watchara	Permphithak	Senior Vice President, Business Division
5. Mrs. Yada	Thaipinnarong	Senior Vice President, Business Support Division
6. Mrs. Krisayanee	Ratanachaichan	Senior Vice President, Legal Department
7. Mrs. Thanawan	Chaisithikarnkha	Senior Vice President, Accounting 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 regard 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 Annual Registration Statement and in this Annual Report.

Remuneration of Directors and Executives of the Company

Financial Remuneration

In 2020, 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 Oversight Committee. Total remuneration was 48,693,054.89 baht. The remuneration was in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance of 2019 which could be summarized as follows:

1. The remuneration payments made in 2020 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	1,440,000.00	720,000.00	6,582,318.99	8,742,318.99
2. Mr. Suphadej	Poonpipat	720,000.00	360,000.00	3,291,159.49	4,371,159.49
3. Mrs. Siripen	Sitasuwan	720,000.00	360,000.00	3,291,159.49	4,371,159.49
4. Mr. Tiraphot	Vajrabhaya	720,000.00	360,000.00	3,291,159.49	4,371,159.49
5. Mrs. Salinee	Wangtal	720,000.00	360,000.00	-	1,080,000.00
6. Dr. Thanachart	Numnonda	720,000.00	360,000.00	-	1,080,000.00
7. Mr. Vichit	Yanamorn	720,000.00	360,000.00	3,291,159.49	4,371,159.49
8. Ms. Suvarnapha	Suvarnaprathip	720,000.00	360,000.00	3,291,159.49	4,371,159.49
9. Mr. Somjate	Moosirilert	720,000.00	360,000.00	3,291,159.49	4,371,159.49
Directors Retired from Position in 2019					
1. Mr. Teeranun	Srihong	-	-	3,146,889.48	3,146,889.48
2. Mr. Prinya	Hom-anek	-	-	3,146,889.48	3,146,889.48
Total		7,200,000.00	3,600,000.00	32,623,054.89	43,423,054.89

Note: Mr. Prinya Hom-anek and Mr. Teeranun Srihong resigned as members of the Board of Directors and members of standing committees, effective on 16 December 2019.

2. The remuneration payments made in 2020 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	360,000.00	1,080,000.00
2. Mr. Tiraphot	Vajrabhaya	480,000.00	220,000.00	700,000.00
3. Mrs. Salinee	Wangtal	480,000.00	240,000.00	720,000.00
Total		1,680,000.00	820,000.00	2,500,000.00

3. The remuneration payments made in 2020 to the Nomination, Remuneration, and Corporate Governance Committee were as follows:

List of the Nomination, Remuneration, and Corporate Governance Committee Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Mr. Tiraphot	Vajrabhaya	360,000.00	100,000.00	460,000.00
2. Mrs. Siripen	Sitasuwan	240,000.00	75,000.00	315,000.00
3. Mr. Vichit	Yanamorn	240,000.00	75,000.00	315,000.00
Total		840,000.00	250,000.00	1,090,000.00

4. The remuneration payments made in 2020 to the Risk Oversight Committee were as follows:

List of the Risk Oversight Committee Members		Type of Remuneration (Baht Per Year)		
		Monthly Compensation	Meeting Stipends	Total
1. Dr. Thanachart	Numnonda	360,000.00	360,000.00	720,000.00
2. Mr. Vichit	Yanamorn	240,000.00	240,000.00	480,000.00
3. Mrs. Salinee	Wangtal	240,000.00	240,000.00	480,000.00
4. Mr. Somjate	Moosirilert*	-	-	-
5. Mr. Kamtorn	Tantisirivat*	-	-	-
Total		840,000.00	840,000.00	1,680,000.00

Note: * Executive Directors do not receive the remuneration.

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 53,443,394.40 baht in the remuneration payment made to seven 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 2020, the Company contributed 3,593,800.40 baht to the provident fund for seven executives.

BOARD OF DIRECTORS AND EXECUTIVES MANAGEMENT

The Board of Directors

(As at 31 December 2020)

Mr. Banterng Tantivit Chairman (Non-executive Director)

Date of Appointment	30 October 1980	
Age	76 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	• Chairman	2006 - Present
Position in Other Non-listed Company		
Thanachart Insurance Public Company Limited	• Chairman	2019 - Present
Laem Sai Village Company Limited	• Director	2016 - Present
Siam Piwat Holding Company Limited	• Director	2006 - Present
MBK Resort Public Company Limited	• Chairman	2003 - Present
Siam Piwat Company Limited	• Director	2003 - Present
B.V. Holding Company Limited	• Director	2003 - Present
Deebuk Company Limited	• Director	1987 - Present
Thai Farming Company Limited	• Director	1987 - Present
Experience in the Past 5 Years		
Dusit Thani Public Company Limited	• Director	2015 - 2017
	• Advisor	2001 - 2015
Plan Estate Company Limited	• Chairman	2003 - 2015
Thanachart Bank Public Company Limited	• Chairman	2002 - 2019
Patum Ricemill and Granary Public Company Limited	• Advisor	2001 - 2015
MBK Public Company Limited	• 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 and Chairman of the Executive Committee (Executive Director)

Date of Appointment	23 May 1983	
Age	70 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, Director Accreditation Program (DAP), Class 8/2004 • 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 <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		
TMB Bank Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman and Vice Chairman of the Board of Executive Directors 	2019 - Present
MBK Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee • Chairman of the Nomination and Compensation Committee • Vice Chairman 	2018 - Present 2015 - Present 2006 - Present
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Good Corporate Governance Committee • Chairman 	2016 - Present 2012 - Present
Position in Other Non-listed Company		
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman • Chairman of the Executive Committee 	2019 - Present 2005 - Present
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman of the Executive Committee • Vice Chairman 	2019 - Present 2005 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Chairman 	2014 - 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 Bank Public Company Limited	<ul style="list-style-type: none"> Member of the Succession Committee Chairman of the Executive Committee 	2016 - 2019 2005 - 2019
DMS Property Investment Private Company Limited	<ul style="list-style-type: none"> Chairman Director 	2015 - 2019 2011 - 2015
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> Chairman 	2014 - 2019
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> Chairman of the Risk Management Committee Chief Executive Officer 	2013 - 2018 2010 - 2018
Patum Ricemill and Granary Public Company Limited	<ul style="list-style-type: none"> Chairman of the Executive Committee 	2011 - 2017
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
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 Member of the Nomination and Compensation Committee 	2003 - 2018 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	72 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, Director Certification Program (DCP), Class 33/2003 • Certificate, Role of the Compensation Committee (RCC), Class 4/2007 • Certificate, Audit Committee Program (ACP), Class 32/2010 <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
Thai Solar Energy Public Company Limited	<ul style="list-style-type: none"> • Director and Member of the Audit Committee • 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 • Director and Member of the Remuneration Committee 	2014 - Present
Experience in the Past 5 Years		
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	67 Years	
Education	<ul style="list-style-type: none"> • Master of Business Administration, Boston University, USA • Bachelor of Arts in Economics and Commerce, University of Melbourne, Australia 	
Directorship and Executive Training Program	<p><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Director Certification Program (DCP), Class 197/2014 • Certificate, Role of the Compensation Committee (RCC), Class 19/2014 <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 	
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	None	
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mrs. Salinee Wangtal

Member of the Audit Committee and Member of the Risk Oversight Committee
(Independent Director)

Date of Appointment	1 January 2020	
Age	66 Years	
Education	<ul style="list-style-type: none"> Master of Business Administration, Finance & International Business, Columbia University, USA Bachelor of Accounting, Chulalongkorn University 	
Directorship and Executive Training Program	<u>Thai Institute of Directors Association</u> <ul style="list-style-type: none"> Certificate, Role of the Chairman Program (RCP), Class 36/2015 <u>Harvard University, USA</u> <ul style="list-style-type: none"> Advance Management Program 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Green Earth Power (Thailand) Company Limited	<ul style="list-style-type: none"> Chairperson 	2020 - Present
SCB Asset Management Company Limited	<ul style="list-style-type: none"> Director and Chairperson of the Audit Committee 	2018 - Present
Experience in the Past 5 Years		
Nation Multimedia Group Public Company Limited	<ul style="list-style-type: none"> Director 	2018 - 2020
The Office of Small and Medium Enterprise Promotion	<ul style="list-style-type: none"> Director 	2015 - 2017
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> Director and Chairperson of the Audit Committee 	2014 - 2019
Public Warehouse Organization Ministry of Commerce Thailand	<ul style="list-style-type: none"> Director and Chairperson of the Executive Committee 	2014 - 2018
Small and Medium Enterprise Development Bank of Thailand	<ul style="list-style-type: none"> Chairperson 	2014 - 2016
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Dr. Thanachart Numnonda
Chairman of the Risk Oversight Committee (Independent Director)

Date of Appointment	1 January 2020
Age	55 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><u>Thai Institute of Directors Association</u></p> <ul style="list-style-type: none"> • Certificate, Director Accreditation Program (DAP), Class 121/2015 • Certificate, Advanced Audit Committee Program (AACP), Class 25/2016 • Certificate, Director Certification Program (DCP), Class 242/2017 • Certificate, Role of the Chairman Program (RCP), Class 41/2017 • Certificate, Financial Statements for Directors (FSD), Class 35/2018 • Certificate, Strategic Board Master Class (SBM), Class 5/2018 • Certificate, Risk Management Program for Corporate Leaders (RCL), Class 19/2020 <p><u>Thanachart Bank Public Company Limited</u></p> <ul style="list-style-type: none"> • Block Chain Technology 2018 <p><u>Columbia Business School</u></p> <ul style="list-style-type: none"> • Digital Strategies for Business 2018
Position in Other Listed Company	
Humanica Public Company Limited	<ul style="list-style-type: none"> • Member of the Nomination and Remuneration Committee 2020 - Present • Director and Member of the Audit Committee 2015 - Present
Vintcom Technology Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Risk Management Committee and Member of the Nomination and Remuneration Committee 2019 - Present • Director and Member of the Audit Committee 2015 - Present
SiamEast Solutions Public Company Limited	<ul style="list-style-type: none"> • Chairman and Chairman of the Audit Committee 2016 - Present
Position in Other Non-listed Company	
Khon Kaen University	<ul style="list-style-type: none"> • Committee of KKU Council 2019 - Present
Ubon Ratchathani University	<ul style="list-style-type: none"> • Committee of UBU Council 2013 - Present
IMC Outsourcing (Thailand) Company Limited	<ul style="list-style-type: none"> • Director 2013 - Present
Experience in the Past 5 Years	
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Director and Chairman of the Audit Committee 2017 - 2019
The Association of Thai ICT Industry	<ul style="list-style-type: none"> • President 2015 - 2017
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 Oversight Committee (Non-executive Director)

Date of Appointment	25 February 2015	
Age	74 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, Director Accreditation Program (DAP), Class 34/2005 • Certificate, Audit Committee Program (ACP), Class 18/2007 • Certificate, Role of the Compensation Committee (RCC), Class 20/2015 • Certificate, Role of the Nomination and Governance Committee (RNG), Class 7/2015 • Certificate, Driving Company Success with IT Governance (ITG), Class 3/2016 <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>The 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		
IT City Public Company Limited	<ul style="list-style-type: none"> • Chairman • Member of the Risk Management Committee • Chairman of the Audit Committee and Member of the Nomination and Remuneration Committee 	2020 - Present 2019 - Present 2018 - Present
Netbay Public Company Limited	<ul style="list-style-type: none"> • Member of the Nomination and Remuneration Committee • Director and Member of the Audit Committee 	2015 - Present 2014 - Present
MBK Public Company Limited	<ul style="list-style-type: none"> • Information Technology Advisor 	2012 - 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

Experience in the Past 5 Years		
Thai Feed Mills Public Company Limited	• Director	2004 - 2015
New Continent Company Limited	• Director	2002 - 2020
Public Sector Audit Evaluation Sub-committee of Social Development and Human Security	• Sub-committee	2001 - 2017
Acerts Company Limited	• Director	1991 - 2016
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Ms. Suvarnapha Suvarnaprathip

Vice Chairperson of the Executive Committee (Executive Director)

Date of Appointment	1 September 2005	
Age	75 Years	
Education	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>The Bank of Thailand</u> <ul style="list-style-type: none"> Thailand Sustainable Banking 2018 	
Position in Other Listed Company		
Ratchthani Leasing Public Company Limited	<ul style="list-style-type: none"> Director and Member of the Corporate Governance Committee 	2020 - Present
Position in Other Non-listed Company		
Seacon Development Public Company Limited	<ul style="list-style-type: none"> Director 	1991 - Present
Experience in the Past 5 Years		
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> Vice Chairperson of the Risk Management Committee 	2013 - 2018
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> Vice Chairperson of the Executive Committee Director 	2006 - 2019 2002 - 2019
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 Oversight Committee, and Chief Executive Officer (Executive Director)

Date of Appointment	2 March 2009	
Age	64 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>The Bank of Thailand</u></p> <ul style="list-style-type: none"> • Thailand Sustainable Banking 2018 	
Position in Other Listed Company		
Ratchthani Leasing Public Company Limited	<ul style="list-style-type: none"> • Director, Member of the Executive Committee, Member of the Risk Management Committee, Member of the Nomination and Remuneration Committee, and Member of the Corporate Governance Committee 	2020 - Present
TMB Bank Public Company Limited	<ul style="list-style-type: none"> • Director, Member of the Board of Executive Directors, and Member of the Nomination, Remuneration, and Corporate Governance Committee 	2019 - Present
Position in Other Non-listed Company		
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Director, Member of the Executive Committee, and Member of the Nomination and Remuneration Committee 	2019 - Present
TS Asset Management Company Limited	<ul style="list-style-type: none"> • Chairman 	2019 - Present
Thanachart SPV1 Company Limited	<ul style="list-style-type: none"> • Director 	2019 - Present
Thanachart SPV2 Company Limited	<ul style="list-style-type: none"> • Director 	2019 - Present
Thai Listed Company Association	<ul style="list-style-type: none"> • Vice Chairman 	2017 - Present
Thanachart Securities Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Executive Committee • Chairman 	2013 - Present 2009 - Present
Association of Thai Securities Companies	<ul style="list-style-type: none"> • Board Advisor 	2010 - Present

Experience in the Past 5 Years		
The Thai Bankers' Association	<ul style="list-style-type: none"> • Director • Advisor • Director 	2018 2016 - 2018 2011 - 2016
Thai Listed Company Association	<ul style="list-style-type: none"> • Vice Chairman Advisor • Director and Vice Chairman 	2015 - 2017 2011 - 2015
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Vice Chairman • Vice Chairman of the Executive Committee 	2014 - 2018 2013 - 2018
Sasin Graduate Institute of Business Administration of Chulalongkorn University	<ul style="list-style-type: none"> • Director 	2014 - 2016
Thanachart Fund Management Company Limited	<ul style="list-style-type: none"> • Chairman • Chairman of the Executive Committee 	2013 - 2020 2011 - 2020
Thanachart Bank Public Company Limited	<ul style="list-style-type: none"> • Chairman of the Risk Management Committee • Chief Executive Officer and President • Director and Member of the Executive Committee 	2012 - 2018 2011 - 2018 2009 - 2018
TS Asset Management Company Limited	<ul style="list-style-type: none"> • Chairman and Chairman of the Executive Committee 	2011 - 2018
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Executives

Mr. Kamtorn Tantisirivat

Member of the Risk Oversight Committee, Secretary to the Risk Oversight Committee, and Executive Vice President, Financial Division

Age	58 Years
Education	<ul style="list-style-type: none"> Master of Business Administration, in Finance, The University of Michigan at Ann Arbor, USA Master of Science in Computer Science, The University of Texas at Austin, USA Bachelor of Engineering, Chulalongkorn University
Directorship and Executive Training Program	<p><u>CFA Institute</u></p> <ul style="list-style-type: none"> CFA Program 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 Impacts of IFRS 9 to Thanachart Group Block Chain Technology 2018 <p><u>Federation of Accounting Professions</u></p> <ul style="list-style-type: none"> Thailand IFRS Conference 2016 Keep up with Thai Financial Reporting Standards Implemented in 2019 and 2020 <p><u>KPMG</u></p> <ul style="list-style-type: none"> Classification of Financial Assets/Liabilities according to the IFRS 9 <p><u>EY Office Limited</u></p> <ul style="list-style-type: none"> Preparation for the Change of Financial Reporting Standard <p><u>IMC Institute</u></p> <ul style="list-style-type: none"> Blockchain 2017: Unlocking Internet of Value <p><u>NYC Management Company Limited</u></p> <ul style="list-style-type: none"> What to Know about new TFRS <p><u>The Bank of Thailand</u></p> <ul style="list-style-type: none"> Thailand Sustainable Banking 2018
Position in Other Listed Company	
Ratchthani Leasing Public Company Limited	<ul style="list-style-type: none"> Director, Member of the Executive Committee, Member of the Risk Management Committee, and Member of the Corporate Governance Committee <p>2020 - Present</p>
Position in Other Non-listed Company	
TM Communications and Brand Management Company Limited	<ul style="list-style-type: none"> Director <p>2020 - Present</p>
TS Asset Management Company Limited	<ul style="list-style-type: none"> Director <p>2019 - Present</p>
Thanachart SPV1 Company Limited	<ul style="list-style-type: none"> Director <p>2019 - Present</p>
Thanachart SPV2 Company Limited	<ul style="list-style-type: none"> Director <p>2019 - Present</p>
MAX Asset Management Company Limited	<ul style="list-style-type: none"> Vice Chairman <p>2018 - Present</p>
NFS Asset Management Company Limited	<ul style="list-style-type: none"> Vice Chairman <p>2018 - Present</p>
MT Service 2016 Company Limited	<ul style="list-style-type: none"> Director <p>2016 - Present</p>
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> Director and Member of the Risk Management Committee <p>2014 - Present</p>

Experience in the Past 5 Years		
MAX Asset Management Company Limited	• Chairman	2016 - 2018
NFS Asset Management Company Limited	• Chairman and Chairman of the Executive Committee	2016 - 2018
MBK Life Assurance Public Company Limited	• Member of the Executive Committee	2014 - 2020
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Ms. Thanawan Teekautamakorn

Executive Vice President, Audit Division and the Company's Head of Internal Audit

Age	56 Years
Education	<ul style="list-style-type: none"> • Master of Arts in Business Law, Chulalongkorn University • Master Degree in General Management, Mahidol University • Bachelor degree in Financial Accounting, University of the Thai Chamber of Commerce • Internal Auditing Certificate, Federation of Accounting Professions
Directorship and Executive Training Program	<ul style="list-style-type: none"> • Thai Accounting and International Standards • Management and Financial Accounting • Derivatives and Treasury Finance • Financial Disclosure Standards • Taxation courses VAT, Withholding tax, Corporate Income tax • Sell and Services guideline of the Capital Market products (Mutual Fund and Debt Instrument) • Credit Review Guidelines after TFRS 9 and Credit Model • Personal Data Protection Act-PDPA • Integrated Risk Management & Strategy • Treasury & Risk Management • IT Best Practice (Mobile Banking, E-Banking, Cyber Security) • Risk Management for Committee Program • COSO 2013 & Anti-Corruption Master Class • Internal Audit Best Practices • IT Governance and Cyber Resilience Program (ITG) • IT Risk Management Implementation Guideline • AI & Big Data 2019 • CAE Forum 2019 Winning 5G and the 4th Industrial Revolution • Corruption Risk and Control Workshop (CRC) • Financial Statement Impact from TFRS 9 • IA'New Value Proposal During and After the Crisis • PDPA for Internal Audit 2020
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"> • Executive Vice President and Secretary to the Audit Committee 2018 - 2020
TMB Bank Public Company Limited	<ul style="list-style-type: none"> • Chief Audit Officer and Secretary to the Audit Committee 2013 - 2017
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Watchara Permpithak
Senior Vice President, Business Division

Age	59 Years	
Education	<ul style="list-style-type: none"> • Master of Business Administration, National Institute 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		
TS Asset Management Company Limited	• Director	2019 - Present
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 • Vice Chairman of the Executive Committee 	2016 - 2018 2006 - 2018
Thanachart Bank Public Company Limited	• Senior Vice President, Asset Development	2012 - 2015
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. Yada Thaipinnarong
Senior Vice President, Business Support Division

Age	58 Years
Education	<ul style="list-style-type: none"> • Master of Business Administration, San Angelo State University, Texas, USA • Bachelor of Arts, Ramkhamhaeng University
Directorship and Executive Training Program	<ul style="list-style-type: none"> • The 4th Essential Roles of Leadership for Senior Managment • Thanachart Leaderships Developments • Empower Employees
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"> • Senior Vice President, Head of Business Lending Service 2018 - 2020 • Senior Vice President, Head of Business Analysis & SRD 2012 - 2018
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mrs. Krisayanee Ratanachaichan
Senior Vice President, Legal Department

Age	58 Years	
Education	<ul style="list-style-type: none"> • Barrister-at-Law, Thai Bar Association, The Institute of Legal Education • Master of Law, Thammasat University • Bachelor of Law, Thammasat University 	
Directorship and Executive Training Program	<ul style="list-style-type: none"> • Leader as Coach • Leadership Transformation 	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Thanachart Management and Services Company Limited	• Director	2020 - Present
Security Scib Services Company Limited	• Chairman	2016 - Present
Bangkok Home Company Limited	• Director and Liquidator	2000 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Senior Vice President, Legal Department	1990 - 2019
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mrs. Thanawan Chaisithikarnkha
Senior Vice President, Accounting Department

Age	55 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		
Thanachart Insurance Public Company Limited	<ul style="list-style-type: none"> • Director 	2020 - Present
MBK Life Assurance Public Company Limited	<ul style="list-style-type: none"> • Member of the Executive Committee • Director 	2020 - Present 2010 - Present
TM Communications and Brand Management Company Limited	<ul style="list-style-type: none"> • Director 	2020 - Present
Security Scib Services Company Limited	<ul style="list-style-type: none"> • Director 	2020 - Present
Thanachart Management and Services Company Limited	<ul style="list-style-type: none"> • Director 	2020 - Present
Thanachart SPV1 Company Limited	<ul style="list-style-type: none"> • Director 	2019 - Present
Thanachart SPV2 Company Limited	<ul style="list-style-type: none"> • Director 	2019 - Present
MT Service 2016 Company Limited	<ul style="list-style-type: none"> • Director 	2016 - Present
Experience in the Past 5 Years		
Thanachart Capital Public Company Limited	<ul style="list-style-type: none"> • First Vice President, Accounting Department 	2012 - 2018
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Company Secretary and the Company's Head of Compliance

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, Corporate Secretary Office

Age	57 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, Company Secretary Program (CSP), Class 4/2003 Certificate, Effective Minute Taking (EMT), Class 8/2007 Certificate, Director Certification Program (DCP), Class 150/2011 Certificate, Financial Institutions Governance Program (FGP), Class 2/2011 Certificate, Corporate Governance for Executives (CGE), Class 8/2017 <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>The Bank of Thailand</u></p> <ul style="list-style-type: none"> Thailand Sustainable Banking 2018 <p><u>Board of Trade of Thailand</u></p> <ul style="list-style-type: none"> Personal Data Protection Act-PDPA <p><u>Thai Law Training</u></p> <ul style="list-style-type: none"> Anti-Money Laundering Law Course for Reporting Persons
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	None
Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Report on Changes in Shareholding of the Company's Directors and Executives in 2019 to 2020

No.	Name	Position	Number of Share(s) held as at 31 December 2020	Number of Share(s) held as at 31 December 2019	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	- -	- -	- -	- -
3	Mrs. Siripen Sitasuwan Spouse and minor children	Director	- -	- -	- -	- -
4	Mr. Tiraphot Vajrabhaya Spouse and minor children	Director	- -	- -	- -	- -
5	Mrs. Salinee Wangtal Spouse and minor children	Director	- -	- -	- -	- -
6	Dr. Thanachart Numnonda Spouse and minor children	Director	- -	- -	- -	- -
7	Mr. Vichit Yanamorn Spouse and minor children	Director	- -	- -	- -	- -
8	Ms. Suvarnapha Suvarnaprathip Spouse and minor children	Director	- -	- -	- -	- -
9	Mr. Somjate Moosirilert Spouse and minor children	Director and Chief Executive Officer	- -	- -	- -	- -
10	Mr. Kamtorn Tantisirivat Spouse and minor children	Executive Vice President, Financial Division	- -	- -	- -	- -
11	Ms. Thanawan Teekautamakorn Spouse and minor children	Executive Vice President, Audit Division	- -	- -	- -	- -
12	Mr. Watchara Permphithak Spouse and minor children	Senior Vice President, Business Division	- -	- -	- -	- -
13	Mrs. Yada Thaipinnarong Spouse and minor children	Senior Vice President, Business Support Division	- -	- -	- -	- -
14	Mrs. Krisayanee Ratanachaichan Spouse and minor children	Senior Vice President, Legal Department	- -	- -	- -	- -
15	Mrs. Thanawan Chaisithikarnkha Spouse and minor children	Senior Vice President, Accounting Department	- -	- -	- -	- -

The Information of the Director, Executive, and Authorized Persons' Position in Subsidiary, Associated, and Related Companies

(As at 31 December 2020)

Name		TCAP	Subsidiary Companies										Associated Company			Related Companies																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																	
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Note:

xxx Chairman
/// Chairman of the Executive Committee
A Chief Executive Officer
D Senior Vice President

xx Vice Chairman
// Vice Chairman of the Executive Committee
B Managing Director

x Director
/ Executive Committee
C Executive Vice President

List of Subsidiary, Associated, and Related Companies

Subsidiary Companies

- | | |
|---|--|
| 1. Thanachart Securities Public Company Limited | 8. MAX Asset Management Company Limited |
| 2. Thanachart Insurance Public Company Limited | 9. NFS Asset Management Company Limited |
| 3. MBK Life Assurance Public Company Limited | 10. MT Service 2016 Company Limited |
| 4. Ratchthani Leasing Public Company Limited | 11. Thanachart Management and Services Company Limited |
| 5. TS Asset Management Company Limited | 12. Security Scib Services Company Limited |
| 6. Thanachart SPV1 Company Limited | |
| 7. Thanachart SPV2 Company Limited | |

Associated Company

13. MBK Public Company Limited
14. TMB Bank Public Company Limited
15. TM Communications and Brand Management Company Limited

Related Companies

- | | |
|---|--|
| 16. Thanachart Bank Public Company Limited | 29. U.V.S.P. Company Limited |
| 17. MBK Resort Public Company Limited | 30. T.V.V. Enterprise Company Limited |
| 18. Siam Piwat Company Limited | 31. SCB Asset Management Company Limited |
| 19. Siam Piwat Holding Company Limited | 32. Green Earth Power (Thailand) Company Limited |
| 20. Thai Farming Company Limited | 33. Vintcom Technology Public Company Limited |
| 21. Deebuk Company Limited | 34. Humanica Public Company Limited |
| 22. B.V. Holding Company Limited | 35. SiamEast Solutions Public Company Limited |
| 23. Laem Sai Village Company Limited | 36. IMC Outsourcing (Thailand) Company Limited |
| 24. Patum Ricemill and Granary Public Company Limited | 37. Netbay Public Company Limited |
| 25. Sermasuk Public Company Limited | 38. IT City Public Company Limited |
| 26. Thai Solar Energy Public Company Limited | 39. Amornchewin Company Limited |
| 27. Fraser and Neave, Limited (Singapore) | 40. The Grand UB Company Limited |
| 28. U.S.P.N. Company Limited | 41. Seacon Development Public Company Limited |
| | 42. Bangkok Home Company Limited |

Details Related to Directors of Subsidiary Companies as at 31 December 2020

Subsidiary Companies that significantly generated income more than 10 percent of total income in consolidated comprehensive income statements of the latest accounting year were 1) Thanachart Insurance Public Company Limited, 2) Ratchthani Leasing Public Company Limited, and 3) Thanachart SPV2 Company Limited.

Name		TNI	THANI	SPV2
1. Mr. Banterng	Tantivit	XXX		
2. Mr. Suphadej	Poonpipat	XX ///		
3. Mr. Praphan	Anupongongarch	//		
4. Mr. Wichian	Mektrakarn	X		
5. Mr. Pirus	Pradithavanij	X		
6. Mr. Surapant	Meknavin	X		
7. Mrs. Thanawan	Chaisithikarnkha	X		X
8. Mr. William	George Said	X		
9. Mr. Samuel	Anthony Dotro	X		
10. Mr. Perapart	Meksingvee	X / A		
11. Mr. Virat	Chinprapinporn		XXX /	
12. Mr. Kovit	Rongwattanasophon		X /// A	
13. Mr. Charoensook	Kititti		X	
14. Mr. Somjate	Moosirilert		X /	X
15. Ms. Suvarnapha	Suvarnaprathip		X	
16. Mr. Kamtorn	Tantisirivat		X /	X
17. Mr. Sorasak	Chayarak		X	
18. Dr. Thakol	Nanthirapakorn		X	
19. Mr. Suvit	Arunanondchai		X	
20. Mr. Varavudh	Varaporn		X	
21. Dr. Naree	Boontherawara		X	
22. Mr. Surapon	Satimanont		X	

Note: XXX Chairman XX Vice Chairman X Director
 /// Chairman of the Executive Committee // Vice Chairman of the Executive Committee / Executive Committee
 A Managing Director



CORPORATE GOVERNANCE

Report on Corporate Governance Compliance

Good Corporate Governance Policies and Handbook of the Code of Ethics

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 consisting of the Code of Business Ethics and the Handbook of the Code of Ethics for Directors, Executives, Employees, and Investor Relations Officers. 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 in line with the business nature. 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 Handbook of the Code of Ethics annually.

In 2020, the Company revised the Policies and Handbook of the Code of Ethics, in line with Thanachart Group’s restructuring at the end of 2019. In this connection, emphasis was still placed on adherence to the SEC’s Corporate Governance Code for Listed Companies 2017 (CG Code) as well as other practices related to the Principles of Good Corporate Governance for Listed Companies. The objective was to accommodate various assessments including, among others, the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD) as well as the annual assessment of the quality of Annual General Meeting of Shareholders (AGM). In this connection, the Principles of Good Corporate Governance were appropriately adopted, taking into account the business environment in which the Company operated.

The Company discloses it’s the Polices as well as the 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 2020, the Company implemented the following developmental activities in supporting good corporate governance.

1. Member companies of Thanachart Group were required to revise the Policies and the Handbook of the Code of Ethics, ensuring not only that they were in line with the Policies and the Handbook of the Company but also that they were appropriate to each company's respective business operations.

2. The Company achieved an excellent level Five stars of recognition in the Corporate Governance Report of Thai Listed Companies (CGR) issued by the IOD.

3. As regards the assessment of the quality of the Annual General Meetings (AGM) of listed companies, which was conducted by the Thai Investors Association, and the Company achieved a score of 100.

4. The Company and member companies of Thanachart Group had been certified members of Thailand's

Private Sector Collective Action Coalition Against Corruption (CAC) since 2014. In the second quarter of 2020, the memberships of the Company and member companies of Thanachart Group were renewed for a second time. The renewal demonstrated the continuous determination to operate businesses in a transparent manner and in compliance with good corporate governance principles.

5. On an annual basis, the Company made arrangements for all executives and employees to sign an agreement to adhere to the Policies and the Handbook of the Code of Ethics. In particular, they agreed to refrain from any activity with an aim of seeking business benefits or from any transaction which gave rise to a conflict of interest with Thanachart Group. The Company also coordinated with member companies of Thanachart Group on an annual basis in preparing the agreement template in relation to the adherence to the policies of each member company.

6. On an annual basis, the Company prepared an appraisal form used for evaluating staff at all levels of the Company. The objectives were to raise, assess and measure the level of their knowledge and understanding in relation to the compliance with good corporate governance principles and the anti-corruption. The Company also coordinated with member companies of Thanachart Group on an annual basis in preparing each member company's appraisal form.

7. The Company developed infographics about good corporate governance and anti-corruption, so that all the stakeholders concerned were informed. It ensured that the infographics were designed to cover all relevant information and to be interesting. They were posted on the Company's website.

8. The Company and member companies of Thanachart Group were required to adopt policies, measures and practice guidelines aiming at fighting all forms of corruption. As well, each company was required to disclose the Anti-Corruption Policy on its website.

9. As part of the Anti-Corruption Policy, they were required to disclose via their websites the No-Gift Policy and request for cooperation from all the stakeholders concerned in fighting all forms of corruption. In particular, no gifts were accepted or given during festivals or at any event.

The Company and member companies of Thanachart Group inculcated in the minds of their employees with the moral and ethical values as well as the concepts of corporate governance and corporate social responsibility (CG & CSR) not only via their policies and internal communications so that their employees knew and understood the Policies, but also via the Handbook of the Code of Ethics so that the employees could perform their duties in a professional manner while holding the moral and ethical values. The messages were conveyed in an easily accessible format through VTR and various short films.

The Company's Business Conducts According to Good Corporate Governance Principles in 2020

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 the SET database and the Company's website where all shareholders have equal access to.

1.2 Shareholders' Meeting

The Company's Board of Directors realizes that every shareholder has equal basic rights to attend the

meeting and encourages all shareholders to attend and participate in the shareholders' meeting, including institution shareholders. The Company also has policies regarding 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, evaluated the shareholders' meetings of the listed companies and gave the Company the highest score of 100 for ten years (2010-2018 and 2020).

In 2020, the Company held the Annual General Meeting of Shareholders on 29 July 2020. The meeting was conducted according to laws, regulations, and corporate governance. In addition, the Company established the guidelines and measures aiming at preventing, controlling and reducing of the spread of COVID-19 while still ensuring the equitable treatment of shareholders. In this connection, the following actions were undertaken:

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 2020 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 1 June 2020.
- Disclosure of the Notice of the Annual General Meeting of Shareholders on the Company's website. The information was posted on 3 July 2020.

The Company's Website

The Notice of the Annual General Meeting of Shareholders and the related supporting documentation were published on 7 July 2020. 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 or proposed resolution specified in the notice of AGM, 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 published prior to the meeting date.

Delivered by Mail

The Notice of the Annual General Meeting of Shareholders, meeting documentation, and Annual Report in the form of QR Code had to be delivered to all shareholders before the meeting date. In this connection, all the documents were sent out by mail to all shareholders on 7 July 2020.

Newspaper Advertisement

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

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 during the three-month period from 1 September 2019 to 30 November 2019.
2. Shareholders could propose questions or other suggestions for the Annual General Meeting of Shareholders during the seven-month period from 1 September 2019 to 31 March 2020.

The Company informed shareholders of the opportunity through the SET's system on 28 August 2019. 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 Directors, 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 the Annual General Meeting of Shareholders (29 July 2020)

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, and 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 of 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 1,237 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, Remuneration, and Corporate Governance Committee, and the 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 was 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 2020 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 11 August 2020.

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 the 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.

In addition, the Board of Directors established the guidelines and measures for preventing the spread of COVID-19 infection transmission at the 2020 Annual General Meeting of Shareholders. The objectives were to prevent, control and reduce the spread of COVID-19 infection while still ensuring the equitable treatment of shareholders.

2.1 Measures for Controlling the Use of Inside Information

The Company has established measures aiming at controlling the use of inside information, prohibiting Directors, 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 internal work units of the Company are required to establish a system for keeping inside information 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 their holdings of the Company shares and futures contracts with the Company shares as underlying assets, which are held by themselves, their spouses who lives together as husband or wife 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, the Chairperson of the Audit Committee, and the Company Secretary every time.
 - Submit reports on any change in their shareholdings of the Company 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 the Company's announcements and the Handbook of the Code of Ethics.

4. The Company has announced the policies on information disclosure and use of insider information, which include the supervision of insider information, information disclosure, internal and external communication, investigation in an event of information leakage and the establishment of the rules governing the trading of securities issued by the Company. In this connection, the following persons are prohibited from trading the securities during the period from fifteen days before the end of every quarter to two days after the disclosure of the financial statements and the financial position to the SET.

- Directors, executives, and employees of the Company or member companies of Thanachart Group.
- Persons whom the Company or member companies of Thanachart Group outsource work to.
- Any individual serving as an advisor or any counterparty to a contract, who gives services to the Company or member companies of the Group.

5. The Company makes arrangements for Directors, executives and employees who are involved in the transaction with important information to sign a confidentiality agreement related to such transaction.

6. The Company has set forth that the use of insider information for trading the Company securities or getting obligated in futures contracts related to the Company securities for one's own benefits or the benefits of others or the disclosure of insider information to other party, directly or indirectly, regardless of whether the insider knows or should know that the other party might use the information for trading the Company securities or getting obligated in futures contracts related to the Company securities for one's own benefits or the benefits of others are considered a breach of discipline and the insider is subject to legal punishment.

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. The Policies and the Handbook of the Code of Ethics consisted of guidelines which prohibited Directors, executives, employees and the parties concerned from seeking to gain benefits for themselves or for a group of people.

2. The Risk Management Policy of Thanachart Group has set forth guidelines related to the execution of the Company's transactions, inter-company transactions between member companies of Thanachart Group, the transactions of Thanachart Group's member companies with major shareholders, Directors or persons with managing authority as well as related parties. The policy also covers guidelines on the use of services from service providers which are outside Thanachart Group as well as the use of services between member companies of Thanachart Group, services from major shareholders, Directors, persons with managing authority of member companies of Thanachart Group and related parties. In principle, the policy covers the following:

- 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 Company has established 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 for approval to the board of directors of any company that executes the transactions with the related reports to be sent to the Corporate Secretary Office for reporting the information to the Risk Oversight Committee and the Board of Directors.

- 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 Executive Committee and 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 has put 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 informed 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 who lives together as husband or wife 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 the Company shares 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 the Good Corporate Governance Policy, and the Handbook of the Code of Ethics. In this connection, the information has been shared within the organization through Thanachart Group's intranet systems so that Directors, executives and employees at all levels can strictly adhere to the guidelines. As well, the information has been made available

on the Company's website. 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 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 and Lenders

Thanachart Group has established explicit policies and practices on procurement and hiring for the purpose of fairness, transparency, and verifiability of all related parties as well as the rules on approval authority of hiring, 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 to 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 Company deals strictly compliance with the agreements and various obligations to the lenders, including 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 Responsibility for Sustainable Operations of Thanachart Group under the topic of “Supply Chain Management”.

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, telephones, notifications, emails or any other available channels, among others. In this connection, announcements have been made about the rules and procedures for handling complaints. A work unit responsible for monitoring the complaints has also been established 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 complaints to improve Thanachart Group's services, in order to cater customers' needs and increase 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 “Whistleblowing Report”. 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 6007 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 compliance 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 2020, the Company's executives 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, Investor Conferences and Online Meetings.

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 2020, the Company had 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 4 of whom possessed the qualifications of Independent Directors. In this connection, each Director had knowledge, a wide range of skills and abilities as well as experience and capability in the businesses which the Company operated or was involved with. In order that the Board of Directors could perform their duties efficiently, the Company had structured the composition of the Board, in compliance with the Notification of the Capital Market Supervisory Board No.TorJor. 39/2559 dated 30 September 2016 Re: Application for Approval and Granting of Approval for Offering of Newly Issued Shares. In addition, the Company disclosed its policy on the composition of the Board of Directors whose qualifications were diverse. As well, the profile and the tenure of each Director was already disclosed in the Annual Report and website of the Company.

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, 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 the Company's paid-up registered capital as well as holding no more than 1.0 percent of the total voting shares of the parent company, subsidiary, associate company, major shareholder, controlling person or party that may have a conflict of interest, 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.

The business relationship shall include normal business transactions, rental or lease of real estate, transactions related to assets or services or granting or receipt of financial assistance through receiving or extending loan, guarantee, pledging assets as collateral, and any other similar actions, which result in the Company or the counterparty being subject to indebtedness payable to the other party in an amount starting from three percent of the net tangible assets of the Company or from 20 million baht or more, whichever amount is lower. In this connection, the calculation of such indebtedness shall be in accordance with the method for calculating the value of related party transactions under the Notification of the Capital Market Supervisory Board Re: Rules on Execution of Related Party Transactions, *mutatis mutandis*. In any case, the consideration of such indebtedness shall include the indebtedness incurred during the period of one year prior to the date of establishing the business relationship with the related person.

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. Not 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 Board of Directors has established a policy of holding a meeting of only the Non-executive Directors (including Independent Directors) at least once a year. The objective is to provide the Non-executive Directors with an opportunity to discuss issues related to meetings and their independent performance of duties, without the participation of the Executive Directors. The issues discussed at the meeting are summarized and submitted to the Board of Directors for consideration as deemed appropriate. A meeting of Non-executive Directors was held once in 2020 on 18 December 2020. The meeting discussed the management succession plan and gathered information to be presented to the Board of Directors.

Executive Director

Any Director who holds an executive position, or any Director who is in charge for any actions deemed to be taken by executive, and including any authorized Director with full signatory authority except for 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

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 Group'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 Group'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 and prepares 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 of the subsidiaries as it deems appropriate. 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.

Directorship in Other Companies by Directors and Senior Executives

The Company has specified the following details in the good corporate governance policy:

- The Company prohibits the Directors to hold the director position in more than five companies listed

domestically or abroad. 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.

- High-level 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 Chief Executive Officer, 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 Board of Directors approved the establishment of an executive committee. Currently, the Executive Committee consists of 3 members whose names are 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

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, administrative management, etc.

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. The Audit Committee plays a very important role of assisting the Board of Directors in ensuring not only that the Company's operations have an effective internal control system which is transparent and in compliance with the regulations of the authorities concerned and the various regulations of the Company, but also that the reporting systems and the financial statements are reliable and maximum benefits of all parties including shareholders. Currently, 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. Mrs. Salinee	Wangtal	Member of the Audit Committee
Ms. Thanawan	Teekautamakorn	Secretary of the Audit Committee

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

- To ensure not only that the Company has put in place appropriate internal control systems, secure information technology 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 consider the independence of the Audit Department.

4. Supervision and Oversight of Subsidiaries

• Supervise the operations of the subsidiaries, ensuring that they comply with Thanachart Group's policies. In this connection, the Company's Audit Department will prepare a summary report on the oversight of the subsidiaries and submit it to the Audit Committee of the Company playing the role of a parent company, for information.

• In case of significant issues including, among others, the activities which are not in line with the law, frauds, corruption, matters which have serious impacts on the Company's financial statements, position or image, a detailed report has to be submitted soonest.

5. Compliance to regulations

• To review corporate governance activities of the 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 Handbook of 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 ensure that the Company is able to comply with the regulations in a timely and appropriate manner.

• To review the findings and recommendations of the 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, ensuring that all business operation is in congruent and for the maximum benefit of the Company.

• To consider the disclosure of information in relation to transactions within the Group and among related parties, related transactions or transactions which may give rise to a conflict of interest. To also ensure that the disclosed information is accurate and complete in line with the requirements of 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:

• 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:

- 1) Policies and practice guidelines related to protection of personal information.
 - 2) Regulations governing the use of insider information and insider trading.
 - 3) Handbook of the Code of Ethics for the organization's personnel.
 - 4) Work manual in relation to whistleblowing or filing of complaints.
- Monitoring of the personnel's compliance with the Code of Ethics and the Code of Conduct.
 - Oversight of the Company's conduct of business affairs, ensuring that the Company adheres 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,
- 1) Opinions about the process related to the preparation of the Company's financial statements as well as the completion and reliability of the information disclosed therein.
 - 2) Opinion on the sufficiency in the Company's internal control system.
 - 3) Opinion on cooperation from executives and staff of the Company, as well as any obstacles in work process.
 - 4) 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 of the concerned state agencies' regulations or the related laws.
 - 4) 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.
- 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 Company's 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. Then, 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. Currently, the Committee consists of three members including 2 Independent Directors and 1 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
4. Mr. Panupan Tuangthong Secretary of the Nomination, Remuneration, and Corporate Governance Committee

Roles, Power, Duties and Responsibilities of the Nomination, Remuneration, and Corporate Governance Committee

1. Director and High-level Executives, being looked after by the Nomination, Remuneration, and Corporate Governance Committee, means:

- 1) A Director
- 2) A Managing Director
- 3) High-level Executives
- 4) A persons who is a committee member whose duties and responsibilities are assigned directly by the Company's Board of Directors.
- 5) An advisor of the Company
- 6) A director of the Company's subsidiaries, who is appointed in line with the Good Corporate Governance Policies.

2. Nomination of Directors and High-level Executives

1) Consider policies and guidelines related to nomination of Directors and high-level executives 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 high-level executives 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 and high-level executives.

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

5) Make succession plans for the positions of the Chief Executive Officer and high-level executives.

6) Annually review the policies and requirements related to the nomination and qualifications of Directors and high-level executives.

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

3. Determination of Remuneration of Directors and High-level Executives

1) Take into consideration the policies and guidelines in relation to remuneration and other benefits of Directors and high-level executives 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 high-level executives.

3) Take into consideration the annual performance allowance of the Directors and high-level executives in management and propose them to the Board of Directors for consideration.

4) Establish guidelines for appraising the performance of the Directors and high-level executives, 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) Annually review the formats and guidelines for remuneration and other benefits of the Directors and high-level executives.

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 the sub-committee.

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 good 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 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 governance, which will be included in the Annual Report.

6) Report 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 Oversight Committee

The Board of Directors approved the establishment of the Risk Management Committee on 23 September 2013 and changed its name to "the Risk Oversight Committee" in 2019. Currently, there are 5 members of the Risk Oversight Committee. They consist of Executive Directors, Non-executive Directors and an executive responsible for risk management. Their names are as follows:

1. Dr. Thanachart	Numnonda	Chairman of the Risk Oversight Committee
2. Mr. Vichit	Yanamorn	Member of the Risk Oversight Committee
3. Mrs. Salinee	Wangtal	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

Duties and Responsibilities of the Risk Oversight Committee

1. To propose Risk Management Policies of the Company and Thanachart Group to the Board of Directors for approval. To assess and approve of the standards in regards to monitoring and auditing to ensure that the Risk Management Policies are strictly adhered to.

2. To formulate risk management strategies in accordance with the Company's Risk Management Policy, ensuring that the Committee can assess, monitor and maintain the Company's risks at appropriate levels. Also to oversee the Company's strategies related to the capital and liquidity management in order to accommodate the Company's various risks, ensuring that the risks are in line with the acceptable risk levels which have been approved.

3. To consider and review the adequacy of the risk policy and the overall effectiveness of the overall risk management strategies as well as the acceptable risk levels at least once a year or when a significant change takes place. The Risk Oversight Committee should discuss and exchange opinions with the Audit Committee. The objective is to assess the Company's risk management policy and strategies, ensuring that they cover all types of risk as well as the new ones and also that the policy and strategies are being implemented efficiently and effectively.

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 Management Policies.

6. To control, monitor, check, and enforce the companies in Thanachart Group to comply with the set Risk Management Policies.

7. To ensure that high-level executives adhere to the risk management policy and strategies as well as the acceptable risk levels.

8. To report to the Board of Directors on not only the risk status, the efficiency of risk management as well as significant factors and problems but also the things that need to be addressed and improved to ensure compliance with the Company's Risk Management Policy and strategies.

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 months 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 meeting of 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 Sub-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. Furthermore, Thanachart Group organizes training courses and seminars, providing knowledge in various areas related to Thanachart Group's business as well as knowledge in effective business development and business conduct to Directors and executive on a continuous basis.

In 2020, Director who participated in training activities or seminars was as follow:

Dr. Thanachart Numnonda - Risk Management Program for Corporate Leaders (RCL), Class 19/2020
by the Thai Institute of Directors (IOD).

In this connection, the training records of the courses attended in relation to the roles, responsibilities and skills of Directors and executives were disclosed in Annual Registration Statement and this Annual Report.

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

The Company makes an arrangement for performance appraisal of the Board of Directors and the sub-committee on an annual basis. The objective is to help the Board of Directors and Standing Committees consider and review their performance, various issues and obstacles in the past year. Another objective is to assess whether the performance of the duties of the Board of Directors and the sub-committees is appropriate in line with the scope of their duties and responsibilities. The assessment results will be used for improvements aimed at enhancing the efficiency of the Board of Directors and the sub-committee. The related details are as follows:

Performance Appraisal of the Board of Directors

1. Appraisal Guidelines

The forms used for appraising the performance of the Board of Directors are prepared in line with the sample form for Self Assessment of Board of Directors issued by the SET or similar guidelines disseminated by other regulatory agencies. The contents of the sample or the guidelines are taken into account and incorporate into the forms, ensuring that they are appropriate and in line with all the different aspects of each Committee.

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, 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 Nomination, Remuneration, and Corporate Governance Committee will consider and review the performance appraisal forms of the Board of Directors on the basis of a Committee as a whole and an individual, prior to submission of the forms to the Board of Directors for consideration and review on an annual basis. The company secretary will then upload the performance appraisal forms into Diligent Boards system in December and January every year. The company secretary will be responsible for collecting and summarizing the appraisal results, which will be submitted to the Nomination, Remuneration, and Corporate Governance Committee and the Board of Directors for acknowledgement and consideration. The Board of Directors will evaluate the performance results, as well as various recommendations and observations, ensuring that they will be implemented appropriately, also in line with the business environment and the business operations.

3. Appraisal Result Summary

The details related to the appraisal of the Board of Directors' performance in 2020 were as follows:

- 1) The average performance appraisal score of the Board of Directors as a whole was 3.77 or 94.21 percent.
- 2) The average performance appraisal score of the Board of Directors on an individual basis was 3.76 or 93.94 percent.

Appraisal of Sub-committees' Performance

In 2020, the Company made arrangements for the performance appraisal of all Sub-committees including the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, the Executive Committee, and the Risk Oversight Committee. In this connection, the related performance appraisal forms were reviewed by each Standing Committee annually. Members of each Standing Committee conducted the appraisal in Diligent Board system, taking into consideration the overall performance of their respective Committee's duties. The secretary of each Standing Committee collected the appraisal results and present them to the respective Standing Committee for consideration. On the other hand, the company secretary collected and summarized all the performance appraisal results of all Standing Committees and presented them to the Board of Directors. The objectives were to consider the appraisal the results and to implement the recommendations for further development.

Performance Appraisal of Chief Executive Officer and High-level Executives

Performance appraisal methods are specified to cover and conform to the business direction of Thanachart Group as follows:

1. As regards the appraisal of the performance of the Chief Executive Officer, the Nomination, Remuneration, and Corporate Governance Committee is responsible for developing methods and topics for the appraisal on an annual basis. In this connection, Non-executive Directors (including Independent Directors) would be responsible for the performance appraisal.
2. As regards the appraisal of the performance of executive vice presidents and those with higher levels (excluding Chief Executive Officer), the Nomination, Remuneration, and Corporate Governance Committee is responsible for developing methods and topics for the appraisal. The Chief Executive Officer is responsible for their performance appraisal.

In this connection, the reports on the results related to performance appraisal of the Chief Executive Officer will be presented to the Nomination, Remuneration, and Corporate Governance Committee as well as the Board of Directors

for consideration.

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 to 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, it is required that the reports on the succession plan, the list of executives identified as successors as well as the results in line with the development plan for each person in the successor group be presented to the Nomination, Remuneration, and Corporate Governance Committee for consideration. In addition, the succession plan will be considered and reviewed regularly.

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 Group, 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 specified in the related laws, 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 29 July 2020, 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. Rattana Jala | Certified Auditor No. 3734, and/or |
| 3. Ms. Narissa Chaisuwan | Certified Auditor No. 4812 |

Those three auditors have been approved to be the Company's auditors by the SEC and meet the qualification requirements. In this connection, Ms. Somjai Khunapasut (Certified Public Accountant No. 4499) serves as the Company's auditor.

During 2020, the remuneration paid to the auditor of EY Office Limited which was the audit firm of the Company and its subsidiaries was as follow:

1. Audit Fees

1.1 Audit fees of the Company equaled 1,500,000 baht.

1.2 The audit fees of the 16 subsidiary companies equaled 8,375,000 baht.

2. Non-audit Fees

The fees of other services charged to Thanachart Group's member companies in 2020 amounted to 1,700,000 baht. These fees consisted of the following:

2.1 Fees worth 500,000 baht for auditing the Purchase Price Allocation (PPA) in relation to the investment in associated companies and also for auditing goodwill impairment with regard to investment in TMB.

2.2 Fees worth 550,000 baht for the review and audit of the capital adequacy report in accordance with the risk level required by the OIC of TNI.

2.3 Fees worth 650,000 baht for the review and audit of the capital adequacy report in accordance with the risk level required by the OIC of MBK LIFE.

RISK MANAGEMENT AND RISK FACTORS

Overview of Risk Management

In 2020, the Thai economy contracted sharply by 6.1 percent, mainly due to COVID-19 pandemic which spread globally like wildfire. In the first half of the year, the government sector imposed a number of coronavirus containment measures. As a result, almost all sectors of the economy had to come to a temporary standstill. In particular, the tourism sector ground to a halt as no tourists were allowed to enter the country. The export sector was also hard hit by the sharply falling demand of counterpart countries in line with the lockdown measures and the economic slowdown of counterpart countries. As well, private consumption weakened in line with strict suppression measures and reduced employment despite the fact that later the government eased the measures and rolled out stimulus and relief packages. Moreover, private investment was depressed as the pandemic forced investors to postpone investment spending in line with a decrease in demand for goods and services. On the other hand, public spending increased considerably, mainly due to expenditure related to COVID-19 containment and economic stimulus measures. In this connection, in 2020 the BOT and the financial institutions worked together in launching relief packages aiming at mitigating the adverse effects from the COVID-19 outbreak. Meanwhile, the BOT's Monetary Policy Committee (MPC) passed a resolution to cut the benchmark interest rate by three times in 2020. As a result, the policy rate dropped to 0.50 percent per annum in keeping with the prevailing economic conditions. As regards loans, in 2020 the Thai commercial banking sector recorded a year-on-year positive growth. Noteworthy was the growth of both corporate loans and retail loans. As regards deposits, deposits increased in line with the increase in loans while non-perform loans rose in line with the weakened economy.

The Thai economy is expected to recover and grow by 2.5 - 3.5 percent in 2021, according to the Office of the National Economic and Social Development Board (NESDB). The major factors contributing to the growth include the increasing volume of international trade as well as the improving global economy, thanks to the progress made in COVID-19 vaccine distribution and further relaxation of lockdown measures. On the other hand, the public sector's disbursements and the domestic demand which is expected to grow slowly are two other key supporting factors which help contribute to this year's economic growth.

The Board of Directors and high-level 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.

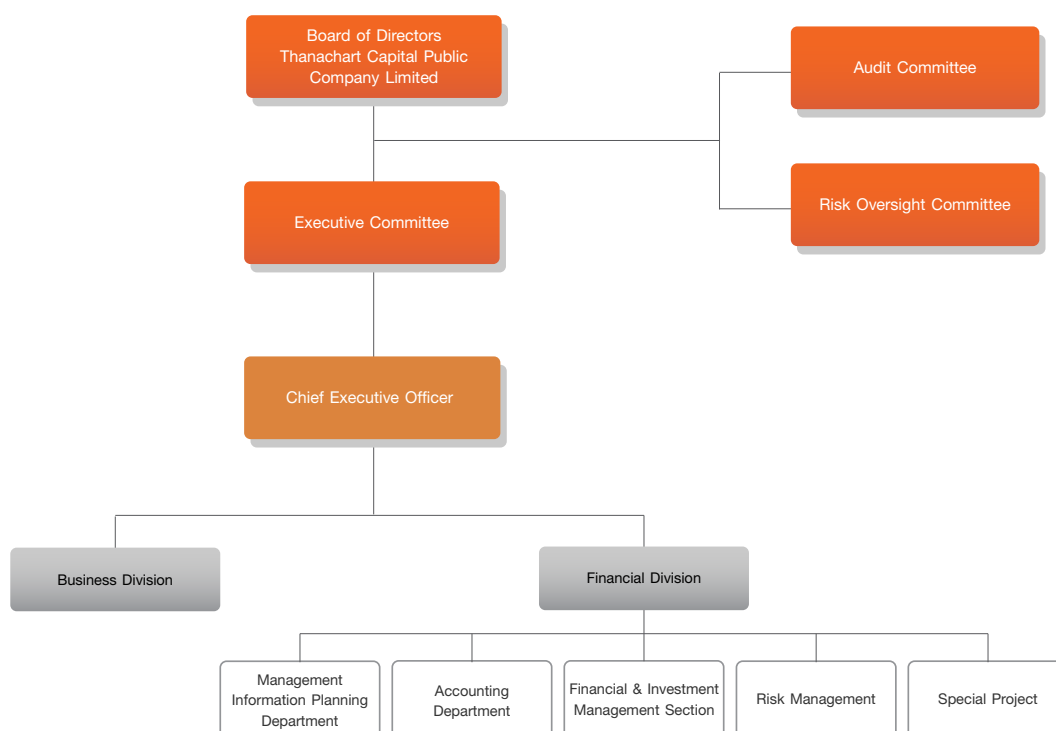
Risk Oversight Committee has a role in proposing the Company's Risk Management Policy and the Group's Risk Management Policy to the Company's Board of Directors for approval. The Committee also establishes risk management strategic plans to be in line with the Risk Management Policy and revises the sufficiency 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 at 31 December 2020



- 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.

Key Credit Risk Factors

1.1 Credit Concentration Risk

The Company and its subsidiaries aim 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 Company and its subsidiaries 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.

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.

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.

The Company and its subsidiaries significant types of collaterals are marketable 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 depreciated over time, the impairment of the asset must be considered by a concerned official.

1.4 Risk from Impairment of Property Foreclosed

The Company and its subsidiaries consider setting aside allowance for impairment of property foreclosed, by using the guidelines on setting aside allowance for impairment of property foreclosed and also by exercising discretion in estimating impairment loss when it is found that the value expected to be received from the property would be lower than the book value, taking into account the most recent appraisal value of the property, as well as type and characteristics of the property.

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. It could be divided into two main risks including price risk and interest rate risk. In this connection, the Company and its subsidiaries had adopted a risk oversight and management policy aiming at keeping the risk at an appropriate level and in compliance with the Risk Management Policy of the Company and its subsidiaries.

2.1 Price Risk

Price risk is the risk arising from the decrease in revenue or from negative impacts on the value of financial assets or liabilities. When the prices of debt instruments or equity instruments change, the available-for-sale investments and trading investments of the Company and its subsidiaries may be reduced in value.

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 had imposed various ceilings in relation to 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 ceilings imposed on various risks 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 had designated the Executive Committee to be responsible for overseeing and monitoring this type of risk.

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 Executive Committee 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 at 31 December 2020 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 were as follows:

(Unit: Million Baht)

Items	Period of Interest Rate Repricing of Due Date							Total
	Floating Interest Rate	At Call	0 – 3 Months	3 - 12 Months	1 – 5 Years	Over 5 Years	Non-interest Bearing	
Financial Assets								
Cash	-	-	-	-	-	-	2	2
Interbank and Money Market Items	2,334	-	452	4,963	-	-	49	7,798
Financial Assets Measured at Fair Value								
through Profit or Loss	-	-	46	155	444	735	1,977	3,357
Derivatives Assets	-	-	-	-	-	-	145	145
Investments	-	-	8,461	8,613	1,949	270	2,357	21,650
Loans to Customers	3,174	2,026	226	17,104	29,330	19	630	52,509
Receivables from Purchase and Sale of								
Securities	-	-	-	-	-	-	1,247	1,247
Other Assets	-	-	-	-	-	-	2,223	2,223
Total Financial Assets	5,508	2,026	9,185	30,835	31,723	1,024	8,630	88,931
Financial Liabilities								
Interbank and Money Market Items	-	990	3,977	955	7,390	-	-	13,312
Derivative Liabilities	-	-	-	-	-	-	14	14
Debts Issued and Borrowings	52	-	4,105	1,525	21,248	6,957	-	33,887
Other Liabilities	-	-	2	11	201	221	2,326	2,761
Total Financial Liabilities	52	990	8,084	2,491	28,839	7,178	2,340	49,974

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.

Meanwhile, the Company and its subsidiaries develop 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 the Executive Committee in controlling and managing the liquidity risk to monitor and manage risk on a regular basis.

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	2020		2019	
	Million Baht	Percent	Million Baht	Percent
Interbank and Money Market Items	13,312	28.20	15,660	25.91
Debts Issued and Borrowings	33,887	71.80	44,780	74.09
Total	47,199	100.00	60,440	100.00

Capital Funds Classified by Maturity Date	2020		2019	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	11,604	24.59	36,669	60.67
More than 1 Year	35,595	75.41	23,771	39.33
Total	47,199	100.00	60,440	100.00

Financial Assets and Liabilities as at 31 December 2020 Classified by Maturity Date were as follows:

(Unit: Million Baht)

Items	Maturity Date of Financial Instruments				
	At Call	Less than 1 Year	Over 1 Year	Unspecified	Total
Financial Assets					
Cash	2	-	-	-	2
Interbank and Money Market Items	2,375	5,423	-	-	7,798
Financial Assets Measured at Fair Value through					
Profit or Loss	-	920	460	1,977	3,357
Derivatives Assets	142	3	-	-	145
Investments	-	17,074	2,219	2,357	21,650
Loans to Customers	5,703	17,348	29,458	-	52,509
Receivables from Purchase and Sale Securities	-	1,247	-	-	1,247
Other Assets	1,141	1,064	18	-	2,223
Insurance Assets					
Premium Receivables	-	670	-	-	670
Reinsurance Assets - Claims Reserves	-	156	54	-	210
Reinsurance Receivables	-	99	-	-	99
Total Financial Assets and Insurance Assets	9,363	44,004	32,209	4,334	89,910
Financial Liabilities					
Interbank and Money Market Items	990	4,932	7,390	-	13,312
Derivatives Liabilities	-	14	-	-	14
Debts Issued and Borrowings	52	5,630	28,205	-	33,887
Other Liabilities	-	2,428	333	-	2,761
Insurance Liabilities					
Insurance Contract Liabilities - Loss Reserves					
and Outstanding Claims	-	1,358	481	-	1,839
Due to Reinsurers	-	719	-	-	719
Total Financial Liabilities	1,042	15,081	36,409	-	52,532
Commitments					
Other Commitments	1	-	63	-	64

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 e.g. Risk and Control Self-Assessment, Key Risk Indicators (KRIs), in case of disaster and loss storage (Loss Data), the use of external service providers for Thanachart Group (Outsourcing Policy), incident management, and business continuity plans (BCP).

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 Oversight 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

Today, information technology plays a very important role in the business operations of the Company and its subsidiaries, particularly in increasing efficiency in providing customers with financial services which are accurate, efficient, safe and meet customer needs at a lower cost. The Company and its subsidiaries recognize that the use of information technology which is changing rapidly all the time, may pose risks to service-related security, customer information, service continuity and impacts on the business operations of the Company and its subsidiaries. As a result, the Company and its subsidiaries pay great attention to the management of information technology risks, ensuring that they are managed in line with international standards. Emphasis is placed on protecting information and interests of customers, taking into consideration three key principles including 1) Confidentiality - security of systems and information, 2) Information integrity - trustworthiness and dependability of systems and information, and 3) Availability - ability to make systems and information accessible as needed.

To enable the Company and its subsidiaries to manage information technology risks in an efficient and continuous manner and also in line with the nature of their business operations, volume of transactions, information technology complexity, and related risks such as operational risk, strategic risk, reputational risk and legal risk,

the Company and its subsidiaries have established a risk governance framework based on the fundamental principle of the three lines of defense - a guide to how responsibilities should be clearly divided and segregated. These include the following: 1) operations of information technology, 2) management of information technology risks, and 3) audit of information technology. Moreover, the Company and its subsidiaries have established the policy and standards for ensuring information technology security, the policy on information technology management, regulations as well as procedures and processes related to risk management. Importantly, they provide Directors, executives and staff with knowledge and awareness of information technology risks on a continuous basis.

The Company and its subsidiaries have put in place the following processes for managing the information technology risks in line with international standards.

- The risk assessment consists of 1) risk identification, 2) risk analysis, and 3) risk evaluation. The objectives are to estimate the likelihood that the risks may arise and to assess the extent of effects on business operations.
- As regards risk treatment, the Company continues to manage, control and prevent the risks in an appropriate manner, in line with the risk assessment results. The objective is to keep the remaining IT risks at an acceptable level. In this connection, the Company has established a number of IT key risk indicators.
- The Company has put in place a process for monitoring, reviewing and reporting the risk, ensuring that the IT risk is at an acceptable level. In this connection, reports are presented regularly to the committee concerned.

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 have 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. 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 up a main working unit to be directly responsible for risk management processes.

8. Regulatory Risk

The regulatory risk arises from incompliance to laws, regulation, requirements, standards, and guidelines in the Company and its subsidiaries 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 SEC, the SET, the OIC, the AMLO, the BOT, etc. Such changes may affect the strategies and business operations of the Company and its subsidiaries.

The Compliance Unit of each member company of Thanachart Group is the department responsible for ensuring that the companies are in compliance with regulations and requirements from related various state agencies and the Code of Business Ethics. The department also provides advice 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. Among others, these included work related to participation in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and collaboration with the regulators or state agencies concerned. In this connection, related reports would be sent to the top management as well as the Audit Committee of each company in parallel.

In evaluating regulatory risk, the Compliance Department assesses non-compliance risks in various transactions by considering all related internal and external factors for the Company. 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 non-compliance risks. Random review is executed to comply with Control and Monitor standard, and a recommendation is proposed to correct errors and improve performance.

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 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. 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 principle 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, Handbook of the Code of Ethics, 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 Oversight Committee 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. In addition, the various changes and factors that may affect business operations are evaluated. In this connection, the Company has established adequate responsive measures. Reports on key risk issues are also presented to the Board of Directors on a regular basis.

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 and the Risk Management, 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. 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.

As regards the measures for overseeing the use of information systems, the Company has adopted various policies including, among others, the information security policy and the standards for overseeing the development and maintenance of technological systems. The objective is to use the standards for overseeing the Company's operations.

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 in order to achieve the business performance as planned.

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 on a monthly basis. The auditing makes use of end-to-end process as the auditing guidelines.

Furthermore, the Compliance Department 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 Board of Directors every six months.

In the Board of Directors Meeting No. 2/2021 dated 25 February 2021, 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. Thanawan Teekautamakorn, Executive Vice President, Audit Division to be the Head of Internal Audit of the Company. She is responsible for monitoring internal audit work of the Company and its subsidiaries. With long period 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 Annual Registration Statement and this Annual Report.

Head of Compliance

The Company used the service of the Compliance Department of TBANK under the centralized support service policy. In this connection, Mr. Kittichai Singha, Executive Vice President, the Head of the Compliance Department of TBANK, was responsible for monitoring the Company's operations, assuring that they were in compliance with the regulations of the authorities concerned. However, as a result of Thanachart Group's business restructuring, he performed the duties until 30 September 2020. Since 1 October 2020, Mr. Panupan Tuangthong, the Company Secretary, had been assigned the responsibility of overseeing the compliance, ensuring adherence to the Company's rules and regulations. His profiles can be seen in the Annual Registration Statement and 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 the 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. If the transactions fall under the scope of other official criteria that the Company has to comply with, the Company will proceed in compliance with all related official regulations.

Information Disclosure

The Company entered into a number of key transactions with related parties and businesses. During the past three years, the information of which is disclosed every year in the notes to financial statements for the year ended 31 December.

RESPONSIBILITY FOR SUSTAINABLE OPERATIONS OF THANACHART GROUP

Thanachart Group is a business organization which is determined to conduct its business affairs, aiming to achieve strong and steady performance with its operations bearing in mind the impacts it exerts on all groups of stakeholders. In this connection, emphasis is placed on three areas including good governance dimension, environmental dimension and social dimension. The objectives are to create, develop and fulfill businesses while creating a balance between economy, society and environment in a sustainable manner. Attention is paid to the operations which encompass the various key issues of Thanachart Group's business affairs to the greatest extent possible.

Process for Preparing Thanachart Group's Sustainability Reports

Thanachart Group mainly used the Principles of the Corporate Governance Code for Thai Listed Companies 2017 developed by the SEC and the Sustainability Assessment Form issued by the SET in preparing its practice guidelines and reports on sustainability activities. This marked a good start in relation to the development of the reports as well as the preparedness to produce future sustainability reports. The purpose was to cover all issues which had to be reported both at the national and international levels.

Although the businesses of Thanachart Group were mainly concerned with investment and financial services which had no direct impacts on the environment, the Group considered it important to take on responsibility towards protection of the environment in various areas. In addition, the Group was determined to develop guidelines on obligations to stakeholders. In particular, the Group's staff members played a key role in driving, supporting, and ensuring the achievement of the business sustainability goal. Up to 2020, Thanachart group continued implementing the following programs that took into account all the stakeholders.



1. Governance

1) Fair Business Practice

Priority Areas	Practice Guidelines
Good Corporate Governance Policy and Code of Business Ethics	<p>In 2020, Thanachart Group implemented the following activities:</p> <ol style="list-style-type: none"> 1) The Company revised its Good Corporate Governance Policy and the Handbook of the Code of Ethics. Taking into consideration the revisions, member companies of Thanachart Group made adjustments to their policy and handbook, ensuring that the adjustments were consistent with the revisions and deemed appropriate to their respective business operations. 2) The Company arranged for all its executives and employees at all levels to sign a statement agreeing to adhere to the Good Corporate Governance Policy and to refrain from seeking a business benefit which conflicted with the interest of Thanachart Group. The Company also coordinated with each member company of Thanachart Group, ensuring that they made the same arrangement annually.

Priority Areas	Practice Guidelines
	<p>3) The Company arranged for all the Company's staff to do a self-evaluation in order to review, test and measure the level of knowledge and understanding about the compliance with the principles of good corporate governance and the anti-corruption policy. The Company also coordinated with each member company of Thanachart Group, ensuring that they made the same arrangement annually.</p> <p>4) The Company shared with its entire staff the infographics about the principles of good corporate governance and the anti-corruption policy on its intranet. The objective was to inform all the stakeholders concerned of the principles and the policy. In this connection, complete information was shown in the interesting infographics.</p> <p>5) The Company inculcated in its staff at all levels the moral and ethical values. The objective was to make them realize and responsible for their duties within the framework of moral and ethics in society. This was achieved by the establishment of the related policies and sharing easy-to-understand messages within the organization.</p>
Supporting Socially Responsible Trading Partners	The Company established a clear principle in relation to the selection of its trading partners. In particular, the Company did not advocate the trading partners that were not socially responsible, such as those that violated human rights by using child labor or those that promoted unethical or illegal business activities.
Public Disclosure of Information	The Company disclosed information relating to various areas to the public, making sure that it was complete. The objective was to ensure that all the concerned stakeholders were provided with complete and accurate information of various aspects of the Company, both financial and non-financial, in a timely manner.
Protection of the Rights of Stakeholders	<ul style="list-style-type: none"> • The Company ensured that its staff possessed high quality professional standards. • Its staff were required to maintain strict confidentiality of the Company's stakeholders. They were required not to disclose any information about the stakeholders to any other party. • The staff were not allowed to use the information of the stakeholders for the benefit of the Company or for the benefit of any party illegitimately, unless it is legally required to be disclosed. • The Company put in place systems or channels for stakeholders to express opinions or file complaints about the Company. These included, among others, the Company's website, telephones, notifications, emails or any other available channels. In this connection, the Company would implement corrective actions and inform the stakeholders concerned in a timely manner. As well, the procedures for filing complaints were clearly disclosed on the Company's website.
Protection of Personal Confidentiality and Data Security	The Company and member companies of Thanachart Group realized the importance of protecting not only personal data of customers and personnel but also the Company's confidential information. If the data was misused or divulged to third parties without the express consent of owners of the data, breaching confidentiality might cause harm to the owners of the data or the Company in terms of reliability and safety of the owners as well as all the parties concerned as a group. As a result, to prevent data breaches, the Company adopted a number of measures aiming at keeping all personal data of customers strictly confidential. The measures were specified in the Handbook of the Code of Ethics. In this connection, no personal data or confidential information of customers would be divulged unless the disclosure was required by the law or the customers gave a written consent. Importantly, personal data of customers would not be used for gaining benefits.

Priority Areas	Practice Guidelines
	<p>Moreover, In 2020, the Company and member companies of Thanachart Group made preparations to ensure compliance with the regulations imposed by the authorities concerned in relation to personal data protection as well as information safety and security for customers, those who executed transactions with the Company, and also personnel working in the organization. The objective was to ensure full regulatory compliance when the Personal Data Protection Act came into force.</p>
Responsibility towards Lenders	<p>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.</p> <p>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.</p>
Responsibility towards Prevention of Software Piracy	<p>On the Policy</p> <p>The Company and member companies of 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.</p> <p>On the Processes</p> <ul style="list-style-type: none"> • 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. <p>On the Technology</p> <ul style="list-style-type: none"> • 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 and the user will then be entitled to use such software. • 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.

2) Anti-Fraud and Anti-Corruption

Thanachart Group fully realizes that corruption produces harmful effects and is an obstacle to the country's social and economic development, as well it also leads to unfair business practices. As a result, the Group cooperated with the Private Sector Collective Action Coalition Against Corruption (CAC) by declaring its intention and becoming a member of the Coalition since 2014. Later in 2020, the certifications and memberships of the Company and all member companies of Thanachart Group got extended. In this connection, Thanachart Group put in place the following Anti-corruption Policies, measures as well as related work procedures and processes, to which all employees were required to adhere.

1. The Boards of Directors of the Company and member companies of Thanachart Group approved Anti-corruption Policies which were reviewed regularly. The policies clearly define "corruption and various forms of corruptions". Essentially, Directors, executives, and employees were prohibited from seeking benefits, participating in or accepting any forms of corruption, directly or indirectly, regardless of whether the benefits were for the organization, themselves, their family, friends or acquaintances. They were required to act as a role model. Moreover, executives of Thanachart Group were responsible for overseeing and supporting the implementation of the related measures. As well, the appropriateness of the various measures was subject to regular review, ensuring that they were in line with the changes in business, rules and regulations as well as legal requirements.

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,
- Professional : possessing adequate knowledge and ability to perform one's duties.

3. As regards the corruption risk assessment, each member company 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, or any time there was a change to various risk factors that had significant impacts on the operational processes. In this connection, the progress of work plans and the implementation of risk control measures were closely monitored. And the related assessment reports shall be sent regularly to the Audit Committee and 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 attached great importance to all forms of corruption, especially the offering or acceptance of gifts, presents, entertainment or any other benefits. As they could easily lead up to corruption, the Group had included these forms of corruption in the Good Corporate Governance Policy, the Handbook of the Code of Ethics, the Anti-corruption Policy, the Anti-corruption measures as well as the related regulations which covered practice and control procedures. As well, supervisors would be given reports on the implementation of the procedures, violation or noncompliance with the Anti-corruption Policies, Anti-corruption measures or various regulations. Any act which

supported, promoted or gave cooperation in corruption was considered misconduct and would be subjected 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 Handbook of 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 and member companies of Thanachart Group prepared a notification for trading partners and business representatives about the Anti-corruption Policy, requesting them to give their cooperation and support in fighting against corruption by refraining from giving gifts to executives or employees of Thanachart Group, during festivals or any other occasions. The notification was sent to them via mail or email. It was also shared on the websites of the Company and member companies of Thanachart Group.

9. In appraising the performance related to the implementation of the Anti-corruption Policy and the related measures, the Audit Committee of each member company of Thanachart Group would be responsible for reviewing its internal control system, ensuring that it had adequate internal controls 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 (www.thanachart.co.th).

In 2020, Thanachart Group made an announcement to the public about its "No Gift Policy". The objectives were to avoid generating motivation or to curb tendency towards unfair business practices and to avoid causing a conflict of interest. Moreover, the Private Sector Collective Action Coalition Against Corruption (CAC) provided the Company and member companies of Thanachart Group with a "No Gift Policy" logo which was specially designed for the companies which were certified by CAC. In this connection, the Company and member companies of Thanachart Group already shared the logo on their respective intranets and websites.



3) Supply Chain Management

Thanachart Group pays attention to supply chain management in the same way as it pays attention to business operations in order to achieve sustainability in other areas. Emphasis is placed on managing the supply chain by adhering to the principles of good corporate governance as well as the code of ethics and business conduct, taking into account the economic, social and environmental impacts. The objectives are to prevent risks from affecting, directly or indirectly, the Group's image and business operations and to give rise to new business opportunities through Thanachart Group's supply chain.

In delivering products and services which met the needs of Thanachart Group and its customers, business operations required cooperation from trading partners. In 2020, Thanachart Group had trading partners which could be categorized as follows:

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 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 computers, multifunction copiers), security devices (such as CCTV cameras and burglar alarm systems), and all types of electric appliances.

Process for Assessing the Risks of Trading Partners

Thanachart Group has established clear policies and criteria for selecting trading partners. Emphasis is placed on promoting the businesses which not only are committed to the principles of good corporate governance and the code of ethics and business conduct, but also conduct their business affairs in a transparent and fair manner, taking into account their impacts on the environment and society. Moreover, Thanachart Group has put in place a clear assessment process. It regularly reviews and improves its procurement process and also meets with its trading partners so that they have an opportunity to voice opinions. The objective is for them to jointly check and solve the problems which arise, and gain additional knowledge to develop themselves. This represents cooperation in promoting sustainable economic growth.

Process for Buying Goods or Services

1. Prequalification: Selecting vendors whose qualifications meet the established criteria
2. Price Performance: Price and quality evaluation
3. Vendor Risk Assessment: Grouping of vendors in order of importance, taking into account the risks which may impact sustainability or the procurement process

Process for Monitoring, Checking and Evaluating Trading Partners

In checking and monitoring trading partners, Thanachart Group makes an arrangement to visit its major trading partners at least once a year. The objective is to ensure that they adhere to the code of ethics and business conduct for Thanachart Group's vendors. In this connection, the issues related to the environment, society and corporate governance are integrated into the vendor code of ethics and business conduct. The objective is to promote sustainability development throughout the supply chain.

In evaluating its trading partners, Thanachart Group has prepared a form for assessing the satisfaction receiving from using the services from trading partners. It also puts in place a channel for accepting complaints and/or feedback from customers. It also randomly selects a sample of each vendor group in order to visit them for the purpose of monitoring, checking and evaluating their performance. In addition, Thanachart Group oversees the procurement management and cooperates with the parties concerned from various work units in checking factual information and fixing problems. Thanachart Group also gives its trading partners suggestions about how to improve and develop their products and services. In this connection, in case the trading partners are unable to meet the established standards, Thanachart Group may impose a penalty on them as deemed appropriate. The objective is to raise the quality of the trading partners in order to achieve sustainable economic, social and environmental development together.

Activities Implemented in 2020

In 2020, more than 90 percent of Thanachart Group's trading partners were aware of and understood the scope of practices in line with legal requirements as well as the sustainable development guidelines stipulated in the vendor code of ethics and business conduct. They were required to accept the code before becoming Thanachart Group's trading partners. In this connection, all the trading partner had to refrain from violating human rights, using child labor or hiring illegal workers. In addition, they had to manage their business operations in an eco-friendly manner, comply with the occupational health and safety standards, adhere to the code of business ethics and conduct their business affairs in a fair and reasonable manner. In case it was found that any trading partner violated human rights, Thanachart Group would issue a warning and give the trading partner time for rectifying the human right issue. Alternatively, the Group might terminate the contract with the trading partner and permanently remove its name from the list of approved vendors. The objective was to prevent the risk which might adversely impact the image and business operations of Thanachart Group in the future.

For new trading partners, Thanachart Group would strictly evaluate and cautiously select them, taking into consideration the requirements stipulated in the vendor code of ethics and business conduct. In addition, the Group would closely monitor and appraise their performance, ensuring that they complied with the code. Moreover, the Group had developed a standard service or purchase contract which included an anti-corruption clause, to which the trading partners were required to strictly adhere. In this connection, Thanachart Group would keep checking, monitoring and evaluating the trading partners in a continuous manner.

Example Projects

Electronic Equipment Procurement Project

Guidelines have been established for electronic equipment procurement. Emphasis is placed on materials which help reduce carbon dioxide emissions and are environmentally friendly. In this connection, the equipment to be purchased must receive an electrical safety certification awarded by a national institute such as Underwriter Laboratory (UL). As well, they must receive a certification from a national institute such as the Federal Communications Commission (FCC), which states that the electromagnetic interference (EMI) from the equipment is under the established standard limits. Importantly, the equipment must also receive an energy efficiency certification from a national institute such as Energy Star 5. Importantly, the equipment must receive an environmental health and safety certification awarded by a national institute such as Electronic Product Environmental Assessment Tool (EPEAT). In addition, the equipment and peripheral devices, multifunction copiers and other electronic devices to be purchased must have an environmental certification awarded by Thai Green Label Scheme.

Project on Renovation of Branches and Office Buildings

Guidelines have been established for buying construction materials for the renovation of branches and office buildings. The objective is to ensure that the materials to be used are eco-friendly. In this connection, Thanachart Group recognizes the importance of using standard materials in line with the Occupational Health and Safety Management System (OHSMS). For example, paints which help minimize impacts of the Volatile Organic Compounds (VOCs) are used. In addition, emphasis is placed on using the materials without Alkylphenol ethoxylates (APEO) as well as other harmful chemicals such as formaldehyde, mercury, lead, cadmium or chromium.

In addition, eco-friendly Polyurea waterproofing coatings are used for preventing roof leaks. Salient features of Polyurea include efficient prevention of roof leaks, resistance to chemicals and high humidity, light reflectiveness with heat resistance, protection of the roof surface from ultraviolet (UV) light, reduction of temperature in the building during the day, energy efficient property, and long expiration date of up to 10 years. As a result, the use of Polyurea helps cut maintenance costs, save energy and reduce waste.

Office Furniture Procurement Project

Guidelines for purchasing office furniture have been established. Emphasis is placed on using eco-friendly materials from the producers whose product designs and production processes are eco-friendly and who use recyclable materials. In addition, emphasis is placed on the designing procedures. For examples, the table tops, armrests and table legs must offer flexibility and comfort. The furniture must be easy to move in case a renovation has to be carried out or the furniture has to be moved.

4) Other Social Projects

The Capital Market Corporate Governance Promotion Project in Tribute to His Majesty the King

TNS sent its representatives to participate in a working group of the Capital Market Corporate Governance Promotion Project in Tribute to His Majesty the King. The Project was organized by the Association of Thai Securities Companies together with the SEC and the capital market organizations concerned. The objective was to perform good deeds for motherland to celebrate the Auspicious Occasion of the Coronation of His Majesty the King. As an overall view, the Project would invite business operators and organizations in the capital market to jointly declare that they were organizations which operated their business responsibly in line with their respective context, taking into account the overall interests of business and society while working towards the Sustainable Development Goals (SDGs). In this connection, at the Extraordinary Meeting of Members No. 3/2019, the meeting approved the implementation of the following activities for securities business.

1. To establish guidelines for operating securities business in a sustainable manner. This would be implemented through a working group consisting of representatives from member companies. The objective was to come up with common practice guidelines for business operation.

2. To encourage Investment Consultants (IC) to be on alert and to give investment advice which attaches importance to sustainable development. The Investment Consultants are required to complete the training course about investment in companies or funds which invest in companies with high score on Environmental, Social and Governance (ESG) scales. To also encourage the Investment Consultants to promote investment in ESG companies or funds which investment in ESG companies.

3. To train university students in Bangkok and other provinces, aiming at enhancing their knowledge and understanding of ESG investing.

Financial Literacy

Thanachart Group gives support and enables members of the general public and business operators at all levels to have universal and equitable access to financial services through the following activities and programs:

Activity entitled “Investing and Saving”

THANI was well aware of the importance of financial discipline. As a result, the company gave support and encouraged members of the general public to acquire knowledge and understanding of financial discipline. In this connection, it organized an activity entitled “Investing and Saving”, aiming at enabling participants to apply the advice to their daily living. The topics covered by the activity in 2020 included basic financial management, benefits of investing and how to save on taxes by more savings. The activity was held on 30 November 2020 in a conference room at Sinn Sathorn Tower, Bangkok.

2. Environment

1) Energy Conservation and Environment

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. Campaign activities are implemented, aiming at inculcating employees with a sense of responsibility for using energy in an economic, efficient and cost-conscious manner. Supporting assistance is also given to various activities with an aim to enhance and develop the quality of society and environment in a sustainable manner. In managing the buildings and locations so that they are eco-friendly, attention is paid to the selection of materials for used in buildings. The materials have to help reduce emissions of hazardous air pollutants and also Carbon Dioxide emissions.

As well, Thanachart Group places strong emphasis on inculcating in employees the environmental conservation habit. 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 health safety. As well, machinery systems have been improved, aiming at increasing their efficiency. The objectives are to reduce electricity consumption, ensuring that they are at the level close to every year's level.

2) Participation to Cope with the Climate Change

Water and Waste Management

Thanachart Group continually carried out its water management plan by campaigning for appropriate reduction in water consumption, creating awareness of efficient water consumption among its employees, replacing existing equipment by introducing new technology which could increase efficiency in saving water, requiring an installation of a grease trap tank with regular maintenance, doing proper maintenance of the building's sept tank plus having the right water management that could treat used water and render it for re-use. As for wastewater disposal from the building, the Group had in place water control and management prior to draining it out into public canals in order to avoid adverse effects to the environment and the ecosystem. The wastewater quality had to pass the required standard specifications as designated by the ministerial regulations. To ensure that the disposed water was in line with lawful specifications, experts from respectable external agencies were invited to check wastewater quality level on a regular basis. For instance, specialists from Pollution Control Department, Ministry of Natural Resource and Environment.

Furthermore, the Group organized an ongoing campaign for its employees to seriously sort waste materials on the premises e.g. waste collection, plastic waste sorting etc. In this way, this waste could be recycled in order to reduce waste volume and maximize use of the resources.

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.

- **Replacement of fluorescent lamps with energy-saving LED lamps** was done with those lamps needed for both indoors and outdoors installation, thus saving more electric energy as well as getting longer lighting service time than that of those conventional fluorescent lamps.
- **Seasonal adjustments of the chilled water temperature set point on chillers** in order to save energy usage and reduce expenses.
- **Installation of a new Air Handling Unit (AHU)**, 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.
- **Revamp the air conditioner system** by introducing a Magnetic Chiller system in order to boost its overall efficiency and to reduce the electricity consumption.
- **Use an alternative source of energy such as solar energy** for certain spots in the office building to help relieve the overall electricity consumption.
- **Cut down on the number of split type air conditioners** to save more energy.
- **Install blinds and use thermal filter film** in order to reflect sunlight and heat coming to the building, thus boosting the efficiency of air conditioner system and saving energy.

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.
- **Measuring microbiological indoor air quality in office buildings** at least once a year. The objective was to ensure that the work environment is appropriate in line with not only the established standards and the related laws, but also the requirements relating to the occupational health and safety as well as the building environment.
- **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.
- **Control the indoor temperature and humidity at optimal level** in line with the prevailing weather in order to save energy.
- **Raising infection control standards in offices in strict compliance with the COVID-19 preventive measures.** Emphasis was placed on social distancing in reception areas for serving customers and visitors, common

areas, corridors, elevator lobbies, meeting rooms, dining rooms, wearing of masks, hand washing, and temperature screening.

- **Design the building work space to allow for a recreational area** so that office workers can use it for relaxation.
- **Designing smoking areas outside office buildings, ensuring that they are in line with the established standards and conducting smoking abstinence campaigns.** The objective was to ensure that the work environment is appropriate in line with not only the established standards and the related laws, but also the requirements relating to the occupational health and safety as well as the building environment.

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.

- To reduce paper consumption, consider using more electronic system in day-to-day operation and meetings.
- Instead of using paper, send information to customers electronically.
- 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 so as to reduce waste and maximize the use of resources.

3. Social

1) Human Resource Development

Looking after Employees

Thanachart Group's Fair Treatment of Employees and Observance of Human Rights

- Thanachart Group follows 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.

- 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.

- Thanachart Group supports 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 for ensuring fairness of disciplinary.

- Thanachart Group has issued regulations, the Handbook of the Code of Ethics, 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, and the employee committee. 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 hospital 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 management of safety, occupational health, and work environment but also oversees and ensures the establishment of a safety, occupational health, and work environment 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 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. In this connection, Thanachart Academy was established in order that staff could acquire relevant professional knowledge relating to the duties and responsibilities in their respective departments.

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 2020, Thanachart Group continued implementing Thanachart Academy Program with an aim to develop its personnel at all levels further in all areas which included the knowledge and skills necessary for enhancing professionalism in their respective fields of work. Another objective was to provide personnel with an opportunity to choose fields of

study which matched their interest. All these developments would prepare personnel for their future career growth and truly help them keep pace with the digital technology trends. In relation to such personnel development, the Group implemented the following various training programs, using a blended learning approach which included online learning through the internet, application platforms, learning via intranets, classroom methods, workshops, and group discussion activities. The objective was to develop personnel so that they became as efficient as possible.

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 tolerances. 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 Personal Data Protection Act, 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, coaching skills, and leadership curriculum, which are the courses learning through intranet, combined with workshops and group discussions. In this connection, executives shall be encouraged to take part in training courses and seminars with both leading organizations, domestic and international. This is aimed at broadening their vision and building a network of cooperation with other organizations.

4. Blended-Learning Organization: To keep pace with today's ever changing world by means of Thanachart Academy. The idea gives rise to a blended learning that could address the problem of personnel development: getting them well-prepared for business operation and customer service by means of the following learning methods:

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 Online learning via the internet, application platforms, and also intranets: In 2020, the Group made available several training courses which allowed personnel to study on their own throughout the duration of the training courses concerned. The objective was to enhance their potential and prepare them for future work. In this connection, the learning effectiveness was systematically measured pre-learning and post-learning.

4.4 Knowledge Management: The 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.

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	✓	✓ **	✗
Educational Assistance for Staff's Children	✓	✓ **	✗
Medical Treatments	✓	✓ **	✗
Residential Rental Expenses	✓	✓ **	✗
Welfare Loans	✓	✓ **	✗
Danger Pay Allowance	✓	✓	✓
Provident Fund	✓	✓ **	✗
Staff Uniforms	✓ *	✓ *	✗

- 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.

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		
		2020	2019	2018
High-level Executives (from SVP to CEO) ¹	Male	14	81	77
	Female	9	29	24
Total		23	110	101
Executives (from AVP to FVP) ²	Male	101	450	448
	Female	97	583	460
Total		198	1,033	908
Employees (from O to SM) ³	Male	694	4,341	4,490
	Female	926	8,339	8,394
Total		1,620	12,680	12,884
Temporary Employees	Male	15	58	88
	Female	8	68	105
Total		23	126	193
Grand Total		1,864	13,949	14,086

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)

Number of Thanachart Group's Employees by Location

Employees by Location	Gender	Number of Employees		
		2020	2019	2018
Headquarters	Male	669	2,674	2,839
	Female	954	4,222	4,971
Total		1,623	6,896	7,810
Domestic Branches	Male	155	2,198	2,057
	Female	86	4,729	4,026
Total		241	6,927	6,083
Grand Total		1,864	13,823	13,893

Remarks: Thanachart Group has no overseas branch

Number of New Employees and Former Employees

Types of Employees	Gender	Number of Employees		
		2020	2019	2018
New Employees	Male	61	412	519
	Female	95	1,154	1,356
Total		156	1,566	1,875
Former Employees	Male	58	601	615
	Female	64	1,124	1,252
Total		122	1,725	1,867

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	2020	2019	2018
Number of employees who are entitled to take maternity leave to take care of a newborn child	843	9,196	8,708
Number of employees who exercise maternity leave right to take care of a newborn child	32	289	281
Number of employees who return to work after the end of maternity leave right to take care of a newborn child	32	281	279
Rate of employees (percent) who return to work after the end of maternity leave right to take care of a newborn child	100	97	99
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	30	258	252

In this connection, the information disclosed in this section of the report did not include the number of employees of 1) TBANK, 2) TFUND, and 3) TBROKE in 2020.

2) Operating Businesses in a Socially Responsible Manner

Thanachart Group adopted an operational strategy which was consistent with social responsibility. It took into consideration the expectations of the stakeholders concerned, which served as guidelines for developing activities for promoting social responsibility and ensuring environmental protection in tandem with Thanachart Group's business growth.

Project entitled "Added Advantage for Safety - Thanachart Insurance - Yes, We're Safe"

As an insurance business operator, TNI recognized the problem of road accidents as a great number of road accidents took place each year. TNI believed that everyone could play a role in improving safety. As a result, TNI participated an activity which aimed at improving road safety. The objective was to continue providing the society with added advantages for safety through the project entitled "Added Advantage for Safety - Thanachart Insurance - Yes, We're Safe". The project which had been annually implemented since 2013 campaigned to encourage customers to drive safely. In this connection, it pursued two courses of action including improving safety and providing support which placed emphasis on giving assistance in case of road accidents caused by various factors.

Road safety was a national agenda which every government attached importance to and sought cooperation from all sectors of the society in preventing and reducing road accidents as Thailand was ranked ninth in terms of the number of road accidents with about 22,491 deaths annually, representing a death rate of 32.7 per 100,000 people or 3 deaths per hour. This was twice as high as the global average rate. According to the calculation made by Thailand Development Research Institute (TDRI), the country's economic costs of deaths and serious injuries due to road accidents amounted to about 500 billion baht per year. In this connection, the company joined hands with other organizations in support of the following projects:

Graduate Program in Innovation and Digital Transformation in Insurance Business

TNI collaborated with Thammasat University on an academic program entitled “Production of Graduates in Innovation and Digital Transformation in Insurance Business”. The objective was to promote and support the production of human resources in digital innovation. In this connection, the Graduate Program of the Digital Business Transformation (MDX), College of Innovation Thammasat University (CITU), played the backbone role of this collaboration which would be implemented for three years from 2020 to 2022. Students would be provided with an opportunity to get practical work experience in various departments of TNI. As a result, they would add to their knowledge base on insurance business, particularly in relation to the application of new theories and technology to business. This, in turn, would lead to the development of innovative products and services as well as the application of the related technology at a later stage.



In 2020, TNI cooperated with the OIC in the implementation of four projects including: 1) Project entitled “Successful Insurance Marketing on Modern Digital Platform or Social Media Platform”, 2) Project entitled “Placing surveyors at locations where they could deliver adequate and timely services and reach accident scenes before another party’s surveyors”, 3) Project entitled “Data Governance (Data Architecture and Data Warehousing)”, and 4) Project entitled “Design of Data Visualizations for Use by Various Departments”.

“Community Power Helps Build Safe Roads” Project

This was an offshoot of the project entitled “Safer on the Road”. In this connection, TNI collaborated with the Road Safety Directing Center in providing communities with added advantages towards improved road safety. The project had been implemented since 2019. Emphasis was placed on heightening the awareness of communities about problems related to road accident reduction. The awareness led to problem solving and implementation of remedial countermeasures for road accident prone areas in order to reduce road accidents and the number of casualties who were people living in the community or users of the road. In this connection, TNI collaborated with the Road Safety Directing Center at the village, sub-district, district and provincial levels in urging the communities to play a role in proposing the road accident prone area assessment projects. Emphasis was placed on making it easy for everyone not only to implement the plans, but also to be able to make assessments and prepare plans by themselves by using “Hiyari Hatto” system in preparing the plans about the road accident prone areas and in assessing the risk factors that contributed to road accidents. The factors included the physical aspect such as road conditions and

the health aspect, which encompassed behavior, society, and procedural failures. The collaboration also helped provide the participating communities with knowledge base which enabled them to learn about various steps for assessing the road accident prone areas by themselves through an e-Learning system on the website www.พลังชุมชนสร้างถนนปลอดภัย.com. According to the established targets for 3 years, remedial countermeasures for 30 road accident prone areas nationwide would be successfully implemented, within an operating budget of 10 million baht.

In the year 2020, visits were paid to the communities which were selected as traffic accident prone locations in order to apply remedial safety treatments. In this connection, there was an urgent need for a remedy at five of the ten selected locations, which were as follows:

1. Khao Phanom Sub-district Municipality, Khao Phanon Sub-district, Khao Phanom District, Krabi Province,
2. Ban Nun Sub-district Administrative Organization, Ban Nun Sub-district, Song District, Phrae Province,
3. Sanian Sub-district Administrative Organization, Sanian Sub-district, Mueang Nan District, Nan Province,
4. Si Phum Sub-district Administrative Organization, Si Phum Sub-district, Krasang District, Buriram Province,
5. Na Pho Sub-district Municipality, Na Pho Sub-district, Na Pho District, Buriram Province.



“OIC for Communities Year 4” Project

This was a project of the OIC, which was implemented in collaboration with the insurance industry under a concept of “From North to South and from East to West”. Visits were paid to a number of communities with an aim to spread knowledge about insurance and protection of insurance benefits. Another objective was to listen to the problems and the needs of people in the communities. The feedback and responses received would be used for developing new insurance products that met the needs of the people in the areas. Importantly, the project also put effort into learning lessons based on the real-world experiences in road traffic accident cases and the benefits received from insurance. In this connection, TNI also took the opportunity to share the information about its “Community Power to Ensure Road Safety” Project with people in the communities. The objective was to encourage all the communities to participate in ensuring road safety and dealing with the traffic accident prone areas in the following five regions:

- 1st Activity (Western Region) Ban Wangka Community, Sangkhla Buri District, Kanchanaburi Province
- 2nd Activity (Eastern Region) Ban Laem Makham Community, Laem Ngop District, Trat Province
- 3rd Activity (Northeastern Region) Na Aor Community, Mueang District, Loei Province
- 4th Activity (Southern region) Ban Wang Hon Community, Cha-uat District, Nakhon Si Thammarat Province
- 5th Activity (Northern Region) Ban Pang Ha Community, Mae Sai District, Chiang Rai Province



Project entitled “Driving Public Relations Campaigns to Prevent and Reduce Road Accidents”

The project was organized by the Office of the Accident Prevention Network which was a member of the Road Safety Network of Thailand. The objective was to join hands with the Road Safety Network and news media in driving public relations campaigns aiming at preventing and reducing road accidents. In particular, TNI invited news media to publicize the project entitled “Community Power Helps Build Safe Roads” which made members of the general public aware of and realize the importance of road safety in order to reduce road accidents in Phra Nakhon Si Ayutthaya Province, Ubon Ratchathani Province, Phuket Province and Chiang Rai Province.



Supporting the Opening of the Road Accident Prevention and Reduction Center during the New Year Festival 2021

TNI supported road safety campaigns of the Department of Disaster Prevention and Mitigation, the Interior Ministry, which were aimed at promoting road safety during the period from 29 December 2020 to 4 January 2021. Emphasis was placed not only on reducing risk factors which contributed to road accidents but also on encouraging motorists and other road users to observe road discipline. Other measures included improvements of roads and roadside environment in order to ensure safety, strict safety control of all types of vehicles, closely monitoring and deterrence of all types of behavior which increased traffic accident risks, as well as setting up of breath testing and sobriety checkpoints. In an event of a road accident which resulted in deaths or serious injuries, emphasis would be placed on raising public awareness through all types of media about law enforcement, car accident scenario, and implementation of road safety measures.





Delivery of “New Year Group Insurance - New Normal Plus” Policies

Each year during the country’s peak time for tourism, which coincided with the New Year’s break, numerous road accidents took place, resulting in deaths and serious injuries, let alone with the outbreak of Covid-19. TNI felt concern for the safety of its over one million customers. As a result, the company gave a policy entitled “New Year Group Insurance - New Normal Plus” for free to the customers who participated in the promotion project via its Line Official Account, namely “Thanachart Insurance”. The policy period was 30 days from 15 December 2020 to 31 January 2021. This represented a personal accident insurance which provided coverage of up to 100,000 baht, the details of which were in line with the protection conditions. In addition, policyholders were also provided with additional coverage of 3,000 baht for COVID-19 infection.

Car Sanitization and Virus Disinfection Service for Customers and Employees

Due to the outbreak of COVID-19, TNI felt concern for the welfare of its customers and employees. To ease their worries about the presence of the virus in their cars, the company provided them with a special car sanitization and virus disinfection service for free at Meet & Care Service Points at TNI's three branches which were the Nine Branch, Petchkasem Branch and Huai Khwang Branch. In addition, TNI made available concise and easy-to-understand information about how to protect oneself from the disease and disseminated the information to customers and members of the general public.



Preparation of Content and Information of Early Warning Systems and Disaster Preparedness

Many disasters which occurred over the past several years had resulted in casualties and property damage, affecting a lot of people in disaster-hit areas. As a result, to mitigate the risk of disasters which might occur, TNI had prepared contents and information regarding early warning systems and disaster preparedness for customers and members of the general public. The objective was for them to get well prepared for coping with disaster situations which might arise. In addition, the company prepared concise and easy-to-understand information which was useful on various aspects, for customers and members of the general public. The information was shared through Thanachart Insurance's online platforms including Facebook, Line Official Account of "Thanachart Insurance".



Other Social Activities

Support to Chakri Naruebodindra Medical Institute, Ramathibodi Foundation

Thanachart Group made a joint cash donation to Ramathibodi Foundation, Chakri Naruebodindra Medical Institute, the Faculty of Medicine Ramathibodi Hospital, Mahidol University. The donation would be used for procuring medical equipment. In this connection, Professor Emeritus Pornchai Simaroj, M.D., Permanent Lecturer of the Faculty of Medicine Ramathibodi Hospital, and Assistant Professor Supatra Leelaphiwat, Member and Secretary of the Executive Board of Ramathibodi Foundation received the donation. Thanachart Group had been making the donation for seven consecutive years. This year's donation amounted to 2,640,000 baht.

Supporting the Project for Preventing and Reducing COVID-19 Transmission

The Faculty of Medicine Ramathibodi Hospital, Mahidol University, realized the importance of medical treatment and sharing with the society the right knowledge of the virus transmission in order to prevent the spread of COVID-19. It was also important to get well prepared in terms of personnel, medical equipment, and patient rooms in order to cope with future situations, both short term and long term, in case of increases in the number of patients. As a result, the Faculty of Medicine Ramathibodi Hospital, Mahidol University, and Ramathibodi Foundation jointly established a special fund entitled "Project for Preventing and Reducing COVID-19 Transmission". The objective was to increase preparedness and flexibility in managing necessary resources which required a budget in addition to the funds received from the government sector. In this connection, Thanachart Group made a joint cash donation to Ramathibodi Foundation in support of medical personnel and also purchases of medical equipment for the above project. The total donation amounted to 1,100,000 baht.

Project entitled "Seniors get Delighted as Juniors can Study"

TNS raised money to support a poor school in the countryside. The objective was to provide teachers and students with educational opportunities. The address of Old Town Kamphaeng Saen School was No. 3, Kamphaeng Saen District, Nakhon Pathom Province. It was located 40 kilometers from the central educational area. In this connection, TNS invited staff to join hands to donate 100,000 baht to the school via the project. As a result, the school children who would be important driving forces of the country's development were given educational opportunities.

Sharing Satiety with Communities in Fighting Against COVID-19 via the “Sharing Stories” Project

TNI donated 900,000 baht to the “Sharing Stories” project of the Thai Television Channel 3. The money was used for preparing lunch boxes worth 30,000 baht each day for 30 days, which were given to people in the communities hit by COVID-19 pandemic not only to make their stomach full but also to make them feel fulfilled.

Activity in Support of Developing Youth Potential

THANI realized the importance of developing youth of the new generation. THANI wanted them to have a diverse range of knowledge and skills and to spend their free time productively. As a result, THANI joined hands with other organizations to promote Saturday School Project whose objective was to develop young people in communities through various learning activities. In this connection, the company had been supporting the project continuously. In 2020, THANI not only provided lunch to youth studying in the school but also donated 200,000 baht to the project.

TCAP CSR Activity 2020

The Company recognized the importance of children. They would grow up and be the future of the nation. As a result, the Company and its staff joined hands to raise money and donate 132,100 baht and basic necessities for infants to Phayathai Babies’ Home, Pakkret District, Nonthaburi Province. The objectives were to develop a good society and to play a part in providing the disadvantaged young children with education opportunities, improved environment, personal hygiene and lives. Currently, Phayathai Babies’ Home was supporting 210 children in total, consisting of 110 boys and 100 girls.

Thanachart Foundation for Thai Society

In addition to the above-mentioned various projects and activities which were continuously implemented by Thanachart Group for social development in various areas, Thanachart Group had established Thanachart Foundation for Thai Society which served as a main mechanism for driving social activities. Emphasis was placed on social creativity together with social development. The goal was to create different types of prototypes for developing communities and society so that members of the general public knew not only how to develop, improve and change themselves but also how to raise their standard of living. In 2020, Thanachart Foundation for Thai Society implemented various activities as follows:

Project entitled “Deliver care, distancing yourself from COVID-19”

The project was conceived as a result of COVID-19 pandemic which affected humans worldwide. Thanachart Foundation for Thai Society recognized the importance of mounting campaigns with an aim to prevent transmission and to reduce the risk of infection among personnel working in health care organizations. In this connection, Thanachart Foundation for Thai Society delivered 3,000 muslin face masks as well as N95 masks to personnel of provincial hospitals in the southern region, which included Pattani Hospital, Yala Hospital, Narathiwat Ratchanakharin Hospital, Songkhla Hospital and Satun Hospital.



In addition to giving support to health care organizations, Thanachart Foundation for Thai Society gave personal protective equipment against COVID-19 to educational personnel and students of four schools in disadvantaged areas of Ratchaburi Province, which included Wat Nong lean School, Wat Lam Nam School, Wat Tan Tia School and Wat Don Yai School. The equipment given consisted of face shields, alcohol, hand cleansing gel and disinfectants.



Apart from the aforementioned projects, in order to build financial discipline which was a foundation of financial security, Thanachart Foundation for Thai Society had established an operational plan for implementing a project which aimed at sharing with graduating students and those who just started working, the knowledge of not only finance but also financial management, investment as well as debt management so that they would develop financial discipline. The objective was to prevent them from future financial troubles. Emphasis was placed on sharing the knowledge and disseminating the information mainly through online social media.

GENERAL INFORMATION

(As at 31 December 2020)

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	A holding company
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
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.
 - 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 116,512,970 shares (19,467,000 shares under the Treasury Stock Project from 8 August 2018 to 7 February 2019 and 97,045,970 shares according to the shares repurchased from 11 February 2020 to 10 August 2020.)

Investments of Thanachart Capital Public Company Limited in Other Companies

As at 31 January 2021, 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
TMB Bank Public Company Limited 3000 Phahonyothin Road, Chom Phon, Chatuchak, Bangkok 10900 Tel. : +66 (0) 2299 2349 - 50 Fax : +66 (0) 2273 7806	Banking	Ordinary	100,912,374,754.35	91,588,946,036	96,409,416,880	19,389,891,927	20.11
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) 2613 6050	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) 2613 6050	Asset Management	Ordinary	40,000,030	40,000,030	4,000,003	3,337,601	83.44
MBK Life Assurance Public Company Limited 59/5 Paradise Place Building, 4 th Floor, Srinagarindra Road, Nong Bon, Prawet, Bangkok 10250 Tel. : +66 (0) 2111 0055 Fax : +66 (0) 2111 0056	Life Assurance	Ordinary	1,000,000,000	1,000,000,000	100,000,000	50,999,997	51.00
MBK Public Company Limited 444 MBK Center, 8 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2853 9000 Fax : +66 (0) 2853 7000	Real Estate Business & Hotel and Tourism Business	Ordinary	2,194,923,000	1,698,860,821	1,698,860,821	379,946,939	22.36

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
Patum Rice Mill and Granary Public Company Limited 88 Moo 2, Tiwanont Road, Bangkadee, Amphoe Mueng Pathum Thani, Pathum Thani 12000 Tel. : +66 (0) 2501 2175 Fax : +66 (0) 2501 2176	Agro & Food Industry	Ordinary	900,000,000	600,000,000	600,000,000	117,575,612	19.60
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
Thanachart Insurance Public Company Limited 999/1 The Nine Tower, Rama 9 Road, Phatthanakan, Suanluang, Bangkok 10250 Tel. : +66 (0) 2308 9300 Fax : +66 (0) 2308 9333	Insurance	Ordinary	4,930,000,000	4,930,000,000	493,000,000	251,236,207	50.96
Thanachart Securities Public Company Limited 444 MBK Tower, 18 th - 19 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2779 9119 Fax : +66 (0) 2217 9642	Securities Business	Ordinary	3,000,000,000	3,000,000,000	3,000,000,000	1,528,936,148	50.96
TS Asset Management Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2613 6050	Asset Management	Ordinary	500,000,120	500,000,120	50,000,012	49,995,816	99.99

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 SPV 1 Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8312	Invest in Other Companies	Ordinary	12,704,980,880	12,704,980,880	1,270,498,088	1,270,498,086	100.00
Thanachart SPV 2 Company Limited 444 MBK Tower, 17 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8312	Invest in Other Companies	Ordinary	934,389,470	934,389,470	93,438,947	93,420,837	99.98
MT Service 2016 Company Limited 59/5 Paradise Place Building, 4 th Floor, Srinagarindra Road, Nong Bon, Prawet, Bangkok 10250 Tel. : +66 (0) 2111 0055 Fax : +66 (0) 2111 0056	Services	Ordinary	50,000,000	50,000,000	5,000,000	2,549,998	51.00
TM Broker Company Limited 59/5 Paradise Place Building, 4 th Floor, Srinagarindra Road, Nong Bon, Prawet, Bangkok 10250 Tel. : +66 (0) 2026 3541	Life Insurance Broker / Non - life Insurance Broker	Ordinary	20,000,000	20,000,000	2,000,000	1,019,998	51.00
TM Communication and Brand Management Company Limited 444 MBK Tower, 9 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2853 9000	Media Public Relations	Ordinary	5,000,000	5,000,000	50,000	24,999	50.00
Bangkok Home Company Limited 444 MBK Tower, 10 th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330	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

Securities Registrar

- Ordinary Shares and Preferred Shares : 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 : TMB Bank Public Company Limited
3000, 2nd Floor, Phahonyothin Road, Chom Phon, Chatuchak, Bangkok 10900, THAILAND
- No. 1/2012 due 2022 (TCAP22NA) Tel. : +66 (0) 2299 2279, 2242 3478
 - No. 1/2013 due 2023 (TCAP238A) Fax : +66 (0) 2273 7332
 - No. 1/2013 due 2025 (TCAP258A) Website : www.tmbbank.com
 - No. 2/2013 due 2023 (TCAP23OA)
 - No. 1/2019 due 2029 (TCAP29OA)
-

Debentures of Thanachart Capital Public Company Limited due in 2020

- No. 3/2013 due 2020 (TCAP20NA)
-

Bill of Exchange of Thanachart Capital Public Company Limited due in 2020

- No. 1/2019 (TCAP20123A)
 - No. 2/2019 (TCAP20123B)
 - No. 3/2019 (TCAP20319A)
-

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 : TMB Bank Public Company Limited

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

Thanachart Securities Public Company Limited

444 MBK Tower, 18th - 19th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND

Tel : +66 (0) 2779 9119
Fax : +66 (0) 2217 9642
Registration No. : 0107547000591
Website : www.thanachartsec.com

Thanachart Insurance Public Company Limited

999/1 The Nine Tower, Rama 9 Road,
Phatthanakan, Suan Luang,
Bangkok 10250, THAILAND

Tel. : +66 (0) 2308 9300
Fax : +66 (0) 2308 9333
Registration No. : 0107555000473
Website : www.thanachartinsurance.co.th

MBK Life Assurance Public Company Limited

59/5 Paradise Place Building, 4th Floor,
Srinagarindra Road, Nong Bon, Prawet,
Bangkok 10250, THAILAND

Tel : +66 (0) 2111 0055
Fax : +66 (0) 2111 0056
Registration No. : 0107555000481
Website : www.mbklife.co.th

TM Broker Company Limited

59/5 Paradise Place Building, 4th Floor,
Srinagarindra Road, Nong Bon, Prawet,
Bangkok 10250, THAILAND

Tel. : +66 (0) 2026 3541
Fax : None
Registration No. : 0105559122776
Website : www.tm-broker.co.th

MT Service 2016 Company Limited

59/5 Paradise Place Building, 4th Floor,
Srinagarindra Road, Nong Bon, Prawet,
Bangkok 10250, THAILAND

Tel. : +66 (0) 2111 0055
Fax : +66 (0) 2111 0056
Registration No. : 0105559103291
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) 2613 6050
Registration No. : 0105540093282
Website : None

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) 2613 6050
Registration No. : 0105540086022
Website : None

TS Asset Management Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND

Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2613 6050
Registration No. : 0105554031624
Website : None

Ratchthani Leasing Public Company Limited

77/35 - 36 Sinsathorn Tower, 11th UP Floor,
Krungthonburi Road, Khlongtonsai, 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,
Krungthoburi Road, Khlongtonnai, Khlongsan,
Bangkok 10600, THAILAND

Tel. : +66 (0) 2431 9500
Fax : +66 (0) 2431 9567
Registration No. : 0105561189971
Website : www.rtnbroker.com

Thanachart SPV 1 Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND

Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0105562173564
Website : None

Thanachart SPV 2 Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND

Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0105562173572
Website : None

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 Petchburitattmai Road,
Makkasan, Ratchathewi,
Bangkok 10400, THAILAND

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Fax : +66 (0) 2651 6611
Registration No. : 0105534009895
Website : None

SHAREHOLDERS AND DIVIDEND POLICY

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. MBK Public Company Limited	129,914,400	-	129,914,400	11.150
PRIMACY ELEGANCE INVESTMENTS LIMITED	3,400,000	-	3,400,000	0.292
2. Thai NVDR Company Limited	124,960,619	-	124,960,619	10.725
3. Thanachart Capital Public Company Limited	116,512,970	-	116,512,970	10.000
4. STATE STREET EUROPE LIMITED	52,858,434	-	52,858,434	4.537
5. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	28,248,900	-	28,248,900	2.425
6. N.C.B. TRUST LIMITED-NORGES BANK 5	23,358,000	-	23,358,000	2.005
7. BNY MELLON NOMINEES LIMITED	20,987,074	-	20,987,074	1.801
8. SE ASIA (TYPE B) NOMINEES LLC	19,737,463	-	19,737,463	1.694
9. Krungsri Dividend Stock LTF	16,348,200	-	16,348,200	1.403
10. Mr. Niwes Hemvachiravarakorn	14,000,000	-	14,000,000	1.202
Other Shareholders	614,790,487	13,156	614,803,643	52.767
Issued and Paid-up Shares	1,165,116,547	13,156	1,165,129,703	100.000
Thai Shareholders	888,581,348	13,096	888,594,444	76.266
Foreign Shareholders	276,535,199	60	276,535,259	23.734

Source: Report of the Company's Major Shareholders as at 13 August 2020 (the most recent record date of the register book) prepared by Thailand Securities Depository Company Limited.

- Notes:** 1) The first 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 rental property business and hotel and tourism business. The following is the most recent record date of registration book which was on 22 October 2020.

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	379,947,739	22.417
3. Thai NVDR Company Limited	90,809,636	5.358
4. DBS BANK LTD	39,209,800	2.313
5. AIA COMPANY LIMITED-EQDP-D FUND1	35,530,700	2.096
6. Mr. Prinya Tieworn	34,000,000	2.006
7. STATE STREET BANK AND TRUST COMPANY	31,054,364	1.832
8. MORGAN STANLEY & CO. INTERNATIONAL PLC	24,600,000	1.451
9. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	22,512,191	1.328
10. Support foundation of thai	20,182,000	1.191
Other Shareholders	517,827,040	30.552
Issued and Paid-up Shares	1,694,923,000	100.000
Thai Shareholders	1,461,308,117	86.217
Foreign Shareholders	233,614,883	13.783

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 of the Company no. 4 - 8 are Nominee Accounts that cannot be identified real shareholders.

The Group of Major Shareholders Having Significant Influence over the Formulation of Management Policies

- None -

Shareholders' Agreement

- None -

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 the 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 interim dividend payments to the shareholders at its next shareholders' meeting.

Dividend Payments in the Past Five Years

Operating Performance	2019	2018	2017	2016	2015
Earnings per Share (Separate Financial Statements) (Baht)	49.98	2.85	2.04	1.42	1.86
Dividend per Share (Baht)	7.00	2.60	2.20	2.00	1.80
Dividend Payout Ratio (Separate Financial Statements) (Percent)	13.70	90.40	107.74	140.43	95.60
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	72.59	38.25	36.61	38.76	38.58

Notes: 1) Dividend payment of 2019 at the rate of 7.00 baht per share includes the special interim dividend of 4.00 baht per share paid on 16 January 2020.
2) The Company has paid the interim dividend of 2020 at the rate of 1.20 baht per share on 27 August 2020.

Dividend Payment Policy of Subsidiary Companies Made to the Company

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 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. Mrs. Salinee | Wangtal | Member |

In this regard, Ms. Thanawan Teekautamakorn, Executive Vice President, Audit Division, is the secretary of the Audit Committee.

The Audit Committee has carried out the duties and responsibilities as assigned by the Board of Directors, which are in line with the regulations of the SEC and the notifications of the SET. The duties and responsibilities are specified in the Charter approved by the Board of Directors. In relation to risk management, the Board of Directors has established the Risk Oversight Committee which is responsible for setting the risk management framework and policy and also for directly monitoring the risk management of the Company and member companies of Thanachart Group.

In 2020, the Audit Committee held 12 meetings with management, high-ranking executives from related work functions, and the auditors. Those 12 meetings were regular meetings holding for acknowledgement and consideration of 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. The Committee conferred and advised 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 reports of the state agencies concerned and those of the auditor. The objectives were to assess the adequacy of the internal control system and the appropriateness of the Company's guidelines to problem solving.

Compliance with Rules and Regulations

The Committee closely monitored the Company's operations, ensuring that they were in compliance with rules and regulations imposed by the state agencies concerned, which included the SEC, the SET and the OIC, among others. The Committee also kept abreast of the changes in the rules and regulations which had impacts on

the operations of the Company and its subsidiaries. In this connection, it ensured not only that improvements and corrections were made but also that the results were closely monitored.

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, personal experienced, 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.

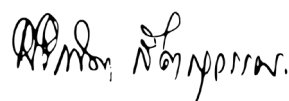
Related Party Transaction and Conflict of Interest

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.

Reviewing Assessment Forms and Anti-Corruption Measures

The Committee reviewed and monitored the operations, ensuring that the Company implemented the anti-corruption measures. In addition, the Committee ensured that the Company not only put in place an adequate control process aiming at preventing corruption, but also, importantly, a whistleblowing process. In this connection, the reports concerning wrongdoing would be considered independently and the whistleblowers would be protected. The objective was to make the whistleblowers feel confident that they would be protected from retaliation. On the other hand, the accused parties would be treated fairly.

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 is 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

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 Charter of the Nomination, Remuneration, and Corporate Governance Committee 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, and Chief Executive Officer, 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, sub-committees, and Chief Executive Officer also establishing guidelines for appraising the performance of executives at the level of vice president and above.

- In carrying out corporate governance responsibilities, the Committee reviews, proposes and monitors the implementation of the policy on Good Corporate Governance and Handbook of the 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 2020, the Nomination, Remuneration, and Corporate Governance Committee held five meetings altogether. The following important agenda items were considered:

1. Considering agenda items related to nomination of Directors and High-level Executives

- Considering and selecting persons with appropriate qualifications and also checking whether their qualifications met the regulatory requirements as well as the requirements announced by the Company. The objective was to propose names of candidates to the Board of Directors for election as Members of the Board, replacing the ones retiring by rotation at the 2020 Annual General Meeting of Shareholders. In this connection, shareholders were also given an opportunity to propose the names of candidates for election as directors via the Company's website.

- Considering and reviewing the structure, qualifications, and skills matrix of the Board of Directors in 2020. And annually examining the qualifications of Directors and persons with powers, ensuring compliance with the laws as well as the notifications issued by the regulatory agencies overseeing the Company.

- Considering the employment of Chief Executive Officer in 2021.

2. Considering agenda items related to determination of remuneration of Directors and High-level Executives

- Reviewing the performance appraisal forms for the year 2020 of the Board of Directors as well as the Nomination, Remuneration, and Corporate Governance Committee. Acknowledging the performance appraisal forms for the year 2020 of other standing committees. Also considering the performance review summary of the Nomination, Remuneration, and Corporate Governance Committee.

- Considering and reviewing the remuneration of the Board of Directors and other committees in 2020 and the allocation of performance allowances for Members of the Board of Directors in 2019, proposing the remuneration and performance allowance to the Board of Directors and the 2020 Annual General Meeting of Shareholders. Also acknowledging a summary report on the number of meetings attended by each director as well as the remuneration paid to the members of the Board of Directors and various standing committees for the year 2020.

3. Considering agenda items relating to implementation of corporate governance activities

- Reviewing Thanachart Group's Good Corporate Governance Policy and Handbook of the Code of Ethics for the Year 2020. Reviewing the Nomination and Remuneration Policy. Also considering the Charter of the Board of Directors, the Charter of the Nomination, Remuneration, and Corporate Governance Committee, the Charter of the Executive Committee, ensuring that the charters were appropriate and in line with the Company's conduct of business affairs after the restructuring of Thanachart Group's member companies in the latter part of 2019, taking into account the Corporate Governance Code (the CG Code) developed by the SEC. The objective was to propose the charters to the Board of Directors for consideration.

- Considering the organization of the 2020 Annual General Meeting of Shareholders as well as the agenda of the meeting. The objective was to ensure full compliance with the laws and the announcements of the state agencies concerned as well as the rules and regulations related to the good corporate governance. Also considering the provision of an opportunity for shareholders to propose agenda items for the annual general meeting of shareholders and to propose names of candidates for election as directors, replacing the ones retiring by rotation at the 2021 Annual General Meeting of Shareholders.

- Acknowledging the assessment results of the 2020 Corporate Governance Report (CGR) Survey. Also, considering suggestions for developing the Company's corporate governance in line with Corporate Governance Report (CGR) of Thai Listed Companies Project.

- Acknowledging the report on information disclosure in 2019, 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 2019 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 related to the nomination and remuneration process have been disclosed in the Annual Report and the Annual Registration Statement for the year 2020.



(Mr. Tiraphot Vajrabhaya)

Chairman of the Nomination, Remuneration,
and Corporate Governance 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 2020 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 the 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 financial information is correct and reasonably complete. In this connection, the Board of Directors has established an 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 2020 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 2020, 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 2020, 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.

Emphasis of matters

I draw attention to Note 1.2 and Note 3 a) to the consolidated financial statements. The COVID-19 pandemic is impacting various businesses and industries and this situation could create uncertainties and may affect the future operating results and cash flows of the Group. Moreover, due to the impact of this situation, in preparing the financial statements the Group has elected to adopt the Accounting Guidance on Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy issued by the Federation of Accounting Professions. My opinion is not modified in respect of these matters.

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 year. 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.

Allowance for expected credit loss on loans to customers

As discussed in Note 13 to the consolidated financial statements, as at 31 December 2020, the Group had loans to customers – net of Baht 52,593 million (accounting for 37 percent of total assets) and allowance for expected credit loss of Baht 2,342 million, which are material to the financial statements. In 2020, the Group has adopted Thai Financial Reporting Standard No. 9 Financial Instruments, which became effective on 1 January 2020. This standard stipulates the basis to be used for calculation of impairment on financial assets using the expected credit loss method. The basis requires complex calculation modelling, which involves the use of significant management judgement and estimates in the model development, the identification of criteria for a significant increase in credit risk since initial recognition, the probability of default, the loss given default, the exposure at default, the calculation of expected credit loss, the selection of future economic variables to be incorporated into the model and the management overlay adjustment to the allowance for expected credit loss due to limitations of the model. Because of the significant and the extent of judgement and estimates, I addressed the adequacy of the allowance for expected credit loss of loans to customers as a key audit matter.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relevant to the loan origination and collection processes, the assessment of probability of default, loss given default and exposure at default, as well as the calculation of allowance for expected credit loss, and tested, on a sampling basis, internal control systems over the relevant information technology systems. In addition, I evaluated and tested the reasonableness of the expected credit loss models, the rules and criteria applied by the Group in the assessment of significant increases in credit risk since initial recognition, including the data used in the model design, the effectiveness of models for significant loan types and the governance process over the model development, by examining model development documentation, testing, on a sampling basis, the accuracy and completeness of data used in model development, and assessing the methods and assumptions applied in the calculation. I assessed the reasonableness of macroeconomic factors and probability of different scenario weights as well as the reasonableness of the management overlay adjustments. I compared accounting policies of the Group with financial reporting standards and assessed the adequacy of disclosure in accordance with the relevant financial reporting standards. Moreover, I examined the allowance for expected credit loss by testing, on a sampling basis, the classification based on the change in credit risks since initial recognition and recalculating the allowance for expected credit loss as at the end of the accounting period, including testing the completeness of data used in the calculation of allowance for expected credit loss.

Recognition of interest income

For the year 2020, the Group recognised interest income on hire-purchase and financial lease receivables amounting to Baht 3,516 million (accounting for 17 percent of total income). The Group recognises interest income using the effective interest rate method, which involves use of management judgement and estimates in the estimation of future cash inflows throughout the expected life of financial instruments, taking into account any discounts or premiums on acquisition, fees and costs that are an integral part of the effective interest rate. In addition, interest income is generated from loans provided to a large number of customers with a high volume of transactions. I therefore focused my audit on whether interest income on loans to customers is recognised correctly, appropriately and in a timely manner, in accordance with Thai Financial Reporting Standards.

I gained an understanding of, assessed and tested, on a sampling basis, the effectiveness of internal controls relating to the processes of loan origination, interest income recognition and loan collection, including relevant internal controls over information systems, by inquiring of management to gain an understanding, assessing the methods applied by the management in estimating cash inflows throughout the expected life of financial assets in the determination of effective interest rate, as well as testing, on a sampling basis, the accuracy of data and calculation. In addition, I applied a sampling method in selecting loan agreements to test whether the recording of loans to customers as well as the income recognition complies with the conditions stipulated in the contracts and is adjusted in line with the effective interest rate according to the income recognition policy, and in accordance with Thai Financial Reporting Standards. I also performed analytical procedures on interest income and tested, on a sampling basis, significant adjustments made through journal vouchers.

Impairment of investment in associated companies

The group has investment in associated companies amounting to Baht 48,007 million (accounting for 34 percent of total assets), as at 31 December 2020. I have focused on considering the impairment of investment in associated companies because the impairment assessment on investment in associated companies is a significant accounting estimate requiring the management to exercise judgment in estimating the recoverable amounts of assets, which is the higher of their fair value less costs to sell and their value in use. This includes identification of the cash generating units and estimates of expected future cash inflows, and the setting of an appropriate discount rate and long-term growth rate, which creates a risk of investment in associated companies being presented at an inappropriate amount.

I gained an understanding of and assessed the identification of 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 with 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 reasonableness of discount rate and long-term growth rate used by the management and tested the calculation of the realisable values of the assets.

Insurance contract liabilities

As discussed in Note 24 to the consolidated financial statements, as at 31 December 2020, the Group has life policy reserves of Baht 5,812 million and outstanding claims from insurance contracts of Baht 1,839 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. 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, also using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. Changes in these assumptions will affect the balances of non-life and life reserves. I therefore focused my audit on the adequacy of these reserves.

I gained an understanding of, assessed, and tested the effectiveness of the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives and 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 reserves and claims reserve, performed random tests on major claims, analysed historical data on claims frequency and the severity of loss per claim and analysed movement of the reserves. 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 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 2021

FINANCIAL STATEMENTS AND NOTES TO FINANCIAL STATEMENTS

Statements of financial position

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Assets					
Cash		2,471	2,970	-	-
Interbank and money market items - net					
- deposits at financial institutions	8	7,811,600	7,404,040	171,951	29,841
Financial assets measured at fair value through profit or loss	9	3,356,589	-	1,217,639	-
Derivatives assets	10	145,444	12,755	142,100	-
Investments - net	11	21,650,020	41,550,937	8,697,046	22,597,140
Investments in subsidiaries, associated companies and joint venture - net	12	48,006,971	45,420,712	67,468,789	71,416,280
Loans to customers and accrued interest receivables - net	13	50,250,543	53,159,444	803,616	715,839
Property foreclosed - net	15	3,054,027	3,128,013	1,597,510	1,605,814
Land, premises, equipment and right-of-use assets - net	16	677,699	301,038	138,665	77,785
Intangible assets - net	17	163,898	138,628	870	640
Deferred tax assets	18	917,113	809,047	-	-
Receivables from purchase and sale of securities		1,246,888	2,577,224	-	764,570
Asset classified as held for sale	19	-	3,423,074	-	-
Other assets - net	20	3,472,371	2,998,680	76,092	88,683
Total assets		140,755,634	160,926,562	80,314,278	97,296,592

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

Statements of financial position (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 31 December 2020

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Liabilities and equity					
Interbank and money market items					
- borrowings from financial institutions	21	13,312,347	15,659,515	-	-
Derivatives liabilities	10	14,219	46,515	-	-
Debts issued and borrowings	22	33,887,024	44,780,435	10,700,000	17,587,468
Provisions	23	410,153	468,225	58,513	52,329
Deferred tax liabilities	18	225,797	209,995	178,258	148,869
Insurance contracts liabilities	24	12,231,053	13,095,578	-	-
Dividend payables		-	4,582,651	-	4,582,651
Other liabilities	25	7,906,887	8,024,895	774,997	951,417
Total liabilities		67,987,480	86,867,809	11,711,768	23,322,734
Equity					
Share capital	26				
Registered, issued and paid-up					
13,156 preferred shares of Baht 10 each		132	132	132	132
1,165,116,547 common shares of Baht 10 each		11,651,165	11,651,165	11,651,165	11,651,165
		11,651,297	11,651,297	11,651,297	11,651,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	27	(2,701,100)	(2,540,472)	529,030	589,637
Retained earnings					
Appropriated - statutory reserve	28	1,277,830	1,277,830	1,277,830	1,277,830
- treasury shares reserve	26	5,863,053	999,964	5,863,053	999,964
Unappropriated		51,016,932	53,378,669	53,078,708	58,389,449
Less: Treasury shares - common shares	26	(5,863,053)	(999,964)	(5,863,053)	(999,964)
Equity attributable to owners of the Company		63,310,604	65,832,969	68,602,510	73,973,858
Non-controlling interests		9,457,550	8,225,784	-	-
Total equity		72,768,154	74,058,753	68,602,510	73,973,858
Total liabilities and equity		140,755,634	160,926,562	80,314,278	97,296,592

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

Statements of comprehensive income

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income

For the year ended 31 December 2020

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

	Note	Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Profit or loss					
Continuing operations					
Interest income	30	4,213,087	4,339,052	126,989	119,875
Interest expenses	31	(1,620,162)	(1,599,451)	(567,109)	(538,227)
Net interest income		2,592,925	2,739,601	(440,120)	(418,352)
Fees and service income		1,659,343	1,458,217	480	609
Fees and service expenses		(410,723)	(374,135)	(1,079)	(575)
Net fees and service income	32	1,248,620	1,084,082	(599)	34
Gain on financial instruments measured at fair value through profit or loss/Gain on trading and foreign exchange transactions	33	150,558	145,707	163,441	-
Gain (loss) on investments	34	3,756,985	513,526	(450,742)	53,837,128
Share of profit from investments accounted for under equity method	12.4	2,154,393	366,638	-	-
Gain on property foreclosed and other assets		225,455	221,627	146,975	440,257
Insurance/Life insurance income	35	7,708,659	7,982,593	-	-
Dividend income		308,218	181,467	3,914,027	3,630,726
Other operating income		585,023	822,886	109,275	51,639
Total operating income		18,730,836	14,058,127	3,442,257	57,541,432
Insurance/Life insurance expenses	36	(5,820,488)	(6,574,234)	-	-
Net operating income		12,910,348	7,483,893	3,442,257	57,541,432
Other operating expenses					
Employee's expenses		1,886,934	1,895,377	179,318	139,186
Directors' remuneration	37	82,709	69,772	48,693	46,569
Premises and equipment expenses		244,765	245,286	24,164	20,589
Taxes and duties		20,889	34,655	3,298	3,895
Other expenses		674,730	789,062	60,457	83,997
Total other operating expenses		2,910,027	3,034,152	315,930	294,236
Expected credit loss (reversal)	38	595,389	-	(28,068)	-
Reversal of bad debt and doubtful accounts and impairment loss	39	-	(316,254)	-	(14,037)
Profit before income tax		9,404,932	4,765,995	3,154,395	57,261,233
Income tax	18.2	(1,556,690)	(1,366,653)	(29,932)	(141)
Profit for the year from continuing operations		7,848,242	3,399,342	3,124,463	57,261,092
Discontinued operations					
Profit for the year from discontinued operations		-	13,360,708	-	-
Total profit for the year		7,848,242	16,760,050	3,124,463	57,261,092

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

Statements of comprehensive income (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

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

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other comprehensive income				
Continuing operations				
<i>Transactions that will be reclassified subsequently to profit or loss</i>				
Gain (loss) on debt securities measured at fair value through other comprehensive income	(38,669)	-	1,009	-
Gain on change in value of available-for-sale securities	-	379,514	-	34,473
Share of other comprehensive income of associated companies (loss)	10,034	(64,689)	-	-
Income tax relating to components of other comprehensive income (loss)	7,734	27,766	(202)	(6,894)
	(20,901)	342,591	807	27,579
<i>Transactions that will never be reclassified subsequently to profit or loss</i>				
Loss on investments in equity securities designated to be measured at fair value through other comprehensive income	(1,392,658)	-	(708,346)	-
Surplus on revaluation of assets	-	88,852	-	39,830
Share of other comprehensive income of associated companies (loss)	(121,071)	246,604	-	-
Actuarial gain (loss) on defined benefit plan	73,781	(75,622)	12,371	(5,547)
Income tax relating to components of other comprehensive income (loss)	157,156	(14,039)	41,915	(7,966)
	(1,282,792)	245,795	(654,060)	26,317
Total other comprehensive income (loss) from continuing operations	(1,303,693)	588,386	(653,253)	53,896
Discontinued operations				
Total other comprehensive income from discontinued operations	-	2,996,555	-	-
Total other comprehensive income (loss)	(1,303,693)	3,584,941	(653,253)	53,896
Total comprehensive income				
Total comprehensive income from continuing operations	6,544,549	3,987,728	2,471,210	57,314,988
Total comprehensive income from discontinued operations	-	16,357,263	-	-
Total comprehensive income	6,544,549	20,344,991	2,471,210	57,314,988
Total profit attributable to:				
The Company				
Profit attributable from continuing operations	6,669,030	1,729,979	3,124,463	57,261,092
Profit attributable from discontinued operations	-	9,077,080	-	-
Total profit attributable to the Company	6,669,030	10,807,059	3,124,463	57,261,092
Non-controlling interests				
Profit attributable from continuing operations	1,179,212	1,669,363		
Profit attributable from discontinued operations	-	4,283,628		
Total profit attributable to non-controlling interests	1,179,212	5,952,991		
	7,848,242	16,760,050		

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

Statements of comprehensive income (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the year ended 31 December 2020

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

Note	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Total comprehensive income attributable to:				
The Company				
Comprehensive income attributable from continuing operations	5,527,435	2,108,033	2,471,210	57,314,988
Comprehensive income attributable from discontinued operations	-	10,495,185	-	-
Total comprehensive income attributable to the Company	5,527,435	12,603,218	2,471,210	57,314,988
Non-controlling interests				
Comprehensive income attributable from continuing operations	1,017,114	1,879,695		
Comprehensive income attributable from discontinued operations	-	5,862,078		
Total comprehensive income attributable to non-controlling interests	1,017,114	7,741,773		
	6,544,549	20,344,991		
Earnings per share of the Company				
Basic earnings per share (Baht per share)				
Profit from continuing operations	6.26	1.51	2.93	49.98
Profit from discontinued operations	-	7.92	-	-
	6.26	9.43	2.93	49.98
Diluted earnings per share (Baht per share)				
Profit from continuing operations	6.26	1.51	2.93	49.98
Profit from discontinued operations	-	7.92	-	-
	6.26	9.43	2.93	49.98

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

Statements of changes in equity

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity

For the year ended 31 December 2020

(Unit: Thousand Baht)

Consolidated financial statements													
Equity attributable to the Company's shareholders													
	Other components of equity												
	Issued and paid-up share capital	Surplus			Share of other comprehensive income (loss) of associated companies	Share of surplus from the change in the ownership interests in subsidiaries of an associate			Retained earnings				Total
		Premium on common share	Share of a subsidiary premium	Surplus from the change in the ownership interests of investments		Revaluation surplus on investments - net	Revaluation surplus on assets	Revaluation surplus on assets	Statutory reserve	Treasury shares reserve	Unappropriated	Treasury shares	
Preferred shares	Common shares												
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)	137,918,263
Balance as at 1 January 2019													
Dividend paid (Note 29)	-	-	-	-	-	-	-	-	-	-	(7,790,506)	-	(7,790,506)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,110	-	1,110
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	(234,984)	(234,984)
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	234,984	(234,984)	-	-
Decrease in non - controlling interests of the subsidiaries from the increase in the ownership interest in subsidiaries	-	-	-	1,170	250,500	7,554	172,202	21,736	-	-	(294,709)	-	6,432,094
Surplus from the change in the ownership interests of investments	-	-	-	(4,639,664)	-	-	-	-	-	-	-	-	(4,639,664)
Surplus from the change in the ownership interests in subsidiaries of an associate	-	-	-	-	-	-	-	(64)	-	-	-	-	(69)
Transfer to retained earnings	-	-	-	-	-	(70,785)	(13,431)	-	-	-	84,216	-	-
Decrease from disposal subsidiaries company	-	-	(775,814)	-	-	(1,841,619)	-	-	-	-	2,617,433	-	(78,130,935)
Profit for the year	-	-	-	-	-	-	-	-	-	-	10,807,059	-	16,760,050
Other comprehensive income for the year (loss)	-	-	-	-	509,779	1,348,170	137,541	-	-	-	(198,331)	-	3,584,941
Balance as at 31 December 2019	132	11,651,165	2,065,645	(4,408,409)	1,111,739	64,202	611,186	80,810	1,277,830	999,964	53,378,689	(999,964)	74,058,753
Balance as at 1 January 2020	132	11,651,165	2,065,645	(4,408,409)	1,111,739	64,202	611,186	80,810	1,277,830	999,964	53,378,689	(999,964)	74,058,753
Cumulative effect of change in accounting policy (Note 4)	-	-	-	-	244,726	-	35,100	-	-	-	31,927	-	320,936
Balance as at 1 January 2020 - after adjusted	132	11,651,165	2,065,645	(4,408,409)	1,356,465	64,202	646,286	80,810	1,277,830	999,964	53,410,596	(999,964)	74,379,689
Dividend paid (Note 29)	-	-	-	-	-	-	-	-	-	-	(3,145,850)	-	(3,145,850)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	1,698	-	1,698
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	(4,863,089)	(4,863,089)
Transfer retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	4,863,089	(4,863,089)	-	-
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	1,275	-	-	-	-	324	-	495,202
Surplus from the change in the ownership interests of investments	-	-	-	104,016	-	-	-	-	-	-	(459,927)	-	(289,733)
Transfer gain on investment/amortised of surplus to retained earnings	-	-	-	-	783,874	(2,742)	(44,930)	-	-	-	(736,202)	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,669,030	-	7,848,242
Other comprehensive income for the year (loss)	-	-	-	-	(1,068,806)	-	(213,141)	-	-	-	140,352	-	(1,303,693)
Balance as at 31 December 2020	132	11,651,165	2,065,645	(4,304,393)	1,071,533	62,735	388,215	80,810	1,277,830	5,863,053	51,016,932	(5,863,053)	72,768,154

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

Statements of changes in equity (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of changes in equity (continued)

For the year ended 31 December 2020

Separate financial statements										(Unit: Thousand Baht)
Issued and paid-up share capital			Other components of equity			Retained earnings			Total	
			Revaluation surplus on investments - net	Revaluation surplus on assets	Appropriated	Unappropriated	Treasury shares			
Preferred shares	Common shares	Premium on common share			Statutory reserve	Treasury shares reserve				
132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250	
-	-	-	-	-	-	-	(7,790,506)	-	(7,790,506)	
Balance as at 1 January 2019										
Dividend paid (Note 29)										
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend										
-	-	-	-	-	-	-	1,110	-	1,110	
Cash payment for treasury shares										
-	-	-	-	-	-	-	-	(234,984)	(234,984)	
Transfer retained earnings to treasury shares reserve										
-	-	-	-	(1,236)	-	234,984	(234,984)	-	-	
Transfer to retained earnings										
-	-	-	-	-	-	-	1,236	-	-	
Profit for the year										
-	-	-	-	-	-	-	57,261,092	-	57,261,092	
Other comprehensive income for the year (loss)										
-	-	-	27,579	31,864	-	-	(5,547)	-	53,896	
132	11,651,165	2,065,645	546,731	42,906	1,277,830	999,964	58,389,449	(999,964)	73,973,858	
Balance as at 31 December 2019										
Balance as at 1 January 2020										
132	11,651,165	2,065,645	546,731	42,906	1,277,830	999,964	58,389,449	(999,964)	73,973,858	
Cumulative effect of change in accounting policy (Note 4)										
-	-	-	108,095	-	-	-	56,588	-	164,683	
132	11,651,165	2,065,645	654,826	42,906	1,277,830	999,964	58,446,037	(999,964)	74,138,541	
Balance as at 1 January 2020 - after adjusted										
-	-	-	-	-	-	-	(3,145,850)	-	(3,145,850)	
Dividend paid (Note 29)										
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend										
-	-	-	-	-	-	-	1,698	-	1,698	
Cash payment for treasury shares										
-	-	-	-	-	-	-	-	(4,863,089)	(4,863,089)	
Transfer retained earnings to treasury shares reserve										
-	-	-	-	-	-	4,863,089	(4,863,089)	-	-	
Transfer gain on investment/amortise of surplus to retained earnings										
-	-	-	498,768	(1,846)	-	-	(496,922)	-	-	
Profit for the year										
-	-	-	-	-	-	-	3,124,463	-	3,124,463	
Other comprehensive income for the year (loss)										
-	-	-	(665,624)	-	-	-	12,371	-	(653,253)	
132	11,651,165	2,065,645	487,970	41,060	1,277,830	5,863,053	53,078,708	(5,863,053)	68,602,510	
Balance as at 31 December 2020										

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

Statements of cash flows

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows

For the year ended 31 December 2020

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit before income tax	9,404,932	23,464,638	3,154,395	57,261,233
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	(2,154,393)	(366,638)	-	-
Depreciation and amortisation	195,264	84,342	23,285	7,040
Expected credit loss (reversal)	595,389	-	(28,068)	-
Reversal of bad debt and doubtful accounts and impairment loss	-	(316,254)	-	(14,037)
Increase in provisions	45,350	122,721	22,391	18,099
Increase (decrease) in allowance for impairment of property foreclosed	(73,075)	343,628	(5,125)	(4,590)
Decrease in allowance for impairment of equipment/other assets	(8,716)	(1,732)	(363)	(969)
Loss from revaluation of buildings	-	1,678	-	-
Interest income and gain on assets transferred for debt settlement	(2,733)	(6,012)	-	-
Unrealised loss (gain) from change in value of investments/ allowance for impairment of investments		(266,274)	454,139	-
Gain on financial instruments measured at fair value through profit or loss	(37,824)	-	(154,233)	-
Gain from disposal of investment in subsidiaries/an associated company	-	(4,663,620)	-	(53,647,405)
Gain on the capital returned from investment in a subsidiary	-	-	-	(28)
Loss (gain) on disposal of equipment and intangible assets	3,537	10,989	-	(37)
Decrease (increase) in accrued other income receivable	20,237	(180,140)	(28,559)	-
	7,987,968	18,227,326	3,437,862	3,619,306
Net interest income	(2,592,925)	(2,739,601)	440,120	418,352
Dividend income	(308,218)	(181,467)	(3,914,027)	(3,630,726)
Cash received from interest on operating activities	3,916,642	4,041,806	58,297	59,064
Cash paid for interest on operating activities	(207,427)	(362,494)	-	-
Cash paid for income tax	(1,753,599)	(984,679)	(3,880)	(8,254)
Income from operating activities before				
changes in operating assets and liabilities	7,042,441	18,000,891	18,372	457,742

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

Statements of cash flows (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items - deposits at financial institutions	(413,528)	(68,888)	(142,065)	(6,330)
Derivatives assets	(132,689)	(8,712)	-	-
Financial assets measured at fair value through profit or loss	2,646,100	-	2,130,143	-
Investments in trading securities	-	(925,994)	-	-
Loans to customers	2,666,876	(2,468,972)	41,121	676,771
Property foreclosed	837,045	531,600	13,428	(747,370)
Receivables from purchase and sale of securities	1,330,336	(64,833)	764,570	289,344
Other assets	2,420,152	113,155	5,016	(46,275)
Increase (decrease) in operating liabilities				
Interbank and money market items - borrowings from financial institutions	(2,347,168)	(3,028,743)	-	-
Derivatives liabilities	(32,297)	42,015	-	-
Payable from purchase and sales of securities	1,135,245	(10,688)	(193,902)	(192,451)
Insurance contract liabilities	(864,525)	(965,992)	-	-
Other liabilities	(996,057)	92,927	(36,317)	340,820
Net cash flows from operating activities	13,291,931	11,237,766	2,600,366	772,251
Cash flows from investing activities				
Decrease (increase) in investments in securities	11,974,493	(29,382,633)	10,020,095	(20,653,307)
Cash paid for purchase of investment in subsidiaries, associated, and joint venture	(1,475,340)	(70,249,755)	(1,666,992)	(70,249,755)
Cash received from disposal of investment in subsidiaries/ an associated companies	-	87,113,406	-	85,075,522
Cash received from capital return from subsidiary companies	-	-	5,199,352	-
Cash received from interest	177,352	225,990	9,600	8,203
Cash received from dividend	662,241	393,888	3,914,027	3,630,726
Cash paid for purchase of premises and equipment / intangible assets	(95,321)	(104,807)	(1,046)	(5,655)
Cash received from disposal of equipment	2,005	2,521	489	47
Net cash flows from (used in) investing activities	11,245,430	(12,001,390)	17,475,525	(2,194,219)

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

Statements of cash flows (continued)

Thanachart Capital Public Company Limited and its subsidiaries

Statements of cash flows (continued)

For the year ended 31 December 2020

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from financing activities				
Cash received from debts issued and borrowings	18,161,956	18,956,837	-	8,943,851
Cash paid for debts issued and borrowings	(29,055,368)	(9,654,158)	(6,900,000)	(3,600,000)
Cash paid for interest expenses on debts issued and borrowings	(1,427,775)	(1,184,447)	(570,126)	(480,154)
Cash paid for treasury shares	(4,863,089)	(234,984)	(4,863,089)	(234,984)
Cash received from minority shareholders due to capital increases of subsidiary companies	934,402	-	-	-
Cash returned to non-controlling interests due to capital decreases of subsidiary companies	(648)	-	-	-
Cash paid for dividend	(7,726,804)	(3,206,745)	(7,726,804)	(3,206,745)
Cash paid for lease liabilities	(108,796)	-	(15,872)	-
Cash paid for dividend to non-controlling interests	(451,738)	(3,919,763)	-	-
Net cash flows from (used in) financing activities	(24,537,860)	756,740	(20,075,891)	1,421,968
Net decrease in cash	(499)	(6,884)	-	-
Cash at beginning of the year	2,970	9,854	-	-
Cash at end of the year	2,471	2,970	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	689,984	807,593	-	-
Property foreclosed received from capital returned from a subsidiary company	-	-	-	2,040
Bad debt written-off	440,678	156,793	2,422	44,306
Payable from purchase of assets	1,586	2,161	-	39
Dividend payable	-	4,582,651	-	4,582,651
Receivables from purchase and sale of subsidiaries	-	764,039	-	764,039
Payables from purchase of an associated company	-	193,750	-	193,750
Right-of-use assets	52,852	-	3,900	-

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 2020

1. General information

1.1 General information of the Company

Thanachart Capital Public Company Limited (“the Company” or “TCAP”) is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and 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 business in Thailand. The subsidiaries’ business include non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, and others.

1.2 Coronavirus disease 2019 Pandemic

The Coronavirus disease 2019 pandemic is continuing to evolve, impacting various businesses and industries both directly and indirectly. This situation could create uncertainties and may be impacting the Company’s operating results and cash flows in the future, but the impact cannot be reasonably estimated at this stage. However, the Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and also cash flows management of the group. Therefore, the management has used estimates and judgements in respect of various matters in order to continuously assess the impact as the situation evolves.

2. Basis for preparation of the financial information

2.1 These financial statements for the year ended 31 December 2020 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’s”). The presentation of the financial statements has been made in format which is in accordance 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 31 October 2018, which effective for the financial statement for the year 2020 because the major business of the group is asset management.

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 information

- a) The consolidated financial statements included the financial statements of the Company and the following subsidiary companies. (“the subsidiaries”).

	Type of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2020	2019	2020	2019
<u>Subsidiaries directly held by the Company</u>					
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Thanachart SPV 1 Co., Ltd.	Holding	100.00	100.00	-	-
TS Asset Management Co., Ltd.	Non-performing asset management	99.99	99.96	-	-
Thanachart SPV 2 Co., Ltd.	Holding	99.98	99.96	-	-
NASSET Property Fund 6	In liquidation process	99.80	99.80	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
Thanachart Securities Plc.	Securities business	50.96	50.96	-	-
Thanachart Insurance Plc.	Non-life insurance	50.96	50.96	-	-
MBK Life Assurance Plc.	Life insurance	51.00	51.00	-	-
TM Broker Co., Ltd.	Life insurance/ non-life insurance broker	51.00	51.00	-	-
MT Service 2016 Co., Ltd.	Service	51.00	51.00	-	-
<u>Subsidiaries indirectly held by the Company</u>					
Ratchthani Leasing Plc.	Hire purchase and leasing business	3.13	-	55.73	55.47
Thanachart Group Leasing Co., Ltd.	In liquidation process	-	-	100.00	100.00
Thanachart Management and Service Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	In liquidation process	-	-	100.00	100.00
Security Scib Services Co., Ltd.	Services	-	-	100.00	100.00
RTN Insurance Broker Co., Ltd.	Life insurance/ non-life insurance broker	-	-	58.86	55.47

Business restructuring and business merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited

On 7 August 2019, the Board of Directors Meeting of the Company approved the business restructuring of the Company and Thanachart Bank Plc., (“TBANK”), the business merger plan between Thanachart Bank Plc. and TMB Bank Plc. (“TMB”) and related action plans, including approval to enter into agreements. The Company signed such agreements on 8 August 2019.

On 23 September 2019, the Extraordinary Shareholders’ Meeting approve important undertakings in relation to the business restructuring of the Company and TBANK and the business merger plan between TBANK and TMB as follows:

1. TCAP’s purchase of those portions of the ordinary shares that TBANK holds in subsidiaries and other companies that were offered to TCAP.
2. TCAP’s purchase of those portions of ordinary shares that TBANK holds in subsidiaries and some other companies that were offered to the minority shareholders of TBANK, through the account “TCAP offering to the minority of TBANK”, in order that the Company may offer such shares for sale to those minority shareholders.
3. TCAP’s sale of all ordinary shares that it holds in TBANK to TMB.
4. TCAP’s purchase of the portion of the additional ordinary shares of TMB that were offered to the Company.
5. TCAP’s purchase of the portion of the additional ordinary shares of TMB that were offered to the minority shareholders of TBANK through the account “TCAP offering to the minority of TBANK”, in order that the Company may offer such shares for sale to those minority shareholders.
6. TCAP’s purchase of the ordinary shares that Scotia Netherlands Holdings B.V holds in subsidiaries and certain other companies after the business restructuring of TCAP and TBANK.

On 3 - 4 December 2019, the Company proceeded with business restructuring according to the Extraordinary General Meeting of Shareholders. As a result of the business restructuring of the Company, the statement of financial position as at 31 December 2019 has not include the financial position of the subsidiary disposed during the year and the statement of comprehensive income has included the operating results of the such subsidiaries from the beginning of the year until the date when such control ceases and presented in discontinued operations. Such subsidiaries have net income from operations amounted to Baht 35,332 million and net profit amounted to Baht 13,361 million.

- 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 2020 and 2019 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating revenues for the years	
	2020	2019	2020	2019
Thanachart Securities Plc.	6,852	6,678	1,333	1,251
Thanachart Insurance Plc.	14,855	15,025	2,286	2,365
NFS Asset Management Co., Ltd.	924	886	21	188
TS Asset Management Co., Ltd.	730	2,398	40	(261)
MBK Life Assurance Plc.	6,883	8,280	(149)	(40)
Ratchthani Leasing Plc.	47,998	50,407	2,940	2,937
Thanachart Bank Plc. ⁽¹⁾	-	-	-	32,449
Thanachart Fund Management Co., Ltd. ⁽¹⁾	-	-	-	1,698
Thanachart Broker Co., Ltd. ⁽¹⁾	-	-	-	152

(1) In December 2019, the Company and its subsidiaries sold investments in certain subsidiaries (Thanachart Bank Plc, Thanachart Fund Management Co., Ltd., and Thanachart Broker Co., Ltd.). Therefore, net operating income shows income from 1 January 2019 to the date of disposal and is presented under the caption of "discontinued operations".

- 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.
- h) 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

a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal period beginning on or after 1 January 2020. 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 adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements except the new standard involves changes to key principles, which are summarised below:

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments, consisting 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.

The adoption of these standards has impact on the Group's financial statements as follows:

Classification and measurement of financial instruments

Financial assets - debt instruments

The Company and its subsidiaries classify its financial assets - debt instruments as financial assets subsequently to be measured at either amortised cost or fair value in accordance with the Company and its subsidiaries business model for managing the financial assets and the contractual cash flows characteristic of the financial assets, based on the facts and existing circumstances as of the date these financial reporting standards were initially adopted. Classification are as follow:

- Financial assets measured at amortised cost, when both of the following conditions are met: the financial asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through other comprehensive income, when both of the following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and the contractual terms of the financial assets represent contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Financial assets measured at fair value through profit or loss, when the financial asset is held within a business model whose objective is not to hold assets in order to collect contractual cash flows, or the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding.

Financial asset - equity instruments

All investment in equity instruments are measured at fair value in the statement of financial position. The Company and its subsidiaries classify equity instruments as the financial assets designated at fair value through other comprehensive income, except for items that are classified as financial assets measured at fair value through profit or loss in accordance with the Company and its subsidiaries' investment policy.

The management of the Company and its subsidiaries reviewed and assessed the existing financial assets as at 1 January 2020, based on the facts and circumstances that existed at that date and concluded the following significant changes on the Company's and its subsidiaries' financial assets as regards their classification and measurement as follow:

- Termination of the former classification of investments in debt securities as held-to-maturity and available-for-sale, and investments in equity securities as available-for-sale and general investments.
- Classification of all investments in held-to-maturity debt securities as financial assets measured at amortised cost.
- Classification and measurement of available-for-sale investments in debt instruments, which are measured at fair value through other comprehensive income, as financial assets measured at fair value through other comprehensive income or measured at fair value through profit or loss. As a result of this classification, gain (loss) on changes in the fair value of available-for-sale investments will be reclassified and presented in retained earnings for the portion of the investments classified as financial assets measured at fair value through profit or loss
- Classification and measurement of investments in equity instruments of non-listed companies as financial assets designated to be measured at fair value through other comprehensive income or measured at fair value through profit or loss.
- Classification and measurement of investments in available-for-sale equity securities of listed companies that were measured at fair value through other comprehensive income as financial assets designated to be measured at fair value through other comprehensive income.
- Classification and measurement of investments in trading equity instruments of listed companies, which are measured at fair value through profit or loss, as financial assets measured at fair value through profit or loss.
- Classification of loans as financial assets measured at amortised cost.

Classification and measurement of financial liabilities

The adoption of this standards does not have any significant impact on classification of the Group's financial liabilities. The Company and its subsidiaries still classify financial liabilities to be amortised cost unless derivatives are measured at fair value through profit and loss.

Impairment of financial assets

The TFRS 9 requires the entity to estimate allowance of expected credit loss, instead of recognising incurred loss like under the previous accounting policy. The financial reporting standard requires recognition of impairment loss based on an Expected Credit Loss model and management overlay for the factors which are not captured by the model. The standard requires the Company and its subsidiaries to recognise an allowance for expected credit loss for all investments in debt securities which are not measured at fair value through profit or loss without requiring a credit-impaired event to have occurred prior to the recognition. The Company and its subsidiaries apply impairment principles for purchase or originated credit-impaired financial assets for loans purchased of receivables, and a general approach and a simplified approach are applied to determine expected credit loss on other financial assets, such as loans to customers and investments in debt securities.

Transition

The Company and its subsidiaries initially adopted this accounting guidance whereby the adjustment of the cumulative effect was made against retained earnings or other components of equity as at 1 January 2020, and the comparative information was not restated. Therefore, the presentation of the 2019 figures cannot be compared with the financial statement for the year 2020.

The cumulative effect of the change in accounting policy is described in Note 4 to financial statements.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases based on the same principles as stated in TAS 17.

The Company and its subsidiaries initially adopted these financial reporting standards whereby the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change in accounting policy is described in Note 4 to financial statements.

Accounting Guidance on “Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations that Affect the Thai Economy”

The Federation of Accounting Professions announced Accounting Guidance on “Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy”. Its objectives are to provide temporary relief measures solely for entities providing assistance to debtors impacted by the situations that affect the Thai economy, including COVID-19, economic conditions, trade wars and drought, and to provide an alternative for all entities providing assistance to debtors in accordance with measures to assist debtors specified in the circular of the BOT No. BOT.RPD.(23)C. 276/2563 “Guidelines on providing assistance to debtors impacted by situations that affect the Thai economy” and the circular of the BOT No BOT.RPD.(01)C. 380/2563 “Measures to provide additional assistance to debtors during the COVID-19 situation” or any other measures announced by the BOT. Such entities include credit card business, business providing loans secured against vehicle registrations without collateral, personal loan business under the supervision of the BOT and certain entities not under the supervision of the BOT such as leasing, hire-purchase, motorcycle hire-purchase and factoring business. Entities providing assistance to debtors in accordance with the BOT’s measures and electing to apply this Accounting Guidance have to apply all temporary relief measures in this guidance.

The Accounting Guidance was announced in the Royal Gazette on 22 April 2020, and it is effective for entities providing assistance to debtors impacted by situations that affect the Thai economy during the period from 1 January 2020 to 31 December 2021 or until the BOT makes changes, with which the entities are to comply. The guidance applies to large debtors, small- and medium-sized debtors and retail debtors who have the ability to run a business or to pay debts in the future and who have been impacted directly or indirectly by such situations, considering the following guidelines.

- Debtors who were not yet non-performing (Stage 1 or Stage 2) on or after 1 January 2020.
- Debtors who became non-performing (Stage 3) on or after 1 January 2019, unless the entity is able to prove that the debtors becoming non-performing before 1 January 2019 are non-performing loans affected by the economic conditions.

A subsidiary has providing assistance to affected debtors in accordance with the BOT's guidelines and apply these procedures.

- Assistance to loans that are not yet non-performing (Non-NPL), the subsidiary classified as loans with no significant increase in credit risk (Performing or Stage 1), provided that analysis of its status and business shows that the debtor is able to comply with the debt restructuring agreement without compliance monitoring and the debt restructuring is considered a pre-emptive debt restructuring rather than a troubled debt restructuring. If it is a provision of assistance to debtors in accordance with the circular of the BOT No. BOT.RPD.(01)C. 380/2563, classification of the debtor remains at the same stage as before.
- Assistance to non-performing loans (NPL), the subsidiary classified as performing loans if the debtor is able to make payment in accordance with the debt restructuring agreement for 3 months or 3 installments consecutively, whichever is the longer period.
- The guidelines specified in the appendix of the circular of the BOT relating to assessment of whether there has been a significant increase in credit risk are applied to assess whether a debtor is moving to Stage 2.
- If the debt restructuring causes in accordance with guidelines to assist debtors, the existing effective interest rate to no longer reflect the estimated cash inflows from the loan. The subsidiary is able to use a newly calculated effective interest rate is applied to determine the present value of loans that have been restructured and recognise interest income on the basis of this new effective interest rate during the grace period, or in accordance with regulations of the BOT if there is a change.
- In measurement of expected credit loss, the subsidiary is able to consider placing less weight on forward-looking information that is the result of the temporary crisis than on information reflecting ability of debt payment from historical experience.

In addition, as at 19 June 2020 the BOT issued the circular of the BOT No. BOT.RPD.(01)C. 648/2563 "Measures to provide additional assistance to small-sized debtors during the COVID-19 situation".

During the year 2020, a subsidiary company provides assistance to affected debtors and elected to apply the Account Guidance. The amount of those debtors are mentioned in Note 13.1 to the financial statements.

Accounting Guidance on “Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic”

The Federation of Accounting Professions announced Accounting Guidance on “Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the COVID-19 Pandemic”. Its objectives are to alleviate some of the impacts of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

The Accounting Guidance was announced in the Royal Gazette on 22 April 2020 and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Company and its subsidiaries has not elected to apply the temporary relief measures on accounting alternatives in Response to the Impact of the COVID-19 Pandemic.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2021

The Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2021. 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 Group has evaluated that these standards do not have any significant impact on the Group’s financial statements in the year when they are adopted.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 a) to the financial statements, during the current year, the Company and its subsidiaries have adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings and other components of equity as at 1 January 2020. Therefore, the comparative information was not restated.

The amount of adjustments which has the impacts on the transaction on the statements of financial position at the beginning of 2020 from the change in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2019	The impacts of		1 January 2020
		TFRS 9	TFRS 16	
Statements of financial position				
Assets				
Interbank and money market items - net	7,404	(4)	-	7,400
Financial assets measured at fair value				
through profit or loss	-	9,195	-	9,195
Investments - net	41,551	(9,105)	-	32,446
Investments in subsidiary and associated				
companies - net	45,421	13	-	45,434
Loans to customers and accrued interest				
receivables - net	53,159	299	-	53,458
Land, premises, equipment and right-of-use				
assets - net	301	-	457	758
Deferred tax assets	809	(5)	-	804
Liabilities				
Deferred tax liabilities	210	72	-	282
Other liabilities - Lease liabilities	8	-	494	502
Other liabilities	8,017	-	(38)	7,979
Equity				
Other components of equity	(2,540)	280	-	(2,260)
Retained earnings - unappropriated	53,379	32	-	53,411
Non-controlling interests	8,226	9	-	8,235

(Unit: Million Baht)

	Separate financial statements		
	The impacts of		1 January 2020
	31 December 2019	TFRS 9	TFRS 16
Statements of financial position			
Assets			
Financial assets measured at fair value			
through profit or loss	-	3,336	-
Investments - net	22,597	(3,209)	-
Loans to customers and accrued interest			
receivables - net	716	79	-
Land, premises, equipment and right-of-use			
assets - net	78	-	79
Liabilities			
Deferred tax liabilities	149	41	-
Other liabilities - Lease liabilities	-	-	79
Equity			
Other components of equity	590	108	-
Retained earnings - unappropriated	58,389	57	-

4.1 Financial instruments

Details of the impact on retained earnings and other components of equity as at 1 January 2020 due to the initially adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
<u>Other components of equity</u>		
Non-listed equity securities measured at fair value	246	110
Available-for-sale debt securities classified to be financial assets		
measured at fair value through profit or loss	(2)	(2)
Recognised allowance for expected credit loss on financial assets	1	-
Effect from profit sharing from investments in associated companies	35	-
Cumulative effects to other components of equity	280	108
<u>Retained earnings - unappropriated</u>		
Non-listed equity securities measured at fair value	55	55
Available-for-sale debt securities classified to be financial assets		
measured at fair value through profit or loss	2	2
Recognised allowance for expected credit loss on financial assets	(3)	-
Effect from loss sharing from investments in associated companies	(22)	-
Cumulative effects to retained earnings	32	57

As at 1 January 2020, the classification and measurement of financial assets and financial liabilities in accordance with financial reporting standards related to financial instruments TFRS 9 compared with the classification and measurement under the former Thai Accounting Standard, are as follows:

(Unit: Million Baht)

Consolidated financial statements					
Classification and measurement under former Thai Accounting Standard as at 31 December 2019		Classification and measurement under TFRS 9 as at 1 January 2020			
		Financial Instruments measured at			
		Fair value			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets					
Cash	3	-	-	3	3
Interbank and money market items - net	7,404	-	-	7,400	7,400
Derivative assets	13	13	-	-	13
Investment - net					
- Debt securities	37,194	7,604	27,165	2,127	36,896
- Equity securities	4,357	1,591	3,154	-	4,745
Loans to customers and accrued interest - net	53,159	-	-	53,458	53,458
Receivables from purchase and sales of securities	2,577	-	-	2,577	2,577

(Unit: Million Baht)

Separate financial statements					
Classification and measurement under former Thai Accounting Standard as at 31 December 2019		Classification and measurement under TFRS 9 as at 1 January 2020			
		Financial Instruments measured at			
		Fair value			
		Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
Financial assets					
Interbank and money market items - net	30	-	-	30	30
Investment - net					
- Debt securities	20,981	3,238	17,664	-	20,902
- Equity securities	1,616	98	1,724	-	1,822
Loans to customers and accrued interest - net	716	-	-	795	795
Receivables from purchase and sales of securities	765	-	-	765	765

As at 1 January 2020, the Company and its subsidiaries designated all financial liabilities classify as financial liabilities measured at amortised cost, except derivative liabilities which are to be measured at fair value through profit or loss with a fair value of Baht 47 million, equal to book value (Separate financial statements: all financial liabilities are classified as financial liabilities measured at amortised cost).

The table below present reconciliation of the allowance for impairment as of 31 December 2019 recognised in accordance with TAS 105: Accounting for Investments in Debt and Equity Securities, and the allowance for impairment recognised in accordance with TFRS 9 as of 1 January 2020. Such changes are a result of the remeasurement of allowance for expected credit loss in accordance with this TFRS.

(Unit : Milion Baht)

	Consolidated financial statements			
	31 December 2019	Re- classification	Re- measurement	1 January 2020
Allowance for expected credit loss from				
Interbank and money market items				
- deposit at financial institutions	-	-	4	4
Held-to-maturity debt securities reclassified				
as loan to customers to be measured at				
amortised cost	200	(200)	-	-
Investments in debt securities measured at				
fair value through other comprehensive				
income	-	-	3	3
Loans to customers and accrued interest				
receivables	3,118	200	-	3,318
Total	3,318	-	7	3,325

(Unit : Milion Baht)

	Separate financial statements			
	31 December 2019	Re- classification	Re- measurement	1 January 2020
Allowance for expected credit loss from				
Held-to-maturity debt securities				
reclassified as loan to customers				
measured at amortised cost	127	(127)	-	-
Loans to customers and accrued interest				
receivables	28	127	-	155
Total	155	-	-	155

4.2 Leases

Upon initial application of TFRS 16, the Company and its subsidiaries recognised lease liabilities that were previously classified as operating leases at the present value of the remaining lease payments, discounted using the Company and its subsidiaries' incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Company and its subsidiaries recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16, as follows:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	367	11
Less: Short-term leases and leases of low-value assets	(4)	-
Add: Option to extend lease term	148	43
Less: Contracts reassessed as service agreements	(38)	(7)
Add: Others	56	37
Less: Deferred interest expenses	(35)	(5)
Increase in lease liabilities due to TFRS 16 initial adoption	494	79
Hire purchase and finance lease liabilities as at 31 December 2019	8	-
Lease liabilities as at 1 January 2020	502	79

Weighted average incremental borrowing rate 2.58 percent per annum in consolidated financial statement and 2.39 percent per annum in separate financial statement.

The adjustments of right-of-use assets due to TFRS 16 initial adoption as at 1 January 2020 are summarised below:

	(Unit: Million Baht)	
	Consolidated financial statements	Separate financial statements
Buildings and building improvement	428	74
Motor vehicles	38	5
Total right-of-use assets	466	79

5. Significant accounting policies

5.1 Revenue recognition - Income from loans to customers

a) Interest income and discounts on loans

Hire purchase and finance lease receivables

Since 1 January 2020, the subsidiary company recognises interest income from hire purchase and finance lease on an accrual basis, using the effective interest rate method, over the term of the contract with the calculation based on the gross carrying amounts of the hire purchase receivables and finance lease receivables. The effective interest rate is the discount rate that estimates future cash flows over the expected life of the financial instrument by considering the discounted or excess of the asset acquisition and fees including costs that are part of the effective interest rate.

And when the hire purchase receivables and finance lease receivables subsequently become credit-impaired, the subsidiary recognises interest income by using the effective interest rate method, based on the net carrying amount of the receivables (gross book value net of allowance for expected credit loss). If the financial assets are not credit-impaired, the subsidiary recognises interest income with the calculation based on book valued (Before 1 January 2020, the subsidiary company ceases accruing interest income for receivables which installment payment has been defaulted for more than three installments past the due date).

Initial direct income/expenses at the inception of hire purchase/financial lease contracts 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.

Loans purchased of receivables

From 1 January 2020, the Company and its subsidiaries recognised interest on loans purchased of non-performing receivables based on the cost net of allowance for expected credit loss, using an effective interest rate adjusted to reflect the credit risk, and recognised on an accrual basis (Before 1 January 2020, the Company and its subsidiaries recognised interest income based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables for those receivables with loan repayment was received during the year and recognised interest income by using the effective interest method for those receivables to the extent that this is not greater than the amount received from such receivables and in case the amount received is greater than purchased cost and interest income, the Company recognised the difference amount to be gain on debt settlement in profit or loss).

The credit risk-adjusted effective interest rate is calculated by discounting the estimated future cash flows to be paid or received over the expected life of the financial asset to derive the amortised cost of purchase or originated credit-impaired financial assets. In estimating the net expected cash inflows, reference is made to historical data on net cash inflows from related actual expenses in the past to develop a model, based on the assumption that the net expected cash inflows and the expected life of financial instruments with similar characteristics can be estimated reliably.

In cases where the cost of an acquired NPL receivable has been fully amortised, the Company and its subsidiaries still has the right to demand the debtor make payment under the contract. When such payments are received from a debtor, the Company and its subsidiaries recognise the full amount as gain on debt settlement.

Other Loans

From 1 January 2020, the Company and its subsidiary recognised interest income from loan on an accrual basis, using the effective interest rate method, over the term of the contract with the calculation based on the gross carrying amounts of receivables, except when loan subsequently become credit-impaired, the Company and its subsidiary recognised interest income by using the effective interest rate method, based on the net carrying amount of the receivables (gross book value net of allowance for expected credit loss). If the financial assets are not credit-impaired, the subsidiary recognises interest income with the calculation based on initial book valued.

Before 1 January 2020, the Company and its subsidiaries cease accrual of interest income for loans on which principal or interest payments have been defaulted for more than three months past the due date and reversed accrued interest which already recorded and recognised as interest income from the accounts. Interest is then recognised as income on a cash basis until the debtors are able to make payment. In addition, the Company and its subsidiaries recognise interest income on restructured loans 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.

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 using the effective interest rate method with the calculation based on the gross carrying amounts of margin loans for purchase of securities and when the receivables become credit-impaired, the subsidiary company recognises interest income with the calculation based on the net carrying amount of the receivables (gross book value net of allowance for expected credit losses). If the receivables are not credit-impaired, the subsidiary company recognises interest income with the calculation based on initial book value. (Before 1 January 2020, the subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gain (loss) on investments and derivatives

Gain (loss) 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. Exception of fees that included in calculation in part of the effective interest rate.

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 is 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.

h) Gain (loss) on financial instruments measured at fair value through profit or loss

Gain (loss) from financial instruments measured at fair value through profit or loss consists of gain (loss) from trading and foreign exchange transactions, gain (loss) from changes in the fair value of derivatives, gain (loss) on changes in the fair value of financial assets that are measured at fair value through profit or loss, and gain (loss) on sales of financial assets that are measured at fair value through profit or loss and derivatives which the Company and its subsidiaries recognise income or expenses on the transaction date.

i) Fee and commission income from reinsurers

Fee and commission income from reinsurers are recognised when the insurance risk is transferred to another insurer.

Fee and commission income from reinsurers with coverage periods longer than 1 year are recorded as unearned items and recognised as income over the coverage period each year.

5.2 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.

d) Premium ceded to reinsurers

Premium ceded to reinsurers is recognised as expenses when the insurance risk is transferred to another reinsurance company under relevant direct policies.

e) Claim and loss adjustment expenses

Claim and loss adjustment expenses consist of claim and loss adjustment expenses of direct insurance and reinsurance for both reported claim and not reported claim, and include the amounts of the claims, related expenses, and loss adjustments of current and prior period incurred during the year, less residual value and other recoveries (if any), and claim recovery from related reinsurers.

Claim and loss adjustment expenses of direct insurance are recognised upon the receipt of the claims advice from the insured, based on the claim notified by the insured and estimates made by the Company's management. The maximum value of claim estimated shall not exceed the sum-insured under the relevant policy.

Claim recovery from reinsurers is recognised when recording of claim and loss adjustment expenses in related with reinsurance contract.

Claim and loss adjustment expenses of reinsurance are recognised as expenses when the reinsurer places the loss advice with the Company.

f) Commission and brokerage expenses

Commission and brokerage are expended when incurred.

Commission and brokerage paid for policies with coverage periods of longer than 1 year are recorded as prepayment item and recognised as expenses over the coverage period each year.

5.3 Financial asset - Investments

Since 1 January 2020, the Company and its subsidiaries has classified investments in securities as debt instruments and equity instruments as below:

Financial asset - debt instruments

The Company and its subsidiaries classify its investment in debt securities as subsequently measured at amortised cost or fair value in accordance with the Company's and its subsidiaries' business model for managing the financial assets and the contractual cash flows characteristics of the financial assets. The classification based on the facts and circumstances available on the date that the financial reporting standards were initially applied or the date of acquisition, classified as follows:

a) Financial assets measured at fair value through profit or loss

Investments in debt instruments is held within a business model whose non-objective in order to collect contractual cash flows or, the contractual terms of the financial assets represent contractual cash flows that are not solely payments of principal and interest on the principal amount outstanding. The Company and its subsidiaries classify as financial assets measured at fair value through profit or loss. These financial assets are initially recognised at fair value.

After initial recognition, gain or loss on changes in fair value are recognised in profit or loss.

b) Financial assets measured at fair value through other comprehensive income

Investments in debt instruments only if both following conditions are met: the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial asset as well as the contractual terms of the financial assets give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Company and its subsidiaries classify as financial assets measured at fair value through other comprehensive income. These investments are initially recorded at fair value.

After initial recognition, gain or loss on changes in fair value are presented as a separate item in other comprehensive income.

At the period end, investments in debt instruments measured at fair value through other comprehensive income are presented in statement of financial position at fair value net of allowance for expected credit loss (if any).

c) Financial assets measured at amortised cost

Investments in securities only if both following conditions are met: the financial asset is held within a business model whose objective is to hold financial asset in order to collect cash flows and the contractual terms of the financial assets give rise on specified date to contractual cash flows that are solely payments of principal and interest on the principal amount outstanding. These investments are initially recorded at fair value on trade date.

At the end of reporting period, investments in debt instruments measured at amortised cost presented in statement of financial position at amortised cost net of allowance for expected credit loss (if any).

Despite the foregoing, this financial asset - debt instruments may be irrevocably designated as measured at fair value through profit or loss if doing so eliminates or significantly reduces an accounting mismatch.

Financial asset - equity instruments

All Investment in equity instruments are measured at fair value in the statement of financial position. The Company and its subsidiaries classify its equity instruments as the financial assets measured at fair value through profit or loss, or the financial assets designated as measured at fair value through other comprehensive income. This classify is individual item and irrevocably designated.

After initial recognition, gain or loss on changes in fair value of equity instruments measured at fair value through profit or loss are recognised in profit or loss, and gain or loss on changes in fair value of equity instruments designated at fair value through other comprehensive income are separately presented in the part of comprehensive income.

At the end of reporting period, investments in equity instruments measured at fair value through profit or loss and investment in equity securities designated at fair value through other comprehensive income are presented in statement of financial position at fair value.

Fair value

The fair value of marketable equity securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of non-marketable equity securities is calculated using book value or adjusted book value. The fair value of government and state enterprise securities and private sector debt securities is calculated using the yield of the Thai Bond Market Association. The fair value of unit trusts is calculated based on the net asset value.

Income from investments and disposals of investments

Gain or loss on disposals of investments are recognised in profit or loss in statement of comprehensive income on the transaction date, except for gain or loss from sales of investments in equity securities designated to be measured at fair value through other comprehensive income will be recognised in retained earnings. The Company and its subsidiaries use the weighted average method to calculate the costs of investments.

Dividends on these investments are recognised in profit or loss in statement of comprehensive income unless the dividends is clearly expressed as a return on investment cost.

Changes in classification of investments in debt instruments

When the business model in managing the financial assets of the Company and its subsidiaries changes, the Company and its subsidiaries have to classify investments in debt by adjusting the value of the investment in such debt instrument using the fair value on the date of the transaction to change the type of investment in debt instrument. The difference between the book value and the fair value on the transfer date is recorded in profit or loss or other comprehensive. Depending on the classification of investments in debt that have been transferred.

Accounting policies are applied before 1 January 2020

The Company and its subsidiary classify investments in debt securities and equity securities as held for trading investments, available-for-sale investments and investments in debt securities as held-to-maturity. For investments in non-marketable equity securities classified as general investment.

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 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 case 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.

5.4 Investments in subsidiaries, associated companies, and joint venture

Investments in subsidiaries, associated companies, and joint venture 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 and joint venture 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 and joint venture in proportion to the investments.

5.5 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase and finance lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contracts and advances received from hire purchase and finance lease receivables.

In addition, the Company's and its subsidiaries' operations involve the acquisition and receipt of non-performing loans (NPLs) from other financial institutions, the amounts paid to acquire loans purchased of receivables are recognised as financial assets that are credit-impaired upon initial acquisition, and presented at amortised cost. Costs of financial assets that are credit-impaired upon initial acquisition which means cash paid (the fair value on the transaction date is equal to or close to the acquisition price). (Before 1 January 2020, investments in receivables purchased are presented at their acquisition cost. 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).

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".

5.6 Allowance for expected credit loss on financial assets/Allowance for doubtful accounts

Loans purchased of receivables

From 1 January 2020, the Company and its subsidiaries apply purchased or originated credit-impaired approach for loans purchased of receivables.

The Company and its subsidiaries record allowance for expected credit loss when there are changes in the estimated cash inflows expected from receivables discounting the projected cash flows with reference to historical data and adjusts it on the basis of current observable data.

The Company and its subsidiaries recognise changes in lifetime of expected credit loss as gain or loss on impairment in profit or loss. And are required to recognise positive changes in expected credit loss as reversal of impairment, to the extent that they do not exceed the expected credit loss recognised in the past.

Other financial assets

The Company and its subsidiaries use general approach to calculate expected credit loss on other financial assets, such as deposits at financial institutions, investments in debt instruments measured at amortised cost, investments in debt instruments measured at fair value through other comprehensive income, loans to customers and accrued interest receivables (Not including loans purchased of receivables). The Company and its subsidiaries classify the financial assets into three groups (three-stage approach) to measure the value of the expected credit loss, with the classification determined on the basis of the change in credit quality since the initial transaction date, as follows:

Group 1: Financial assets with no significant increase in credit risk (Performing)

For financial assets which no significant increase in credit risk since initial recognition, the Company and its subsidiaries recognise the expected credit loss at an amount equal to 12-month expected credit loss. And for financial assets with maturity of less than 12 months, the Company and its subsidiaries will use the probability of fulfilling the contract in accordance with the remaining terms of the contract.

Group 2: Financial assets with significant increases in credit risk (Under-performing)

For financial assets with significant increases in credit risk since the initial recognition date but that are not credit-impaired, the Company and its subsidiaries recognise the expected credit loss at an amount equal to expected credit loss over the expected lifetime of the financial instrument.

Group 3: Financial assets that are credit-impaired (Non-performing)

Financial assets are assessed as a credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset occur. The Company and its subsidiaries recognise the expected credit loss at the amount equal to expected credit loss over the expected lifetime of the financial assets.

At the end of the reporting period, the Company and its subsidiaries assess whether the credit risk of financial assets has increased significantly since the initial recognition date, by comparing the risk of default on the financial assets as at reporting date with the risk of default as at the initial recognition date. The Company and its subsidiaries may use internal quantitative or qualitative basis and expected data for evaluate a decrease in credit quality such as debtors which are overdue for more than 30 days. In determining whether the credit risk has increased significantly since the initial recognition date, financial assets will be considered either by individual or group of contract of financial assets.

Financial assets are considered to be credit-impaired when one or more events occurs affecting the estimated future cash flows of the loan agreements. Evidences that financial assets are credit-impaired, includes overdue for more than 90 days or there are indicators that debtors are in significant trouble financial position, legal status, renegotiate terms of repayment or debt restructuring.

In subsequent periods, if the credit quality of financial assets improves and it is assessed that there is no longer the significant increase in credit risk from the initial recognition date that was assessed in the previous period, the Company and its subsidiaries will change from recognising the lifetime expected credit loss to recognising the 12-month expected credit loss.

When the terms of repayment of a loan to customer are renegotiated or the terms of the contractual cash flow are modified because the debtors are in financial difficulty, the loan is considered to be a financial asset with a significant increase in credit risk or credit-impaired, unless there is evidence that the risk of that contractual cash flows will not be recoverable has decreased significantly and there are no other indicators of impairment.

Expected credit loss is the probability-weighted estimate of credit loss over the expected lifetime of the financial asset, consider the present value of all cash expected not to be recoverable. The Company and its subsidiary consider historical loss experience on the basis of shared credit risk characteristics, taking into account type of loans, type of collateral, month on book, and other relevant factors, adjusts this for current observable data, as well as forward looking information that is supportable and reasonable provide. It can be shown as well as exercising appropriate of judgement, to estimate the amount of an expected credit loss based on macroeconomic data and determines both current and future economic scenario, and probability-weighted in each scenario (base scenario, best scenario and worst scenario) for calculating expected credit loss. Use of forward-looking data increases the degree of judgement required in evaluating how relevant current macroeconomic changes affect expected credit loss. However, the Company and its subsidiaries have established the process to review and monitor methodologies, assumptions and forward-looking macroeconomics scenarios on a regular basis. Furthermore, expected credit loss was included management overlay.

Increase (decrease) in an allowance for expected credit loss is recognised as expenses in profit or loss in the statement of comprehensive income. The Company and its subsidiaries have a policy to write-off receivables when they are determined that such receivables may not be collectible.

For other financial assets or contract assets that do not contain a significant financing component, the subsidiary applies a simplified approach to determine the lifetime expected credit loss. It is based on its historical credit loss experience and adjusted for forward-looking factors specific to the debtors and the economic environment.

Accounting policies are applied before 1 January 2020

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.

5.7 Financial assets with modifications of terms/Debt restructuring

From 1 January 2020, when a financial asset's terms of repayment are renegotiated or modified or debt is restructured or existing financial assets are replaced with new financial assets because the debtor is having financial problems, the Company and its subsidiaries assess whether to derecognise the financial assets and measures the expected credit loss as follows:

- If the modification of terms does not result in derecognition of the financial assets, the Company and its subsidiaries calculate the gross book value of the new financial assets as the present value of the new or modified cash flows, discounted at the original effective interest rate of the financial asset, and recognises loss on modification of terms in profit or loss.
- If the modification of terms results in derecognition of the financial assets, the fair value of the new financial assets is the latest cash flows of the original financial asset as at the date of derecognition. The difference between book value and new fair value of financial assets will be recognised in profit or loss.

If they do not meet the criteria for derecognition as of the restructuring date they continue to be classified as financial assets with significant increases in credit risk (Stage 2) or as financial assets that are credit-impaired (Stage 3) until the debtor has been able to make payment in accordance with the debt restructuring agreement for not less than 12 months from the date of the restructuring. At that point, they can be reclassified as financial assets with no significant increase in credit risk (Stage 1). If on the date of the debt restructuring agreement, the debtor meets the new criteria for derecognition, a financial asset will be considered as financial asset with no significant increase in credit risk (Performing or Stage 1).

Before 1 January 2020, 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.

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.

5.8 Derecognition of financial instruments

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or have been transferred and either the Group has transferred substantially all the risks and rewards of the asset, or the Group has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

5.9 Borrowing and lending of securities

The subsidiary who engaged in securities borrowing and lending, whereby the subsidiary acts as a principal or an agent of the borrowers and lenders of securities.

At the transaction date, the subsidiary records its obligations to return borrowed securities which it has lent as “Payable under securities borrowing and lending business” and securities lent to customers are recorded as “Receivable under securities borrowing and lending business” in the statement of financial position. At the end of the reporting period, the balance of payable and receivable under securities borrowing and lending business are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day. Gain or loss arising from such adjustment is included in profit or loss. The subsidiary records cash paid as collateral for securities borrowing as “Guaranteed deposit receivables” and cash received as collateral for securities lending as “Guarantee deposit payable”. Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

5.10 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.

5.11 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 and taking into consideration the type and the nature of the assets.

Gain 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. Loss on disposal and impairment loss are recognised as expenses in part of profit or loss in the statement of comprehensive income.

5.12 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. Buildings are stated at revalued amount less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their revalued amount on a straight-line basis over the following estimated useful lives:

Buildings and building improvement	15 - 20 years
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The Company and its subsidiaries initially record land and buildings 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) 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:

Furniture, fixtures and equipment	5	years
Motor vehicles	5	years

- d) Depreciation of the part calculated from the cost and the depreciation of the revaluation date is included in determining income.

- e) 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.
- f) 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.

5.13 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (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 loss 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.

5.14 Assets held for sale and discontinued operations

Assets held for sale are measured at the lower of their carrying value and fair value less costs to sales. Disposal groups of assets are classified as assets held for sale if their carrying values are recovered principally through a sales transaction rather than through continuing use. In such case, the assets must be available for immediate sale in their present condition subject only to terms that are usual and customary for sales of such assets (or disposal groups) and their sale must be highly probable. The management of the Company or its subsidiaries must be committed to the sale plan, which should be expected to qualify for recognition as a complete sale within one year from the date the assets are classified as assets held for sale.

Income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit for the year from discontinued operation for the year from continuing operations.

5.15 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.

5.16 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 subsidiaries classify 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.

Subsidiary companies that operate in non-life insurance businesses classifies all non-life insurance contracts as short-term insurance contracts, which means insurance contracts that have coverage periods of up to 1 year and no automatic renewal clause, as well as critical illness and personal accident that have coverage periods of more than 1 year and the subsidiaries can terminate, increase or decrease insurance premiums or change any benefits of the insurance contracts throughout the coverage period.

5.17 Premium receivables and allowance for doubtful accounts

Premium receivables from direct reinsurance are stated at its net realisable value. Subsidiary companies set up 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 experiences and a review of current status of the premium receivables as at the end of reporting period.

Increase (decrease) in allowance for doubtful account is recognised as expenses during the year.

5.18 Reinsurance assets and liabilities

- a) Reinsurance assets represent amounts due from reinsurers (consisting of reinsurance receivable), commission and brokerage expense and various other items receivable from reinsurers), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of loss reserve and outstanding claims made in accordance with the law regarding insurance reserve calculation and unearned premium reserves.
- 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.

5.19 Insurance contract liabilities

- a) Life insurance reserve

Life insurance reserve is the cumulative reserve amount from the start of insurance coverage until the end of the reporting period for the policies in force.

The subsidiaries record life insurance reserves under the Gross Premium Insurance (GPV) method, which is another actuarial method, calculated using a method consistent with the criteria specified in the Notification of the Office of Insurance Commission (“OIC”) regarding the valuation of assets and liabilities of life insurance companies. The main assumptions use in the calculation is relate to mortality rates, lapse and surrender rates, selling and administrative expenses and discount rates.

b) Loss reserves and outstanding claims

Outstanding claims are recorded at the amount to be actually paid. Loss reserves are provided upon receipt of claim advices from the insured based on the claims notified by the insured and estimates made by the Company's management. The maximum value of claims estimate shall not exceed the sum-insured of the related insurance policies.

Claims reserves were calculated by using an actuarial method based on a best estimate of the claims, that are expected to be paid in respect of loss that occurred before or as at the reporting date, covering both reported and not reported loss, and including claims handling expenses, after deducting salvage values and other recoverable values. Differences between the calculated claims reserves and the claims already recognised are recorded as incurred but not reported claims (IBNR).

c) Unearned premium reserve

Premium reserve consists of unearned premium reserve and unexpired risk reserve.

c.1) Unearned premium reserve

Unearned premium reserve is calculated based on direct premium before deducting premium ceded as follows:

Transportation (cargo), travelling	- 100% of premium as from the date policy
accident with coverage periods	is effective, throughout the period of
of not over 6 months	insurance coverage
Others	- Monthly average basis (the one-twenty
	fourth basis)

Unearned premium reserve of reinsurance is calculated based on ceded premium for reinsurer as the same method with direct insurance that transfer insurance risk to reinsurer throughout the period of insurance coverage.

c.2) Unexpired risk reserve

Unexpired risk reserve is the reserve for the future claims and related expenses that may be incurred in respect of in-force policies. Unexpired risk 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 reporting period, the subsidiaries compare the amounts of unexpired risk reserve with unearned premium reserve, and if unexpired risk reserve is higher than unearned premium reserve, the difference is recognised and the unexpired risk reserve is presented in the financial statements.

d) Unpaid policy benefits and other insurance liabilities

Unpaid policy benefits are recorded when notices of the claims are received or when conditions in the policies are met.

Other insurance liabilities are advance premiums from policy holders and other amounts that have to pay to policy holders but are not included in unpaid policy benefits, and recorded on the transaction date.

5.20 Leases

At inception of contract, the Company and its subsidiaries assess whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company and its subsidiaries applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. At the commencement date of the lease (i.e. the date the underlying asset is available for use), the Company and its subsidiaries recognise right-of-use assets representing the right to use underlying assets and lease liabilities based on lease payments.

Right-of-use assets

Right-of-use assets are measured at cost, less accumulated depreciation, any accumulated impairment loss, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities initially recognised, initial direct costs incurred, and lease payments made at or before the commencement date of the lease less any lease incentives received.

Depreciation of right-of-use assets are calculated by reference to their costs on the straight-line basis over the shorter of their estimated useful lives and the lease term. As follow:

Buildings and building improvement	2 - 7	years
Vehicles	1 - 5	years

If ownership of the leased asset is transferred to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

Lease liabilities

Lease liabilities are measured at the present value of the lease payments to be made over the lease term. The lease payments include fixed payments.

The Group discounted the present value of the lease payments by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

Short-term leases and leases of low-value assets

A lease that has a lease term less than or equal to 12 months from commencement date or a lease of low-value assets is recognised as expenses on a straight-line basis over the lease term.

Accounting policies adopted before 1 January 2020

Leases which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance 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 payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases is depreciated over the useful life of the asset.

Leases which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.21 Derivatives

The Company initially recognised investment in listed warrants at fair value. After initial recognition, gain or loss on changes in fair value are recognised in profit or loss. At the period end, warrants are presented in statement of financial position at fair value. The fair value is calculated based on the latest offer price quoted on the Stock Exchange of Thailand of the last working day.

The subsidiaries that operate in securities business are initially recognised derivatives at fair value on the date of the derivative contract (trading date) and classified as held for sale. They are subsequently remeasured at fair value, with changes in fair value recognised in profit or loss.

Derivative financial instruments held for trading are initially recognised as off-balance transactions on the date on which derivative contracts are entered into, and derivative warrants are recorded as liabilities items. Subsequently gain (loss) from changes in the fair value of derivatives is included in profit or loss. The fair value of futures contracts and options is based on the daily settlement price at the end of the last working day of the year. The fair value of derivative warrants is based on the latest offer price at the end of the last working day of the year as quoted on the Stock Exchange of Thailand. In event that the fair value of derivatives cannot be determined from the market, a valuation technique and model will be used and the input to this model will be derived from observable markets and adjusted with credit risk of each counter party.

Before 1 January 2020, accounting approach for derivatives is base on the purpose of transaction. Derivative financial instruments held for trading purpose were initially recognised as off-balance transactions on the date on which derivative contracts are entered into, and derivative warrants are recorded as liabilities items. Subsequently gain (loss) from changes in the fair value of derivatives is included in profit or loss in the statement of comprehensive income. The fair value of contracts were determined based on the quoted market prices. In event that the fair value of derivatives cannot be determined from the market, a valuation technique and model will be used and the input to this model will be derived from observable markets and adjusted with credit risk of each counter party.

5.22 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 companies, joint venture 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.

5.23 Impairment of non-financial 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 cashflows 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 loss as expenses in part of profit or loss in the statement of comprehensive income. Except in the case of assets which applied revaluation method and recorded in equity. Impairment loss are recognised in equity to the extent that they do not exceed the revaluation surplus previously recorded in respect of the same asset.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment loss 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.

5.24 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.

5.25 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 gain and loss arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the entity recognises restructuring-related costs.

5.26 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.

5.27 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.

5.28 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.

5.29 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.

6. 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:

6.1 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.

6.2 Allowance for expected credit loss/Allowance for doubtful accounts

Management is required to exercise judgment in estimating allowance for the expected credit loss of loans. The calculation of expected credit loss is based on a complex model, the use of assumptions, development of a model and estimates related to incremental credit risk and the selection of forward-looking information. These estimates involve a large number of relevant variables, so actual results may differ from the estimates.

6.3 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.

6.4 Allowance for impairment of non-financial assets

In determining allowance for impairment of a non-financial asset, the management is required to exercise judgements regarding determination of the recoverable amount of the asset, both of its fair value less costs of disposal and its value in use. The recoverable amount is based on available data or observable market prices or a discounted cash flow model. The cash flows are derived from the expected future cash-inflows. Changes in assumption relevant to the factors using to calculation may affect to the assessment of impairment.

6.5 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.

6.6 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 judgment to estimate impairment loss, taking into consideration the latest appraisal value, the type and the nature of the assets.

6.7 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 and buildings at revalued amounts. Such amounts are determined by the independent appraisers using the market approach for land and using the depreciated replacement cost approach, market approach and income approach for buildings. The valuation involves certain assumptions and estimates as described in Note 16 to the financial statements.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment loss 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.

6.8 Lease agreement

In determining the lease term, the management is required to exercise judgement in assessing whether the Group is reasonably certain to exercise the option to extend or terminate the lease considering all relevant facts and circumstances that create an economic incentive for the Group to exercise either the extension or termination option.

The Group cannot readily determine the interest rate implicit in the lease, therefore, the management is required to exercise judgement in estimating its incremental borrowing rate to discount lease liabilities. The incremental borrowing rate is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

6.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax loss to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax loss 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.

6.10 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of loss expected and related expenses to be incurred over the remaining period of the insurance. Estimating the reserve requires the management to exercise judgement, with reference to historical data and the best estimates available at the time.

Life insurance premium reserve is calculated under an actuarial method, which reflects current assumptions and 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. The main assumptions used relate to the mortality rate, selling and administrative expenses, surrender or lapse rates and discount rates. Use of different assumptions may affect the amount of insurance reserve so an adjustment of the insurance reserve may occur in the future.

6.11 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 estimation of main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred loss, 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. Such estimates are forecasts of future outcomes, and actual result could differ.

6.12 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.

6.13 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation. 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.

7. Classification of financial assets and liabilities

(Unit: Million Baht)

Consolidated financial statements				
2020				
Financial instruments measured at				
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total
<u>Financial assets</u>				
Cash	-	-	2	2
Interbank and money market items - net	-	-	7,812	7,812
Financial assets measured at fair value through profit or loss				
Debt securities	2,021	-	-	2,021
Equity securities	1,336	-	-	1,336
Derivatives assets	145	-	-	145
Investments - net				
Debt securities	-	19,250	43	19,293
Equity securities	-	2,357	-	2,357
Loans to customers and accrued interest receivables - net	12	-	50,239	50,251
Receivables from purchase and sale of securities	-	-	1,247	1,247
Other assets	-	-	1,223	1,223
<u>Financial liabilities</u>				
Interbank and money market items - net	-	-	13,312	13,312
Derivatives liabilities	14	-	-	14
Debt issued and borrowings	-	-	33,887	33,887
Other liabilities - Accrued interest payables	-	-	243	243
Other liabilities - Payables from purchase and sale of securities	127	-	1,956	2,083
Other liabilities - Lease liabilities	-	-	435	435

(Unit: Million Baht)

	Separate financial statements			
	2020			
	Financial instruments measured at			
	Fair value	Fair value	Amortised	Total
	through profit	through other		
or loss	comprehensive	cost		
	income			
<u>Financial assets</u>				
Interbank and money market items - net	-	-	172	172
Financial assets measured at fair value				
through profit or loss				
Debt securities	1,101	-	-	1,101
Equity securities	117	-	-	117
Derivatives Assets	142	-	-	142
Investments - net				
Debt securities	-	7,202	-	7,202
Equity securities	-	1,495	-	1,495
Loans to customers and accrued interest				
receivables - net	-	-	804	804
Other assets	-	-	36	36
<u>Financial liabilities</u>				
Debt issued and borrowings	-	-	10,700	10,700
Other liabilities - Accrued interest payables	-	-	82	82
Other liabilities - Lease liabilities	-	-	66	66

8. Interbank and money market items - deposits at financial institutions

(Unit: Million Baht)

	Consolidated financial statements					
	2020			2019		
	At call	Term	Total	At call	Term	Total
Commercial banks	2,383	2,525	4,908	3,930	2,584	6,514
Specialised financial institutions	-	2,890	2,890	-	870	870
Total	2,383	5,415	7,798	3,930	3,454	7,384
Add: Accrued interest receivables	2	15	17	1	19	20
Less: Allowance for expected credit loss	-	(3)	(3)	-	-	-
Total	2,385	5,427	7,812	3,931	3,473	7,404

(Unit: Million Baht)

	Separate financial statements					
	2020			2019		
	At call	Term	Total	At call	Term	Total
Commercial banks	172	-	172	30	-	30
Total	172	-	172	30	-	30

9. Financial assets measured at fair value through profit or loss

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	2020	2020
	Fair value	Fair value
Government and state enterprises securities	78	-
Private debt securities	1,302	460
Unit trusts	641	641
Domestic marketable equity securities	1,008	-
Domestic non-marketable equity securities	328	117
Total	3,357	1,218

10. Derivatives assets/derivatives liabilities

As at 31 December 2020 and 2019, the notional amount and the fair value of trading derivatives were classified by type of risk as follows:

(Unit: Million Baht)

Types of risk	Consolidated financial statements					
	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Others						
Derivatives for trading	145	14	1,691	13	47	3,651
Total	145	14	1,691	13	47	3,651

(Unit: Million Baht)

Types of risk	Separate financial statements					
	2020			2019		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Others						
Derivatives for trading	142	-	-	-	-	-
Total	142	-	-	-	-	-

11. Investments

11.1 Classified by type of investments

As at 31 December 2020, investments classified by type of investments are as follows;

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
	31 December 2020	31 December 2020
	Amortised cost/ Fair value	Amortised cost/ Fair value
Investments in debt securities measured at amortised cost		
Government and state enterprises securities	43	-
Less: Allowance for expected credit loss	-	-
Total	43	-
Investments in debt securities measured at fair value through other comprehensive income		
Government and state enterprises securities	16,047	6,915
Private debt securities	3,203	287
Total	19,250	7,202
Allowance for expected credit loss	274	1
Investments in equity securities designated at fair value through other comprehensive income		
Domestic marketable equity securities	2,072	1,331
Domestic non-marketable equity securities	285	164
Total	2,357	1,495
Total	21,650	8,697

As at 31 December 2019, investments classified by type of investments are as follows;

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	31 December 2019		31 December 2019	
	Cost/ Amortised		Cost/ Amortised	
	cost	Fair value	cost	Fair value
Trading securities				
Government and state enterprises securities	1,701	1,705	-	-
Private debt securities	2,413	2,661	-	-
Domestic marketable equity securities	1,576	1,420	-	-
	5,690	5,786	-	-
Add: Allowance for change in value	96		-	
Net	5,786		-	
Available-for-sale securities				
Government and state enterprises securities	20,900	20,908	17,510	17,513
Private debt securities	6,179	6,257	150	151
Domestic marketable equity securities	1,560	2,794	888	1,565
Unit trusts	3,235	3,238	3,235	3,238
	31,874	33,197	21,783	22,467
Add: Allowance for change in value	1,323		684	
Net	33,197		22,467	
Held-to-maturity debt securities				
Government and state enterprises securities	2,127	2,139	-	-
Investment in receivables purchased	499	907	206	486
	2,626	3,046	206	486
Less: Allowance for impairment	(200)		(127)	
Net	2,426		79	
General investments				
Domestic non-marketable equity securities	167		76	
	167		76	
Less: Allowance for impairment	(25)		(25)	
Net	142		51	
Total investments - net	41,551		22,597	

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable purchased as at 31 December 2019 can be summarised as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	31 December 2019	31 December 2019
Investments in receivables purchased	499	206
Less: Allowance for impairment	(200)	(127)
Investments in receivables purchased - net	299	79

31 December 2019			
	Number of	Balance per	Purchase
	debtors	former	price
		agreements	
		Million	Million
		Baht	Baht
			Yield
			Percent

Consolidated financial statements

Outstanding balance of investments in receivables				
purchased as at the end of the year	277	7,217	499	6.50 - 18.97

Separate financial statements

Outstanding balance of investments in receivables				
purchased as at the end of the year	192	4,697	206	11.94 - 18.97

On 1 January 2020, the Company and its subsidiaries classified investments in receivables purchased to loans to customers.

- 11.2** During the year ended 31 December 2020, the Company and its subsidiaries disposed of their investments in equity securities designated to be measured at fair value through other comprehensive income so the change in the fair value of these investments through other comprehensive income are transferred to retained earnings as follows:

	(Unit: Million Baht)			
	Consolidated financial statements			
	2020			
	Fair value at the	Dividend	Retained gain	Reason for
	written-off date	received	(loss) from	written-off
			written-off	
			(net of tax)	
Investments in equity securities written-off				
Domestic marketable equity securities	5,224	173	(784)	Disposal
Total	5,224	173	(784)	

(Unit: Million Baht)

	Separate financial statements			
	2020			
			Retained gain	
	Fair value at the	Dividend	(loss) from	Reason for
	written-off date	received	written-off	written-off
		(net of tax)		
Investments in equity securities written-off				
Domestic marketable equity securities	1,862	108	(499)	Disposal
Total	1,862	108	(499)	

In addition, during the year ended 31 December 2020, the Company and its subsidiaries received dividends from other equity securities designated to be measured at fair value through other comprehensive income by another Baht 85 million (separate financial statements: Baht 72 million).

11.3 Investments in companies having problems relating to financial position and operating results

As at 31 December 2019, 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			
31 December 2019			
Number of debtors	Cost	Fair value/ collateral value	Allowance for possible loss/impairment provided in the accounts
	Million Baht	Million Baht	Million Baht
96	325	578	118
1. Companies which have loan settlement problems or have defaulted on the repayment			

Separate financial statements			
31 December 2019			
Number of debtors	Cost	Fair value/ collateral value	Allowance for possible loss/impairment provided in the accounts
	Million Baht	Million Baht	Million Baht
63	84	293	59
1. Companies which have loan settlement problems or have defaulted on the repayment			

11.4 Investments in securities in which the Company and its subsidiaries hold not less than 10 percent

As at 31 December 2020 and 2019, the Company and its subsidiaries have investments in other securities in which the Company and its subsidiaries hold not less than 10 percent, separated by type of business, presented by fair value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Manufacturing and commerce	1,277	1,478	1,270	1,470
Real estate investment trust and property fund	158	152	158	152

12. Investments in subsidiaries, associated companies, and joint venture

12.1 Separate financial statements

As at 31 December 2020 and 2019, investments in subsidiaries, associated companies, and joint venture in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following subsidiaries, associated, and joint venture as follow:

(Unit: Million Baht)

Company's name	Separate financial statements							
	Paid-up share capital		Percentage of holding (%)		Value of investments under the cost method		Dividend income For the year	
	2020	2019	2020	2019	2020	2019	2020	2019
<u>Subsidiary companies</u>								
Thanachart SPV 1 Co., Ltd.	12,704	13,704	100.00	100.00	12,704	13,704	315	-
Thanachart SPV 2 Co., Ltd.	934	3,634	99.98	99.96	1,409	4,108	2,707	-
Thanachart Insurance Plc.	4,930	4,930	50.96	50.96	2,697	2,697	75	-
TS Asset Management Co., Ltd.	500	2,000	99.99	99.96	834	2,333	146	-
MBK Life Assurance Plc.	1,000	700	51.00	51.00	613	460	-	-
Thanachart Securities Plc.	3,000	3,000	50.96	50.96	1,771	1,771	122	-
Ratchthani Leasing Plc.	5,663	-	3.13	-	668	-	8	-
NFS Asset Management Co., Ltd.	175	175	100.00	100.00	175	175	-	-
Max Asset Management Co., Ltd.	40	40	83.44	83.44	33	33	-	-
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	-	-
NASSET Property Fund 6	121	121	99.80	99.80	4	4	-	-
Total investments in subsidiary companies					20,944	25,321	3,373	-
Less: Allowance for impairment					(454)	-		
Total investments in subsidiary companies - net					20,490	25,321		
<u>Associated companies</u>								
TMB Bank Plc.	91,589	91,541	20.11	20.11	42,076	42,044	194	-
MBK Plc.	1,695	1,695	22.42	19.90	4,900	4,051	160	129
Total investments in associated companies					46,976	46,095	354	129
<u>Joint venture</u>								
TM Communication and Brand Management Co., Ltd.	5	-	50.00	-	3	-	-	-
Total investments in joint venture					3	-	-	-
Total investments in subsidiaries, associated, and joint venture					67,469	71,416	3,727	129

During the year 2020, the Company and its subsidiaries have changed their shareholding/investments in subsidiaries, associated companies, and joint venture as follows:

- a) The Company purchased additional shares of subsidiaries, associated and joint venture totaling Baht 1,707 million. Details are as follows:

Company's name	Number	Value of investments	Percentage of holding
		under the cost method	
	(Shares)	(Million baht)	(%)
<u>Subsidiary companies</u>			
MBK Life Assurance Plc.	15,300,000	153	-
Ratchthani Leasing Plc.	176,985,388	668	3.13
TS Asset Management Co., Ltd.	63,196	1	0.03
Thanachart SPV 2 Co., Ltd.	74,853	1	0.02
<u>Associated companies</u>			
MBK Plc.	42,724,400	849	2.52
TMB Bank Plc.	14,891,927	32	0.01
<u>Joint venture</u>			
TM Communication and Brand Management Co., Ltd.	24,999	3	50.00

The Company recognised its investment in TM Communication and Brand Management Co., Ltd. as a joint venture and recognised share of profit from investment accounted for under the equity method since the acquisition date as a result of a shareholding of 50.00 percent and it has joint control over and rights in the net assets of this joint venture.

On 27 April 2020, the Annual General Meeting of the shareholders of MBK Life Assurance Public Company Limited, a subsidiary of the Company, approved an increase in the registered capital of that company from Baht 700 million to Baht 1,000 million, by issuing 30 million ordinary shares at a price of Baht 10 per share, totaling Baht 300 million. The Company purchased 15.3 million of these newly issued shares, in proportion to its existing shareholding, for a total of Baht 153 million. The share price was paid on 15 May 2020.

On 10 July 2020, the Annual General Meeting of the shareholders of Ratchthani Leasing Public Company Limited, a subsidiary of the Company, approved an increase in that company's registered capital from Baht 3,775 million to Baht 5,663 million, by issuing 1,888 million ordinary shares at a price of Baht 1 per share, totaling Baht 1,888 million. The Company and a subsidiary purchased 39 million additional shares for a total of Baht 39 million and 1,062 million additional shares for a total of Baht 1,062 million, respectively. The share price was paid on 9 October 2020

The Company purchased 43 million ordinary shares of MBK Plc. for Baht 849 million, increasing its shareholding by 2.52%, giving it a total shareholding of 22.42 percent. In the fourth quarter of 2020, the Company has completed the measurement of identifiable assets acquired and liabilities assumed at the acquisition date and fair value measurements. The information on the total consideration transferred and the net fair value of the identifiable assets and liabilities at the acquisition date of these investments in MBK Plc. (referring to the latest financial statements available at the acquisition date) are as follows:

	(Unit: Million Baht)			
	31 December 2019 ⁽¹⁾	31 January 2020 ⁽²⁾	29 February 2020 ⁽³⁾	
Net assets per MBK financial statements	17,763	17,477	17,418	
Evaluate the fair value of assts acquired/ additional liabilities	-	-	-	
Net fair value of identifiable transferred assets and liabilities	17,763	17,477	17,418	
Shareholding acquire (percent)	1.55	0.54	0.43	2.52
Entity's proportionate interest in net assets	276	94	75	
Goodwill	278	85	41	404
Total consideration paid in associated company	554	179	116	849

⁽¹⁾ For investment purchased in January 2020

⁽²⁾ For investment purchased in February 2020

⁽³⁾ For investment purchased in March 2020

On 3 December 2019 the Company purchased 19,375 million additionally issued ordinary shares of TMB Bank Plc. at a price of Baht 42,044 million. This represents an equity interest of 20.11 percent and the Company has therefore classified the investment in TMB Bank Plc. as an investment in an associated company and recognised share of profit from investment accounted for under the equity method since the acquisition date.

During the year 2020, the Company purchased additional 15 million ordinary shares of TMB Bank Plc. for Baht 32 million, increasing its shareholding by 0.01 percent. In September 2020, TMB Bank Public Company Limited has issued 50,062,500 additional ordinary shares. As a result, the shareholding decreased by 0.01 percent, giving it a total shareholding of 20.11 percent.

In the fourth quarter of 2020, the Company has completed the measurement of identifiable assets acquired and liabilities assumed at the acquisition date and fair value measurement. The information on the total consideration transferred and the total book value and total fair value of the identifiable assets and liabilities at the acquisition date of the investment in TMB (referring to the latest financial statements available as of the acquisition date) are as follows:

	(Unit: Million Baht)		
	30 November 2019 ⁽¹⁾	31 December 2019 ⁽²⁾	
Net assets per TMB financial statements	194,664	194,882	
Evaluate the fair value of assts acquired/additional liabilities	-	-	
Net fair value of identifiable transferred assets and liabilities	194,664	194,882	
Shareholding acquire (percent)	20.11	0.01	20.12
Entity's proportionate interest in net assets	39,141	30	
Goodwill	2,903	2	2,905
Total consideration paid in associated company	42,044	32	42,076

⁽¹⁾ For investment purchased on 3 December 2019

⁽²⁾ For investment purchased in January 2020

- b) The following subsidiaries have decreased the registered capital at the total registered value of Baht 5,200 million and the Company received a capital return from such subsidiaries as follows.

Company's name	Amount	Value of investment under the cost method
<u>Subsidiary companies</u>	(Million Share)	(Million Baht)
Thanachart SPV 1 Co.,Ltd.	100,000,000	1,000
Thanachart SPV 2 Co.,Ltd.	269,947,714	2,699
TS Asset Management Co., Ltd.	149,987,448	1,500

In this regard, receiving such capital refund has no effect on the shareholding proportion.

- c) The Company set aside allowance for impairment of investment in MT Service 2016 Company Limited of Baht 26 million, Thanachart SPV 2 Company Limited of Baht 324 million, and TS Asset Management Company Limited of Baht 104 million.

12.2 Details of investments in subsidiaries that have material non-controlling interests

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the years		Other comprehensive income (loss) allocated to non-controlling interests during the years		Dividend paid to non-controlling interests during the years	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
	(%)	(%)								
Thanachart Insurance Plc.	49.04	49.04	2,809	2,610	366	368	(103)	101	73	2,758
Thanachart Securities Plc.	49.04	49.04	1,835	1,717	235	64	1	(6)	118	706
Ratchathani Leasing Plc.	41.14	44.53	4,232	3,232	743	1,171	2	21	261	988

12.3 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 Securities Plc.		Thanachart Insurance Plc.		Ratchthani Leasing Plc.	
	2020	2019	2020	2019	2020	2019
Total assets	6,852	6,684	15,342	15,190	48,306	50,710
Total liabilities	3,109	3,182	9,612	9,868	37,600	43,152

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	Thanachart Securities Plc.		Thanachart Insurance Plc.		Ratchthani Leasing Plc.	
	2020	2019	2020	2019	2020	2019
Net operating income	1,337	2,839	2,219	2,901	3,030	2,956
Profit for the years	478	1,673	745	1,449	1,860	1,850
Other comprehensive income (loss)	3	(1,305)	(208)	(451)	4	(8)
Total comprehensive income	481	368	537	998	1,864	1,842

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December					
	Thanachart Securities Plc.		Thanachart Insurance Plc.		Ratchthani Leasing Plc.	
	2020	2019	2020	2019	2020	2019
Cash flow from (used in) operating activities	247	(315)	-	2,121	(7,047)	3,958
Cash flow from (used in) investing activities	(7)	254	(97)	(686)	(35)	(13)
Cash flow from (used in) financing activities	(240)	61	97	(1,435)	7,082	(3,949)
Net decrease in cash	-	-	-	-	-	(4)

12.4 Investments in associated companies and joint venture in the consolidated financial statements

As at 31 December 2020 and 2019, investments in associated companies and joint venture in the consolidated financial statements, which are recorded under the equity method, consists of investments in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investments				Dividend income during the years		Share of profit during the years		Share of other comprehensive income during the years	
					Cost method ⁽¹⁾		Equity method							
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<u>Associated companies</u>														
TMB Bank Plc. (operating in banking business)	91,589	91,541	20.11	20.11	42,076	42,044	44,061	42,088	194	-	2,022	31	58	13
MBK Plc. (operating in property rental, hotel and services businesses)	1,695	1,695	22.42	19.90	1,704	855	3,943	3,333	160	256	132	336	(169)	169
<u>Joint venture</u>														
TM Communications and Brand Management Co., Ltd. (operating in publish relations and advertising business)	5	-	50.00	-	3	-	3	-	-	-	-	-	-	-
Total investments in associated companies and joint venture					43,783	42,899	48,007	45,421	354	256	2,154	367	(111)	182

(1) After deducting intergroup transaction.

12.5 Summarised financial information of associated companies

- a) Summarised financial information of significant associated companies as at 31 December 2020 and 2019 and for the years then ended are as follows:

Summarised information about financial position

(Unit: Million Baht)

	TMB Bank Plc.		MBK Plc.	
	31 December 2020	31 December 2019	30 September 2020 ⁽¹⁾	30 September 2019 ⁽¹⁾
Total assets	1,808,332	1,864,678	60,253	56,009
Total liabilities	(1,603,582)	(1,669,870)	(36,547)	(29,056)
Other equity items of associated companies	(87)	(31)	125	248
Net assets	204,663	194,777	23,831	27,201
Shareholding percentage (%)	20.11	20.11	22.42	19.90
Share of net assets	41,156	39,164	5,342	5,412
Elimination entries	-	-	(1,855)	(2,130)
Goodwill	2,905	2,924	456	51
Carrying amounts of associate based on equity method	44,061	42,088	3,943	3,333

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies and before inter-company adjustment transactions.

Summarised information about comprehensive income

(Unit: Million Baht)

	TMB Bank Plc.		MBK Plc.	
	For the years ended 31 December 2020	For the one-month period ended 31 December 2019	For the years ended 30 September ⁽¹⁾	
			2020	2019
Revenue	92,653	8,649	9,980	11,580
Profit for the year	10,112	153	1,174	1,849
Other comprehensive income year	310	65	(3,783)	1,219
Total comprehensive income for the year	10,422	218	(2,609)	3,068

⁽¹⁾ Presents in the amount after adjustment for the effect of differences in accounting policies and before inter-company adjustment transactions.

The share of profit from investments 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 2019 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2020 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 2020 is not materially different from the income for the year ended 31 December 2020.

b) Fair value of investments in associated companies

As at 31 December 2020 and 2019, the fair value of investments in associated companies which are listed on the Stock Exchange of Thailand is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
TMB Plc.	20,941	32,356	20,941	32,356
MBK Plc.	4,749	7,115	4,749	7,115

13. Loans to customers and accrued interest receivables

13.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Loans to customers</u>				
Loans	327	384	21	23
Loans purchased of receivables	1,176	743	210	10
Notes receivables	7	7	676	711
Hire purchase receivables	52,503	57,248	-	-
Financial lease receivables	782	752	-	-
Less: Deferred revenues	(5,306)	(6,062)	-	-
Total loans to customers net of deferred revenues	49,489	53,072	907	744
Add: Accrued interest receivables	84	11	21	-
Total loans to customers and accrued interest receivables net of deferred revenues	49,573	53,083	928	744
Less: Allowance for expected credit loss	(2,337)	-	(124)	-
Less: Allowance for doubtful accounts	-	(3,112)	-	(28)
Loans to customers and accrued interest receivables - net	47,236	49,971	804	716
<u>Securities business receivables</u>				
Credit balances receivables	3,003	3,155	-	-
Other receivables	17	39	-	-
Total securities business receivables	3,020	3,194	-	-
Less: Allowance for expected credit loss	(5)	-	-	-
Less: Allowance for doubtful accounts	-	(6)	-	-
Securities business receivables - net	3,015	3,188	-	-
Total loans to customers and accrued interest receivables - net	50,251	53,159	804	716

In addition during, the year 2020, a subsidiary company provides assistance to hire purchase receivables impacted by the situations that affect the Thai economy and elected to apply the Accounting Guidance on “Temporary Relief Measures for Entities Providing Assistance to Debtors Impacted by Situations That Affect the Thai Economy” issued by the Federation of Accounting Professions.

During the year, 13.50 percent of hire purchase receivables had joined the scheme of which 9.79 percent had reached the end of the scheme period. As at 31 December 2020, 3.71 percent of total hire purchase receivables were still in the scheme. Of these, the subsidiary had negotiated with 2.15 percent of hire purchase receivables, analysed their status and business and believed that the debtors were able to comply with the debt restructuring agreements, the subsidiary therefore classified them as loans with no significant increase in credit risk (Stage 1) immediately. For the other 1.56 percent of hire purchase receivables, the subsidiary maintained the existing debt classification before the hire purchase receivables joined the scheme.

13.2 Classified by classification

As at 31 December 2020, the Company and its subsidiaries classified loans and related allowances as summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020		2020	
	Loans and accrued interest receivables	Allowance for expected credit loss	Loans and accrued interest receivables	Allowance for expected credit loss
Receivables without a significant increase in credit risk (Performing)	43,987	183	676	7
Receivables with a significant increase in credit risk (Under-performing)	5,829	643	-	-
Receivables with credit impairment (Non- performing)	1,528	857	22	19
Receivables with purchased or originated credit impairment (Non- performing purchased or originated credit impaired)	1,249	659	230	98
Total	52,593	2,342	928	124

As at 31 December 2019, the Company and its subsidiaries classified loans and related allowances as summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019		2019	
	Loans and accrued interest receivables	Allowance for doubtful accounts	Loans and accrued interest receivables	Allowance for doubtful accounts
Normal	47,809	495	712	7
Special mention	5,642	112	-	-
Substandard	767	740	-	-
Doubtful	244	225	-	-
Doubtful of loss	1,815	1,546	32	21
Total	56,277	3,118	744	28

13.3 Hire purchase/financial lease receivables classified by aging

As at 31 December 2020 and 2019, the subsidiaries, which are engaged in hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 2 and 5 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

Consolidated financial statements				
2020				
Amounts due under lease agreements				
	Not over 1 year ⁽¹⁾	1 - 5 years	Over 5 years	Total
Gross investment in the lease	21,618	31,647	20	53,285
Less: Unearned finance income ⁽²⁾	(2,792)	(2,513)	(1)	(5,306)
Present value of minimum lease payments receivables				
Allowance for expected credit loss	18,826	29,134	19	47,979
Hire purchase/financial lease receivables - net				(1,659)
				46,320

⁽¹⁾ Hire purchase and financial lease receivables due within one year included credit impair receivables

⁽²⁾ Net of deferred initial direct costs of hire purchase

(Unit: Million Baht)

Consolidated financial statements				
2019				
Amounts due under lease agreements				
	Not over 1 year ⁽¹⁾	1 - 5 years	Over 5 years	Total
Gross investment in the lease	23,286	34,695	19	58,000
Less: Unearned finance income ⁽²⁾	(3,172)	(2,890)	-	(6,062)
Present value of minimum lease payments receivables	20,114	31,805	19	51,938
Allowance for doubtful accounts				(2,656)
Hire purchase/financial lease receivables - net				49,282

⁽¹⁾ Hire purchase and financial lease receivables due within one year included non-performing receivables

⁽²⁾ Net of deferred initial direct costs of hire purchase

As at 31 December 2020, the subsidiary classifies its hire purchase receivables that the court has issued judgements in favour of the subsidiary and of which collection is being pursued amounted to Baht 930 million under other assets and set aside full allowance for estimated credit loss.

As at 31 December 2020, hire purchase and financial lease receivables balances and allowance for expected credit loss of that subsidiary are classified by credit risk as follows:

(Unit: Million Baht)	
Consolidated	
financial statements	
	Account receivable - net of unearned financial income
Receivables without a significant increase in credit risk (Performing)	40,650
Receivables with a significant increase in credit risk (Under-performing)	5,829
Receivables with credit impairment (Non-performing)	1,500
Total	47,979
Allowance for expected credit loss	1,659

As at 31 December 2019, hire purchase and financial lease receivables balances and allowance for doubtful accounts of that subsidiary are classified by aging as follows:

(Unit: Million Baht)	
Consolidated	
financial statements	
	Account receivable - net of unearned financial income
Current or overdue not over 90 days	49,889
Overdue 91 - 365 days	937
Overdue more than 1 year	183
Debtors under legal actions	929
Total	51,938
Allowance for doubtful accounts provided in the accounts	2,656

13.4 Loans on which interest recognition is discontinued on accrual basis

Before 1 January 2020, the Group has policy to cease accrual of interest income for loans on which principal or interest payments have been defaulted for more than three months past the due date. As at 31 December 2019, loans on which interest recognition is discontinued on accrual basis amounting to Baht 2,826 million. However, since 1 January 2020, the Group cancelled the policy to cease the recognition of interest income in order to align with the new financial reporting standards.

13.5 Loans to companies which have settlement problems

As at 31 December 2020 and 2019, loans and accrued interest receivables of the Company and its subsidiaries 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 expected credit loss/ Allowance for doubtful accounts provided in the accounts	
	2020	2019	2020	2019	2020	2019	2020	2019
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies possible to delisting from the SET	1	1	1	1	1	1	-	-
2. Non - listed companies with similar operating results and financial position to listed companies possible to delisting from the SET	22	5	81	4	7	-	77	4
3. Companies which have loan settlement problems or have defaulted on the repayment	585	800	1,400	1,319	341	522	674	1,220

Separate financial statements								
	Number of debtors		Debt balances		Collateral value		Allowance for expected credit loss/ Allowance for doubtful accounts provided in the accounts	
	2020	2019	2020	2019	2020	2019	2020	2019
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Companies which have loan settlement problems or have defaulted on the repayment	71	8	98	7	38	14	68	1

14. Allowance for expected credit loss / Allowance for doubtful accounts

Movement of allowance for expected credit loss for the year ended 31 December 2020 are as follows:

(Unit: Million Baht)

Consolidated financial statements						
For the year ended 31 December 2020						
Allowance for expected credit loss						
	Financial assets with credit risk					Total
	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾	Simplified	
Interbank and money market items (assets)						
Beginning balance	-	-	-	-	-	-
Changes due to adoption of new accounting standards	4	-	-	-	-	4
	4	-	-	-	-	4
Changes due to re-measurement of allowance for credit loss	(1)	-	-	-	-	(1)
Ending balance	3	-	-	-	-	3
Investments in debt securities measured at amortised cost						
Beginning balance	-	-	-	-	-	200
Changes due to adoption of new accounting standards	-	-	-	-	-	(200)
Ending balance	-	-	-	-	-	-
Investments in debt securities measured at fair value through other comprehensive income						
Beginning balance	-	-	-	-	-	-
Changes due to adoption of new accounting standards	3	-	-	-	-	3
	3	-	-	-	-	3
Changes due to re-measurement of allowance for credit loss	(2)	1	272	-	-	271
Ending balance	1	1	272	-	-	274

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)

⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)

⁽³⁾ With credit impairment (Lifetime ECL -credit impaired)

⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

(Unit: Million Baht)

Consolidated financial statements

For the year ended 31 December 2020

	Allowance for expected credit loss						
	Financial assets with credit risk					Allowance	
	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾	Simplified	for doubtful accounts	Total
Loans to customers and accrued interest receivables							
Beginning balance	-	-	-	-	-	3,118	3,118
Changes due to adoption of new accounting standards	196	700	1,787	635	-	(3,118)	200
	196	700	1,787	635	-	-	3,318
Changes due to re-measurement of allowance for credit loss	(223)	50	355	24	-	-	206
Changes due to reclassification	147	(202)	55	-	-	-	-
New financial assets purchased or acquired	63	95	31	-	-	-	189
Written-off	-	-	(441)	-	-	-	(441)
Transfer assets type	-	-	(930)	-	-	-	(930)
Ending balance	183	643	857	659	-	-	2,342
Other assets							
Beginning balance	-	-	5	-	35	45	85
Changes due to adoption of new accounting standards	22	-	23	-	-	(45)	-
	22	-	28	-	35	-	85
Changes due to re-measurement of allowance for credit loss	(10)	-	(5)	-	1	-	(14)
New financial assets purchased or acquired	-	-	-	-	20	-	20
Written-off	-	-	-	-	(21)	-	(21)
Transfer assets type	-	-	930	-	-	-	930
Ending balance	12	-	953	-	35	-	1,000

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)⁽³⁾ With credit impairment (Lifetime ECL -credit impaired)⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

(Unit: Million Baht)

Separate financial statements					
For the year ended 31 December 2020					
Allowance for expected credit loss					
Financial assets with credit risk				Allowance for doubtful accounts	Total
Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾		
Investments in debt securities measured at amortised cost					
Beginning balance	-	-	-	127	127
Changes due to adoption of new accounting standards	-	-	-	(127)	(127)
Ending balance	-	-	-	-	-
Investments in debt securities measured at fair value through other comprehensive income					
Beginning balance	-	-	-	-	-
Changes due to adoption of new accounting standards	-	-	-	-	-
Changes due to re-measurement of allowance for credit loss	1	-	-	-	1
Ending balance	1	-	-	-	1
Loans to customers and accrued interest receivables					
Beginning balance	-	-	-	28	28
Changes due to adoption of new accounting standards	7	-	21	(28)	127
	7	-	21	-	155
Changes due to re-measurement of allowance for credit loss	-	-	(29)	-	(29)
Written-off	-	-	(2)	-	(2)
Ending balance	7	-	19	-	124
Other assets					
Beginning balance	-	-	5	-	5
Change due to adoption of new accounting standards	-	-	-	-	-
	-	-	5	-	5
Changes due to re-measurement of allowance for credit loss	-	-	-	-	-
Ending balance	-	-	5	-	5

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)⁽³⁾ With credit impairment (Lifetime ECL -credit impaired)⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

Changes in allowance for doubtful accounts for the year ended 31 December 2019 as follow:

(Unit: Million Baht)

	For the year ended 31 December 2019	
	Consolidated financial statements	Separate financial statements
Balance - beginning of the year	24,144	86
Increase (decrease) during the year	2,515	(14)
Bad debts recovery	1,677	-
Written-off	(5,411)	(44)
Decrease from sales of subsidiaries	(19,807)	-
Balance - end of the year	3,118	28

15. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements			
	2020			
	Balance - beginning of the year	Additions	Disposals	Balance - End of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,735	12	(18)	1,729
Movable assets	229	683	(810)	102
Assets purchase by bid on the open market				
Immovable assets				
External appraiser	2,472	145	(136)	2,481
Others				
Immovable assets				
External appraiser	425	-	(23)	402
Total property foreclosed	4,861	840	(987)	4,714
Less: Allowance for impairment	(1,733)	(30)	103	(1,660)
Property foreclosed - net	3,128	810	(884)	3,054

(Unit: Million Baht)

Consolidated financial statements					
2019					
	Balance - beginning of the year	Additions	Disposals	Decrease from disposal of subsidiaries	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	2,746	108	(585)	(534)	1,735
Movable assets	618	7,552	(7,108)	(833)	229
Assets purchase by bid on the open market					
Immovable assets					
External appraiser	2,473	1,082	(471)	(612)	2,472
Movable assets	-	16	-	(16)	-
Non-used branches					
External appraiser	331	129	(133)	(327)	-
Others					
Immovable assets					
External appraiser	354	115	(44)	-	425
Total property foreclosed	6,522	9,002	(8,341)	(2,322)	4,861
Less: Allowance for impairment	(1,700)	(1,413)	1,169	211	(1,733)
Property foreclosed - net	4,822	7,589	(7,172)	(2,111)	3,128

(Unit: Million Baht)

Separate financial statements				
2020				
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	974	5	(7)	972
Assets purchase by bid on the open market				
Immovable assets				
External appraiser	1,635	101	(112)	1,624
Others				
Immovable assets				
External appraiser	243	-	-	243
Total property foreclosed	2,852	106	(119)	2,839
Less: Allowance for impairment	(1,246)	(2)	7	(1,241)
Property foreclosed - net	1,606	104	(112)	1,598

(Unit: Million Baht)

	Separate financial statements			
	2019			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,045	11	(82)	974
Assets purchase by bid on the open market				
Immovable assets				
External appraiser	817	819	(1)	1,635
Others				
Immovable assets				
External appraiser	241	2	-	243
Total property foreclosed	2,103	832	(83)	2,852
Less: Allowance for impairment	(1,251)	(78)	83	(1,246)
Property foreclosed - net	852	754	-	1,606

16. Land, premises, equipment and right-of-use assets

(Unit: Million Baht)

	Consolidated financial statements							
	2020							
	Revaluation basis				Cost basis			
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets Under installation	Right-of-use assets		Total
						Buildings	Vehicles	
<u>Cost/Revaluation</u>								
1 January 2020	32	178	544	59	3	-	-	816
Changes due to the adoption of new financial accounting standards	-	-	-	-	-	428	29	457
Transfer type	-	-	-	(25)	-	-	25	-
Additions/new contracts	-	-	28	-	11	28	25	92
Transfers/disposals	-	-	(75)	(2)	(10)	(15)	(8)	(110)
31 December 2020	32	178	497	32	4	441	71	1,255
<u>Accumulated depreciation</u>								
1 January 2020	-	14	460	41	-	-	-	515
Transfer type	-	-	-	(16)	-	-	16	-
Transfers/disposals	-	-	(80)	(2)	-	(7)	(8)	(97)
Depreciation for the year	-	15	31	2	-	92	19	159
31 December 2020	-	29	411	25	-	85	27	577
<u>Allowance for impairment</u>								
1 January 2020	-	-	-	-	-	-	-	-
31 December 2020	-	-	-	-	-	-	-	-
<u>Net book value</u>								
31 December 2020	32	149	86	7	4	356	44	678
Depreciation charged for the year								159

(Unit: Million Baht)

Consolidated financial statements						
2019						
	Revaluation basis		Cost basis			Total
	Land	Buildings and improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	
<u>Cost/Revaluation</u>						
1 January 2019	5,483	2,174	6,836	62	92	14,647
Additions	-	-	178	7	93	278
Appraisal increase	1,689	1,606	-	-	-	3,295
Appraisal decrease	(1)	(4)	-	-	-	(5)
Transfers accumulated depreciation to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	(115)	(46)	(184)	(11)	(147)	(503)
Decrease from disposal of subsidiaries	(7,024)	(2,755)	(6,286)	1	(35)	(16,099)
31 December 2019	32	178	544	59	3	816
<u>Accumulated depreciation</u>						
1 January 2019	-	870	5,612	43	-	6,525
Transfers accumulated depreciation to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	-	(31)	(311)	(10)	-	(352)
Decrease from disposal of subsidiaries	-	(267)	(5,344)	1	-	(5,610)
Depreciation for the year	-	239	503	7	-	749
31 December 2019	-	14	460	41	-	515
<u>Allowance for impairment</u>						
1 January 2019	57	22	-	-	-	79
Decrease from disposal of subsidiaries	(57)	(22)	-	-	-	(79)
31 December 2019	-	-	-	-	-	-
<u>Net book value</u>						
31 December 2019	32	164	84	18	3	301
Depreciation charged for the year						
Continuing operations						51
Discontinued operations						698

(Unit: Million Baht)

Separate financial statements

	2020						
	Revaluation basis		Cost basis				
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Right-of-use assets	
						Buildings	Vehicles
							Total
<u>Cost/Revaluation</u>							
1 January 2020	23	46	60	20	-	-	149
Changes due to the adoption of new financial accounting standards	-	-	-	-	-	74	79
Additions/new contracts	-	-	-	-	-	4	4
Transfers/disposals	-	-	-	(3)	-	-	(3)
31 December 2020	23	46	60	17	-	74	229
<u>Accumulated depreciation</u>							
1 January 2020	-	2	54	15	-	-	71
Transfers/disposals	-	-	-	(3)	-	-	(3)
Depreciation for the year	-	3	2	1	-	13	22
31 December 2020	-	5	56	13	-	13	90
<u>Allowance for impairment</u>							
1 January 2020	-	-	-	-	-	-	-
31 December 2020	-	-	-	-	-	-	-
<u>Net book value</u>							
31 December 2020	23	41	4	4	-	61	139
Depreciation charged for the year							22

	Separate financial statements					
	2019					
	Revaluation basis		Cost basis			
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
<u>Cost/Revaluation</u>						
1 January 2019	18	45	62	19	-	144
Additions	-	-	2	1	2	5
Appraisal increase	5	35	-	-	-	40
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(4)	-	(2)	(6)
31 December 2019	23	46	60	20	-	149
<u>Accumulated depreciation</u>						
1 January 2019	-	34	58	13	-	105
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(6)	-	-	(6)
Depreciation for the year	-	2	2	2	-	6
31 December 2019	-	2	54	15	-	71
<u>Allowance for impairment</u>						
1 January 2019	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-
<u>Net book value</u>						
31 December 2019	23	44	6	5	-	78
Depreciation charged for the year						6

As at 31 December 2020 and 2019, 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 353 million and Baht 408 million, respectively (separate financial statements: Baht 61 million and Baht 62 million, respectively).

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of certain assets in 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land were revalued using the market approach.
- Building were revalued using the depreciated replacement cost approach, market approach and income approach.

Had the land and buildings been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2020 and 2019 would have been as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Land				
Cost	12	12	3	3
Buildings				
Cost	183	183	45	45
Accumulated depreciation	(108)	(98)	(36)	(35)
Net book value	75	85	9	10

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)	6,500 - 51,000	51,000	Increase in fair value
Building price cost per square meter (Baht)	5,054 - 75,000	5,054 - 75,000	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land and buildings of the Company and its subsidiaries during the year ended 31 December 2020 and 2019 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Balance - beginning of the year	80	1,508	54	15
Increase during the year	2	3,286	-	40
Transfer out during the year	(4)	(197)	(3)	(1)
Decrease from sales of subsidiaries	-	(4,517)	-	-
Balance - end of the year (Before related income tax)	78	80	51	54

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

17. Intangible assets

Movement of intangible assets for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

For the years ended 31 December 2020					
	Consolidated financial statements				Separate financial statements
	Membership fees for Thailand Futures	Computer software under development			
	Computer software	Exchange and others	Computer software under development	Total	Computer software
<u>Cost</u>					
1 January 2020	302	7	28	337	9
Additions	13	1	44	58	-
Transfers/disposals	12	-	(35)	(23)	-
31 December 2020	327	8	37	372	9
<u>Accumulated amortisation</u>					
1 January 2020	191	7	-	198	8
Transfers/disposals	(22)	-	-	(22)	-
Amortisation for the year	31	1	-	32	-
31 December 2020	200	8	-	208	8
<u>Net book value</u>					
31 December 2020	127	-	37	164	1
Remaining amortisation year	0 - 10 years	1 - 5 years	-		0 - 9 years
Amortisation for the year				32	-

(Unit: Million Baht)

For the years ended 31 December 2019

	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 2019	4,100	3,365	7	195	7,667	9
Additions	-	70	-	206	276	-
Transfers/disposals	-	139	-	(135)	4	-
Decrease from disposal of subsidiaries	(4,100)	(3,272)	-	(238)	(7,610)	-
31 December 2019	-	302	7	28	337	9
<u>Accumulated amortisation</u>						
1 January 2019	3,739	2,040	7	-	5,786	8
Decrease from disposal of subsidiaries	(3,980)	(2,185)	-	-	(6,165)	-
Amortisation for the year	241	336	-	-	577	-
31 December 2019	-	191	7	-	198	8
<u>Allowance for impairment</u>						
1 January 2019	-	31	-	-	31	-
Decrease from disposal of subsidiaries	-	(31)	-	-	(31)	-
31 December 2019	-	-	-	-	-	-
<u>Net book value</u>						
31 December 2019	-	111	-	28	139	1
Remaining amortisation year	0 year	0 - 10 years	-	-		0 - 9 years
Amortisation for the year						
Continued operations					27	-
Discontinued operations					550	-

As at 31 December 2020 and 2019, 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 99 million and Baht 108 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

18. Deferred tax assets/liabilities and income tax

18.1 Deferred tax assets/liabilities

As at 31 December 2020 and 2019, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Deferred tax assets	917	809	-	-
Deferred tax liabilities	(226)	(210)	(178)	(149)
Net	691	599	(178)	(149)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December		Changes of deferred tax assets / liabilities in profit or loss for the years	
			2020	2019
Deferred tax assets	2020	2019	2020	2019
Allowance for expected credit loss	554	-	48	-
Allowance for doubtful debts	-	506	-	24
Allowance for impairment of properties foreclosed	7	15	(8)	3
Employee benefits	57	73	(4)	18
Accrued expenses	11	13	(2)	-
Insurance contract liabilities	375	343	32	34
Financial leasing liabilities / other liabilities	1	-	1	4
Others	42	46	(4)	3
Deferred tax assets	1,047	996	63	86
Deferred tax liabilities				
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(115)	(129)	14	(7)
Unrealised gain from measurement of investments	(194)	(216)	16	(17)
Land, premises and equipment	(21)	(22)	1	-
Others	(26)	(30)	4	53
Deferred tax liabilities	(356)	(397)	35	29
Net	691	599	98	115

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December		Changes of deferred tax assets / liabilities in profit or loss for the years	
	2020	2019	2020	2020
Deferred tax liabilities				
Unrealised gain from value measurement of investments	(167)	(137)	(31)	-
Others	(11)	(12)	1	-
Deferred tax liabilities	(178)	(149)	(30)	-

As at 31 December 2020 and 2019, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 4,269 million and Baht 3,662 million, respectively (separate financial statements: Baht 3,313 million and Baht 2,562 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 tax losses.

The unused tax losses amounting to Baht 1,910 million in the consolidated financial statements and Baht 1,356 million in the separate financial statement will expire by 2021 - 2025.

18.2 Income tax

Income tax expenses for the years ended 31 December 2020 and 2019 are as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Current income tax:				
Corporate income tax charge for the year	1,555	1,481	-	-
Adjustment in respect of income tax from previous year	6	1	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(98)	(115)	30	-
Relating to disposals of equity instruments designated at fair value through other comprehensive income during the year	94	-	-	-
Income tax expenses reported in statements of comprehensive income	1,557	1,367	30	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Continued operations:				
Deferred tax relating to:				
Gain (loss) on changes in value of available-for-sale securities	-	(26)	-	7
Gain (loss) on changes in value of debt securities measured at fair value through other comprehensive income	(8)	-	-	-
Gain (loss) on changes in value of equity securities designated to measure at fair value through other comprehensive income	(169)	-	(42)	-
Surplus of revaluation assets	-	18	-	8
Actuarial gain (loss) on defined benefit plan	12	(12)	-	-
Share of other comprehensive income (loss) of associated companies	-	6	-	-
	(165)	(14)	(42)	15

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit before tax	9,405	4,766	3,154	57,261
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,881	953	631	11,452
Adjustments in respect of income tax from previous year	6	1	-	-
Effects of non-taxable revenue and non-deductible expenses - net	(504)	332	(799)	(722)
Expense treated as non-deductible which are temporary differences and not expected to utilised (reversal)	174	81	198	(1)
Effects of non-taxable revenue from gain on disposal of subsidiaries	-	-	-	(10,729)
Income tax expenses reported in statements of comprehensive income	1,557	1,367	30	-

19. Asset classified as held for sale

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Asset classified as held for sale	-	3,423	-	-

During the year ended 31 December 2020, a subsidiary sold investments in domestic non-marketable equity securities which the subsidiary classified as assets held for sale totaling Baht 7,167 million, with a profit on disposal of Baht 3,737 million.

20. Other assets

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Accrued premium insurance	670	673	-	-
Accrued income	47	65	29	-
Estimated insurance claims recoveries	262	243	-	-
Receivable from clearing house	797	-	-	-
Prepaid broker fee	275	326	-	-
Prepaid expenses	136	65	8	10
Reinsurance assets	608	968	-	-
Corporate income tax refundable	97	112	18	19
Accrued interest and dividend receivables	122	124	7	1
Other receivables	31	23	8	6
VAT refundable	36	33	-	-
Other receivables - VAT paid in advance for customers	62	68	-	-
Deposits	31	29	4	4
Prepaid of shares purchased for minority shareholders	-	46	-	46
Other receivables - hire purchase receivables	930	-	-	-
Others	375	310	7	8
Total	4,479	3,085	81	94
Less: Allowance for impairment	(7)	(86)	-	(5)
Allowance for expected credit loss	(1,000)	-	(5)	-
Other assets - net	3,472	2,999	76	89

21. Interbank and money market items - borrowings from financial institutions

(Unit: Million Baht)

	Consolidated financial statements					
	2020			2019		
	At call	Term	Total	At call	Term	Total
Bill of Exchange	-	4,872	4,872	-	12,947	12,947
Long term borrowings	-	5,450	5,450	-	450	450
Promissory notes	990	2,000	2,990	2,090	150	2,240
Bank overdraft	-	-	-	23	-	23
Total	990	12,322	13,312	2,113	13,547	15,660

As at 31 December 2020, interbank and money market items - borrowings from financial institutions in the consolidated financial statements included borrowings of a subsidiary company amounting to Baht 7,440 million, consisting of (i) a borrowing of Baht 450 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, (ii) Long-term borrowing facility of Baht 5,000 million from a bank, with principal repayment due within 2 years from the date the loan drawdown and interest payable on a monthly basis (iii) a borrowing of Baht 1,440 million 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 (iv) borrowing in the form of promissory notes, amounting to Baht 550 million, carrying interest at a fixed rate per annum. 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 (2019: included loans of a subsidiary company amounting to Baht 1,840 million).

22. Debt issued and borrowings

As at 31 December 2020 and 2019, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face Value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2020	2019	2020	2019	2020	2019
				(Percent per annum)	(Baht)	(Thousand unit)	(Thousand unit)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
1	Unsubordinated debentures	Year 2012	Year 2022	4.60	1,000	3,000	3,000	3,000	3,000	3,000	3,000
2	Unsubordinated debentures	Year 2013	Year 2020	5.03	1,000	-	2,900	-	2,900	-	2,900
3	Unsubordinated debentures	Year 2013	Year 2023	4.85, 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
4	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
5	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	-	10,060	-	10,010	-	-
6	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	-	70	-	70	-	-
7	Unsubordinated debentures	Year 2018	Year 2020	2.28 - 2.80	1,000	-	3,865	-	3,815	-	-
8	Unsubordinated debentures	Year 2018	Year 2021	2.31, 2.70	1,000	1,970	1,970	1,970	1,970	-	-
9	Unsubordinated debentures	Year 2018	Year 2021	2.30, 2.50	1,000	1,110	1,110	1,110	1,110	-	-
10	Unsubordinated debentures	Year 2018	Year 2020	2.80	1,000	-	140	-	140	-	-
11	Unsubordinated debentures	Year 2019	Year 2021	2.65, 2.66	1,000	675	675	675	675	-	-
12	Unsubordinated debentures	Year 2019	Year 2022	2.94, 3.30	1,000	3,815	3,815	3,685	3,775	-	-
13	Unsubordinated debentures	Year 2019	Year 2021	2.57, 2.67, 2.68, 2.99	1,000	1,865	1,865	1,865	1,865	-	-
14	Unsubordinated debentures	Year 2019	Year 2022	2.96, 3.00, 3.10	1,000	1,995	1,995	1,995	1,995	-	-
15	Unsubordinated debentures	Year 2019	Year 2023	3.40	1,000	486	486	456	486	-	-
16	Unsubordinated debentures	Year 2019	Year 2024	3.50	1,000	594	594	554	594	-	-
17	Unsubordinated debentures	Year 2019	Year 2029	3.01	1,000	5,000	5,000	5,000	5,000	5,000	5,000
18	Unsubordinated debentures	Year 2020	Year 2023	2.65	1,000	2,000	-	1,470	-	-	-
19	Unsubordinated debentures	Year 2020	Year 2024	2.80	1,000	2,000	-	2,000	-	-	-
20	Unsubordinated debentures	Year 2020	Year 2023	2.65	1,000	200	-	200	-	-	-
21	Unsubordinated debentures	Year 2020	Year 2025	3.40	1,000	1,593	-	1,548	-	-	-
22	Unsubordinated debentures	Year 2020	Year 2026	3.50	1,000	700	-	657	-	-	-

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face Value per unit (Baht)	Issuance unit		Consolidated financial statements		Separate financial statements	
						2020	2019	2020	2019	2020	2019
				(Percent per annum)		(Thousand unit)	(Thousand unit)	(Million Baht)	(Million Baht)	(Million Baht)	(Million Baht)
23	Unsubordinated debentures	Year 2020	Year 2027	3.70	1,000	1,300	-	1,300	-	-	-
24	Unsubordinated debentures	Year 2020	Year 2023	3.20	1,000	3,439	-	3,439	-	-	-
25	Structured notes		Year 2021					10	17	-	-
26	Promissory notes		At call	1.90, 5.125, 5.65, 6.65				52	470	-	-
27	Promissory notes		Year 2020 - 2022	2.90, 3.30				201	201	-	-
28	Bill of Exchange	Year 2019	Year 2020	1.97, 2.00				-	3,987	-	3,987
Total debt issued and borrowings								33,887	44,780	10,700	17,587

Instruments 5), 7), 8), 13), 14), 18), 19) and 21) to 24) 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 1) to 4), and 17) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 6), 9) to 12), 15), 16) and 20) 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.

23. Provisions

(Unit: Million Baht)

	Consolidated financial statements				
	For the years ended 31 December 2020				
	Loss from litigation	Employee benefits	Demolition cost	Others	Total
As at 1 January 2020	-	468	-	-	468
Increase (decrease) during the year	-	(47)	9	-	(38)
Increase from the intercompany transfer	-	13	-	-	13
Decrease from actual utilised	-	(33)	-	-	(33)
As at 31 December 2020	-	401	9	-	410

(Unit: Million Baht)

Consolidated financial statements					
For the years ended 31 December 2019					
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
As at 1 January 2019	599	2,772	134	410	3,915
Increase during the year	32	1,427	38	627	2,124
Increase from the intercompany transfer	-	9	-	-	9
Decrease from actual utilised	(5)	(196)	(22)	(365)	(588)
Reversal of provisions	(10)	(147)	(21)	(280)	(458)
Decrease from disposal of subsidiaries	(616)	(3,397)	(129)	(392)	(4,534)
As at 31 December 2019	-	468	-	-	468

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2020			
	Employee benefits	Demolition cost	Employee benefits
As at 1 January 2020	52	-	52
Increase (decrease) during the year	(7)	3	(4)
Increase from the intercompany transfer	18	-	18
Decrease from actual utilised	(7)	-	(7)
As at 31 December 2020	56	3	59

(Unit: Million Baht)

Separate financial statements			
For the year ended 31 December 2019			
	Employee benefits	Demolition provision	Total
As at 1 January 2019	29	-	29
Increase during the year	17	-	17
Increase from the intercompany transfer	7	-	7
Reversal of provisions	(1)	-	(1)
As at 31 December 2019	52	-	52

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	
	2020	2019	2020	2019
Defined benefit obligation at the beginning of the year	468	2,510	52	29
Recognised in profit and loss:				
Current service cost	39	200	4	2
Interest cost	9	85	1	1
Past service costs and gain or loss arising from the payment of benefits	(21)	673	-	8
Recognised in other comprehensive income:				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	(89)	4	(12)	(1)
- Financial assumptions changes	(3)	60	-	5
- Experience adjustments	18	397	-	1
Employee benefits increase from intercompany transfers	13	9	18	7
Decrease from disposal of subsidiaries	-	(3,396)	-	-
Employee benefits paid during the year	(33)	(74)	(7)	-
Defined benefit obligation at the end of the year	401	468	56	52

As at 31 December 2020 and 2019, the Company and its subsidiaries expect to pay Baht 30 million and Baht 15 million, respectively, in long-term employee benefits during the next one year (separate financial statements: Baht 5 million and Baht 1 million, respectively).

The long-term employee benefit expenses, included in profit or loss for the years ended 31 December 2020 and 2019, can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Recognised in profit and loss:</u>				
Continued operation				
Current service cost	39	33	4	2
Interest cost	9	7	1	1
Past service costs and gain or loss arising from the payment of benefits	(21)	57	-	8
Total	27	97	5	11
Discontinued operation	-	860	-	-
Total	27	957	5	11
<u>Recognised in other comprehensive income:</u>				
Continued operation				
Actuarial (gain) loss arising from				
- Demographic assumptions changes	(89)	4	(12)	(1)
- Financial assumptions changes	(3)	60	-	5
- Experience adjustments	18	12	-	1
Total	(74)	76	(12)	5
Discontinued operation	-	386	-	-
Total	(74)	462	(12)	5
Total expenses recognised in total comprehensive income	(47)	1,419	(7)	16

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

(Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Discount rate	1.35 - 1.99	1.61 - 1.71	1.68	1.71
Future salary increase rate	4.79 - 5.00	5.00 - 5.38	5.00	5.00
Average staff turnover rate (depending on age)	0.00 - 17.00	0.00 - 100.00	0.00 - 16.00	0.33 - 26.58

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 2020 and 2019 are summarised below:

(Unit: Million Baht)

		2020	
		Consolidated	Separate
	Change	financial statements	financial statements
Discount rate	Decrease 0.5%	19	2
Future salary increase rate	Increase 0.5%	18	2
Average staff turnover rate	Decrease 0.5%	20	2

(Unit: Million Baht)

		2019	
		Consolidated	Separate
	Change	financial statements	financial statements
Discount rate	Decrease 0.25%	12	1
Future salary increase rate	Increase 0.25%	12	1
Average staff turnover rate	Decrease 0.25%	11	1

As at 31 December 2020 and 2019, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 1 - 24 years and 11 - 26 years, respectively (separate financial statements: 14 years and 15 years respectively).

24. Insurance contract liabilities

(Unit: Million Baht)

Consolidated financial statements						
2020			2019			
Insurance			Insurance			
contract	Reinsurance		contract	Reinsurance		
liabilities	assets	Net	liabilities	assets	Net	
Life policy reserve	5,812	-	5,812	6,770	-	6,770
Loss reserves and						
outstanding claims	1,839	(210)	1,629	1,880	(251)	1,629
Unearned premium reserve	4,483	(398)	4,085	4,365	(717)	3,648
Unpaid policy benefits	15	-	15	13	-	13
Other liabilities under						
insurance policies	82	-	82	68	-	68
Total	12,231	(608)	11,623	13,096	(968)	12,128

24.1 Life policy reserves / life insurance for long-term insurance contracts

(Unit: Million Baht)

	Consolidated financial statements	
	2020	2019
Balance - beginning of the year	6,770	7,903
Insurance policy reserves increased from new policies and enforced policies	72	171
Insurance policy reserves decreased from benefit paid, lapse, surrender and others	(1,319)	(1,700)
Assumptions changes	179	260
Experience adjustments	110	136
Balance - end of the year	5,812	6,770

Principles and main assumptions used in the estimating life reserve for long-term contracts

Life reserve for long-term contracts incorporate a number of relevant elements, use a number of uncertain assumption and actual results may differ from expectations due to fluctuations. However, the estimates were made using an actuarial method, which is a generally accepted method, and efforts have been made to set assumptions and reduce uncertainty as far as possible. Details of assumptions used in calculating the life reserve for long-term contracts are (i) Mortality rate which determined based on actual historical claims data of the Company, the industry mortality rate and TMO 2017. Assumptions are differentiated by the type of product, sex and age of the insured, the credibility of data, and the underwriting process. (ii) Related expenses rates which are both fixed expenses and variable expenses that relate to policy maintenance and adjusted appropriately for inflation. (iii) Lapse and surrender rates which determines based on actual historical lapse and surrender rates of the subsidiaries, 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. (iv) Discount rate which 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.

The sensitivity analysis that affect to insurance contract liabilities

The result of sensitivity analysis for significant assumptions that affect the present value of the insurance contract liabilities as at 31 December 2020 and 2019 are summarised below:

(Unit: Million Baht)

Consolidated financial statements					
2020					
	Change	Insurance contract liabilities		Effect to	
		Gross reinsurance increase (decrease)	Net reinsurance increase (decrease)	Profit before tax increase (decrease)	Equity increase (decrease)
Mortality rate	Increase 10%	17	-	(17)	(17)
Expenses rate	Increase 10%	9	-	(9)	(9)
Lapse and surrender rates	Increase 10%	(27)	-	27	27
Discount rate	Increase 0.10%	(19)	-	19	19
Mortality rate	Decrease 10%	(17)	-	17	17
Expenses rate	Decrease 10%	(9)	-	9	9
Lapse and surrender rates	Decrease 10%	28	-	(28)	(28)
Discount rate	Decrease 0.10%	19	-	(19)	(19)

(Unit: Million Baht)

Consolidated financial statements					
2019					
	Change	Insurance contract liabilities		Effect to	
		Gross reinsurance increase (decrease)	Net reinsurance increase (decrease)	Profit before tax increase (decrease)	Equity increase (decrease)
Mortality rate	Increase 10%	17	-	(17)	(14)
Expenses rate	Increase 10%	9	-	(9)	(7)
Lapse and surrender rates	Increase 10%	(26)	-	26	21
Discount rate	Increase 0.15%	(30)	-	30	24
Mortality rate	Decrease 10%	(17)	-	17	14
Expenses rate	Decrease 10%	(9)	-	9	7
Lapse and surrender rates	Decrease 10%	27	-	(27)	(22)
Discount rate	Decrease 0.15%	31	-	(31)	(25)

24.2 Loss reserves and outstanding claims

	(Unit: Million Baht)	
	Consolidated financial statements	
	2020	2019
Balance - beginning of the year	1,880	1,695
Claim expenses for the year	4,611	5,225
Change in loss reserves and outstanding in claims and assumptions	205	465
Claim expenses paid during the year	(4,857)	(5,505)
Balance - end of the year	1,839	1,880

Principles and assumptions used in the assessment of insurance liabilities

Reserve for insurance liabilities estimates incorporate a number of uncertain elements and actual results may differ from expectations due to fluctuations. However, the estimates were made using an actuarial method, which is a generally accepted method, and efforts have been made to set assumptions and reduce uncertainty as far as possible. In general, the estimates do not take into account catastrophes, and insurance contract liabilities are extinguished upon completing the claims settlement. Details of assumptions used in calculating the reserve for liabilities are assumption relating to claims experience (including economic assumptions, loss development factors, historical claims paid and claims incurred pattern, allocated loss adjustment expenses, qualitative and quantitative factors which have been taken into consideration to produce incurred but not report claims (IBNR), provision for adverse deviations in accordance with announcement of relevant regulator and assumptions of related expenses (unallocated loss adjustment expenses - ULAE). Insurance risk is the risk that fluctuations in the frequency and severity of incidents will deviate from the assumptions used in determining premium rates, calculating claims liabilities and the underwriting process.

Sensitivity analysis that affect to insurance liabilities

The sensitivity test is the risk analysis of insurance contract liabilities that may be increased or decreased as a result of change in assumptions used in calculation, which may impact on both gross and net claim reserves. The risks may be caused by the frequency of loss, value of loss and claims, or loss adjustment expenses that are not as expected.

The impact on the best estimate of insurance liabilities of changes in key variables as at 31 December 2020 and 2019 are summarised below.

(Unit: Million Baht)

Consolidated financial statements					
2020					
	Change in assumption	Gross liabilities increase (decrease)	Net liabilities increase (decrease)	Profit before tax increase (decrease)	Equity increase (decrease)
Ultimate loss ratio	Increase 2%	205	177	(177)	(137)
Loss adjustment expenses	Increase 2%	13	13	(13)	(11)
Ultimate loss ratio	Decrease 2%	(194)	(160)	160	128
Loss adjustment expenses	Decrease 2%	(13)	(13)	13	11

(Unit: Million Baht)

Consolidated financial statements					
2019					
	Change in assumption	Gross liabilities increase (decrease)	Net liabilities increase (decrease)	Profit before tax increase (decrease)	Equity increase (decrease)
Ultimate loss ratio	Increase 2%	192	166	(166)	(133)
Loss adjustment expenses	Increase 2%	13	13	(13)	(10)
Ultimate loss ratio	Decrease 2%	(182)	(155)	155	124
Loss adjustment expenses	Decrease 2%	(13)	(13)	13	10

24.3 Unearned premium reserves

(Unit: Million Baht)

Consolidated financial statements	
	2020
Balance - beginning of the year	4,365
Premium written for the year	8,848
Premium earned during the year	(8,730)
Balance - end of the year	4,483

24.4 Insurance/Life insurance risk

Life insurance

Insurance risk is the risk that actual claim and benefit payments under life policies will differ from 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 which are insurance product development and product pricing risk, underwriting risk, and claims management risk.

From the risk above, 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.

Non-life insurance

Insurance risk is the risk that fluctuations in the frequency and severity of incidents will deviate from the assumptions used in determining premium rates, calculating claims liabilities and the underwriting process. The subsidiaries have insurance risk management guidelines, the objective of which are to support the achievement of the subsidiaries' business goals, and these are divided based on the type of risk to ensure clear coverage of the management process and consistency with the strategy of the subsidiaries, as product development and pricing risk, underwriting risk and claims management risk

From the risk above, the subsidiaries developed tools to assess risk based on the adequacy of the statistical data and actuarial assumptions for the calculation of risk indicators by evaluating the ratio of claims and operating expenses to ensure coverage of the core activities of product design and development and the setting of premium rates to ensure that premium cover benefits paid and claim, by assessing the maximum potential loss that could be incurred by the subsidiaries as a result of damage caused by catastrophe relate statistical data both inside and outside for estimate risk and by assessing the risks related to the adequacy of claims reserves. As a result of these risk monitoring activities, the subsidiaries monitor and report risk to the Board of Directors, executives and related departments, for acknowledgement or so appropriate responses to the risks can be implemented in a timely manner.

24.5 Unpaid policy benefits

(Unit: Million Baht)

	Consolidated financial statements	
	2020	2019
Death benefits	13	13
Surrender	1	-
Others	1	-
Total unpaid policy benefits	15	13

25. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other payables	765	831	508	548
Suspense cash received from accounts receivable	130	103	-	-
Income received in advance	13	30	-	-
Accrued interest expenses	243	270	82	101
Corporate income tax payable	743	925	-	-
Accrued personnel expenses	395	365	71	70
Accrued other expenses	732	602	13	2
Insurance premium received in advance	1,550	1,841	-	-
Payables from purchase and sale of securities	2,083	949	-	194
Payable to clearing house	-	1,054	-	-
Lease liabilities	435	8	66	-
Others	818	1,047	35	36
Total other liabilities	7,907	8,025	775	951

26. Share capital/Treasury stocks

During the year ended 31 December 2020, there is no conversion of preferred shares to the Company's common shares. Therefore, as at 31 December 2020, 13,156 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

As at 31 December 2019, the Company has 19,467,000 treasury shares valued at Baht 1,000 million. And during the year 2020, the Company bought back 97,045,970 additional treasury shares, valued at Baht 4,863 million. As a result of these repurchases, there are 116,512,970 treasury shares with a total value of Baht 5,863 million, which reaches the limit of the budget approved by the Board of Directors. The repurchase program requires that the treasury shares be sold within 3 years from the repurchase date. Moreover, the Company has allocated retained earnings as a treasury share reserve.

27. Other components of equity

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	2020	2019	2020	2019
Surplus from the change in the ownership interests of investments	(4,305)	(4,409)	-	-
Revaluation surplus on investments				
Debt instruments	169	47	5	4
Equity instruments	1,264	1,240	620	682
Total	1,433	1,287	625	686
Revaluation deficit on investments				
Debt instruments	(141)	(1)	-	-
Equity instruments	(79)	(24)	(15)	(2)
Total	(220)	(25)	(15)	(2)
Total revaluation surplus on investments	1,213	1,262	610	684
Less: Effect of deferred tax liabilities	(141)	(150)	(122)	(137)
Net revaluation surplus on investments	1,072	1,112	488	547
Revaluation surplus on assets	78	80	51	54
Less: Effect of deferred tax liabilities	(15)	(16)	(10)	(11)
Net revaluation surplus on assets	63	64	41	43
Share of other comprehensive income of associated companies	388	611	-	-
Share of surplus from the change in the ownership interests in subsidiaries of associated companies	81	81	-	-
Total	(2,701)	(2,541)	529	590

28. 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 2020, the statutory reserve has fully been set aside.

29. Dividends

During the years ended 31 December 2020 and 2019 the Company has dividend payment as below.

Dividends	Approved by	Dividend payment Million Baht	Dividend per share Baht	Payment date
Interim dividend of 2020	The Company's Board of Directors On 29 July 2020	1,258	1.20	27 August 2020
Interim dividend of 2019	The Company's Board of Director Meeting on 30 March 2020	1,888	1.80	28 April 2020
		<u>3,146</u>	<u>3.00</u>	
Special interim dividend of 2019	The Company's Board of Directors on 16 December 2019	4,583	4.00	16 January 2020
Interim dividend for the first half-year of 2019	The Company's Board of Directors on 19 September 2019	1,375	1.20	18 October 2019
Dividend for the second half-year of 2018	The Annual General Meeting of shareholders on 24 April 2019	1,833	1.60	17 May 2019
		<u>7,791</u>	<u>6.80</u>	

30. Interest income

Interest income for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interbank and money market items - deposits				
at financial institutions	150	148	21	2
Financial assets measured at fair value				
through profit or loss	83	-	-	-
Investments and trading transactions	-	121	-	-
Investments in debt securities measured at amortised cost	2	-	-	-
Investments in debt securities measured at fair value through other comprehensive income	234	-	48	-
Investments in debt securities	-	281	-	61
Loans to customers	228	250	58	57
Hire purchase and financial lease	3,516	3,539	-	-
Total interest income	4,213	4,339	127	120

31. Interest expenses

Interest expenses for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Interbank and money market items				
- borrowings from financial institutions	216	363	-	-
Debts issued and borrowings				
- Unsubordinated debentures/short-term debentures	1,350	1,156	551	491
- Others	23	66	13	44
Borrowings cost	19	14	1	3
Others	12	-	2	-
Total interest expenses	1,620	1,599	567	538

32. Fees and service income

Fees and service income for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Fees and service income				
Brokerage fee from securities/derivatives	1,104	984	-	-
Hire purchase fee income	162	153	-	-
Insurance brokerage fee income	212	235	-	-
Others	181	86	-	1
Total fees and service income	1,659	1,458	-	1
Fees and service expenses	(410)	(374)	(1)	(1)
Net fees and service income	1,249	1,084	(1)	-

33. Gain (loss) on financial instruments measured at fair value through profit or loss/ Gain on trading and foreign exchange transactions

Gain (loss) on financial instruments measured at fair value through profit or loss for the years ended 31 December 2020 and 2019 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Debt securities	(51)	99	4	-
Equity securities	(145)	(264)	18	-
Unit trusts	(1)	-	(1)	-
Others	348	311	142	-
Total	151	146	163	-

34. Gain (loss) on investments

Gain (loss) on investments for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Gain on disposal of investments classified as assets held for sale	3,737	-	-	-
Gain on disposal of available-for-sale investments	-	99	-	-
Gain on disposal of investment in subsidiaries/ associated companies	-	59	-	53,647
Gain on debt settlement from investments in receivables purchased	-	196	-	166
Gain on disposal of investments in receivables purchased	-	23	-	23
Gain on disposal of investments measured at fair value through other comprehensive income (only debt securities)	20	-	3	1
Others	-	137	-	-
Total	3,757	514	3	53,837
Loss on impairment - investments in subsidiaries	-	-	(454)	-
Total	3,757	514	(451)	53,837

35. Insurance/Life insurance income

Insurance/life insurance income for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2020	2019
Gross premium written	9,143	9,304
Less : Premium ceded to reinsurers	(997)	(1,491)
Net insurance premium income	8,146	7,813
Less: Unearned premium reserve increased (decreased) from previous year	(437)	169
Total	7,709	7,982

36. Insurance/Life insurance expenses

Insurance expenses for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2020	2019
Gross claim and loss adjustment expenses	4,292	4,554
Less: Claims recovery from reinsurers	(770)	(824)
Decrease in risk reserve for long-term insurance contracts	(950)	(1,126)
Benefit payments under life policies and claims	1,602	2,671
Less: Benefit payment under life policies and claims refundable from reinsurers	(41)	(52)
Commissions and brokerages expenses	1,395	1,437
Less: Commissions and brokerages income from reinsurers	(289)	(405)
Other underwriting expense	582	319
Total	5,821	6,574

37. 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 83 million (separate financial statement: Baht 33 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.

38. Expected credit loss (reversal)

Expected credit loss (reversal) for the years ended 31 December 2020 and 2019 are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Expected credit loss (reversal)				
Interbank and money market items - deposits at financial institutions	(1)	-	-	-
Investments in debt securities measured at fair value through other comprehensive income	279	-	1	-
Loans to customers and accrued interest	317	-	(29)	-
Total	595	-	(28)	-

39. Bad debts, doubtful debts and impairment loss

Bad debts, doubtful debts and impairment loss for the years ended 31 December 2020 and 2019 consisted of the following:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2020	2019	2020	2019
Reversal of bad debts for doubtful debts				
Loans to customers	-	(316)	-	(14)
Total	-	(316)	-	(14)

40. 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 year		Weighted average number of common shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<u>From continuing operations</u>						
Basic earnings per share						
Profit attributable to the Company	6,669,030	1,729,979	1,065,512	1,145,707	6.26	1.51
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	6,669,030	1,729,979	1,065,525	1,145,720	6.26	1.51
<u>From discontinued operations</u>						
Basic earnings per share						
Profit attributable to the Company	-	9,077,080	1,065,512	1,145,707	-	7.92
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	-	9,077,080	1,065,525	1,145,720	-	7.92

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2020	2019	2020	2019	2020	2019
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	3,124,463	57,261,092	1,065,512	1,145,707	2.93	49.98
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	3,124,463	57,261,092	1,065,525	1,145,720	2.93	49.98

41. 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 2020, the Company and its subsidiaries contributed Baht 69 million to the fund (separate financial statements: Baht 10 million) (2019: Baht 64 million in the consolidated financial statements and Baht 8 million in the separate financial statements).

42. 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)

	Consolidated		Separate		Transfer pricing policy (For the year 2020)
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions occurred during the years</u>					
Subsidiary companies ⁽¹⁾					
Purchase of debt securities	-	-	43	29,162	At market price
Sales of debt securities	-	-	-	2,509	
Sales of investments in subsidiaries (2019: gain Baht 53,647 million)	-	-	-	85,599	At the amount agreed under the contract
Investment in common share of subsidiary companies	-	-	-	24,613	At the amount agreed under the contract
Capital returned from a subsidiary company (2020: No gain 2019: gain Baht 0.03 million)	-	-	5,199	2	At the net assets value
Interest income	-	-	42	51	At interest rate of 2.70 - 5.65 percent per annum
Dividend income	-	-	3,374	3,456	As declared
Rental and other service income	-	-	57	47	At the rate agreed under the contract
Other expenses	-	-	-	5	
Associated companies					
Investments in ordinary share of associated companies	-	-	-	45,504	At the amount agreed under the contract
Interest income	2	-	-	-	At interest rate of 0.05 - 4.00 percent per annum
Dividend income	-	-	353	129	As declared
Insurance premium/life insurance premium income	21	1	-	-	At the rate agreed under the contract
Other income	146	1	142	-	
Interest expenses	3	5	-	-	At interest rate of 5.65 percent per annum
Dividend paid	-	-	390	883	As declared
Insurance/life insurance expenses	32	-	-	-	At the rate agreed under the contract
Other expenses	176	45	18	13	

⁽¹⁾ For the year 2019, included transactions with Thanachart Bank Plc, Thanachart Fund Management Co., Ltd, and Thanachart Broker Co., Ltd which were subsidiaries until 2 December 2019 and then the status was changed to a related party from 3 December 2019.

Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy (For the year 2020)
	financial statements		financial statements		
	2020	2019	2020	2019	
<u>Transactions occurred during the years (continued)</u>					
Related companies ⁽²⁾					
Purchase of debt securities	28,886	13,351	12,010	4,018	At market price
Sales of debt securities	12,128	2,962	10,775	700	At market price
Interest income	83	21	20	2	At interest rate of 0.05 - 1.10 percent per annum
Dividend income	77	58	77	42	As declared
Insurance premium/life insurance premium income	74	12	-	-	At the rate agreed under the contract
Other income	99	54	-	-	
Interest expenses	17	1	-	-	At interest rate of 0.16 - 2.30 percent per annum
Dividend payment	190	290	-	-	As declared
Project management expenses	25	27	13	13	At the contract price calculated by reference to estimated usage time
Insurance/life insurance expenses	244	1	-	-	At the rate agreed under the contract
Other expenses	927	270	3	15	

⁽²⁾ Included transactions with Thanachart Bank Plc, Thanachart Fund Management Co., Ltd, and Thanachart Broker Co., Ltd which are related companies since 3 December 2019.

The outstanding balances of the above transactions during the years ended 31 December 2020 and 2019 have been shown at the average balance at the end of each month as follows:

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	-	72
Loans to customers	-	-	684	899
<u>Associated companies</u>				
Interbank and money market items (assets)	102	-	-	2
Deposits	-	115	-	-
Debt issued and borrowings	51	82	-	-
<u>Related companies</u>				
Interbank and money market items (assets)	8,604	257	3,135	-
Loans to customers	-	5,636	-	-
Investments in debt securities	46	-	-	-
Deposits	-	1,296	-	-
Interbank and money market items (liabilities)	356	8,503	-	-

As at 31 December 2020 and 2019, the significant outstanding balances of the transactions with subsidiaries, associated companies, or related companies are as follows:

(Unit: Million Baht)

Consolidated financial statements						
2020						
Assets			Liabilities			
Interbank and money market items	Loans to customers and interest receivables	Other assets	Interbank and money market items	Debt issued and borrowings	Other liabilities	
Associated companies						
TMB Bank Plc.	52	-	190	-	-	71
MBK Plc.	-	-	11	-	48	74
TM Communication and Brand Management Co., Ltd.	-	-	-	-	-	2
Related companies						
Other related companies	2,070	-	74	1,000	-	243
	2,122	-	275	1,000	48	390

(Unit: Million Baht)

Consolidated financial statements						
2019						
Assets			Liabilities			
Interbank and money market items	Loans to customers and interest receivables	Other assets	Interbank and money market items	Debt issued and borrowings	Other liabilities	
Associated companies						
TMB Bank Plc.	9	-	438	-	-	194
MBK Plc.	-	-	11	-	52	520
Related companies						
Other related companies	3,208	-	507	172	735	63
	3,217	-	956	172	787	777

(Unit: Million Baht)

Separate financial statements

	2020					
	Assets			Liabilities		
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Interbank and money market items	Debt issued and borrowings	Other liabilities
Subsidiary companies						
NFS Asset Management Co., Ltd.	-	422	4	-	-	-
Max Asset Management Co., Ltd.	-	244	3	-	-	-
TS Asset Management Co., Ltd.	-	-	2	-	-	-
TM Broker Co., Ltd.	-	3	1	-	-	-
MBK Life Assurance Plc.	-	-	6	-	-	-
Ratchthani Leasing Plc.	-	-	247	-	-	-
Thanachart SPV 1 Co., Ltd.	-	-	1	-	-	-
Thanachart SPV 2 Co., Ltd.	-	-	1	-	-	-
Thanachart Securities Plc.	-	-	2	-	-	-
Thanachart Insurance Plc.	-	-	5	-	-	-
Security Scib Services Co., Ltd.	-	-	3	-	-	-
Associated company						
MBK Plc.	-	-	3	-	-	66
Related companies						
Thanachart Bank Plc.	172	-	-	-	-	-
	172	669	278	-	-	66

(Unit: Million Baht)

Separate financial statements

	2019					
	Assets			Liabilities		
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Interbank and money market items	Debt issued and borrowings	Other liabilities
Subsidiary companies						
NFS Asset Management Co., Ltd.	-	442	-	-	-	-
Max Asset Management Co., Ltd.	-	260	-	-	-	-
TM Broker Co., Ltd.	-	1	-	-	-	-
Associated companies						
TMB Bank Plc.	-	-	438	-	-	194
MBK Plc.	-	-	3	-	-	520
Related companies						
Thanachart Bank Plc.	30	-	118	-	-	1
	30	703	559	-	-	715

As at 31 December 2020 and 2019, the Company has loans to subsidiary companies as follows:

		(Unit: Million Baht)	
Company's name	Interest rate (For the year 2020)	Outstanding balances	
		2020	2019
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	422	442
Max Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	244	260
TM Broker Co., Ltd.	MLR of Thanachart Bank - 1%	3	1
Total		669	703

As at 31 December 2020, the Company and its subsidiaries have investments in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies amounting to Baht 1,762 million (separate financial statements: Baht 1,544 million) (2019: Baht 1,706 million in the consolidated financial statements and Baht 1,520 million in the separate financial statements).

As at 31 December 2020 and 2019, the subsidiary has the following related parties transactions with executive employees of companies within the Group from management level up, including related persons who together with these employees:

	(Unit: Million Baht)	
	Consolidated financial statements	
	2020	2019
Loans to customers	-	6

Directors and management's remuneration

During the years ended 31 December 2020 and 2019, 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	
	2020	2019	2020	2019
Short-term employee benefits	371	821	144	114
Post-employment benefits	8	8	1	1
	379	829	145	115

43. Financial information classified by operating segments

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Securities business; (3) Life insurance business; (4) Non-life insurance business; (5) Asset management business; and (6) Hire purchase and leasing 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 income generated by each segment.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	2020								
	The Company	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase and leasing business	Other business	Eliminations	Consolidated
Net interest income	(440)	160	156	188	27	2,462	40	-	2,593
Other operating income	3,882	1,177	(337)	2,031	98	568	4,447	(1,549)	10,317
Other operating expenses	(316)	(739)	(142)	(1,137)	(63)	(440)	(160)	87	(2,910)
Expected credit loss	28	-	(73)	(147)	(52)	(294)	-	(57)	(595)
Profit (loss) from operations before income tax	3,154	598	(396)	935	10	2,296	4,327	(1,519)	9,405
Income tax	(30)	(119)	13	(190)	(5)	(435)	(792)	1	(1,557)
Profit (loss) before non-controlling interests	3,124	479	(383)	745	5	1,861	3,535	(1,518)	7,848

(Unit: Million Baht)

	2019									
	The Company	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase and leasing business	Other businesses	Discontinued operations	Eliminations	Consolidated
Net interest income	(418)	170	236	231	(17)	2,530	4	-	4	2,740
Other operating income	4,312	2,670	(346)	2,670	228	397	401	-	(5,588)	4,744
Other operating expenses	(294)	(754)	(135)	(1,097)	(132)	(442)	(231)	-	51	(3,034)
Bad debt and doubtful accounts and impairment loss	14	-	-	-	516	(164)	-	-	(50)	316
Profit (loss) from continuing operations before income tax	3,614	2,086	(245)	1,804	595	2,321	174	-	(5,583)	4,766
Income tax	-	(413)	8	(355)	(177)	(471)	(32)	-	73	(1,367)
Profit (loss) from continuing operations	3,614	1,673	(237)	1,449	418	1,850	142	-	(5,510)	3,399
Profit from discontinued operations	-	-	-	-	-	-	-	13,361	-	13,361
Profit (loss) before non-controlling interests	3,614	1,673	(237)	1,449	418	1,850	142	13,361	(5,510)	16,760

The segment assets of the Company and its subsidiaries as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

	The Company	Securities business	Life insurance business	Non-life insurance business	Asset management business	Hire purchase and leasing business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 December 2020	80,314	6,852	7,064	15,342	2,318	48,305	14,729	(34,168)	140,756
As at 31 December 2019	97,297	6,684	8,329	15,190	3,976	48,986	19,504	(39,039)	160,927

Information about major customers

For the years 2020 and 2019, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

44. Encumbrance of assets

As at 31 December 2020 and 2019, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Interbank and money market items (assets)				
Placed at insurance registrar	1,530	1,550	-	-
Placed at court	1	1	-	-
Placed at the Office of Insurance Commission	4	4	-	-
Placed for EDC machine	1	-	-	-
Investments in securities				
Placed at insurance registrar	1,847	2,015	-	-
Placed under financial derivative contracts	-	113	-	-
Placed for electricity usage	-	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	4	1	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	18	20	-	-
	<u>3,405</u>	<u>3,705</u>	<u>-</u>	<u>-</u>

45. Commitments and contingent liabilities

As at 31 December 2020 and 2019, significant commitments and contingent liabilities consisted of:

45.1 Commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Other obligations				
Others	64	44	1	1
Total	<u>64</u>	<u>44</u>	<u>1</u>	<u>1</u>

In addition, the subsidiaries have commitments in respect of derivative contracts as mentioned in Note 10 to the financial statements.

45.2 Operating lease commitments

As at 31 December 2020, the subsidiaries have future lease payments required under these non-cancellable leases contracts that have not yet effective as follows:

(Unit: Million Baht)		
Year	Consolidated financial statements	Separate financial statements
2021	1	-
2022 - 2026	1	-

45.3 As at 31 December 2020, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, information technology system services and other services, including commitments in respect of office rental and service fee which are short-term leases or leases of low-value assets as follows:

(Unit: Million Baht)		
Year	Consolidated financial statements	Separate financial statements
2021	44	1
2022	4	-
2023 onward	2	-

46. Contingent liabilities/litigation

As at 31 December 2020, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 139 million (separate financial statements: Baht 44 million) in respect of litigation. However, the Company and its subsidiaries have already made certain provisions for contingent loss, and for the remaining portion the Company's and its subsidiaries' management believes that no loss will result and therefore no liabilities are currently recorded.

47. Letter of guarantees

As at 31 December 2020, the Company had letter of guarantees issued by banks on behalf of the Company amounting approximately Baht 1 million placed for electricity usage.

48. Financial instruments

48.1 Credit risk

Credit risk is the risk that receivables or the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The maximum amount of credit risk exposure is the carrying amount of the financial assets less allowance for expected credit loss as stated in the statements of financial position.

Credit Risk Guidelines

The Company and its subsidiaries manage the credit risk related to receivables, insurance and investment assets as follows:

1. Credit risk for insurance

- 1.1 Credit risk for reinsurance: The subsidiaries attach importance to the distribution of insurance risk. In transferring risk to reinsurers, the subsidiaries therefore take into account the financial strength of the reinsurers and their ability to meet their obligations when due, with reinsurance to be made with Thai reinsurers with a capital adequacy ratio of at least 150% (Risk Grade 3) and with overseas reinsurers with credit ratings of at least A-.
- 1.2 Credit risk from collection of premium receivable: The subsidiaries maintain the proportion of outstanding premiums at an appropriate level, in accordance with the guidelines of the OIC, and submit regular risk status reports to the Board of Directors for the information of and to facilitate action by the relevant departments.

2. Credit risk from investment assets

The Company and its subsidiaries diversify investment in order to spread risk across a range of assets, in accordance with the investment strategy and investment policy. In diversifying investment in debt instruments significant consideration is given to the credit rating of the bond or the issuer and the Company and its subsidiaries has a policy to invest in debt instruments with credit ratings of not less than A-.

The criteria used by the Company and its subsidiaries' in measurement of expected credit loss over the next 12 months are as follows:

Stage I Financial assets with no significant increase in credit risk (12 -month ECL) are financial assets with a credit rating of BBB- (investment grade) or higher, at low risk of non-compliance and of for which negative fluctuations in long-term economic conditions will not reduce ability to cover contractual cash flows.

Stage II Financial assets with a significant increase in credit risk (Lifetime ECL-not credit impaired) are the financial assets that are downgraded to a credit risk below the investment grade, BBB-.

Stage III Financial assets with credit impairment (Lifetime ECL- credit impaired) are the financial assets that are downgraded to the credit rating of BBB- or lower (below the investment grade), or with the interest or principal payments that are over 1 day past due, or issuer having significant financial problems, or high probability that the issuer of financial assets will be bankrupt or under financial restructuring.

3. The Company and subsidiaries are exposed to credit risk primarily with respect to loans to customers and manage the risk by adopting appropriate credit control policies and procedures, meaning careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process that examines and reviews the quality of the loan portfolio so as to prevent and provide remedies for problem loans in the future. The Company and its subsidiaries therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying value of the loans and receivables less allowance for doubtful accounts as stated in the statements of financial position.

The maximum exposure to credit risk

As of 31 December 2020, the maximum exposure to credit risk of financial instruments (excluding insurance assets) is the gross carrying amount before both the effect of mitigation through use of master netting and collateral arrangements. The maximum exposures to credit risk are as follows:

	(Unit: Million Baht)	
	Consolidated	Separate
	financial statements	financial statements
	2020	2020
<u>Financial assets</u>		
Interbank and money market items (assets)	7,815	172
Investments in debt securities measured at fair value through profit or loss	2,021	1,101
Investments in debt securities measured at amortised cost	43	-
Investments in debt securities measured at fair value through other comprehensive income	19,250	7,202
Loans to customers and accrued interest receivables	52,593	928
Receivables from purchase and sale of securities	1,247	-
Other assets	2,223	41
Total maximum exposure to credit risk	85,192	9,444

Credit quality analysis

Credit risk refers to the risk that a customer or a counterparty will default on its contractual obligations resulting in a financial loss to the Company and its subsidiaries. The Company and its subsidiaries has adopted a policy to manage this risk by performing credit analysis based on customer information and consistently monitoring customer status.

The table below shows the credit quality of financial assets. The amounts presented for financial assets are the gross carrying amount (before deducting allowance for expected credit loss).

(Unit: Million Baht)

Consolidated financial statements						
31 December 2020						
Financial assets with credit risk						
	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾	Simplified	Total
Interbank and money market items - deposits at financial institutions						
Investment grade	7,815	-	-	-	-	7,815
Allowance for expected credit loss	3	-	-	-	-	3
Investments in debt securities measured at amortised cost						
Investment grade	43	-	-	-	-	43
Allowance for expected credit loss	-	-	-	-	-	-
Investments in debt securities measured at fair value through other comprehensive income						
Investment grade	19,211	-	-	-	-	19,211
Non-investment grade	-	39	-	-	-	39
Total	19,211	39	-	-	-	19,250
Allowance for expected credit loss	1	1	272	-	-	274

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)

⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)

⁽³⁾ With credit impairment (Lifetime ECL-credit impaired)

⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

(Unit: Million Baht)

Consolidated financial statements

31 December 2020						
Financial credit with credit risk						
	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾	Simplified	Total
Loans to customers and accrued interest receivables						
Not overdue	38,847	-	-	16	-	38,863
Overdue 1 - 30 days	5,082	-	-	62	-	5,144
Overdue 31 - 60 days	-	3,635	-	54	-	3,689
Overdue 61 - 90 days	-	2,194	-	-	-	2,194
Overdue more than 90 days	58	-	1,528	1,117	-	2,703
Total	43,987	5,829	1,528	1,249	-	52,593
Allowance for expected credit loss	181	645	857	659	-	2,342
Receivables from purchase and sale of securities						
Receivables from purchase and sale of securities	1,247	-	-	-	-	1,247
Allowance for expected credit loss	-	-	-	-	-	-
Other assets						
Other assets	1,009	-	953	-	261	2,223
Allowance for expected credit loss	12	-	953	-	35	1,000

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)⁽³⁾ With credit impairment (Lifetime ECL-credit impaired)⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

(Unit: Million Baht)

	Separate financial statements					
	31 December 2020					
	Financial assets with credit risk					
	Stage 1 ⁽¹⁾	Stage 2 ⁽²⁾	Stage 3 ⁽³⁾	POCI ⁽⁴⁾	Simplified	Total
Interbank and money market items						
- deposits with financial institutions						
Investment grade	172	-	-	-	-	172
Allowance for expected credit loss	-	-	-	-	-	-
Investments in debt securities measured at fair value through other comprehensive income						
Investment grade	7,202	-	-	-	-	7,202
Allowance for expected credit loss	1	-	-	-	-	1
Loans to customers and accrued interest receivables						
Not overdue	676	-	-	1	-	677
Overdue more than 90 days	-	-	22	229	-	251
Total	676	-	22	230	-	928
Allowance for expected credit loss	7	-	19	98	-	124
Other assets						
Other assets	36	-	5	-	-	41
Allowance for expected credit loss	-	-	5	-	-	5

⁽¹⁾ Without a significant increase in credit risk (12-mth ECL)⁽²⁾ With a significant increase in credit risk (Lifetime ECL not credit impaired)⁽³⁾ With credit impairment (Lifetime ECL-credit impaired)⁽⁴⁾ Purchased or originated credit impairment (Purchased and originated credit-impaired)

Collateral and any operations to increase creditability

The Company and its subsidiaries holds collateral and any operations to increase creditability of exposure to credit risk. The maximum exposures for loans to customers who have collateral pledged or mortgaged with the Company and its subsidiaries are as follows:

(Unit: Million Baht)

Consolidated financial statements		
Exposure to credit risk with collateral		
	31 December 2020	Type of collateral
Loans to customers and accrued interest receivables	48,809	Lands, buildings and vehicles

(Unit: Million Baht)

Separate financial statements		
Exposure to credit risk with collateral		
	31 December 2020	Type of collateral
Loans to customers and accrued interest receivables	166	Lands and buildings

48.2 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' investment status. Since, the Company and its subsidiaries do not have foreign currency assets and liabilities. As such, market risk consists of interest rate 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.

Interest rate Risk Guidelines

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.

Financial assets liabilities as at 31 December 2020 and 2019, classified by types of interest rate are as follows:

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2020			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	2	2
Interbank and money market items	2,334	5,415	49	7,798
Financial assets measured at fair value through profit or loss	-	1,380	1,977	3,357
Derivatives assets	-	-	145	145
Investments	-	19,293	2,357	21,650
Loans to customers	3,174	48,705	630	52,509
Receivables from purchase and sale of securities	-	-	1,247	1,247
Other assets	-	-	2,223	2,223
Financial liabilities				
Interbank and money market items	-	13,312	-	13,312
Derivatives liabilities	-	-	14	14
Debt issued and borrowings	52	33,835	-	33,887
Other liabilities	-	435	2,326	2,761

(Unit: Million Baht)

Consolidated financial statements				
Transactions	2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	3	3
Interbank and money market items	3,809	3,454	121	7,384
Derivatives assets	-	-	13	13
Investments	499	33,320	6,538	40,357
Loans to customers ⁽¹⁾	4,043	52,195	28	56,266
Receivables from purchase and sale of securities	-	-	2,577	2,577
Financial liabilities				
Interbank and money market items	23	15,637	-	15,660
Derivatives liabilities	-	-	47	47
Debt issued and borrowings	51	44,729	-	44,780
Payables from purchase and sale of securities	-	-	948	948
Other liabilities	-	-	2,010	2,010

⁽¹⁾ The outstanding balances of loans to customers which have floating interest rates or fixed interest rates included loans on which interest recognition is discontinued.

(Unit: Million Baht)

Separate financial statements				
2020				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items	158	-	14	172
Financial assets measured at fair value through profit or loss	-	460	758	1,218
Derivatives assets	-	-	142	142
Investments	-	7,202	1,495	8,697
Loans to customers	680	87	140	907
Other assets	-	-	41	41
Financial liabilities				
Debt issued and borrowings	-	10,700	-	10,700
Other liabilities	-	66	82	148

(Unit: Million Baht)

Separate financial statements				
2019				
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items	18	-	12	30
Investments	206	17,660	4,199	22,065
Loans to customers ⁽¹⁾	714	28	2	744
Receivables from purchase and sale of securities	-	-	765	765
Financial liabilities				
Debt issued and borrowings	-	17,587	-	17,587
Other liabilities	-	-	194	194

⁽¹⁾ The outstanding balances of loans to customers which have floating interest rates or fixed interest rates included loans on which interest recognition is discontinued.

As at 31 December 2020 and 2019, all assets and liabilities under insurance contracts are non-interest bearing assets or liabilities.

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)

Transactions	Consolidated financial statements						
	2020						Weighted average interest rates Percent
	Repricing or maturity date						
	0 - 3	3 - 12	1 - 5	Over 5	Total		
	At call	months	months	years		years	
<u>Financial assets</u>							
Interbank and money market items	-	452	4,963	-	-	5,415	0.10 - 1.10
Financial assets measured at fair value through profit or loss	-	46	155	444	735	1,380	3.94 - 5.42
Investments	-	8,461	8,613	1,949	270	19,293	0.39 - 1.65
Loans to customers	2,026	226	17,104	29,330	19	48,705	7.00 - 18.03
<u>Financial liabilities</u>							
Interbank and money market items	990	3,977	955	7,390	-	13,312	1.02 - 1.66
Debt issued and borrowings	-	4,105	1,525	21,248	6,957	33,835	0.20 - 3.95
Other liabilities - lease liabilities	-	2	11	201	221	435	2.17 - 5.65

(Unit: Million Baht)

	Consolidated financial statements						
	2019						
	Repricing or maturity date						Weighted
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	average interest rates
							Percent
<u>Financial assets</u>							
Interbank and money market items	-	820	2,332	302	-	3,454	1.20 - 1.76
Investments	-	15,656	11,922	4,617	1,125	33,320	1.14 - 2.06
Loans to customers	2,080	214	17,856	32,026	19	52,195	1.28 - 14.87
<u>Financial liabilities</u>							
Interbank and money market items	1,140	11,626	2,421	450	-	15,637	1.76 - 1.96
Debt issued and borrowings	418	6,965	14,025	17,421	5,900	44,729	0.20 - 3.68

(Unit: Million Baht)

Separate financial statements							
2020							
Transactions	Repricing or maturity date					Total	Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<u>Financial assets</u>							
Financial assets measured at fair value through profit or loss	-	-	-	-	460	460	5.42
Investments	-	5,916	1,040	203	43	7,202	0.39
Loans to customers	87	-	-	-	-	87	18.03
<u>Financial liabilities</u>							
Debt issued and borrowings	-	-	-	5,700	5,000	10,700	3.95
Other liabilities - lease liabilities	-	-	1	65	-	66	2.39

(Unit: Million Baht)

	Separate financial statements						
	2019						
	Repricing or maturity date						Weighted
Transactions	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	average interest rates
							Percent
<u>Financial assets</u>							
Investments	-	10,895	6,725	40	-	17,660	1.16
Loans to customers	28	-	-	-	-	28	14.87
<u>Financial liabilities</u>							
Debt issued and borrowings	-	3,987	2,900	4,800	5,900	17,587	3.68

b) Market risk

Market risk is the risk that changes in the market prices of equity securities will result in fluctuations in revenue and the value of financial assets.

Market risk guidelines

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions. The Risk Control Unit is responsible for managing risk and reporting on compliance to the Board of Directors, relevant business units and relevant management, in order to facilitate responsive risk management. This unit is under the supervision of the Board of Executives.

48.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

Liquidity risk guidelines

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 has a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Board of Executives.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2020 and 2019 are as follows:

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2020				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	2	-	-	-	2
Interbank and money market items	2,375	5,423	-	-	7,798
Financial assets measured at fair value					
through profit or loss	-	920	460	1,977	3,357
Derivatives assets	142	3	-	-	145
Investments	-	17,074	2,219	2,357	21,650
Loans to customers ⁽¹⁾	5,703	17,348	29,458	-	52,509
Receivables from purchase and sale of securities	-	1,247	-	-	1,247
Other assets	1,141	1,064	18	-	2,223
<u>Insurance assets</u>					
Premium receivables	-	670	-	-	670
Reinsurance assets - claims reserves	-	156	54	-	210
Reinsurance receivables	-	99	-	-	99
<u>Financial liabilities</u>					
Interbank and money market items	990	4,932	7,390	-	13,312
Derivatives liabilities	-	14	-	-	14
Debt issued and borrowings	52	5,630	28,205	-	33,887
Other liabilities	-	2,428	333	-	2,761
<u>Insurance liabilities</u>					
Insurance contract liabilities - loss reserves and outstanding claims	-	1,358	481	-	1,839
Due to reinsurers	-	719	-	-	719
<u>Commitments</u>					
Other commitments	1	-	63	-	64

(1) The outstanding balances of loans to customers at call included loans with credit impairment

(Unit: Million Baht)

Consolidated financial statements					
Transactions	2019				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Cash	3	-	-	-	3
Interbank and money market items	3,930	3,152	302	-	7,384
Derivatives assets	-	13	-	-	13
Investments	499	29,422	3,898	6,538	40,357
Loans to customers ⁽²⁾	5,981	18,079	32,175	31	56,266
Receivables from purchase and sale of securities	-	2,577	-	-	2,577
<u>Insurance assets</u>					
Premium receivables	-	673	-	-	673
Reinsurance assets - claims reserves	-	246	5	-	251
Reinsurance receivables	-	89	-	-	89
<u>Financial liabilities</u>					
Interbank and money market items	1,163	14,047	450	-	15,660
Derivatives liabilities	-	47	-	-	47
Debt issued and borrowings	470	20,989	23,321	-	44,780
Payables from purchase and sale of securities	-	2,002	-	-	2,002
<u>Insurance liabilities</u>					
Insurance contract liabilities - loss reserves and outstanding claims	-	1,506	374	-	1,880
Due to reinsurers	-	855	-	-	855
<u>Commitments</u>					
Other commitments	1	-	43	-	44

(2) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements				
	2020				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	172	-	-	-	172
Financial assets measured at fair value through profit or loss	-	-	460	758	1,218
Derivatives assets	142	-	-	-	142
Investments	-	6,956	246	1,495	8,697
Loans to customers ⁽¹⁾	899	2	6	-	907
Other assets	34	7	-	-	41
<u>Financial liabilities</u>					
Debt issued and borrowings	-	-	10,700	-	10,700
Other liabilities - accrued interest expenses	-	82	-	-	82
Other liabilities - lease liabilities	-	14	52	-	66
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans with credit impairment

(Unit: Million Baht)

Transactions	Separate financial statements				
	2019				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
<u>Financial assets</u>					
Interbank and money market items	30	-	-	-	30
Investments	206	17,620	40	4,199	22,065
Loans to customers ⁽²⁾	735	2	7	-	744
Receivables from purchase and sale of securities	-	765	-	-	765
<u>Financial liabilities</u>					
Debt issued and borrowings	-	6,887	10,700	-	17,587
Payables from purchase and sale of securities	-	194	-	-	194
<u>Commitments</u>					
Other commitments	1	-	-	-	1

(2) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

48.4 Derivatives

The subsidiary has a policy to undertake derivatives transactions to hedge the risk of the subsidiary, such as futures contracts and derivative warrants.

The subsidiary has a policy for hedging derivatives risk, whereby risk policies and risk limits are set and there are procedures for risk reporting in place to control financial derivatives transactions. The subsidiary manages the risk of default associated with financial derivatives by considering the credit granted to customers as a whole. Such consideration is in line with the credit approval process, allowing the subsidiary to maintain risk at an acceptable level.

As at 31 December 2020 and 2019, the subsidiary has obligations under derivative contracts entered into for trading and hedging purposes, classified by the maturity of the contracts as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2020			2019		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Futures contract						
- Purchase contract	114	-	114	44	-	44
- Sales contract	970	-	970	991	-	991
Derivative warrants						
- Sales contract	522	-	522	2,599	-	2,599
Others						
- Purchase contract	25	-	25	-	-	-
- Sales contract	60	-	60	17	-	17

48.5 Fair value of financial instruments

As at 31 December 2020 and 2019, the Company and its subsidiaries had financial assets and financial liabilities that were measured at fair value which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

Consolidated financial statements					
2020					
Book value	Fair value				
	Total	Level 1	Level 2	Level 3	
<u>Financial assets measured at fair value</u>					
Financial assets measured at fair value through profit or loss	3,357	3,357	1,008	2,021	328
Derivatives assets	145	145	145	-	-
Investments in debt securities measured at fair value through other comprehensive income	19,250	19,250	-	19,250	-
Investments in equity securities designated at fair value through other comprehensive income	2,357	2,357	2,072	-	285
<u>Financial liabilities measured at fair value</u>					
Derivatives liabilities	14	14	14	-	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land and buildings	181	181	-	-	181
<u>Financial assets and liabilities measured at fair value</u>					
Cash	2	2	2	-	-
Inter bank and money market items (assets)	7,812	7,812	2,387	5,425	-
Loan to customers and accrued interest receivables	50,251	49,687	-	3,339	46,348
Receivables from purchase and sale securities	1,247	1,247	-	1,247	-
Other assets	1,223	1,223	-	1,173	50
Interbank and money market item (liabilities)	13,312	13,348	-	550	12,798
Debts issued and borrowings	33,887	34,401	-	34,401	-
Other liabilities	2,326	2,326	-	2,326	-

(Unit: Million Baht)

Consolidated financial statements					
2019					
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets measured at fair value</u>					
Derivatives assets	13	13	13	-	-
Investments	38,983	38,983	4,214	34,769	-
<u>Financial liabilities measured at fair value</u>					
Derivatives liabilities	47	47	47	-	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land and buildings	196	196	-	-	196
<u>Financial assets and liabilities measured at fair value</u>					
Cash	3	3	3	-	-
Inter bank and money market items (assets)	7,404	7,404	3,931	3,473	-
Investments	2,568	3,579	-	2,139	1,440
Loan to customers	53,159	54,103	-	3,563	50,540
Receivables from purchase and sale securities	2,577	2,577	-	2,577	-
Interbank and money market item (liabilities)	15,660	15,671	23	-	15,648
Debts issued and borrowings	44,780	45,590	-	45,590	-
Other liabilities	2,002	2,002	-	2,002	-

(Unit: Million Baht)

	Separate financial statements				
	2020				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets measured fair value</u>					
Financial assets measured at fair value through profit or loss	1,218	1,218	-	1,101	117
Derivatives assets	142	142	142	-	-
Investments in debt securities measured at fair value through other comprehensive income	7,202	7,202	-	7,202	-
Investments in equity securities designated at fair value through other comprehensive income	1,495	1,495	1,331	-	164
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land and buildings	64	64	-	-	64
<u>Financial assets and liabilities non-measured at fair value</u>					
Interbank and money market items (assets)	172	172	172	-	-
Loan to customers and accrued interest receivables	804	804	-	670	134
Other assets	36	36	-	36	-
Debt issued and borrowings	10,700	11,118	-	11,118	-
Other liabilities - accrued interest expenses	82	82	-	82	-
Other liabilities - lease liabilities	66	66	-	66	-

(Unit: Million Baht)

	Separate financial statements				
	2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
<u>Financial assets measured at fair value</u>					
Investments	22,467	22,467	1,565	20,902	-
<u>Non-financial assets measured at fair value</u>					
Land, premises and equipment - land and buildings	67	67	-	-	67
<u>Financial assets and liabilities non-measured at fair value</u>					
Interbank and money market items (assets)	30	30	30	-	-
Investments	130	743	-	-	743
Loan to customers	716	716	-	705	11
Receivables from purchase and sale of securities	765	765	-	765	-
Debt issued and borrowings	17,587	18,202	-	18,202	-
Payables from purchase and sale of securities	194	194	-	194	-

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 - deposits at financial institutions - 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.
- Investments - 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.
- The fair value of unit trusts is determined from their net asset value.

Investments (continued)	- The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as book value or adjusted book value.
Loans to customers	<ul style="list-style-type: none"> - The fair value of floating rate loans is assumed to approximate their book value, net of allowance for expected credit loss and revaluation allowance for debt restructuring. - 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 expected credit loss and deferred revenue. - The fair value of non-performing loans is determined by discounting the expected cashflow at the effective interest rate, net of allowance for expected credit loss.
Land, premises and equipment - land and buildings	<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. - The fair value of buildings is determined using replacement cost approach, market comparison approach and income approach.
Receivables and payables from purchase and sale of securities and receivable from and payable to clearing house	- The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.

Interbank and money market items - borrowings from financial institutions and debt issued and borrowings	<ul style="list-style-type: none"> - The fair value of borrowings at call, floating rate or fixed rate with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book value. - The fair value of fixed rate borrowings with more than 1 year from the statement of financial position date remaining to maturity is determined based on the present value of future cash flows, discounted by the estimated current market interest rate for borrowings subject to similar conditions. - The fair value of floating rate or fixed rate borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book value. - The fair value of 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.
Lease liabilities	<ul style="list-style-type: none"> - The fair value of lease liabilities is estimated by discounting expected future cash flows by the incremental borrowing interest rate with similar term and conditions.

During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

49. Discontinued operations

On 3 December 2019, the Company sold the ordinary shares in Thanachart Bank Plc., Thanachart Fund Management Co., Ltd., and Thanachart Broker Co., Ltd., which had been recognised as investments in subsidiaries, to TMB Bank Plc. To comply with requirements of accounting standards, the Company presented the operating results of those subsidiaries as "Profit for the period from discontinued operations" and "Other comprehensive income from discontinued operations" in the consolidated statements of comprehensive income for the year 2019 since it seemed the Group discontinued its business segments. The operating results of those subsidiaries are as follows:

(Unit: Million Baht)

2019

Statements of comprehensive income**Profit or loss**

Interest income	41,200
Interest expenses	14,277
Net interest income	26,923
Fees and service income	8,688
Fees and service expenses	3,185
Net fees and service income	5,503
Gain on investments	667
Dividend income	270
Other operating income	1,969
Total operating income	35,332
Other operating expenses	
Employee's expenses	9,940
Premises and equipment expenses	2,191
Taxes and duties	622
Other expenses	4,490
Total other operating expenses	17,243
Bad debt, doubtful accounts and impairment loss	4,054
Profit before income tax	14,035
Income tax	5,338
Profit for the year	8,697
Gain from disposal of subsidiary companies	4,664
Profit for the year from discontinued operations	13,361

Other comprehensive income*Transactions that will be reclassified subsequently to profit or loss*

Gain (loss) on change in value of available-for-sale securities	1,012
Income tax relating to components of other comprehensive income	(260)
	752

Transactions that will never be reclassified subsequently to profit or loss

Revaluation surplus on assets	3,193
Actuarial loss on defined benefit plan	(386)
Income tax relating to components of other comprehensive income	(562)
	2,245
Other comprehensive income from discontinued operations	2,997
Total comprehensive income	16,358

Cash flow information of subsidiary companies which had been sold for the year ended 31 December 2019 are as follows:

	(Unit: Million Baht)
	2019
Net cash flows used in operating activities	(43,554)
Net cash flows from investing activities	34,930
Net cash flows from financing activities	6,482
Net decrease in cash	(2,142)

50. Reclassification of accounts

The Company and its subsidiaries reclassified certain accounts in the statement of comprehensive income for the year 2019, restated for comparative purposes, to be consistent with the current year's accounting classification. These reclassifications do not have any impact on previously reported profit or equity.

	(Unit: Million Baht)	
	Consolidated financial statements	
	2019	
	Reclassified	Previously reported
Fees and service expenses	374,135	255,713
Other expenses	789,062	907,484

51. Events after the reporting period

On 25 February 2021, the Board of Directors of the Company passed a resolution to propose to the Annual General Meeting of Shareholders for consideration for payment of a dividend of Baht 1.8 per share, or a total of Baht 1,888 million, to the ordinary and preference shareholders.

52. Approval of financial information

These financial information were authorised for issue by the Company's Board of Directors on 25 February 2021.

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ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Securities Public Company Limited	TNS
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK LIFE
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
Thanachart Management and Services Company Limited	TMS
Security Scib Services Company Limited	SSV
TM Broker Company Limited	TM Broker
MT Service 2016 Company Limited	MTS
Thanachart SPV1 Company Limited	SPV1
Thanachart SPV2 Company Limited	SPV2
Thanachart Bank Public Company Limited	TBANK
Thanachart Fund Management Company Limited	TFUND
Thanachart Broker Company Limited	TBROKE
Thanachart Group Leasing Company Limited	TGL
Thanachart Training and Development Company Limited	TTD
TMB Bank Public Company Limited	TMB
ING Bank N.V.	ING
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
Ajinomoto (Thailand) Company Limited	Ajinomoto
Financial Institutions Development Fund	FIDF
The 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
Coronavirus Disease 2019	COVID-19



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