

**Part 2: Management and Corporate Governance****7. Bank's Securities and Shareholders****7.1 Bank's securities****7.1.1 Bank's capital**

As of December 31, 2017, the Bank's registered capital was THB 41,903,301,555.05 of which THB 41,647,865,927.45 was paid up, comprising Ordinary shares 43,839,858,871 shares at par value of THB 0.95/share.

**7.1.2 Thai Trust Fund**

As of December 31, 2017, Thai Trust Fund was no longer issued by the Bank.

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

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

As of April 20, 2017, the latest share register closing date for the right to receive the dividend payment from the 2016 operating profit, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 4,609,439,235 shares or 10.5% of the Bank's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at [www.set.or.th/nvdr](http://www.set.or.th/nvdr).

**7.1.4 Other securities**

As of December 31, 2017, details of the Bank's other securities are summarized as follows:

Type	Interest rate (%)	Year of redemption	Collateral	Number and value not yet redeemed (as of December 31, 2017)	Bondholder's representative	Other conditions
1. Subordinated bond (TMB248A) (Date of issue : August 29, 2014, worth THB 15,000 million)	Fixed interest rate of 5.50% per annum, payable quarterly.	August, 2024	Unsecured	15 million units THB 15 billion	None	<p>The Bank may proceed an early redemption of the whole amount of bond upon the approval from the Bank of Thailand under one of the following conditions:</p> <ol style="list-style-type: none"> <li>1. On or after 5 years of the issue date.</li> <li>2. Having any changes in Tax laws affecting the issuer's tax benefits.</li> <li>3. Changing in regulations on the qualified Tier II debt securities which disqualifies the existing Tier II debt securities.</li> <li>4. BOT's supplementary conditions.</li> </ol> <p>However, the redemption date must be valued on interest payment date.</p>

Type	Interest rate (%)	Year of redemption	Collateral	Number and value not yet redeemed (as of December 31, 2017)	Bondholder's representative	Other conditions
2. Subordinated bond (TMB27NA) (Date of issue : May 29, 2017, worth THB 5,430 million)	Fixed interest rate of 3.50% per annum, payable quarterly.	November, 2027	Unsecured	5.43 million units THB 5.43 billion	None	The Bank may proceed an early redemption of the whole amount of bond upon the approval from the Bank of Thailand under one of the following conditions:  1. On or after 5.5 years of the issue date.  2. Having any changes in Tax laws affecting the issuer's tax benefits.  3. Changing in regulations on the qualified Tier II debt securities which disqualifies the existing Tier II debt securities.  4. BOT's supplementary conditions.  However, the redemption date must be valued on interest payment date.
3.Senior Bond (TMB27NA) (Date of issue : March 9, 2015, worth CNY 600 million)	Fixed interest rate of 5.50% per annum, payable semi- annually.	March, 2018	Unsecured	600 units CNY 600 million (Equivalent about THB 3 billion)	The Hongkong and Shanghai Banking Corporation	Issued under the Bank's Euro Medium Term Note Programme

Type	Interest rate (%)	Year of redemption	Collateral	Number and value not yet redeemed (as of December 31, 2017)	Bondholder's representative	Other conditions
4.Senior Bond (Date of issue : April 1, 2016, worth USD 300 million)	Fixed interest rate of 3.108% per annum, payable semi- annually.	October, 2021	Unsecured	1,500 units USD 300 million (Equivalent about THB 9.8 billion)	The Hongkong and Shanghai Banking Corporation	Issued under the Bank's Euro Medium Term Note Programme

## 7.2 Major shareholders

### 7.2.1 List of 10 largest shareholders and proportion of shareholding

Below is the list of the 10 largest shareholders at the latest share register closing date on April 20, 2017, in order to determine the rights to receive the 2016 operating profit and the dividend payment as follow :

Major shareholders	Number of ordinary shares	%
1. Ministry of Finance	11,364,282,005	25.922
2. ING Bank N.V.	10,970,893,359	25.025
3. Thai NVDR Co., Ltd.	4,609,439,235	10.514
4. CHASE NOMINEES LIMITED	1,075,048,272	2.452
5. Mrs. Somporn Jungrungrueangkit	726,000,000	1.656
6. DBS BANK LTD	602,000,000	1.373
7. Royal Thai Army	546,499,860	1.247
8. HSBC (SINGAPORE) NOMINEES PTE LTD	407,482,900	0.929
9. STATE STREET BANK EUROPE LIMITED	268,638,362	0.613
10. N.C.B. TRUST LIMITED-NORGES BANK 11	223,018,300	0.509

Source: Information on the latest share register closing date on April 20, 2017 prepared by Thailand Securities Depository Co., Ltd. Investors may look for the list of major shareholders from [www.set.or.th](http://www.set.or.th)

## 7.3 Agreements between the Bank and business alliance

### 7.3.1 Agreement between the Bank and FWD Life Insurance Plc (FWD Life)

In 2017, the Bank entered into a Bancassurance Agreement with FWD Life Insurance Public Company Limited (FWD Life Insurance) with initially term of 15 years, starting from January 1st, 2017.

#### Strategic Collaboration

The objective aimed to develop and provide best-in-class life insurance products to TMB's customers. The Partnership is expected to bring significant benefits to both parties, FWD will gain exclusive access to TMB customers for life insurance business purpose, resulting in building up customers' understanding that allows FWD to support TMB in providing variety of life insurance products and services that suit customers' needs.

For this alliance with FWD, TMB receives the access fee approximately THB19,582 million, net of all taxes and expense, excluding commission and profit sharing is recorded as "Deferred revenue" in liability side to be recognized quarterly as fee income over the initial term of 15 years. Further information are provided in the note to financial statements.

### **7.3.2 Agreement between the Bank and Asset Management Company**

Since April 2014, the Bank has set a long-term policy to have an open-architecture platform which offers a wide variety of mutual fund products in order to match various client needs and risk-return profiles. In 2017, the Bank is the selling agent of 8 Asset Management Companies including TMB Asset Management Co. Ltd., UOB Asset Management Co. Ltd., Aberdeen Asset Management Co. Ltd., CIMB-Principal Co. Ltd., Manulife Asset Management Co. Ltd, Tisco Asset Management, One Asset Management Ltd, Kasikorn Asset Management Co. Ltd. This enables TMB to offer a broader range of products and asset classes to its customers.

The Asset Management Company appoints the Bank as a Selling Agent for selling, repurchasing and switching the unit trust and provides advisory service under the Distribution Agent Agreement with respect to the SEC regulations and other applicable laws.

## **7.4 Dividend payment**

### **7.4.1 The Bank's policy**

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

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

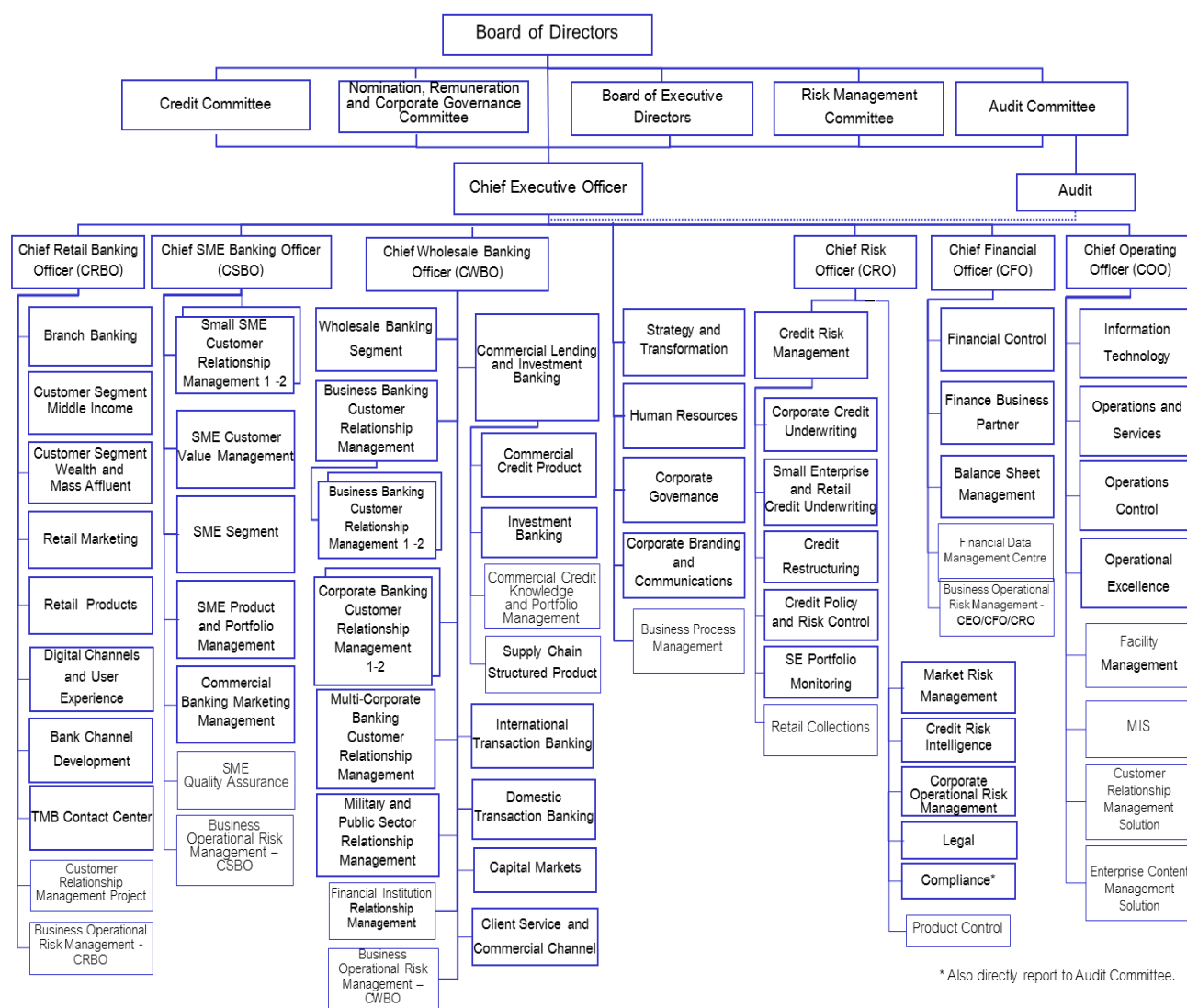
## 7.4.2 Policy of subsidiary companies

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

## 8. Management

### 8.1 Organization Chart

December 31, 2017



## 8.2 Board of Directors

The Board of Directors as of December 31, 2017 consisted of 12 members, 7 holding non-executive directors positions, 4 independent directors, and 1 holding executive director position.

Name	Position	Date of Appointment	Term of Office (Year-Month)
1. Mr. Rungson Sriworasat	Chairman of the Board	June 5, 2013	4 years 7 months
2. General Chalermchai Sitthisad	Director	November 24, 2016	1 year 1 months
3. Mr. Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Board of Executive Directors</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	December 28, 2007	10 years
4. Mr. Singha Nikornpun	<ul style="list-style-type: none"> <li>• Independent Director</li> <li>• Chairman of the Audit Committee</li> </ul>	January 10, 2014	3 years 11 months
5. Mr. Siripong Sombutsiri	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Chairman of the Nomination, Remuneration and Corporate Governance Committee</li> <li>• Member of the Risk Management Committee</li> </ul>	April 10, 2015	2 years 9 months
6. Mr. Johannes Franciscus Grisel	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Risk Management Committee</li> <li>• Member of the Credit Committee</li> </ul>	September 1, 2015	2 years 4 months
7. Mr. Chumpol Rimsakorn <sup>(1)</sup>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Chairman of the Credit Committee</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	April 7, 2017	9 months
8. Mr. Vaughn Nigel Richter	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Board of Executive Directors</li> </ul>	December 28, 2007	10 years
9. Mr. Yokporn Tantisawetrat	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of the Risk Management Committee</li> <li>• Member of Credit Committee</li> </ul>	June 1, 2015	2 years 7 months
10. Mr. Christopher John King	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Member of the Audit Committee</li> <li>• Member of the Nomination, Remuneration and Corporate Governance Committee</li> </ul>	September 1, 2004	13 years 4 months
11. Mr. Praisun Wongsmith	<ul style="list-style-type: none"> <li>• Independent director</li> <li>• Member of the Audit Committee</li> </ul>	February 12, 2016	1 year 11 months

Name	Position	Date of Appointment	Term of Office (Year-Month)
12. Mr. Boontuck Wungcharoen <sup>(2)</sup>	<ul style="list-style-type: none"> <li>• Director</li> <li>• Member of the Board of Executive Directors</li> <li>• Member of Credit Committee</li> <li>• Member of the Risk Management Committee</li> <li>• Chief Executive Officer</li> </ul>	July 14, 2008	9 years - 6 months

**Remark:**

<sup>(1)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017

(2) Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed to be Director and Chief Executive Officer replacement starting from January 1, 2018 onward

M.L. Ayuth Jayant is Secretary to the Board. The Board meeting shall be held at least once a month. In case of an urgent case, the Board can arrange a special meeting as deemed necessary.

**Amendment of Directors Authorized to Sign to Bind the Bank**

As of December 31, 2017, Mr. Rungson Sriworasat, Chairman, or Mr. Boontuck Wungcharoen, Chief Executive Officer, or any two directors are authorized to co-sign with the Bank's seal affixed.

Since January 1, 2018, Mr. Rungson Sriworasat, Chairman, or Mr. Piti Tantakasem Chief Executive Officer, or any two directors are authorized to co-sign with the Bank's seal affixed.

**The scope of roles and responsibilities of the Board of Directors is as follows:****1. Principles for Directors**

1. Understand and execute their oversight role, including understanding the Bank's risk appetite.
2. Exercise their fiduciary duty, duty of loyalty, and duty of care to the Bank under applicable Thai laws and supervisory standards.
3. Avoid conflicts of interest and the appearance of such conflicts, and institute and enforce measures to monitor and avoid potential conflicts by the Bank's personnel in dealings with other persons and organizations.
4. Commit sufficient time and energy to fulfilling their responsibilities.
5. Avoid direct participation in day-to-day management of the Bank except executive director.
6. Secure information from management to enable the Board to fulfill its functions. It is the Board's responsibility to decide what information it wants.
7. Excuse themselves from decisions when they themselves or someone related to or connected with them have a conflict of interest.
8. Provide oversight of the senior management of the Bank by exercising their duty and authority to question and insist upon straightforward explanations from management, and receive on a timely basis sufficient information to judge the performance of management.

9. Ensure that the Bank's confidential information and customer information is not given either inadvertently or deliberately to third parties, and shall not use the information to seek gains without the Bank's consent or permission by law.

## **2. Function of the Board**

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

### **Strategy and Policy**

1. Approve the overall business strategy of the Bank, risk policy and risk management procedures.
2. Approve budget including overall risk appetite and business plan.
3. Safeguard the longer-term values of the Bank, which include the brand and corporate reputation.
4. Approve all credit limits for amounts in excess of the amount delegated to management.
5. Approve all other risk limits and policies as prescribed by the Bank of Thailand and other relevant regulators.
6. Determine a calendar each year that sets forth and schedules the issues to be discussed by the Board during the year. Substantive issues such as strategy, financial performance and progress against budget and operational plans, capital planning, actual risk profile, Chief Executive Officer performance evaluation and operational oversight issues.
7. Approve the authority or the delegation of authority to approve credit, market risk limits, acquisitions, disposals, investments, or realization or creation of a new venture.

### **Compliance**

1. Oversee management's actions and consistency with Board policies as part of the checks and balances embodied in sound corporate governance.
2. Meet regularly with senior management to review policies, establish communication lines and monitor progress toward corporate objectives.
3. Promote Bank safety and soundness, understand the regulatory environment and ensure the Bank maintains an effective relationship with its regulators.
4. Provide sound advice to management and recommend sound practices gleaned from other situations.
5. Review and, where permissible or required under applicable regulations, consider approval of connected transactions as prescribed by the Securities and Exchange Commission and related party credit limits as prescribed by the Bank of Thailand.

## Organization

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

## 8.3 Executives

As of December 31, 2017, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 26 persons as follows:

No	Name-Surname	Position
1	Mr. Boontuck Wungcharoen <sup>(1)</sup>	Chief Executive Officer
2	Mr. Piti Tantakasem <sup>(2)</sup>	Chief Financial Officer
3	Mr. Senathip Sripaipan	Chief Wholesale Banking Officer
4	Ms. Tientip Narach	Chief SME Banking Officer
5	Mr. Ronald Bart Huisman	Chief Retail Banking Officer
6	Mr. Franciscus Gerardus Rokers	Chief Risk Officer
7	Mr. Lorenzo Tassan-Bassut	Chief Operating Officer
8	Mr. Andrew Kent Jan <sup>(3)</sup>	Head of Balance Sheet Management
9	Ms. Waewalai Wattana	Head of Financial Controller
10	Ms. Arwiwan Tangtrongchit	Head of Finance Business Partner
11	Ms. Pimolwan Puarattana-Aroonkorn	Team Head of Finance Business Partner - Commercial
12	Ms. Doungjan Saenim <sup>(4)</sup>	Team Head of Finance Business Partner - COO
13	Mr. Thawatchai Trongnamsukkij	Team Head of Finance Business Partner - CRO

14	Mrs. Jitrawadee Srivichit	Team Head of Finance Business Partner - Retail
15	Mr. Mate Kanokpibool	Team Head of Financial Governance and Policy
16	Ms. Pawinee Chayavuttikul	Team Head of Financial Payment and Control
17	Ms. Waree Thanmongkolswad	Team Head of Financial Regulatory Management
18	Mr. Chalermchai Paisithmongkol	Team Head of Investment Management and Fund Transfer Pricing
19	Mrs. Soontaree Cheevaphat	Team Head of Liability Management and Balance Sheet Management Support
20	Mrs. Voraluck Chokchaitam	Team Head of Asset and Liability Management
21	Mrs. Jarinee Yimudom <sup>(5)</sup>	Team Lead of Accounting Operations
22	Mrs. Suphavadee Wuthithien	Team Lead of Regulatory Analysis - BoT Reporting
23	Mrs. Kamolmarn Staworn	Team Lead of Regulatory Analysis - Financial Reporting
24	Ms. Veeraya Mahakhan	Team Lead of Financial Reporting Services
25	Mrs. Kwanhatai Sukhumtammarat	Team Lead of Financial Data Maintenance and Processing
26	Ms. Munlika Thanataweerat	Executive Finance Business Partner

Remark: <sup>(1)</sup> was Chief Executive Officer until December 31, 2017

<sup>(2)</sup> was appointed as Chief Executive Officer, effective from January 1, 2018

<sup>(3)</sup> Also Acting as Acting Chief Financial Officer, effective from January 1, 2018

<sup>(4)</sup> Also Acting as Acting Head of Audit, effective from October 18 – December 31, 2017

<sup>(5)</sup> To be retired from January 1, 2018

## 8.4 Company Secretary

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

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

The Company Secretary has roles and responsibilities as follows:

### 1. For the Bank

1.1 To monitor and supervise the Bank's overall operation to comply with relevant laws and regulatory requirements including resolution of Board of Directors, resolution of annual general meeting of shareholders.

1.2 To file and keep the Bank's important documentation such as certificate, memorandum & articles of association, shareholder register, licenses and power of attorney, etc.

1.3 To push for guidelines so that the Bank shall formulate policies, comply with good corporate governance and conduct regular review.

1.4 To act as contact person of the Bank

**2. For the Board**

2.1 To advise the Board of Directors and management on laws and regulations relevant to their duties

2.2 To oversee and conduct meetings of the Board and board committees established by the Board of Directors to be in line with laws, regulations, articles of association, charters, and best practices

2.3 To perform the Board's secretary and board committees' secretary as assigned including Chief Executive Committee, record accurate and complete minutes, inform to relevant management the resolution and follow up the resolution implementation

2.4 To oversee the changes of directors and examine director's qualifications in case of appointment of new directors and director to replace director who resigned by rotation in line with regulatory requirements and the bank's strategy and business direction, including propose the issue to the Bank of Thailand for endorsement

2.5 To review director's qualifications during the directorship period to ensure that the qualifications are always in line with regulatory requirements

2.6 To oversee insider information and conflict of interest practices of directors

2.7 To facilitate directors' training and development

2.8 To provide Board's and Board Committees' performance assessment

2.9 To arrange Directors and Officers Liability Insurance (D&O Insurance) for the directors and management.

**3. For the Shareholders**

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

3.2 To oversee the right of shareholders and create good relationship with shareholders.

**8.5 Board of Directors' Meeting**

In 2017, details of the meeting attendance of the Board of Directors and board committee members are as follows:

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Credit Committee
<b>Total no. of meetings in 2017</b>						
1. Mr. Rungson Sriworasat	16/16					
2. General Chalermchai Sitthisad	9/16					
3. Mr. Philippe G.J.E.O. Damas	14/16	20/23		12/14		
4. Mr. Singha Nikornpun	16/16		12/12			
5. Mr. Siripong Sombutsiri	14/16			14/14	12/12	
6. Mr. Johannes Franciscus Grisel	12/16				10/12	15/18
7. Mr. Pongpanu Svetarundra <sup>(1)</sup>	3/3	4/8		4/4		2/2
8. Mr. Chumpol Rimsakorn <sup>(2)</sup>	13/13	15/15		10/10		16/16
9. Mr. Vaughn Nigel Richtor	14/16	22/23				
10. Mr. Yokporn Tantisawetrat	16/16	22/23			12/12	18/18
11. Mr. Christopher John King	14/16		11/12	13/14		
12. Mr. Praisun Wongsmith	14/16		11/12			
13. Mr. Boontuck Wungcharoen <sup>(3)</sup>	14/16	21/23			9/12	13/18

**Remark:**

<sup>(1)</sup> Mr. Pongpanu Svetarundra was Director until April 7, 2017

<sup>(2)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017

<sup>(3)</sup> Mr. Boontuck Wungcharoen was Director until December 31, 2017

**Notes:**

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

• The Board of Executive Directors meetings no. 1/2560, 5/2560, 9/2560, 15/2560, 18/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.

• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560 through Teleconference system, Special session no. 2/2560 Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.

(2) Mr. Pongpanu Svetarundra.

• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560, Mr. Pongpanu Svetarundra joined the meetings through Teleconference system.

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

• The Board of Executive Directors meetings no. 1/2560, 3/2560, 5/2560, Special session no. 1/2560, no. 9/2560, 11/2560, 15/2560, 18/2560, 20/2560 Mr. Vaughn Nigel Richtor joined the meetings through Skype system.

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

• The Board of Directors meetings Special session no. 1/2560, Mr. Johannes Franciscus Grisel joined the meetings through Skype system.

• The Credit Committee meetings no. 1/2560, 2/2560, 5/2560, 7/2560, 9/2560, 11/2560, 13/2560, 15/2560 Mr. Johannes Franciscus Grisel joined the meetings through Skype system.

(5) Mr. Christopher John King

• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 2/2560, Mr. Christopher John King joined the meetings through Skype system.

## 8.6 Remuneration for directors and executives

### 8.6.1 Remuneration for directors

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

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

#### Directors' remuneration criteria

1. Monthly fee consist of
  - 1.1 Retaining fee = Director is entitled to the retaining fee for one position only.
  - 1.2 Committee fee = Director is entitled to the committee fee for every board and committee that he/she sits on.
2. Attendance fee = Director is entitled to the attendance fee for every meeting where he/she is present.

Cash remuneration by committee is as follows;

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

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

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

In 2017, the Annual General Meeting of Shareholders has approved the distribution of directors' bonus at the rate 0.5 percent of dividend paid among the directors for 2016 operational performance and the Board be granted the authority to set up detail of the allocation. In this regard, the director who is the Bank's executive and the representative directors who are the executives of ING Bank N.V. will not receive the directors' bonus.

In 2017, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB 31,653,400 and directors' bonus amount of THB 13,114,836.55 for 2016 operational performance. The details are as follows:

Name of director	Details
1. Mr. Rungson Sriworasat	Receiving THB 4,240,000 for serving as Chairman of the Board of Directors. Receiving THB 2,017,667.17 for directors' bonus.
2. Gen. Teerachai Nakwanich <sup>(1)</sup> (Until September 30, 2016)	Receiving THB 1,008,833.58 for directors' bonus.
3. Gen. Chalermchai Sitthisad (Since November 24, 2016)	Receiving THB 1,038,000 for serving on the Board of Directors. Receiving THB 112,092.62 for directors' bonus.
4. Mr. Philippe G.J.E.O. Damas	Receiving THB 5,153,600 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,345,111.44 for directors' bonus.
5. Mr. Singha Nikornpun	Receiving THB 2,644,800 for serving on the Board of Directors and as Chairman of the Audit Committee. Receiving THB 1,345,111.44 for directors' bonus.
6. Mr. Siripong Sombatsiri	Receiving THB 3,319,200 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of the Risk Management Committee. Receiving THB 1,345,777.44 for directors' bonus.
7. Mr. Pongpanu Svetarundra <sup>(2)</sup> (Until April 7, 2017)	Receiving THB 1,128,400 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,345,111.44 for directors' bonus
8. Mr. Chumpol Rimsakorn <sup>(3)</sup> (Since April 7, 2017)	Receiving THB 3,552,000 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee.

Name of director	Details
9. Mr. Praisun Wongsmith (Since February 12, 2016)	Receiving THB 1,833,000 for serving on the Board of Directors and as Member of the Audit Committee. Receiving THB 1,233,018.82 for directors' bonus.
10. Mr. Yokporn Tantisawetrat (Since June 1, 2015)	Receiving THB 3,882,000 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Credit Committee and Member of the Risk Management Committee. Receiving THB 1,345,111.44 for directors' bonus.
11. Mr. Christopher John King	Receiving THB 2,527,200 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,345,111.44 for directors' bonus.
12. Mr. Vaughn Nigel Richtor <sup>(4)</sup> (Since July 1, 2016)	Receiving THB 2,335,200 for serving on the Board of Directors and as Member of the Board of Executive Directors. Receiving THB 672,555.72 for directors' bonus.
13. Mr. Johannes Franciscus Grisel	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
14. Mr. Boontuck Wungcharoen <sup>(5)</sup>	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.

**Remark:**

<sup>(1) (2)</sup> Not currently board member.

<sup>(3)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.

<sup>(4)</sup> Mr. Vaughn Nigel Richtor was not the executives of ING Bank N.V, effective from June 30, 2016. However, he has still been the Bank Director and received the remuneration from the Bank since July 1, 2016 onwards.

<sup>(5)</sup> Mr. Boontuck Wungcharoen was Director until December 31, 2017.

**Other remuneration and benefits**

No other benefits

**8.6.2 Remuneration for Executive Officers**

During the fiscal year ended December 31, 2017, the Bank's 26 executives as defined by the Bank and align with definition of SEC received remuneration in a total amount of THB 265 million, consisting of salary, bonus, provident fund and other benefits. ("executives as defined by the Bank and align with definition of SEC" refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department and staff who may know the financial information before public.)

The Bank provides TMB Performance Share Bonus 2010 (TMB PSBP 2010). The objective is to support and reinforce the Bank's high performance value, by offering long-term incentives to employees whose decisions and actions materially impact the Bank's performance or who have strategic value to the Bank. Regarding to TMB PSBP 2010 ended in 2014, some executives will remain entitled to receive shares in 2017, from their previous performance year (2012-2014). The remaining of unvested shares will be vested until 2018.

**8.7 Personnel****8.7.1 Number of Employees**

As of December 31, 2017, the Bank has a total number of 8,547 employees which can be classified by gender, age, nationality, and working location as follows:

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

**8.7.2 New Employees**

The Bank has a total number of 2,201 new employees

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

**8.7.3 Terminated employee**

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

**8.7.4 The Bank's employees broken down by group as follows**

Group	2017 No. of employees (persons)	2016 No. of employees (persons)
Chief Executive Officer	1	1
Direct Report to Chief Executive Officer	7	1
Audit	57	68
Corporate Branding and Communications	27	30
Corporate Governance	13	17
Human Resources	62	73
Strategy and Transformation	21	22
Chief Wholesale Banking Officer	1	1

Direct Report to Chief Wholesale Banking Officer	22	8
Business Banking Customer Relationship Management	32	
Business Banking Customer Relationship Management 1	96	133
Business Banking Customer Relationship Management 2	117	150
Capital Markets	23	55
Capital Markets Product Sales	28	
Client Service and Commercial Channel	84	63
Commercial Credit Product	13	11
Commercial Lending and Investment Banking	20	11
Corporate Banking Customer Relationship Management 1	43	44
Corporate Banking Customer Relationship Management 2	48	45
Domestic Transaction Banking	45	39
International Transaction Banking	35	33
Investment Banking	16	8
Military and Public Sector Relationship Management	15	15
Multi-Corporate Banking Customer Relationship Management	49	71
Wholesale Banking Segment	31	22
Chief SME Banking Officer	1	1
Direct Report to Chief SME Banking Officer	10	14
Commercial Banking Marketing Management	25	23
Small SME Customer Relationship Management 1	145	216
Small SME Customer Relationship Management 2	151	209
SME Customer Value Management	92	121
SME Product and Portfolio Management	20	18
SME Segment	2	6
Chief Retail Banking Officer	1	1
Direct Report to Chief Retail Banking Officer	18	18
Bancassurance Products	6	10
Bank Channel Development	12	15
Branch Banking	4,138	4,396
Branch Operations Excellence	86	83
Customer Segment Middle Income	3	4
Customer Segment Wealth and Mass Affluent	5	5

Digital Channels and User Experience	32	69
MEbyTMB	39	
Mutual Fund Products	6	5
Primary Bank Products	6	7
Retail Lending Products	26	25
Retail Marketing	76	73
Retail Products	26	25
TMB Contact Center	613	626
Chief Risk Officer	1	1
Direct Report to Chief Risk Officer	6	7
Compliance	29	38
Corporate Credit Underwriting	26	27
Corporate Operational Risk Management	17	30
Credit Policy and Risk Control	105	140
Credit Restructuring	127	112
Credit Risk Intelligence	56	57
Credit Risk Management	84	84
Legal	27	28
Market Risk Management	17	17
SE Portfolio Monitoring	163	
Small Enterprise and Retail Credit Underwriting	29	20
Chief Financial Officer	1	1
Direct Report to Chief Financial Officer	26	3
Balance Sheet Management	18	17
Finance Business Partner	19	39
Financial Control	76	97
Chief Operating Officer	1	1
Direct Report to Chief Operating Officer	129	128
Enterprise Architecture and IT Management	34	
Information Technology	267	274
Operational Excellence	22	34
Operations and Services	752	747
Operations Control	70	72

**8.7.5 Staff's total number during the past three years**

Bank's employees	As of December 31, 2017	As of December 31, 2016	As of December 31, 2015
total number	8,547 persons	8,980 persons	9,270 persons

**8.7.6 Key labor disputes during the past three years**

As of December 31, 2017

Type of case	No. of cases	Status
1. Lawsuit brought by the Bank against employees	17	Cases are under the Court's proceedings.
1.1 Internal fraud	17	
- Case not yet finalized	2	
- Case finalized	15	
2. Lawsuit brought by employees against the Bank	19	Cases are under the Court's proceedings.
2.1 Unfair termination of employment	17	
- Case not yet finalized	7	
- Case finalized	10	
2.2 Request for adjustment of 2006 performance evaluation	2	
- Case not yet finalized	-	
- Case finalized	2	

**8.7.7 Staff's compensation**

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

**• Total compensation and types of compensation for employees**

The Bank has compensation scheme in the form of base salary and variable pay depending on the business achievement. The industry benchmarking is conducted among financial institutions to ensure the competitiveness. To improve the organizational capabilities, flat organization structure is aimed to provide more flexibility and adaptability in doing the business resulted by the lean process and faster decision making. The Bank has continued to review and update the information to ensure proper compensation package including the required working tools to be aligned with the scope of work and responsibilities, regardless of the corporate title or ranking. The overall compensation scheme is designed to drive the "Pay for Performance" culture depending on the performance of the Bank and employees.

In 2017, total compensation for the employees given in the forms of salary, cost of living allowance, other allowance that related to work, variable pay by performance and others accounted for THB 7,831 million.

**• Other subsidies**

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

**• Provident fund**

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

**• Other welfares and fringe benefits**

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

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

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

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

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

## 8.7.8 Human Resource Development

### • Human Resources Development Policy

The Bank focuses on human resource development and employee learning. From the first day, Orientation Program is provided to all staff levels, to build the understanding on corporate values and culture, organizational structure and key banking system and application; therefore employees can quickly adapt to the organization.

The Bank emphasizes in embedding TMB Way's core value, including Core and Leadership Competency, into our employees' development program, especially on Talent Management and Succession Planning. The Bank aims to develop talents in a comprehensive way, with a key objective to build future leaders for TMB as well as to develop succession planning for critical positions. The talent management program covers the talent identification criteria, nomination process and reviewing sessions among top executives committee. The development program is designed and customized to match the development needs of each talent group. The program approach is to integrate all learning solutions focusing on real-life experience. Closed collaboration with People Managers is required to monitor and follow up on the progress of the program and to ensure employee engagement. Senior Management also plays an important role to contribute to the program including the role of "Mentor" to help ensure the Bank has effective succession plan to sustain the business.

The Bank aims to develop the employees at headquarters and all branches based on TMB Way which is our core values to ensure that our people live with integrity and work professionally to deliver the great experiences for customers and stakeholders and fulfill their needs in order to drive the sustainable growth of the Bank.

### • Human Resources Development with the Business Plan Alignment

#### Core and Leadership Competency Training Roadmap

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



The significant factors are expected behaviors, required skills, and proficiency levels are used to analyze and develop the content of the curriculum that each employee must receive and develop the development methods as well as learning from direct experience and learning from each other. The integrated Classroom training and E-Learning are the most effective employee development for Classroom Training, the Bank has set a training path for employees throughout the organization. To create a sustainable learning environment and to encourage our employees to develop the required competencies to meet standard criteria.

### **Leadership Development**

The Bank is focused on the development of the leaders at all levels. Therefore, the program has been designed to align with the expected roles and responsibilities to be able to handle all the challenges. The program offers the curriculum to build the right mindset, skill set and tool set. “First Line Manager” is the focused group for development since these managers need to understand own responsibilities and continue to practice. They will learn to use all HR tools to be able to better manage the team. For middle-level of leaders and top management, the program focuses on widening the business perspectives and understanding key business challenges to prepare for rapid change in the industry. The program “Food For Thought” was developed to provide the learning opportunity to exchange views and share knowledge and expertise. This also includes the inspirational session and workshop run by many well-known professionals and experts in the world, normally organized twice a year.

### **Functional Expertise Enhancement**

Not only the Core & Leadership Competency based training programs, the Bank has also provided the essential functional training programs to our employees through classroom training and e-learning i.e. Credit Analysis, the Bank product knowledge, crucial rules and regulations and banking & financial system to maximize their performance outcome and accuracy.

### **Process Improvement to operational excellence**

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

### **Operational Risk Management**

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

In 2017, the Bank provides training to increase knowledge and skill which divided by courses, class, and employees attending courses as follows:

2017 Courses	No. of Courses	No. of Classes	Total No. of Attended Staff
Internal training courses	175	561	15,815
External training courses	155	169	477
<b>Total Internal/ External Training</b>	<b>330</b>	<b>730</b>	<b>16,292</b>
E-Learning study courses	4	4	15,091
Training courses for Branch	34	194	6,131
Training courses for SME	17	36	746
Training courses for WBG	29	144	2,988
Training course for license staff	10	44	1,940

Average employee's training are 32 hours/person

In order to develop human resources more efficiency and effectiveness. The Bank has developed a framework for Effective Learning Model and Digital Learning Model). It is a guideline to design in-house courses with the purpose of supporting entrepreneurs and is in line with the Bank's policy and business direction.

#### 8.7.9 Measures for employee security

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

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

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

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

Bank arrange the human resource who has the responsibility in conducting the monitoring on safety workplace alignment with the safety workplace law. The alignment shall cover for other safety workplace laws, organize fire drill at least once a year, organize fire prevention procedures training, and provide building structure safety inspection by outsourced personnel annually.

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

- Discussion session with respect to the safety
- Health and Safety day
- Create the safety poster and symbol
- Campaign regarding the using of safety equipment
- Join the external activities regarding the safety

**8.7.10 Human Capital Management (HCM)**

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

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

There are standard modules which are implemented as following

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

## 9. Corporate Governance

### 9.1 Corporate Governance Policy

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

In 2017, the Bank's Board of Directors has conducted the internal review of the applying of SEC's Corporate Governance Code for Listed Companies 2017 to the bank business in 2017. Bank's Corporate Governance Policy has been considered to be revised comply with the good corporate governance and international organizations, aiming at better management efficiency, integrity, absence of fraud and corruption, transparency and accountability so as to enhance confidence of shareholders, investors, stakeholders, society and all related parties.

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

#### Principles of Corporate Governance of the Bank

1. The Bank shall operate business with care, efficiency, and effectiveness for stability and sustainable growth in accordance with its organization culture, TMB Way is comprising of 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.

2. The Bank shall operate business in compliance with good corporate governance principles without fraud and corruption, and based on key fundamentals of accountability, responsibility, equitable treatment and transparency.

3. The directors and employees shall protect the Bank's benefits, whilst taking into account the benefits, rights and equality of stakeholders. This will enhance the confidence of both domestic and foreign investors and contribute to an increase of the Bank's share value.

4. The Bank shall operate business in compliance with laws, rules and regulations, and relevant regulatory requirements.

5. The Bank shall determine guideline to treat the stakeholders with fairness and transparency.

6. The Bank shall prevent any conflict of interest among the Bank, directors, employees and stakeholders, and to determine scope of responsibilities of the Board and executives to stakeholders.

7. The Bank shall determine comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.

8. The Bank shall accurate, complete and timely disclosure of the Bank's financial report and information affecting the decision-making.

## 9.2 Board Committees

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

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

The board committees comprise:

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

### (1) Board of Executive Directors

As of December 31, 2017, the Board of Executive Directors consisted of 5 members as follows:

	Name	Position	Note	No of the meeting in attendance (for Year 2017)
1.	Mr. Philippe G.J.E.O. Damas <sup>(3)</sup>	Chairman	Non-Executive Director	20/23
2.	Mr. Chumpol Rimsakorn <sup>(1)</sup>	Committee Member	Non-Executive Director	15/15
3.	Mr. Vaughn Nigel Richtor <sup>(4)</sup>	Committee Member	Non-Executive Director	22/23
4.	Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	22/23
5.	Mr. Boontuck Wungcharoen <sup>(2)</sup>	Committee Member	Executive Director (Chief Executive Officer)	21/23

#### Notes:

<sup>(1)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.

<sup>(2)</sup> Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Chief Executive Officer and Director in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.

<sup>(3)</sup> Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.

• The Board of Executive Directors meetings no. 1/2560, 5/2560, 9/2560, 15/2560, 18/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.

<sup>(4)</sup> Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.

• The Board of Executive Directors meetings no. 1/2560, 3/2560, 5/2560, Special session no. 1/2560, no. 9/2560, 11/2560, 15/2560, 18/2560, 20/2560 Mr. Vaughn Nigel Richtor joined the meetings through Skype system.

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

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

**The scope of responsibilities is as follows:**

1. To review business performance of the Bank in details on behalf of the Board.
  - 1.1 Review and recommend annual budget and business plan of the Bank including capital planning.
  - 1.2 Conduct tracking of financial result and performance by business segment of the Bank.
  - 1.3 Oversee performance of subsidiaries.
2. Review and recommend or approve large capital expenditure in relation to plan and strategy according to delegation of authority.
3. Review and recommend new business models that are strategic for the Bank including equity participation.
4. Monitor progress of transformation that build capabilities of the Bank for the future.
5. Monitor progress of the branding and corporate communications programs.
6. Review the overall performance of the Chief Executive Committee and provide advice to management as appropriate on urgent or important issues and review the critical issues raised by the management and propose to the Board.
7. Undertake such additional tasks as are related to and considered by the BoED to be necessary to achievement of the foregoing responsibilities or as may be assigned to it by the Board.

**(2) Audit Committee**

As of December 31, 2017, the Audit Committee comprised of 3 members whose qualifications must conform to the Securities and Exchange Commission's requirements as follows :

	Name	Position	Note	No. of the meeting in attendance (for Year 2017)
1.	Mr. Singha Nikornpun	Chairman	Independent Director	12/12
2.	Mr. Christopher John King	Committee Member	Independent Director	11/12
3.	Mr. Praisun Wongsmith	Committee Member	Independent Director	11/12

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

1. Mr. Singha Nikornpun
2. Mr. Praisun Wongsmith

In 2018, Mr. Sunthorn Ruckpanich is secretary to the Audit Committee starting from January 1<sup>st</sup> onward.

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

**The scope of responsibilities is as follows:**

1. To review the Bank's financial statements to ensure accuracy and adequacy.
2. To review and ensure that the Bank has suitable and efficient internal control system and internal audit, and reviewing to ascertain that internal audit function is independence. Hiring, transferring, removal and performance appraisal of Chief Internal Audit shall be concurred by Audit Committee.
3. To review and ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
4. To select, nominate and recommend remuneration of the Bank's external auditor by taking into account the credibility, adequacy of resources, experience and independence including recommend dismissal of the External Auditor. The Audit Committee shall meet with the External Auditors without the members of the Executive Management being presented as often as it determines but at least once a year.
5. To approve audit-related and other services engagements with the Bank's external auditor.
6. To review connected transaction or transaction that may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and regulation and that transactions are entered with reasonableness for the benefit to the Bank.
7. To prepare audit committee report, signed by the chairman of the audit committee, and disclose it in an annual report of the Bank. The report should at least contain the following information;
  - (1) The audit committee's opinion regarding the accuracy, completeness and integrity of the Bank's financial statements.
  - (2) The audit committee's opinion regarding adequacy of the Bank's internal controls.
  - (3) The audit committee's opinion regarding compliance to the applicable laws and regulations.
  - (4) The audit committee's opinion regarding suitability of the Bank's External Auditor.
  - (5) The audit committee's opinion regarding transaction that may lead to conflict of interest.
  - (6) Number of the meeting held during the year and number of each member's attendance.
  - (7) Overall opinion arisen from discharging of audit committee's duties according to the charter.
  - (8) Other information, within the scope of the roles and responsibilities of audit committee, which is deemed to be necessary for shareholders and general investors
8. To commence investigation without delay upon being informed by external auditor of suspicious circumstance and report SEC and external auditor the preliminary result within 30 days. The Committee also report to the Board of Directors so that the board can rectify the issues within the timeline specified by audit committee on the following findings or suspected transactions or actions:
  - (1) Conflict of interest;
  - (2) Fraud, possible fraud, or significant deficiency of internal control;
  - (3) Breaching of the applicable laws and regulations.

In case where the Board of Directors or Executive Management failed to rectify the issues within the specified timeline, audit committee shall report such deed to the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and disclose in the Bank's annual report.

9. To review the appropriateness of corrective measures and actions taken by management in response to the reports or instructions from the Bank of Thailand, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and any other relevant regulators.

10. To review the accuracy and reliability of the financial statements of the Bank's subsidiaries, and to review compliance with the policies, processes and standards set by the bank for its subsidiaries, including those related to internal controls and audit.

11. To perform any other duties as delegated by the Board of Directors and agreed by the Audit Committee.

12. To perform other duties as required by law.

### (3) Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2017, the Nomination, Remuneration and Corporate Governance Committee comprised of 4 directors not holding executive position, namely:

	Name	Position	Note	No of the meeting in attendance (for Year 2017)
1.	Mr. Siripong Sombutsiri	Chairman	Independent Director	14/14
2.	Mr. Philippe G.J.E.O. Damas <sup>(2)</sup>	Committee Member	Non-Executive Director	12/14
3.	Mr. Chumpol Rimsakorn <sup>(1)</sup>	Committee Member	Non-Executive Director	10/10
4.	Mr. Christopher John King <sup>(3)</sup>	Committee Member	Independent Director	13/14

<sup>(1)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.

<sup>(2)</sup> Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.

• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 1/2560, Special session no. 2/2560, Mr. Philippe G.J.E.O. Damas joined the meetings through Skype system.

<sup>(3)</sup> Mr. Christopher John King

• The Nomination, Remuneration and Corporate Governance Committee meetings Special session no. 2/2560, Mr. Christopher John King joined the meetings through Skype system.

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

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

### The scope of responsibilities is as follows:

#### Nomination

1. Review and recommend to the Board policies, criteria and methods for the recruitment, selection and nomination of

(a) Members of the Board

(b) Members and chairpersons of each Board Committee of the Board

(c) Representatives of the Bank as directors, chairpersons and chief executives of companies which are Subsidiaries or where the Bank is entitled to nominate one or more representatives as director

(d) Senior Management

2. Screen, shortlist and propose to the Board for nomination or appointment qualified candidates for the positions mentioned in 1 above.

3. Recommend to the Board appropriate succession plans for executive.

4. Review and monitor the implementation and effectiveness of the policies, criteria, methods and plans referred to in 1 and 3 above and report thereon to the Board at least annually.

### **Remuneration**

1. Review the overall remuneration structures policies and practices of the Group, including those on benefits, performance evaluation, incentive awards and severance payments, to ensure they are consistent with the decisions of the Board and the Bank's culture, objectives, strategy and control environment, promote long term shareholder value, and take fair account of the roles, responsibilities, management of risk and performance of the individuals concerned, and of market benchmarks; and make recommendations to management and the Board as appropriate.

2. Recommend to the Board (subject to further approval by the shareholders where required) the amount of actual remuneration and benefits of members of the Board and of Board Committees.

3. Approve (or in the case of the CEO of the Bank recommend to the Board for approval) the actual remuneration and benefits, including any incentive award or severance payment, of Senior Management.

### **Corporate Governance**

1. Review and where appropriate recommend to the Board changes to applicable policies, codes, rules and guidelines to ensure the highest standards of good corporate governance and ethics in line with best international practice, and supervise, monitor and report to the Board at least annually on the implementation and effectiveness thereof.

2. Recommend to the Board the appropriate size and composition of the Board and Board Committees, and the mandates of each Board Committee.

3. Recommend to the Board policies criteria and methods for the periodic evaluation of the performance of the Board and Board Committees, implement the same and report the results to the Board.

### **Other Responsibilities**

1. Undertake such additional tasks as are related to and considered by the NRCC to be necessary to achievement of the foregoing responsibilities or as may be assigned to it by the Board

2. Make such reports and disclosures on its work to the Board, regulators, shareholders and the public as are required by applicable regulations or deemed appropriate in the interests of good governance.

**(4) Risk Management Committee**

As of December 31, 2017, the Risk Management Committee comprised of 5 members as follows:

	Name	Position	Note	No of the meeting in attendance (for Year 2017)
1.	Mr. Johannes Franciscus Grisel	Chairman	Non-Executive Director	10/12
2.	Mr. Siripong Sombutsiri	Committee Member	Independent Director	12/12
3.	Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	12/12
4.	Mr. Boontuck Wungcharoen <sup>(1)</sup>	Committee Member	Executive Director (Chief Executive Officer)	9/12
5.	Mr. Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	11/12

**Note:**

<sup>(1)</sup> Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Chief Executive Officer and Director in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.

Ms. Adchara Sarnsuwan performs the duty of Secretary to the Risk Management Committee

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

**The scope of responsibilities is as follows:**

1. To propose to the Board a policy for overall risk management, including major risks such as credit risks, market risks, liquidity risks, operational risks, strategic and reputational risks, etc.

1.1 To advise the Board on its risk appetite, tolerance and strategy for the Bank and its business units.

1.2 To recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite.

1.3 To approve significant policies and framework that govern the management of risks, including risk governance matters, and which have been delegated to RMC by the Board.

2. To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the financial institution's risks are at appropriate levels.

2.1 To approve the supplemental risk limits as defined in the relevant policies and frameworks.

2.2 To review the adequacy of the Bank's risk management policy and systems, and the effectiveness of policy and systems implementation in terms of identifying, measuring, aggregating, controlling and reporting these risks.

2.3 To review and monitor all risks and risk management practices, including internal control and compliance processes and systems.

3. To approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committees.

4. To report the risk management performance and all risk management matters and measures to the Board, and to the Audit Committee for any improvements needed to ensure the effectiveness of the policy implementation.

5. To advise on the development and maintenance of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact of their actions on the Bank and its business units.

6. To advise on the alignment of compensation structures in relation to the management of risk, within the Board's risk appetite.

### (5) Credit Committee

As of December 31, 2017, the Credit Committee composed of 5 members as follows:

	Name	Position	Note	No of the meeting in attendance (for Year 2017)
1.	Mr. Chumpol Rimsakorn <sup>(1)</sup>	Chairman	Non-Executive Director	16/16
2.	Mr. Johannes Franciscus Grisel <sup>(3)</sup>	Committee Member	Non-Executive Director	15/18
3.	Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director	18/18
4.	Mr. Boontuck Wungcharoen <sup>(2)</sup>	Committee Member	Executive Director (Chief Executive Officer)	13/18
5.	Mr. Franciscus Gerardus Rokers	Committee Member	Management (Chief Risk Officer)	14/18

#### Notes:

<sup>(1)</sup> Mr. Chumpol Rimsakorn was appointed as a director to replace Mr. Pongpanu Svetarundra from the 2017 Annual General of Shareholder's meeting on April 7, 2017.

<sup>(2)</sup> Mr. Boontuck Wungcharoen was Director and Chief Executive Officer until December 31, 2017. Mr. Piti Tantakasem was appointed as Chief Executive Officer and Director in replacement of Mr. Boontuck Wungcharoen starting from January 1, 2018 onward.

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

- The Credit Committee meetings no. 1/2560, 2/2560, 5/2560, 7/2560, 9/2560, 11/2560, 13/2560, 15/2560 Mr. Johannes Franciscus Grisel joined the meetings through Skype system.

In 2018, Mr. Ekanat Kieatinapasin is secretary to the Credit Committee starting from January 1<sup>st</sup> onward.

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

#### The scope of responsibilities is as follows:

1. To approve followings:

1.1 Credits

1.2 Credit restructuring

1.3 NPL write-off

1.4 NPA acquisition, NPA sales and NPA write-off

which exceed the management's approval authority, and are NOT related parties or group limits NOT exceeding the Single Lending Limit (SLL)

2. To review specific credit proposals for related parties or in which group limits exceed the SLL prior to submission to the Board for approval.
3. To review the credit decisions of the most senior executive credit committees.
4. To approve credit and related risks for transactional investments or underwriting commitments which exceed the management's approval authority.

#### **(6) Other committees of Management Level**

The Board or the Board Committees will appoint committees in management level for supporting the Board or Board Committee to perform duty under scope and responsibility approved by the Board or Board Committee. Committees in executive level which there are Chief Executive Officer and Chiefs as chairman are as follows:

##### **1. Chief Executive Committee (CEC)**

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

##### **2. Risk Policy Committee (RPC)**

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

##### **3. Non – Financial Risk Committee (NFRC)**

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

##### **4. Credit Underwriting Committee (CUC)**

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

##### **5. Credit Restructuring Committee (CRC)**

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

## **6. Asset and Liability Management Committee (ALCO)**

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

## **7. IT Steering Committee**

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

## **8. Human Resource Committee (HRC)**

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

## **9. The Disciplinary Action Committee (DAC)**

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

## **10. Complaint Management Committee (CMC)**

The CMC is to oversee, supervise and ensure that customers' complaints are properly managed.

## **11. Safety, Occupational Health and Work Environment Committee (Head Office)**

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

### **9.3 Recruitment of directors and top executive officers**

#### **9.3.1 Independent director and director nomination criteria**

For recruitment of directors, the Bank considers Board diversity including professional skills, expertise, experiences, and gender. The Bank required qualification of directors align with the Bank's strategy. In some case, the Bank recruits directors from considering of Director Pool data base.

#### **1) Recruitment of Independent Director**

The Bank has been aware that independent directors take a vital role in safeguarding the interests of the Bank and the minor shareholders. To enhance independence of the Board of Directors and manage conflicts of interest pursuant to the regulatory criteria and the corporate governance principles, the Board has formulated criteria for nomination of independent directors from professionals of diversified fields with proper qualifications and experience who can deliver

independent opinions and have fairness in the performance of duty. The Nomination, Remuneration and Corporate Governance Committee shall make preliminary consideration of the nomination of independent directors before submission to the Board meeting or the shareholders' meeting (as the case may be) for appointment thereof. The basic qualifications of an independent director shall be defined by the Bank which more stringent than that under the criteria set by the Capital Market Supervisory Board.

### **Qualification of Independent Directors**

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major shareholder, or any person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.

2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

3. Not be a person who having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of other directors, executives, major shareholders, a person having controlling power, or a person to be nominated as the director and executive or that who has controlling power over the Bank or its subsidiary.

4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

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

5. Not be and have not been an auditor of the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder

in material respect, a person having controlling power, a partner of an auditing firm for which the auditor of the Bank, or that of its parent company, subsidiary, major shareholder, or a person with controlling power over the Bank has been working, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

6. Not be and have not been a professional advisor, including legal or financial advisor, who obtains fee more than two million baht a year from the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power. The independent director shall not be and have not been a shareholder in material respect, a person with controlling power, or a partner of such professional service provider, unless the independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

7. Not be a director who has been appointed as a representative of the Bank's director, the major shareholder, or the shareholder related to the Bank's major shareholder.

8. Not engage in the business of the same nature as or competing with that of the Bank or its subsidiary. The independent director shall not be a partner in material respect in a partnership, or director participating in management role, an employee, officer, or advisor obtaining regular salary, or a shareholder holding more than one percent of total voting shares of any other company which engages in the business of the same nature as or competing with that of the Bank or its subsidiary.

9. Not have any characteristics that prevent the director from giving independent opinions on the Bank's operations.

## **2) Recruitment of Non-Executive Directors**

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

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

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

### **3) Appointment of member of the Board Committees**

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

#### **9.3.2 Recruitment of Executive**

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

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

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

### **9.4 Subsidiaries Supervision**

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

#### **9.4.1 Mechanism for Supervision**

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

##### **1. Financial Reporting Policy**

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

## 2. Risk Management Policy

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

## 3. Corporate Governance Policy, Policy on Confidential & Insider Information and Conflicts of Interest, and Anti-Corruption Policy

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

Policy on Confidential & Inside Information and Conflicts of Interest is applied both the bank and the subsidiary companies in order to prevent conflict of interest issue and misusing the internal information.

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

## 4. Compliance Policy

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

## 5. Corporate Communication Policy

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

## 6. Audit Policy

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

### 9.4.2 Representative Director Appointment

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

1. The Bank nominates directors by proportion of the Bank's shareholding.
2. Chairman of the Board must be appointed by the Bank's Board of Directors.

3. Managing Director or Chief Executive Officer's nomination must be endorsed by the Bank's Board of Directors. (The nomination of Managing Director of all companies in Solo Consolidation Group must be approved by the Bank of Thailand).

4. Chief supervising the subsidiaries companies proposes the Bank's executives as representative directors by:

4.1 Propose to the Board of Directors (BoD) the appointment of new representative directors through Chief Executive Committee (CEC), and Nomination, Remuneration and Corporate Governance Committee (NRCC) respectively or other guidelines that will be set up by the Board of Directors in the future.

4.2 Propose to the CEC the re-appointment of the existing representative directors.

5. The Bank may consider appointing outside expert to be a director as appropriate.

6. In case there are more than one Bank's representative directors in the subsidiaries, the Bank may nominate a Lead Director who are position Head of and above on to gather and propose information and performance for each company.

7. The person who is appointed to be a representative director could be appointed as managing director or authorized director or others. However, such person must not be appointed in aforementioned positions in more than 3 business groups.

8. Bank's representative director has no conflict of interest with the Company to which the Bank will send the representative director.

#### **9.4.3 Duty of Representative Directors**

1. All representative directors shall not receive any remuneration in terms of cash and non-cash for being representative directors.

2. Attend all Group Companies' Board meetings to determine the Group Companies' Policies and Strategies to align with the Bank, which a lead director will work with

2.1) Strategy and Transformation to ensure timely communication of direction and strategy from the Bank to representative Directors regarding business matters.

2.2) Related Chief/BU regarding oversight in TMB risk management area shall regularly report the summary of risk issues of the group companies to RMC of the bank every 6 months or as deem appropriate.

3. Supervise the operation of the subsidiaries to be compliance with Bank's policies, plans, rule and regulation efficiently and effectively, as well as ensure no Conflict of Interest issue.

4. Propose policy, strategy, performance and opinion to the Bank.

5. Report performance of the subsidiaries or any material change that may have an impact on the Bank such as capital increase/decrease of the subsidiaries, business sale and purchase/merging, change in financial status, change in business group or change in rules/regulatory bodies/specific laws of each business.

6. Monitor and protect all benefits of the Bank.

7. Other duty as specified by the Bank.

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

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

**9.5 Control on use of inside information****9.5.1 Policy and procedure on insider information**

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

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

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

Guidelines to prevent inside information the Bank prohibited the executives and staffs who have permanent or occasionally potential access to the Bank's inside information to trading securities until 24 hours after disclosure information to public. The executives and staffs shall not disclose the Bank's inside information to any of their family

members and/or other persons even though the staffs and/or their family members do not sell/buy the securities and/or do not gain any benefit in any form and to prevent for personal benefits and whatsoever or the others' benefits. Moreover, if there is any event that may have an effect to The Bank's securities price. Bank will set the additional period to prohibit relevant covered person regarding to trading The Bank securities.

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

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

### **9.5.2 Penalty measures**

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

## **9.6 Auditor's remuneration**

### **9.6.1 Audit fees**

The Bank and its subsidiaries paid audit fees to:

- The Bank and its subsidiaries' auditor in the previous accounting year amounting to THB 11,487,777.
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year.

### **9.6.2 Non-audit fees**

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

- The Bank and its subsidiaries' auditor in the previous accounting year totaling THB - together with future payment due to incomplete work in the previous accounting year totaling THB 574,000
- No payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year.

## 9.7 Other Corporate Governance Practices

The Bank continuously adheres to the Corporate Governance Policy (See detail in item 9.1 page 29) to ensure that the Bank's management system is efficient, free from corruption, transparent and accountable so as to build trust and confidence among its shareholders, investors, stakeholders, society and all related parties.

In 2017, the Bank implemented Corporate Governance guidelines in accordance with the good corporate governance principles of listed companies prescribed by the Principles of Good Corporate Governance for Listed Companies by SET and SEC's Corporate Governance Code for Listed Company 2017, Criteria of Corporate Governance Report of Thai Listed Companies - CGR by IOD, and international standard such as ASEAN Corporate Governance Scorecard (ASEAN CG Scorecard). The summary is as follows:

### 1. Rights of shareholders

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

#### Annual General Meeting of Shareholders

The Bank has policy to encourage all groups of shareholders including minority shareholders, institutional shareholders, and foreign shareholders to attend the annual general meeting of shareholders. In 2017, the Annual General Meeting of Shareholders was held at 14.00 hrs. on Friday, April 7, 2017, at the Auditorium, 7<sup>th</sup> Floor, TMB Head Office, 3000 Phahon Yothin Road, Chom Phon, Chatuchak, Bangkok. The date, time and venue of the Annual General Meeting of Shareholders were set taking into account mainly the convenience of the shareholders. The meeting procedures conformed to the good corporate governance principles as summarized below:

#### Before the Meeting Date

For the 2017 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET's communication system on March 3, 2017 or 35 days prior to the meeting date. The Bank also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Bank's website ([www.tmbbank.com](http://www.tmbbank.com)) in the section "Investor Relations" under the title of "Annual General Meeting of Shareholders" on March 3, 2017 or 35 days prior to the meeting date to enable the shareholders to have sufficient time to study the information. The Bank also assigned its registrar, Thailand Securities Depository Co., Ltd. (TSD), to deliver the said documents in printed copies to the shareholders 21 days before the meeting date, which was align with policy and longer than the legal requirement.

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

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

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

#### **On the Meeting Date**

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

In 2017, the Annual General Meeting of Shareholders was attended by a total of 3,485 shareholders and proxies holding an aggregate number of 29,815,608,147 shares which accounted for 68.06% of the total issued and paid-up shares. 9 out of 12 directors attended this meeting. The Chairman of the Board of Directors served as Chairman of the meeting, and Chairman of each board committee including the Executive Board of Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee were present to clarify and answer questions of relevant issues. The Chief Executive Officer and Chiefs were also present at the meeting.

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

During the meeting, the Chairman proceeded with the meeting in order of the items on the agenda. The Chairman also encouraged the shareholders to cast votes and raise questions and comments. Importance was given to all the

recommendations or comments made by the shareholders, with all questions comprehensively clarified and all useful suggestions brought into account.

The vote casting and vote counting were undertaken openly and transparently. Weerawong, Chinnavat and Partners Ltd., external legal consultant represented by Miss Thitawan Thanasombatpaisarn, and volunteers for shareholders, namely Mr. Pakanit Chansawang and Ms. Paksinee Kongsri, were invited to be inspectors of the voting method, collection of ballots, counting and the voting results on all agenda items. The Company Secretary announced the voting result of all agenda items.

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

#### **After the Meeting**

After the meeting, resolutions of the meeting were disclosed via the SET system on Friday, April 7, 2017, at 21.05 hrs. with voting details, i.e. approved, disapproved and abstain, of each agenda item. Minutes of the meeting which contained complete details including attendance record of the directors, clarification on key items, summary of questions, answers and comments during the meeting were submitted to the SET and related agencies within 14 days after the meeting date, and posted on the Bank's website ([www.tmbbank.com](http://www.tmbbank.com)), both Thai and English version, for verification by the shareholders. The Bank also arranged systematic filing for the minutes of the shareholders' meeting.

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

## **2. Equitable Treatment of Shareholders**

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

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

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

#### **Rights to profit sharing**

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

#### **Rights to regularly and timely obtain adequate information on business performance**

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

**Rights to attend the shareholders' meeting**

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

**Right to vote at the shareholders' meeting**

At each meeting of shareholders, the Bank specifies that the rights to vote shall be accordance with the amount of shares held by the shareholders, with one share equivalent to one vote. The vote counting will be carried out openly and accurately. The majority votes will be considered as the resolution except for special resolutions of certain cases set forth by the laws requiring the votes of at least three-fourths of the votes of all the shareholders attending the meeting and having the rights to vote. With regards to the voting method, the shareholders can vote to agree, not agree, or abstain from on each agenda in the voting card. The Bank collects the voting cards from the shareholders on every agenda item that needs to be voted for resolution. The barcode system is used for vote counting to facilitate fast and accurate process. The Bank will notify the shareholders of the voting result on every item once the counting is finished, divided into approval votes, dissenting votes and abstentions, as well as invalid ballots. The resolutions of the meeting according to the voting result on each item will be recorded in writing and all ballots will be kept for further examination.

**Right to propose agenda item and nominate persons to be elected as directors**

The Bank allows the shareholders to propose agenda items and nominate persons to be elected as directors in advance. The shareholders must comply with criteria specified by the Bank. At the 2017 Annual General Meeting of Shareholders, the Bank allowed the minority shareholders to propose agenda items and nominate persons to be elected as directors 3 months in advance prior to the ending date of the fiscal year or from October 1 onwards. Details, procedures and methods of the proposal and nomination were provided on the Bank's website ([www.tmbbank.com](http://www.tmbbank.com)) in "Investor Relations" section under the title of "Proposal of Meeting Agenda and Nomination of Directors in Advance" and to notify via the SET system.

**Right to appoint directors individually and determine directors' remuneration**

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

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

**Right to appoint Auditors and determine audit fees**

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

**Protection against abuse of inside information**

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

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

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

**3. Role of Stakeholders**

The Bank gives priority to equal treatment to all stakeholders to ensure they fully enjoy their rights with fairness and appropriate treatment. The Bank puts in place the system to handle customers' complaints and resolve their problems with prudence and fairness. Customer information shall be kept confidential and conditions under the agreements made with business partners shall be strictly complied. The Bank's business operations shall be based on fair, free from corruption and ethical competition. All employees shall be treated fairly and equally. Training shall be provided to enhance staff's knowledge, capacity, potential and efficiency and job rotation opportunity shall be offered to increase their performance efficiency. The Bank shall determine fair compensation scheme which is comparable to that of similar industry. The Bank shall also promote corporate governance culture within the organization.

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

In 2017, the Bank laid down relevant policies for all stakeholders as follows:

**Policy for Shareholders**

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

*The Bank's guidelines for shareholders*

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

See more details in "Rights of Shareholders" and "Equitable Treatment of Shareholders".

**Policy for Employees**

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

*The Bank's guidelines for employees*

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

In addition, the Bank continuously develops employees' capability by offering development programs for all levels of employees. Training program are classified many parts such as bank's business, professional area, and leadership & co-working through classroom training, digital training (E-Learning) and external training. In addition, the Bank places importance on Anti- Corruption, the Bank provides training programs on policy and guideline of Anti-

Corruption for employees by setting of classroom training for new employees and providing of digital training (E-Learning) for employees on yearly basis as the mandatory training course of the bank.

Details about the Bank's guidelines for employees are provided under "Human Resources Development" and "Measures for Employee Security".

### **Policy for Customers**

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

#### *The Bank's guidelines for customers*

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

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

In terms of digital banking service, TMB offers TMB Business Touch which is the first mobile business banking application in Thailand. Using both TMB SME One Bank and Business Touch, customers can transact for free with no condition attached. In addition, in Aug 2017, TMB is the first bank providing overseas money transfer service via mobile application, TMB Business Touch.

Apart from financial services, TMB also provide knowledge support for SME to grow in a sustainable way. The Bank has arranged Lean Supply Chain by TMB for 4 consecutive years. Invited speakers are experts from leading Thai educational institutions and private sectors. So far, TMB arranged 11 courses with more than 2,000 participants. The project helped improve SME cost efficiency and revenue generation or approximately THB 850 million in terms of value.

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

### **Policy for Business Partners**

The Bank operates business operation with partners sustainably and in long term and as good business alliances. The Bank has criteria for partner treatment, for example, in term of procurement, employment, leasing and high purchase. Qualified business partners are included in the Vendor List and price comparison is carried out before any

procurement, employment, leasing and hire purchase. In addition, The Bank carefully and strictly complies with the criteria for fairness to all parties and transparent, free from corruption, auditable practice so as to maximize mutual benefits.

*The Bank's guidelines for business partners:*

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

1 . Procurement officers and those related to procurement process shall perform duty impartially, honestly, independently and transparently regarding contact and coordination with suppliers.

2. Procurement officers and relevant persons, including their direct family members, who have direct or indirect interest with procurement and employment, for example, employee, director, partner or advisor of the sale company, shall not participate in considering the specific procurement whether there is remuneration or not.

3. Procurement officers and relevant persons, including their direct family members, shall not obtain any personal gain of commission, fee or token of appreciation from suppliers.

4 . In case of receiving presents and/or gifts, procurement officers and relevant persons, including their direct family members, shall comply with the regulation on "Accepting Gifts"

5 . Procurement officers and relevant persons, including their direct family members, should not be the one borrowing from or lending to the existing suppliers or suppliers who are making an offer to the Bank.

6. Procurement officers and persons related to procurement shall prepare self-declaration when the person related to procurement receives is considered under the selection process. This is to promote the transparency and avoid any conflicts of interest or corruption issues.

7. Procurement officers and persons related to procurement shall not disclose names of the persons selecting supplier, price, offer or technical information of procurement apart from public information of the selection team to those not being directly responsible or other suppliers to prevent non-transparent supplier selection and to provide fair treatment to all suppliers making price proposal to the Bank.

*The Bank's guidelines for selection partners:*

For selection partners, the Bank will not select partners who is broker but the Bank will select partner who are manufacturer, distributors, or distributing agent that there are goods itself as well as consider other important factors including type of goods or services, expertise and experience of business, financial status, history of business, faithfulness and experience of executive management, and information of goods' safety, as well as comply with the relevant applicable laws such as labor law, environmental law etc., especially the Bank give important on a partners who has anti-corruption policy and partner who certified by Collective Action Coalition (CAC) on anti-corruption. In addition, the Bank has checked conflict of interest between partners themselves and employees of the Bank.

**Policy for Creditors**

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

*The Bank's guidelines for creditors:*

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

**Policy for Competitors**

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

*The Bank's guidelines for competitors:*

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

**Policy for Investors**

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

*The Bank's guidelines for investors:*

See more details in "Disclosure and Transparency".

**Policy for Government Agencies**

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

**Policy on Social and Environmental Responsibility**

The Bank operates its business based on Corporate Social Responsibility (CSR) principles, supporting various activities to promote sustainable quality development of the society and environment. The Bank also builds good relationships with the communities in which the Bank operates, and allocates budget from its income to implement CSR activities according to the policy.

*The Bank's guidelines for Corporate Social Responsibility:*

See more details in "Corporate Social Responsibility".

**Policy on Compliance with International Human Rights Principle**

The Bank places importance on equality of all stakeholders and shall not commit any conduct that violates human rights, including discrimination on grounds of the difference in origin, race, language, age, education, institution, gender, disability, physical or health condition, personal status, economic or social standing. These practical policies have been specified in the Code of Conduct of the Bank.

*The Bank's guidelines for violation of human rights*

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

**Policy on Non-Violation Against Intellectual Property Rights or Copyrights**

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

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

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

**Anti-Fraud and Gift & Anti-Bribery Policy**

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

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

The Bank places importance on anti-bribery for the Bank's business benefits or anti-bribery in any business agreement with government and private organizations. The Bank also determines Gift, Entertainment & Anti Bribery Policy for use as guideline by the employees.

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

All employees have to report the received gift or the entertainment transaction if such transaction is exceed the criteria stated in the policy to Compliance. HR will remind all employees on such requirement on annual basis.

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

**Anti-Corruption Policy**

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

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

In addition, the Bank provides risk management process on corruption in Risk & Control Self-Assessment – RCSA process, guideline to protect and monitor risk from corruption, monitoring result of assessment from policy's implementation as well as provide training to employees to ensure that they have knowledge on anti-corruption policy and guideline.

See more details in "Anti-Corruption".

*The Bank's guidelines on anti-corruption:*

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

**Policy on Whistle Blowing or Complaints**

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

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

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

*The Bank's guidelines on Whistle Blowing or Complaints:*

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

**Policy on Management of Conflict of Interest**

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

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

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

*The Bank's guidelines on Manage conflict of interest:*

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

**Policy on Internal Control**

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

**Business Ethics and Code of Conduct**

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

**4. Disclosure and Transparency****Disclosure**

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

**Investor Relations**

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

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

In 2017, the Bank provided information to analysts and investors regularly as summarized in the table below:

Types of meeting	Number of times	Number of companies	Number of persons
One-on-one meeting	72	104	147
Analyst and Group Meeting	13	164	216
Investor Conference and Non-Deal Roadshow	4	29	48
<b>Total</b>	<b>89</b>	<b>297</b>	<b>411</b>

### **The Bank's website**

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

### **The Board of Directors' Responsibility for Financial Report**

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

## **5. Responsibilities of the Board of Directors**

### **Board of Directors' structure**

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

### **Composition of the Board of Directors**

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

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

4 Independent Directors (one-third of the total number of directors)

7 Non-Executive Directors

1 Executive Director

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

**Board Meeting**

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

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

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

**Non-Executive Directors and Independent Directors’ Meeting**

Non-executive directors and independent directors shall arrange meeting without presence of the executive directors to consider and discuss important issues. Normally the meeting shall be arranged after the Board of Director’s meeting.

**Independent Directors’ Meeting**

During year, the Independent Directors with opportunities to call meeting among themselves as deemed necessary to discuss issues of common interest without attendance of the executive.

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

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

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

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

**Terms of Directorship**

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

**Role Assumption of Directorship in Other Companies**

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

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

**Assumption of Position in Other Companies by Chief Executive Officer**

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

**Roles and Responsibilities of Chairman of the Board of Directors**

The Chairman of the Board of Directors is responsible as the leader of the Board of Directors, to act and responsible for monitoring and overseeing the effectiveness of committees' performance aligned with the bank's objective and target. Also, act as the Chairman of the Board of Directors' meeting and have a casting vote in case the Board of Directors' meeting has a tie vote. In addition, Chairman also act as the chairman in the Shareholders' meeting to ensure that the meeting is effectively and efficiently achieved.

**Roles and Responsibilities of Chief Executive Officer**

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

**Board of Directors**

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

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

**Board Committees**

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

**Company Secretary**

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

**Directors' Remuneration**

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

**Directors' Bonus**

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

**Directors' Performance Assessment**

The NRCC has arranged assessment of directors' performance in Board and Board Committees to reflect their performance efficiency and problems and obstacles during the year, the recommendation will be gathered for improvement consideration, and will send the assessment form that is approved by the NRCC to all directors.

**Assessment's Criteria**

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

**Assessment's Process**

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

1. Assessment of the whole Board of Directors' performance
2. Assessment of the performance of each board committee (i.e. Board of Executive Directors, Audit Committee, NRCC, Risk Management Committee and Credit Committee)
3. Self-assessment of individual Board member

**Assessment's Method**

1. The self-assessment of the Board of Directors shall be made by all Board members.
2. The self-assessment of the board committees shall be made by all members of the board committees, member of the Board (by volunteer) and the Bank's executives who take position in the board committees on an individual committee basis.
3. The self-assessment of individual board members shall be made by all board members.
4. The Board Secretary and secretary of each committee shall also join in the assessment.
5. Senior management at the chief level will participate in the assessment representing views of the management NRCC shall gather the result from the assessment and propose to Board of Director for acknowledgment and inform the result to the secretary of the Board Sub-Committees in order to review and adjust the relevant process for the efficient meeting.

**Enhancement of Directors' Training and Performance**

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

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

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

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

Currently, 4 of the existing directors had joined DCP program, 5 director joined DAP program and 3 Foreign directors who do not reside in Thailand have joined overseas training course which is equivalent to the program of IOD. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank's business, risk management, IT and director's responsibilities.

In 2017, the directors have attended the additional training courses and seminar as follows:

Directors	Training Courses and Seminar
General Chalermchai Sitthisad	• Directors Accreditation Program (DAP 143/2017), IOD
Mr. Singha Nikornpun	• Strategic Board Master Class Retreat 2/2017 (SBM 2/2017), IOD • Audit Committee Forum – Shareholder Question 2017, KPMG • The Seminar of Audit Committee, AC Hot Update, New CG Era beyond sustainability , Federation of Accounting Profession, SEC, and IOD
Mr. Praisun Wongsmith	• Ethical Leadership Program (ELP 10/2017), IOD • KPMG Pulse of Fintech Briefing Focusing on Blockchain, KPMG

The detail of their training courses are provided in the part of brief biography of the Board of Directors on appendix 1

### New Director Orientation

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

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

**Executive Succession Plan**

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

**10. Corporate Social Responsibility**

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

**10.1 Policy and Direction towards Social Responsibility**

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

**1. Fair Trade Practice**

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

**2. Anti-Corruption**

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

### **3. Human Rights**

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

### **4. Fair Labor Treatment**

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

### **5. Responsibility to Customers**

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

### **6. Community and Social Development**

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any business benefits. Currently, TMB I ING ParkRun is also one of the Bank's key CSR project, the annual mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

Besides, the Bank also joins with other organizations i.e., Thai Bankers Association (TBA) in "Savings for Change" Project. It is an educational project with an objective to promote a financial planning, financial discipline, and anti-corruption spirits among youths.

### **7. Environmental Management**

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

### **8. Innovations and Distribution of Innovations**

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

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

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

## 10.2 Sustainability Report

This Sustainability Report is a part of the Bank's Annual Report of year 2017 that contains the disclosure of the Bank's operations related to Corporate Social Responsibility and Environmental Management (CSR) during the period of 1 January 2017 – 31 December 2017. The report is based on the 8 principles of the Stock Exchange of Thailand's Guideline for Corporate Social Responsibility including:

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

## 10.3 Policy Implementation

In 2017, the Bank adhered to 8 principles of CSR which can be described as follows:

### 1. Fair Trade Practice

1.1 The Bank operates business with prudence, efficiency, and effectiveness for stable and sustainable growth in accordance with "TMB Way", the organization culture. TMB Way comprises of 5 core values namely Customer Centricity, Open Communication, High Performance, Risk Management and Integrity.

1.2 The Bank operates business in compliance with good corporate governance principles without fraud and corruption as well as adherence to ethic and code of conduct.

1.3 The directors and employees protect the Bank's benefits, whilst taking into account all stakeholders with fairness and transparency. This enhances the confidence of both domestic and foreign investors.

1.4 The Bank strictly operates business in compliance with laws, rules and regulations, and relevant regulatory requirements.

1.5 The Bank prevents any conflict of interest among the Bank, directors, employees and stakeholders, and determines comprehensive operational procedures, efficient internal control, as well as risk management system at international standard.

1.6 The Bank ensures that its information, both financial and non-financial, is disclosed correctly, completely, timely and transparently through channels that can be easily accessed by the public.

## **2. Anti-Corruption**

The Bank shall operate with fairness and responsibility to all stakeholders. The Bank operates aligning with principle of good corporate governance and code of conduct to ensure that its operation is transparent and corruption-free. The Bank also attained certified membership status in the Private Sector Collective Action Coalition Against Corruption (CAC).

The Bank defines anti-corruption policies, providing guidelines for directors, executives, and all employees to operate and conduct business in a transparent manner, prohibiting its directors, executives, and employees to bribe or offer gifts or money to individuals, government officials / government entities, or companies to gain undue business benefits or influence over business dealings. It also prohibits any engagement of corruption-including expression of interest or acceptance of such acts for the benefit of oneself or other persons.

The Bank defines employees' code of conduct on offering or accepting gift and giving or accepting entertainments from other individuals. Offering or accepting gifts or other benefits and giving or accepting entertainments are allowed only in proper manners without having any form of influence over decision making, offering or accepting bribery is also prohibited. In this regard, offering or accepting gift and giving or accepting entertainments from others in certain occasions are allowed based on tradition, custom or culture. This includes gift given to each other as per social manner which employees must be done carefully and in compliance with the Bank's policy on Gift, Entertainment & Anti Bribery.

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

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

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

### **3. Human Rights**

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

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

### **4. Fair Labor Practice**

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

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

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

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

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

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

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

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

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

## **5. Responsibility to Consumers**

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

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

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

others' benefits such as using details or confidential information of the Bank/customers to operate business competing with the Bank's/customers' businesses, or exploiting to gain any benefit from his/her authority and responsibility.

## **6. Community and social development**

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to drive the social responsibility mindset to communities without aiming for any business benefits. Currently, TMB I ING ParkRun is also one of the Bank's key CSR project, the annual mini-marathon project to raise fund for Cardiac Children Foundation of Thailand.

Besides, the Bank also joins with other organizations i.e., Thai Bankers Association (TBA) in "Savings for Change" Project. It is an educational project with an objective to promote a financial planning, financial discipline, and anti-corruption spirits among youths.

## **7. Environmental management**

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

1. Renovating the office area by changing the electronic bulb from the previous type to LED in order to save the power and the life of the equipment is longer than the previous fluorescent.

2. Renovating the office area environment by incorporating the energy saving concept as follow.

2.1. Changing the air conditioner from Split type to Variable Refrigerant Flow in order to save the energy

2.2. Limit the number of electricity equipment at each desk which causing energy saving.

2.3. Changing the curtain to be 100% UV reduction in order to protect the high temperature from external, this helping to reduce the external impact to the compressor then the energy is saved.

2.4. Installing the film to reduce UV in south and west area in order to protect the high temperature from outside building for saving environment.

2.5. Selecting the rubber flooring tiles which got the green certificate and using low V.O.C glue for environmental saving.

2.6. Using the dura clean wall paint in order to increase the brightness of the area and help reduce the number of electric bulb for saving environment

2.7. Changing Fresh Air System to increase the oxygen volume and reduce carbon dioxide within the whole office building causing the fresh air for the employee.

2.8. Changing AHU in the office area in order to increase the effectiveness of the compressor for saving energy.

2.9. Channing the chiller in the compressor to increase the effectiveness of the existing one for saving energy.

2.10. Changing the technology of the office elevator and service elevator to be Inverter and computer controller in order to increase the effectiveness of the service and saving energy.

2.11. Changing the technology of the escalator to be Inverter and computer controller in order to increase the effectiveness of the automation service which encourage and create the awareness for employees and the customers in saving the environment.

In addition, the bank also continue the environment saving program such as the recycle paper by donate the used paper to the other company for other uses or join the local program such as the plant forest project.

The bank take into the consideration for the electricity energy saving then the bank has initiated the electricity censor system in the toilet in order to save the electricity energy and effectively make use of the resources and lead to sustainability performance. The electricity energy usage in the head office and branches offices in 2015 – 2017 show the improvement as below.

Electricity Energy Usage	Unit	Year		
		2015	2016	2017
Head office	KWh	17,446,000	17,585,000	17,324,400
Branches offices	KWh	26,864,210	25,534,140	24,405,685

Nowadays, the climate change is considered as upsurge problem which the bank aware of this issue then the bank aim to reduce this problem. The bank is the business which indirectly generate CO<sub>2</sub> from the electricity generating as fossil burning. The bank then encourage the management and employee to reduce their electricity usage and reduce paper usage in avoidable printing under Shred to Share Project. In addition, the proper paper destruction methodology for environment friendly is launched, such project help the bank reduce the Global warming impact.

In 2017, the bank recycled of 67.98 Ton of paper it could reduce 17,674.80 Kgs of CO<sub>2</sub>, 7,477.80 Kgs of Coal, 3,399 M<sup>3</sup> of water (H<sub>2</sub>O).

The supporting information with respect to the above activities during 2014 – 2016 are shown as below.

Year	Destroyed documents (Tons)	CO <sub>2</sub> reduction (Kgs)	Coal reduction (Kgs)	Water reduction (M <sup>3</sup> )
2014	85.62	22,261.55	9,418.35	428.07
2015	139.54	36,279.98	15,349.22	6,976.92
2016	101.73	26,449.40	11,190.30	5,086.60

The bank also take into account for reducing the quantity of paper consumption then the bank encourage all managements and employees for co-operating in saving the using of paper, as well as aware of value of all papers. The bank aim to be paperless organization then the technology assistant also bring in for effectiveness management to be complete Electronic Banking. Volume of the paper usage in various supplies in the bank's operations process for deposit and withdrawal transaction during a couple years are as follow.

Supply	units	Year		
		2015	2016	2017
Deposit slip	slips	2,047	1,486	865
Deposit slip (CA)	slips	384,656	379,281	318,349
Deposit slip (copy)	slips	6,845	5,604	4,528
Withdrawal slip	slips	5,907	5,323	4,023
Debit / Credit advice	slips	792	661	498
Daily Account Passbook	books	1,289,600	1,192,400	1,033,100

The bank take into the account for saving water supply, in 2017 the bank put the campaign for all employee awareness in efficient consuming the water. The water supply usage in the head office and branches offices in 2015 - 2017 show the improvement as below.

Water Supply Usage	Unit	Year		
		2015	2016	2017
Head office	M <sup>3</sup>	142,435	105,778	150,558
Branches offices	M <sup>3</sup>	135,376	117,529	104,883

However, the increasing of water consuming in 2017 caused from Big Cleaning Cooling Tower, and Cleaning Building's water pipeline improvement, as well as Cleaning Building's water tank and fountain at the front of Office Building.

#### 8. The innovation development under social responsibility principles

Organizations around the world has increasingly engaged in corporate social responsibility activities nowadays. TMB is no exception. We truly realize the importance of good governance and social responsibility, driven by our brand's philosophy Make THE Difference.

Make THE Difference inspires TMB employees to work for the betterment of the societies and customers by offering innovative financial products and services. As customers' lifestyle could change over time, TMB therefore never stop to develop products and services that fit with customers' needs. Last year, for instance, TMB brought in digital technology to enhance our services and efficiency as digital banking has played more important role these days. Key developments are as follows.

- For SME customers

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

In terms of digital banking service, TMB offers TMB Business Touch which is the first mobile business banking application in Thailand. Using both TMB SME One Bank and Business Touch, customers can transact for free with no condition attached. In addition, in Aug 2017, TMB is the first bank providing overseas money transfer service via mobile application, TMB Business Touch.

Apart from financial services, TMB also provide knowledge support for SME to grow in a sustainable way. The Bank has arranged Lean Supply Chain by TMB for 4 consecutive years. Invited speakers are experts from leading Thai educational institutions and private sectors. So far, TMB arranged 11 courses with more than 2,000 participants. The project helped improve SME cost efficiency and revenue generation or approximately THB 850 million in terms of value.

- For retail customers

The Bank never stops to seek for and deliver better customers' experience. In 2017, TMB went even further by giving a bonus interest rate of 0.30% to TMB No-Fixed account if customers transact via TMB All Free at least 5 times a month. This reflected the Bank's value creation to customers.

In terms of financial service, TMB has used digital technology as a tool to understand customers' lifestyle. With the core concept of Need-based and Simple & Easy, the Bank has developed and add more functions and features on TMB TOUCH to uplift customers' digital banking experience. The services on TMB TOUCH ranges from PromptPay money transfer, quick balance checking, self-card management, card activation or deactivation and cash transfer request. Mutual fund trading and QR Code payment are also provide on TMB TOUCH. Moreover, TMB launched TMB WoW, a loyalty program for customers to collect points from banking with TMB. Customers then can redeem their points through collections of gifts and goods from leading partners. This is one of the evidence, showing how TMB uplifted customers' experience and also a transition to cashless society.

Next example is ME by TMB. In 2017, TMB is the first bank launching ME BOT, an artificial intelligence conversational tool used to engage with customers in banking category as part of instant messaging configured in ME by TMB Facebook Fanpage. The service is available 24 hours and real-time. In addition, ME by TMB Mobile App was also improved as now customers can log in with the 6-digit PIN or fingerprint, providing more convenient. replaced traditional user name and password.

Mutual fund service is also reflected our continuous improvement and innovation. TMB is the first bank to offer mutual fund open architecture platform which allows customers to conveniently purchase mutual funds with confidence from 8 leading asset management companies, all at one place. In 2017, TMB launched TMB Advisory, an investment advisory service provided to customers via 25 branch locations, free of charge, through VDO conference. Customers also have other options of calling TMB Contact Center 1558, signing up with Line @TMBadvisory to receive daily market updates, or even a self-navigating through TMB Advisory website.

#### 10.4 In-process business that impacts to social and environment

The Bank operates business with responsibility in social and environment. In 2017, The Bank has not been investigated in case of violation of any social and environment law by government agencies, and also has not been publicized of any case that would impact the Bank's operation, reputation or trust.

The Bank takes into the account for saving water supply, in 2017 the Bank still continues using special T-shirt for TMB I ING Park run program for several years. The water supply usage in the head office and branches offices in 2015 - 2017 show the improvement as below.

Water Supply Usage	Unit	Year			Total Water Supply Saving (3-year)
		2015	2016	2017	
TMB ING Park run	(M <sup>3</sup> )	240,000 L.	360,000 L.	300,000 L.	900,000 L.

#### 10.5 After Process CSR

Besides in-process CSR, where the Bank integrates the principles of social responsibility into its business operations, the Bank has also established sustainable after-process CSR projects that reflect Make THE Difference Philosophy through FAI-FAH Programs as follows:

##### FAI-FAH by TMB Foundation

With the aim to create the sustainable changes to the society, FAI-FAH under the management by TMB Foundation has been established. The introduction of the 1<sup>st</sup> FAI-FAH center has been set up since 2010, an art-inspired learning center, that offer skill enhancing activities such as arts, sport, music, etc., to community kids aged between 12 - 17 years old. FAI-FAH kids are allowed to select up to two of the classes offered at center, and could participate in the classes up to three years free of charge. In addition, each year FAI-FAH would initiate so called "Community Improvement Project" which aims to improve community in the sustainable way by focusing on the actual needs of people in the community. Through this platform, FAI-FAH kids are encouraged to set up the theme of the project for each year and use the skills learned from FAI-FAH to give back to their community with the key supports from the Bank's volunteers. This is to promote the mindset of "giving back" among the FAI-FAH kids and also the Bank's employees under the philosophy of Make THE Difference.

Currently, FAI-FAH have four centers across the area of Bangkok in order to expand more opportunities for the community kids which are Pradiphat (opened since 2010), Prachautis (opened since 2012), Chan (opened since 2012), and Bangkok Noi (opened since 2015).

In 2017, FAI-FAH has inspired more than 150,000 kids throughout various FAI-FAH programs. FAI-FAH aims to extend its reach to help further in other area with collaboration from various partners. For instance, the continuous collaboration (2nd Year) with Yuvabadhana Foundation who helps providing operational supports on managing scholarship for FAI-FAH kids as well as the 3rd year collaboration with Buddha Bhucha school to set up FAI-FAH Club in order to increase opportunities to enhance Art & Life skills learning among community kids at school. With these collaboration from vision-sharing partners in helping kids from community, FAI-FAH will be a society's platform that empowers kids to fulfill their dreams and become change catalysts that drive better changes to the society.

Year 2017 is considered as another great year of Community and Volunteer engagement. The Bank's volunteers from nation-wide branches as well as Head Office have participated in Community Improvement Projects or FAI-FAH IN A BOX program, in which volunteers from branches would visit community around the branches, explore their needs, and come up with sustainable community improvement projects that serve those needs. More than 4,000 TMB's volunteers have led and supported 37 community improvement projects for better & sustainable changes across the nation in 2017.

Below are examples of Community Improvement Projects that TMB volunteers have dedicated their extra efforts to give back and ripple out Make THE Difference to the communities :-

- "Volunteer matching program for Blind kids" Project in Bangkok in which TMB volunteers have led and worked with the Bangkok School for the Blind to develop online Volunteer Matching program to facilitate Volunteers as well as answer the real needs from the Blind together with PR program to recruit more volunteers. Besides, online volunteer manual is also set up to educate Volunteers on how to support the Blind better.
- "School Bank for Children with Special Needs" Project at Anusarnsunthorn School for the Deaf in Chiangmai. This project is initiated to promote and cultivate knowledge about savings among special-need children. Sign language handbook has been developed to communicate with hearing-impaired people to improve the quality of their life under the "TMB Make THE Difference" concept. This project is a collaboration between people with normal hearing and those with hearing impairment to help them co-exist better in the society.
- "Tuam-Yuu-Dai" Project in Southern Part of Thailand in which is initiated from the root cause of the flood problems that affected the lives of communities in Southern provinces. The concept of "Tuam-Yuu-Dai" has been co-created by TMB Volunteers from 3 key provinces (Suratthani, Pattalung & Trung), for example, "Tuam-Yuu-Dai : floating vegetable garden" project in Suratthani province to improve and support the villagers' cultivation of floating vegetable garden. The floating vegetable garden was a creative solution to

fight with floods so TMB collaborated with the villagers to build learning center at Bann-Nong-Chok school to educate villagers and support them as another tool to generate extra income esp., during floods.

In addition to the above, TMB also initiated and partnered with other organizations for CSR purposes including :-

- TMB I ING PARKRUN 2017, Mini Marathon activity to support Cardiac Children Foundation of Thailand. This program has run consistently for 3 years (since 2014) with total donation amount 9.8 Million Baht to support altogether 489 beneficiary children during 2014-2016. In 2017, as of Dec 2017, the donation amount plus TMB Top up are at 8,243,301.8 Baht with an expected beneficiary of 412 children under the Cardiac Children Foundation.
- Saving for Change (2nd year, 2016-2017): TMB Bank Public Company Limited, as one of the fifteen members of the CSR Club under the Thai Bankers' Association has been continuing to support the Saving for Change Project. This is to build the foundation for financial planning, financial discipline, and anti-corruption spirits among the youths as part of the solid foundation for economic and social sustainability for the future. The key successful deliveries for this year are as follows:
  1. Provide training for 133 trainers from Thai Bankers' Association members in giving financial literacy for the youths.
  - 2 Train 614 leadership students from 10 universities in which 216 students are considered as Peer educators to expand their financial knowledge to communities.
  3. Develop financial curriculum to be eligible for student leaders to share knowledge and virtue.
  4. Build positive attitude among Youth and entrepreneurs towards Banking industry through educating financial literacy to underprivileged kids
  5. Be a pilot project to encourage better financial literacy to the society to honor the Queen Sirikit in which there are 66 participated pilot companies during 2016-2017.

FAI-FAH, the core CSR program inspired by TMB together with TMB Volunteers are committed to continue creating the ripple effect that could make our society better in a sustainable way according to our TMB Make THE Difference philosophy.

**11. Internal and Risk Management Control****11.1 Opinion of the Board of directors on Internal Control and Risk Management**

Internal control is an important cornerstone of the bank's operating model and strategic direction, both at management and operational levels, emphasizing sound organizational structure, segregation of duties, and delegation of authority of decision-making. This to ensure that the interests of all the bank's stakeholders and the bank own benefits are appropriately taken into account. The Board of Directors (through the Audit Committee, Risk Management Committee, and Nomination, Remuneration and Corporate Governance Committee) has been tasked with oversight of internal controls, risk management policies & processes and good governance. Audit carries out reviews over the Bank's overall operations, related and connected transactions and reports findings to the Audit Committee and the Audit Committee reports to the Board of Directors accordingly. This in order to provide assurance to Directors and support Directors and Management with reporting in order to take initiatives, if deemed appropriate.

The Board of Directors meeting no. 1/2561 held on 24 January 2018, attended by members represented in the Audit Committee, has reviewed the report on the Bank's internal control assessment proposed by Head of Audit. Internal auditors conducted the assessment based on the Internal Control Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

The Bank's internal control and risk management are generally at the appropriate level which require continual improvements in order to meet changes and emerging risk in business environment of digital world. The Board of Directors is aware of the current status of the Bank's internal controls, risk management, and exercises supervision over management's efforts on ongoing internal control improvement. Moreover, Audit Committee has recommended management taking remedial actions to address identified deficiencies and reporting progress to the committee and the Board of Directors on a regular basis.

**11.2 Statement of the Audit Committee**

In 2017, the Bank's Audit Committee, served fully by independent directors who were not the bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarized as follows.

1. Review the Bank's financial statements to ensure accuracy and adequacy.
2. Review and ensure adequate and efficient internal control.
3. Review connected transaction or transaction which may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and SET regulation and that transactions are entered with reasonableness for the benefit to the Bank.

4. Review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
5. Select and propose to the Board of Directors and Shareholder meetings the appointment including propose dismissal of Bank's external auditor and annual audit fee. In addition, the Committee is responsible for approving other non-audit-related engagements with the Bank's external auditor.
6. Closely supervise the Bank's internal audit function including approving internal audit plans and assessing audit performance to ensure sufficient audit resources and that all auditing activities were independently and effectively conducted in accordance with the regulatory requirements.
7. Review and follow up on observations of regulators, and external and internal auditors to ensure appropriate response actions.

The Audit Committee held 12 meetings in 2017, and the attendance record of each committee member is reported in the Shareholding and Management section in the Annual Report. Overall, the Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. Relevant executive officers were invited to attend and clarify issues in the meetings. The Audit Committee made inquiries and took into account clarifications from the Management and the external auditor as to the accuracy and adequacy of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with external auditor that the Bank's financial reports fairly present accurate and reliable information in material aspects in compliance with generally accepted accounting principles. In addition, any transactions which may cause conflict of interest were reviewed to verify they were reasonable and appropriate, most of them being found to be in the normal course of business or supporting normal course of business conducted on an arm's length basis. Furthermore, the Audit Committee has assessed the performance, independence of external auditor and also periodically changes of the external auditor has been made appropriately and compliance with the regulatory requirement. The Audit Committee agreed to propose the Board of Directors to seek shareholders' meeting approval on the appointment and remuneration of the independent auditors of KPMG to be the Bank's independent auditors for the year 2018.

The Bank's internal control systems and regulatory related compliance are generally at the appropriate level which require continual improvements in order to meet changes and emerging risk of business environment in digital world. The bank continually pays high attention to the internal control execution and enforcement, providing necessary training to the staff including follow up issues, investigation, root causes and corrective measures, imposing of disciplinary action to assure internal control effectiveness. Moreover, Audit Committee has emphasized the management to take remedy actions to address deficiencies identified and report progress to the Audit Committee regularly.

**11.3 Gate Keepers****11.3.1 Detail Heads of Internal Audit**

The Board of Directors has appointed Mr. Sunthorn Ruckpanich to hold position of Head of Internal Audit starting from January 1<sup>st</sup>, 2018 onward. (see more detail of education, work experience, and training in attachment 1).

**11.3.2 Detail Heads of Internal Audit and Compliance**

The Board of Directors has appointed Mr. Varoon Kanjanapoo to hold position of Head of Compliance. (see more detail of education, work experience, and training in attachment 1).

**12. Related Transactions****12.1 Transactions with related parties which occurred during the year**

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, related parties transactions with key management and other related parties, outstanding balances with related parties, senior management personnel compensation, other benefits payable to the senior management personnel, were disclosed in notes to financial statements for the year ended December 31, 2017.

**12.2 Measures or procedures to approve the making of related transactions**

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

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

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

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

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

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

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