ANNUAL REPORT 2019

THANACHART CAPITAL

PUBLIC COMPANY LIMITED

ธนชาต Thanachart



THE VISION

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Principles of Business Operations of Thanachart Group

1. To compete in a morally responsible and ethical manner, achieving a good performance while taking into account both short-term and long-term effects.

2. To operate its businesses by respecting and being responsible for its shareholders and stakeholders.

3. To adhere to the business operations which care for the society and development or mitigate negative impacts on the environment.

4. To be able to make adjustments amidst changes in factors.

Vision

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

FINANCIAL HIGHLIGHTS

As at or for the year ended 31 December

	CONSOLIDATED				
	2019	2018 (Restated)	2017	2016	2015
Operating Performance (Million Baht)					
Interest Income	**4,339**	4,074	44,681	45,208	48,640
Interest Expenses	**1,599**	1,515	15,511	16,740	20,910
Net Interest Income	**2,740**	2,559	29,170	28,468	27,730
Non-interest Income	**4,863**	5,546	13,402	12,231	12,474
Net Operating Income	**7,603**	8,105	42,572	40,699	40,204
Other Operating Expenses	**3,153**	3,019	20,836	21,025	20,319
Impairment Loss of Loans and Debt Securities (Reversal)	**(316)**	302	6,236	6,210	8,600
Profit before Income Tax	**4,766**	4,784	15,500	13,464	11,285
Income Tax	**1,367**	927	1,159	853	225
Profit for the year from continuing operations	**3,399**	3,857	14,341	12,611	11,060
Profit for the year from discontinued operations	**13,361**	11,949	-	-	-
Profit for the Year	**16,760**	15,806	14,341	12,611	11,060
Profit attributable to the Company	**10,807**	7,839	7,001	6,013	5,436
Profit attributable to Non-controlling Interest	**5,953**	7,967	7,340	6,598	5,624

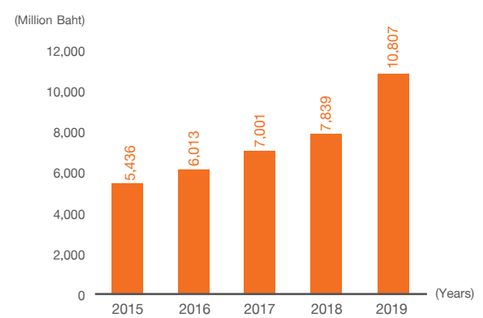
As at or for the year ended 31 December

	CONSOLIDATED				
	2019	2018	2017	2016	2015
Operating Performance Ratios (Percent)					
Return on Average Assets (ROAA)	**1.67**	1.54	1.45	1.29	1.12
Return on Average Equity[1] (ROAE)	**15.70**	12.25	11.80	10.89	10.48
D/E Ratio (times)	**1.17**	6.69	6.88	7.07	7.96
Financial Position (Million Baht)					
Loans to Customers	**56,266**	754,613	712,761	692,046	714,628
Total Assets	**160,927**	1,060,929	1,025,525	966,867	997,581
Total Liabilities	**86,868**	923,011	895,455	847,016	886,258
Total Equity	**74,059**	137,918	130,070	119,851	111,323
Equity Attributable to Owners of the Company	**65,833**	65,735	62,020	56,891	52,674

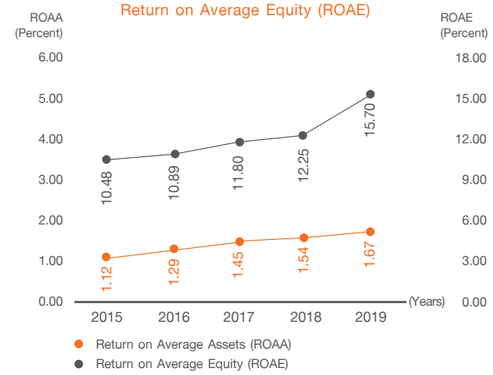
As at or for the year ended 31 December

	CONSOLIDATED				
	2019	2018	2017	2016	2015
Common Share Information					
Information per Share (Baht)					
Basic Earnings per Share	**9.43**	6.74	6.01	5.16	4.61
Book Value	**57.46**	57.15	53.23	48.83	45.21
Dividend[2]	**5.20**	2.60	2.20	2.00	1.80
Common Shares Outstanding (Million Shares)					
Average-Basic	**1,146**	1,164	1,165	1,165	1,179
End of Year	**1,146**	1,150	1,165	1,165	1,165
Share Price[3] (Baht)					
Highest	**59.50**	60.25	58.00	44.75	37.00
Lowest	**50.25**	46.25	43.75	33.00	28.25
Closing	**53.50**	49.75	56.25	44.00	36.50
Market Capitalization (Million Baht)	**62,334**	57,965	65,539	51,266	42,527
Other Information					
Employees[4]	**2,062**	13,893	13,885	14,763	14,905

Net Profit of the Company



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



Notes:

[1] ROAE is calculated from equity attributable to owners of the Company

[2] Dividend per share for 2019 is interim rate paid and special interim rate paid

[3] Local Board / Highest and Lowest Share Prices During the Year

[4] Number of employees in 2019 excludes employees of TBANK, TFUND, and TBROKE



GREAT VISIONARY

Walk **forward**
to **realize**
all the shared **dreams**



HARMONIZATION PROGRESS

Collaborate
creatively, passionately
and **professionally**



DESIRABLE
PROFITABILITY

Assortment of **products**
to meet assorted **needs**



INSPIRING OPPORTUNITIES

Engage in
financial literacy
for the betterment of all

Thanachart's Four Decades of Success

Thanachart whose original name was Lee Kwang Min Company Limited (Lee Kwang Min) was established forty years ago. In the beginning, the company was just an exporter of clothes. Later, it changed its business to finance and securities under the name of Lee Kwang Min Trust Company Limited (Lee Kwang Min Trust). In fact, it was one of the first finance and securities companies in Thailand.

Lee Kwang Min Trust could well be considered the main foundation of today's "Thanachart Group" a financial group which had always achieved great success. Later, its name was changed to Capital Trust Company Limited until the Raja Finance crisis. As a consequence, with the approval of the BOT, in 1980 Siam Commercial Bank helped turn around the Company and changed its name to National Finance and Securities Company Limited, which served as a starting point of "Thanachart Group".

Since then, "Thanachart" has evolved and grown gradually. It has expanded into various finance-related businesses and eventually covered every area of financial business. Finally, it has become a leading financial group of the country, which is widely recognized today.

"Thanachart has evolved and grown gradually. It has expanded its businesses and covered every area of financial business. Finally, it has become a leading financial group of the country."





Key Milestones on the Journey to Success

1980

National Finance and Securities Company Limited was established.

1989

National Finance and Securities Company Limited acquired an equity stake in Ekachart Finance and Securities Company Limited.



1997

The Company separated its finance and securities businesses. In this connection, National Finance Public Company Limited operated finance business while National Securities Company Limited operated securities business.

National Life Assurance Company Limited and National Insurance Company Limited were established.



1998

National Finance Public Company Limited acquired an equity stake in Government Savings Mutual Fund Management Company Limited and changed the latter name into National Asset Management Company Limited.



2000

National Finance Public Company Limited established Max Asset Management Company Limited and N.F.S. Asset Management Company Limited respectively.

Zurich Financial Services became a business alliance of Thanachart by acquiring an equity stake in National Life Assurance Company Limited and changed the latter name into Zurich National Life Assurance Company Limited.

2002

Thanachart Group received a license to operate a commercial banking business from the Ministry of Finance.

Ekachart Finance Public Company Limited changed its business from finance to commercial banking business and changed its name to Thanachart Bank Public Company Limited (TBANK).



2005

National Finance Public Company Limited bought back the ordinary shares of Zurich National Life Assurance Company Limited from Zurich Group and changed the name of the Life Assurance Company to Thanachart Life Assurance Company Limited.

The Ministry of Finance approved the business restructuring of Thanachart Group's financial institutions into a financial conglomerate in line with the One Presence Policy of the Financial Sector Master Plan.

2006

National Finance Public Company Limited returned its finance business license and changed its name to Thanachart Capital Public Company Limited (the Company), which was in line with the Finance Ministry's Financial Sector Master Plan.

2007

Thanachart Group's shareholding structure was changed. In this connection, the Company only held shares of TBANK and asset management companies while TBANK held shares of the subsidiaries which operated finance business and the supporting businesses.

Scotiabank became a business alliance of TBANK and acquired a 24.99 percent equity stake in TBANK. Later, it increased its equity stake to 49.00 percent in 2009.

2010

TBANK bought a 47.58 percent equity stake of Siam City Bank Public Company Limited (SCIB) from the Financial Institutions Development Fund (FIDF) and made a tender offer to buy shares of other retail shareholders. As a result, TBANK totally held a 99.95 percent of SCIB's shares.



2011

SCIB transferred its entire business to TBANK on 1 October 2011. As a result, TBANK became a leading commercial bank of the country, with increases not only in assets and channels to reach customers through branches and ATMs, but also in customer base.

2013

TBANK and Prudential Life Assurance signed an exclusive bancassurance agreement to cooperate in the introduction of life assurance products and services through TBANK's branches for a period of 15 years. In this connection, TBANK sold its 100-percent equity stake in Thanachart Life Assurance to Prudential.





2014

The Company and MBK Public Company Limited jointly purchased all ordinary shares of Siam City Life Assurance Public Company Limited from TBANK and later changed the name to MBK Life Assurance Public Company Limited.

2019

Thanachart Group restructured its businesses to facilitate the merger plan between TBANK and TMB.

TBANK and TMB reached a merger agreement for the purpose of raising the merged bank into a large-sized commercial bank of the country, with customer base of over 10 million.



“TBANK” a Key Mechanism for Driving Thanachart Group Forward

22 April 2002 - the Date on which TBANK Commenced Its Operation

TBANK officially opened for business on 22 April 2002. Its headquarters was located at Tonson Tower on Ploenchit Road. During the initial phase, TBANK operated its business with a restricted banking license by having total assets of about 50 billion baht. It took only two years before TBANK received an approval from the Ministry of Finance to offer two more types of service. The first type was deposit taking through current accounts by using checks and also offered overdraft facility. The second type was concerned with foreign exchange. As a result, the scope of financial services offered by TBANK had been considered as a full licensed commercial bank. TBANK continued to register strong growth and kept operating its businesses with continuous success. Now in 2019, its total assets reached over one trillion baht.

Over the past 17 years, TBANK served as a key mechanism for driving Thanachart Group forward. During the journey, there were major events as follows:

Ekachart Finance – the Origin of TBANK

In 1999, the Company formerly National Finance Public Company Limited (NFS), which was the parent company of Thanachart Group, submitted an application for a restricted banking license from the BOT. In this connection, in collaboration with four other finance companies, Ekachart Finance Public Company Limited played a core role in the establishment of a new bank. The four companies included NF Finance Public Company Limited (formerly HSBC Finance and Securities Company Limited), Bangkok Home Company Limited, Sinkahakarn Credit Foncier Company Limited, and Vanit Credit Foncier Company Limited. Later in 2002, the Ministry of Finance approved the granting of the restricted banking license to Ekachart Finance. In this connection, Ekachart Finance returned the finance business license to the authority and changed its name to “Thanachart Bank Public Company Limited” later.







Being the First Bank to Give Auto Hire Purchase Loans and Continuously Maintaining Leadership in the Auto Hire Purchase Sector

In 2005, TBANK was the first bank to offer the auto hire purchase service. Previously, only finance companies were allowed to operate this type of business. At that time, Thanachart Group was known for a remarkable hire purchase business operator which operated under NFS. Later, TBANK managed to secure its leadership position from the Company in the auto hire purchase market. The leadership has been successfully maintained until today.

Scotiabank, an International Bank, Became a Business Alliance

In 2007, Scotiabank, which was widely recognized as one of the most stable banks in the world, acquired a 24.99-percent equity stake in TBANK. Later, it increased its equity stake to 49 percent in 2009.



TBANK Merged with SCIB and Became the Country’s Leading Bank

The year 2013 was regarded as a very important year for TBANK’s growth since TBANK succeeded in buying the equity stake in SCIB from the FIDF and in buying the remaining ordinary shares of SCIB from its retail shareholders. As a result, TBANK became a major shareholder of SCIB. In October 2011, the integration between TBANK and SCIB was successfully completed. The merger was recognized as an important historical event in Thailand’s commercial banking sector and was in line with the state policy which encouraged consolidation of small banks into a large bank. The objective was to strengthen the financial institutions system and the country’s overall economy. The merger enabled TBANK to become prepared in terms of more capital and more channels for giving services to customers, both individual and institutional, in a broader range of businesses. As a result, TBANK had more control in managing its revenue. In consequence, it became stable and was well prepared for high growth.



TCAP Foresaw the Potential of the Merger between TBANK and TMB

The major change of Thanachart Group took place again in 2019 when it was proposed that TBANK merge with TMB. This represented a strategy of the Company as a financial holding company to generate a sustainable return to shareholders in the long term. In this connection, the Company would receive benefits and share of income from being one of the major shareholders of the merged bank after the merger. The bank would be larger and have greater growth potential as well as higher profitability in the future.

In relation to the merger, the Company foresaw the potential and strengths of the two banks. In this connection, after the merger, the size of the merged bank would be almost doubled, with total assets amounting to almost 2 trillion baht and having business structure and expertise that complement each other. The customer base would expand to about 10 million with the duplication of less than 10 percent. The merger gave rise to not only greater and broader marketing opportunities but also more business opportunities. Thanks to the combination of the two banks’ strengths and expertise, the merged bank would have a greater competitive advantage in all customer bases nationwide. As a result, it was likely that the merged bank would have a higher business return, which was beneficial to shareholders, customers, employees, as well as the country’s overall economic system later.





TCAP Revised Its Key Business Operations Strategy to Achieve Sustainable Return

In 2019, the Company revised its key business operations strategy by changing the business structure of the Company and TBANK. In this connection, the Company bought the ordinary shares of some subsidiaries and some investments of TBANK. As a result, they became the Company's subsidiaries and investments. In addition, the Company sold the ordinary shares of TBANK to TMB in order to facilitate the merger between TMB and TBANK. Moreover, the Company purchased the newly issued shares of TMB and became one of the major shareholders of TMB.

Shareholding Structure of the Merged Bank

After the merger, the merged bank would have the Company as one of its major shareholders. As at 31 December 2019, the Company had a 20.11-percent equity stake, ING had a 23.03-percent equity stake, the Finance Ministry had a 21.73-percent equity stake, Scotiabank had a 5.94-percent equity stake, and the rest was held by retail shareholders. In this connection, Mr. Suphadej Poonpipat and Mr. Somjate Moosirilert would be representatives of the Company to sit on TMB's Board of Directors after the Company became the major shareholder to jointly establish policies and set a direction for the merged bank's business operations.

TCAP Invests in a Diverse Range of Businesses

Being one of the major shareholders of TMB in the proportion of more than 20 percent will be of benefit to the Company in the long term. The merger between TMB and TBANK will create a stronger bank with more assets and higher competitiveness potential. The marged bank will also be able to offer a more comprehensive range of products and services to customers. On the other hand, the Company's investment structure allows it to participate in the management of the merged bank's business operations. Moreover, the Company also invests in a diverse range of businesses including securities brokerage, life and non-life insurance, distressed asset management and hire purchase business.

Combining the Two Banks' Strengths to Deliver Better Customer Experience

The merger of the two banks enables the merged bank to raise the level of service which covers all product groups. Every customer group will receive the best benefit and service possible, mainly due to the fact that the combined expertise and strengths of the two banks will complement each other. In particular, as TBANK is a leader in "auto hire purchases" while TMB is an expert in "fund mobilization", the merged bank will be able to manage operational costs in an efficient manner and will also be provided with more competitive opportunities. Importantly, the merged bank will be able to help customers, trading partners, employees, and all groups of stakeholders grow in a sustainable manner.



Diversify Income Sources while Maintaining the Comprehensive Auto Hire Purchase Business Policy

The Company's purchases of the ordinary shares of TBANK's subsidiaries and investments as mentioned earlier enable the Company to diversify its income sources from life/non-life insurance business, securities business, and distressed asset management business. Meanwhile, the Company continues to maintain its comprehensive auto hire purchase business policy which covers hire purchases for new cars, used cars, and Cash Your Car loans via its shareholding in TMB which merges with TBANK-a leader in auto hire purchase sector. As well, the policy covers truck hire purchase business via the Company's shareholding in THANI.

Management of Excess Cash after Selling TBANK

After the successful implementation of the business restructuring strategy, the Company had excess cash of about 14 billion baht. In this connection, the Board of Directors adopted a resolution approving the guidelines for managing the excess cash. These included approvals of the special dividend payment at the rate of 4.00 baht per share and the program for share repurchase in an amount of not exceeding 6 billion baht. The Company still has an amount of remaining cash. For the benefit of the business operations and the shareholders, the Company plans to use the cash for investments in the businesses in which it has expertise and experiences. These businesses include financial business and distressed asset management business. The goal is to generate an appropriate and sustainable return to all the stakeholders concerned.



MESSAGE FROM THE BOARD OF DIRECTORS



(Mr. Banterng Tantivit)
Chairman

The Thai economy in 2019 grew 2.4 percent, down from 4.2 percent in the previous year. This was mainly due to the contraction in the export sector as a result of the economic slowdown in Thailand's major trading partners and drastic trade-control measures. As well, the growth of government investment, private investment, and private consumption slowed down. Hence, the BOT's Monetary Policy Committee voted to cut the policy interest rate by 25 basis points two times during the year. In effect, the benchmark rate was reduced to 1.25 percent per annum. On the other hand, commercial banking industry's lending grew at a slower rate while non-performing loans rose in line with the economic slowdown.

In 2019, the Board of Directors of the Company as the parent company of Thanachart Financial Conglomerate revised the core operational strategy by restructuring Thanachart Group's structure. In particular, the Company purchased the ordinary shares of TBANK's subsidiaries and certain companies so that the Company directly held their shares. As well, it sold its ordinary shares of TBANK to TMB to facilitate the merger between TBANK and TMB. As a result, total assets of the merged bank doubled. In addition, the Company bought the newly issued shares of TMB and the Company had a 20.12 equity stake in TMB. The Company believed that revision of the strategy would have a positive impact in the future as the Company would be a major shareholder of a commercial bank whose total assets increased. Importantly, apart from being stronger, the merged bank would have higher competitiveness potential. In addition, with the purchases of the ordinary shares of TBANK's subsidiaries and investments, the Company would have more diversified sources of income. After successfully implementing the revised strategy, the Company had excess cash of about 14,000 million baht. In this connection, the Board of Directors adopted guidelines for managing the excess cash. In particular, it set aside a fund of not exceeding 6,000 million baht for a share repurchase program and also a special interim dividend payment of 4.00 baht per share. The Company also planned to invest in the businesses in which it had expertise. These included, among others, financial businesses and non-performing asset management businesses. The goal was to get appropriate returns for shareholders.

As regards the operating performance in 2019, net profit of the Company and its subsidiaries amounted to 16,760 million baht, representing an increase of 954 million baht or 6.04 percent from the prior year. This was mainly attributable to the performance of TBANK and its subsidiaries as well as gains from selling the ordinary shares of TBANK to TMB (placed under the item named "profit for the year from discontinued operations"). The transaction was executed on 3 December 2019. The profit attributable to the Company was 10,807 million baht, up 2,968 million baht or 37.86 percent from the prior year. The earnings per share were 9.43 baht, an increase from 6.74 baht in the previous year.

In addition, in 2019 member companies of Thanachart Group continued to be widely recognized by external organizations, as reflected by numerous awards, such as the following:

- TBANK received the Best Automobile Lending Product of the Year in 2019. Noteworthy was the fact that it had won the award for three consecutive years since 2017. In addition, it received awards in the Best Bond Category and also in the Best Corporate Bond Category at the Asset Triple A Country Awards 2018. Moreover, TBANK won the award for the Credit Card Product of the Year in Thailand 2019.

- TNS won three awards at the IAA Best Analyst Awards 2018. It was also the Second Runner-Up Winner at the Best Local Brokerage Ranking. As well, it was a recipient of the 2018 Forecast Accuracy Award (FAA) granted by Consensus Economics, the world's leading economic survey organization.

- TFUND won the award for the Best Fixed Income Retirement Mutual Fund. Earlier, it won the same award in 2013 and also in 2015-2018. Noteworthy was the fact that the Fund continuously got a five-star rating.

- TNI won the Best Non-Life Insurance Company with Outstanding Management Award from the OIC. Noteworthy was the fact that the company received the award for three consecutive years. In addition, this year was the 8th year in which the company received this prestigious award. The company also won "the Year's Outstanding Company Award" at 2nd Anniversary Thailand's Smart Awards 2019 in the category of organization. Moreover, it received an honorable mention at the Best Surveyor Award 2018.



(Mr. Suphadej Poonpipat)
Vice Chairman



(Mr. Somjate Moosirilert)
Chief Executive Officer

- Thanachart Group's calendar entitled "Ta Song Sek Sang Sook Siam" won the runner-up award for the Wall Calendar in the monarchy institution honoring category. The Group had been receiving the Suriya Sasidhorn Award for sixteen consecutive years.

As for 2020, the commercial banking industry is still facing with a number of challenges. Against the backdrop of the economic conditions, there are internal and external risk factors, including the global outbreak of COVID-19 virus which have a wide-ranging impact on the economic growth. The business operations of the Company and its subsidiaries will be inevitably affected. However, the Board of Directors will closely monitor and assess the situation, not only to adjust the operational policies and strategies to exigencies of the situation but also minimize the negative impacts. In addition, as 2020 is the year in which TMB and TBANK implement the merger, the Board of Directors places emphasis on closely monitoring the progress of the merger, in order to ensure smooth implementation and minimum impacts on the two banks' business operations. In relation to investments in other subsidiaries, the Board of Directors will give its support in all areas. These include the following: (1) securities brokerage business via TNS, (2) non-life and life insurance business via TNI and MBK Life (3) hire purchase business via THANI, and (4) non-performing asset management business via NFS AMC, MAX AMC, and TS AMC. In particular, the Board of Directors will participate in establishing their business policies and directions. The objective is to ensure that the business operations of all the companies are in line with the established targets and that all the stakeholders concerned jointly reap the maximum benefits possible.

Taking into consideration the normal operating performance as well as the gain from the sale of TBANK's shares to facilitate the merger between TBANK and TMB, the Board of Directors has adopted a resolution proposing to shareholders for approval of the total dividend payment of 7.00 baht per share, which includes the dividend payment of 3.00 baht for normal operating performance in 2019 and the special dividend payment of 4.00 baht. Earlier in October 2018, the interim dividend payment of 1.20 baht per share was made to shareholders. Also, in January 2020, the special dividend payment of 4.00 baht was paid. As a result, in case the 2020 Annual General Meeting of Shareholders approves additional dividend payment of 1.80 baht per share, the total dividend payment made for the normal operating performance would amount to 3.00 baht per share, representing an increase when compared to 2.60 baht per share in the prior year.

In 2019, there were changes in the Board of Directors. Mr. Teeranun Srihong and Mr. Prinya Hom-anek were invited to sit on TMB's Board of Directors as independent directors. As a result, they resigned as members of the Company's Board of Directors, effective on 16 December 2019. To replace them, the Board of Directors adopted a resolution appointing Mrs. Salinee Wangtal and Dr. Thanachart Numnonda as members of the Board of Directors, effective on 1 January 2020. The Nomination, Remuneration, and Corporate Governance Committee proposed them to the Board of Directors for appointment as they had extensive knowledge and expertise in information technology related to financial business and corporate governance. In addition, the Board of Directors pays attention to the good corporate governance as well as the corporate social responsibility with respect to all groups of stakeholders. The objective is for Thanachart Group to achieve sustainable growth. In this connection, in 2019 the Company earned an excellent level of recognition (five-star rating) as it received a score of 97 for its organization of the annual general meeting of shareholders. The recognition was based on the corporate governance assessment survey of listed companies, which was conducted by the Thai Institute of Directors Association. The Company also played a partial role in fighting corruption. In this connection, all member companies of Thanachart Group had been certified members of Thailand's Private Sector Collective Action Coalition against Corruption (CAC) since 2014. As regards social responsibility and environmental protection, the Company continued to support the activities related to energy conservation and wise use of resources. Importantly, it produced media materials for sharing knowledge about the basics of personal financial management and the correct methods to save money. The objective was to promote personal financial stability in the long term. Also noteworthy was the fact that the Company continued implementing corporate social responsibility activities in various areas, the details of which are given in this Annual Report.

The Board of Directors would like to thank not only all shareholders but also all groups of stakeholders for the trust in the Board and the continuous support to its performance of duties. It does hope that it will continue receiving support from all the parties concerned so that, after the revision of the business strategy, Thanachart Group will grow, become stronger, and achieve continuous success in the future.

BOARD OF DIRECTORS
THANACHART CAPITAL PUBLIC COMPANY LIMITED



Mr. Banterng Tantivit
Chairman



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



Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee



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

Note: Mr. Prinya Hom-anek and Mr. Teeranun Srihong resigned as members of the Board of Directors and members of standing committees, effective 16 December 2019 as they were nominated and appointed as members of TMB's Board of Directors. The Board of Directors has had a resolution to appoint Mrs. Salinee Wangtal and Dr. Thanachart Numnonda as members of the Board of Directors and members of standing committees, effective 1 January 2020.



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



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



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



Mrs. Salinee Wangtal
Member of the Audit Committee and Member of the Risk Oversight Committee



Dr. Thanachart Numnonda
Chairman of the Risk Oversight Committee



Mr. Teeranun Srihong
Chairman of the Risk Oversight Committee



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

Thai Economic Condition, and Commercial Bank Competition

In 2019, the Thai economy expanded by 2.4 percent, a decline from the previous year growth of 4.2 percent, mainly due to the contraction in export sector, as a result of the economic slowdown of trading partner countries and harsh trade protection measures together with baht appreciation. Although there were government stimulus measures to help support the economic growth in the fourth quarter of 2019, government investment, private investment and private consumption expanded at a slower rate. As the Thai economy slowed down and the inflation rate was lower than estimated, the Monetary Policy Committee of BOT issued a resolution to reduce the policy rate two times within the year from 1.75 percent per annum to 1.50 percent per annum during the third quarter of 2019 and from 1.50 percent per annum to 1.25 percent per annum during the fourth quarter 2019 to help stimulate the economic growth.

In 2019, loan volume in the commercial banking industry grew at a slower rate, in line with the overall Thai economy. Corporate loans declined as loans repayments. Retail loans slowed down, due to the slowdown of mortgage loans from mortgage control measures and the slowdown of hire purchase loans from a decrease in new car sales. Non-performing loans continued increasing in line with the economic slowdown.

For 2020, the Thai economy is expected to grow by 1.5-2.5 percent as predicted by the Office of the National Economic and Social Development Council. The slowdown is from the spread of COVID-19 virus, the drought, and the delay of government budget implementation. However, the improvement of trade protection measures and the favorable conditions of domestic demand by both government investment and household spending would help support the Thai economic growth.

Overview of Performance

For the year ended 31 December 2019

In 2019, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 16,760 million baht of which 10,807 million baht was the net profit attributable to the Company, representing an increase of 2,968 million baht or 37.86 percent from the previous year. This was mainly due to the performance of TBANK and its subsidiaries as well as the gains on selling TBANK to TMB. Net interest income increased from the expansion of hire purchase loans. At the same time, impairment loss of loans declined. However, non-interest income decreased, due to a decrease in net insurance/life insurance income from low long-term bond yields which resulted in an increase in life insurance reserve as per GPV method. Operating expenses increased, due to an increase in expenses for retirement pension and severance payment at the rate of 400 days' wage. As a result, the net profit attributable to the Company amounted to 10,807 million baht. Earning per share (EPS) was 9.43 baht, an increase from 6.74 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.67 and 15.70 percent, respectively.

The Company's net profit according to the separate financial statements in 2019 amounted to 57,261 million baht, an increase of 53,945 million baht from the previous year. This was mainly due to the sale of TBANK to TMB. Earning per share (EPS) was 49.98 baht, an increase from 2.85 baht.

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	4,339	4,074	265	6.50
Interest Expenses	1,599	1,515	84	5.54
Net Interest Income	**2,740**	**2,559**	**181**	**7.07**
Net Fees and Service Income	1,202	1,440	(238)	(16.53)
Operating Income [1]	3,661	4,106	(445)	(10.84)
Net Operating Income	**7,603**	**8,105**	**(502)**	**(6.19)**
Other Operating Expenses	3,153	3,019	134	4.44
Impairment Loss of Loans and Debt Securities	(316)	302	(618)	(204.64)
Profit before Income Tax	**4,766**	**4,784**	**(18)**	**(0.38)**
Income Tax	1,367	927	440	47.46
Profit for the Year from Continuing Operations	**3,399**	**3,857**	**(458)**	**(11.87)**
Profit for the Year from Discontinued Operations	**13,361**	**11,949**	**1,412**	**11.82**
Total Profit for the Year	**16,760**	**15,806**	**954**	**6.04**
Profit Attributable to the Company	**10,807**	**7,839**	**2,968**	**37.86**
Profit Attributable to Non-controlling Interests	5,953	7,967	(2,014)	(25.28)
Earnings per Share from Continuing Operations	**1.51**	**1.52**	**(0.01)**	**(0.66)**
Earnings per Share from Discontinued Operations	**7.92**	**5.22**	**2.70**	**51.72**
Earnings per Share (Baht)	**9.43**	**6.74**	**2.69**	**39.91**
Weighted Average Number of Ordinary Shares (Million Shares)	**1,145.72**	**1,163.86**	**(18.14)**	**(1.56)**

Note: [1] Operating income net insurance/life insurance expenses

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income				
Interbank and Money Market Items	148	139	9	6.47
Investments and Trading Transactions	121	149	(28)	(18.79)
Investments in Debt Securities	281	216	65	30.09
Loans to Customers	250	368	(118)	(32.07)
Hire Purchase and Financial Lease	3,539	3,202	337	10.52
Total Interest Income	**4,339**	**4,074**	**265**	**6.50**
Interest Expenses				
Interbank and Money Market Items	363	342	21	6.14
Debts Issued and Borrowings	1,222	1,161	61	5.25
Borrowings Cost	14	12	2	16.67
Total Interest Expenses	**1,599**	**1,515**	**84**	**5.54**
Net Interest Income	**2,740**	**2,559**	**181**	**7.07**

In 2019, the Company and its subsidiaries had 2,740 million baht in net interest income, an increase of 181 million baht or 7.07 percent from the previous year.

- Interest income was 4,339 million baht, an increase of 265 million baht or 6.50 percent. This was mainly due to the growth of hire purchase loans of THANI especially in the truck segment.

- Interest expenses were 1,599 million baht, an increase of 84 million baht or 5.54 percent. This was mainly due to an increase in interest expenses for long-term debt securities of THANI.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Fees and Service Income	1,458	1,704	(246)	(14.44)
Fees and Service Expenses	256	264	(8)	(3.03)
Net Fees and Service Income	**1,202**	**1,440**	**(238)**	**(16.53)**
Gains on Trading and Foreign Exchange Transactions	146	41	105	256.10
Gains on Investments	514	423	91	21.51
Share of Profit from Investments Accounted for Under Equity Method	367	543	(176)	(32.41)
Gains on Property Foreclosed and Other Assets	222	369	(147)	(39.84)
Net Insurance/Life Insurance Income	1,408	1,807	(399)	(22.08)
Dividend Income	181	261	(80)	(30.65)
Other Operating Income	823	662	161	24.32
Total Other Operating Income	**3,661**	**4,106**	**(445)**	**(10.84)**
Total Non-interest Income	**4,863**	**5,546**	**(683)**	**(12.32)**

Non-interest income of the Company and its subsidiaries in 2019 amounted to 4,863 million baht, a decrease of 683 million baht or 12.32 percent from the previous year.

Net Fees and Service Income

- In 2019, net fees and service income amounted to 1,202 million baht, a decrease of 238 million baht or 16.53 percent. This was mainly due to the decrease in brokerage fees from securities businesses.

Total Other Operating Income

Total other operating income amounted to 3,661 million baht, a decrease of 445 million baht or 10.84 percent. The main reasons were from:

- Net insurance/life insurance income amounted to 1,408 million baht, a decrease of 399 million baht or 22.08 percent. This was from low long-term bond yields which resulted in an increase in life insurance reserve as per GPV method.

- Share of profit from investments accounted for under equity mothod amounted to 367 million baht, a decrease of 176 million baht or 32.41 percent.

- Gains on property foreclosed and other assets amounted to 222 million baht, a decrease of 147 million baht or 39.84 percent.

- Dividend income amounted to 181 million baht, a decrease of 80 million baht or 30.65 percent.

- Gains on trading and foreign exchange transactions amounted to 146 million baht, an increase of 105 million baht or 256.10 percent.

- Gains on investments amounted to 514 million baht, an increase of 91 million baht or 21.51 percent.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Employee's Expenses	1,895	1,793	102	5.69
Directors' Remuneration	70	59	11	18.64
Premises and Equipment Expenses	245	258	(13)	(5.04)
Taxes and Duties	35	35	-	-
Other Expenses	908	874	34	3.89
Total Other Operating Expenses	**3,153**	**3,019**	**134**	**4.44**

In 2019, other operating expenses of the Company and its subsidiaries amounted to 3,153 million baht, an increase of 134 million baht or 4.44 percent from the previous year, due to the increase in expenses for retirement pension and severance payment at the rate of 400 days' wage.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities (Reversal)	(316)	302	(618)	(204.64)

In 2019, the Company and its subsidiaries had reversal of impairment loss of loans and debt securities in the amount of 316 million baht. As a result, the impairment loss of loans and debt securities decreased by 618 million baht or 204.64 percent from the previous year.

Financial Position

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Cash	3	0.00	11,022	1.04	(11,019)	(99.97)
Interbank and Money Market Items - net	7,404	4.60	99,117	9.34	(91,713)	(92.53)
Investments - net	41,551	25.82	170,437	16.07	(128,886)	(75.62)
Investments in Associated Company - net	45,421	28.22	3,027	0.29	42,394	1,400.53
Loans to Customers	56,266	34.96	754,613	71.13	(698,347)	(92.54)
Accrued Interest Receivables	11	0.01	657	0.06	(646)	(98.33)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(3,118)	(1.94)	(24,145)	(2.28)	21,027	(87.09)
Property Foreclosed - net	3,128	1.94	4,822	0.45	(1,694)	(35.13)
Land, premises and equipment - net	301	0.19	8,043	0.76	(7,742)	(96.26)
Goodwill	-	-	17,799	1.68	(17,799)	(100.00)
Assets Classified as Held for Sale	3,423	2.13	-	-	3,423	100.00
Other Assets	6,537	4.07	15,537	1.46	(9,000)	(57.93)
Total Assets	**160,927**	**100.00**	**1,060,929**	**100.00**	**(900,002)**	**(84.83)**
Deposits	-	-	751,917	70.87	(751,917)	(100.00)
Interbank and Money Market Items	15,660	9.73	71,923	6.78	(56,263)	(78.23)
Debts Issued and Borrowings	44,780	27.83	55,013	5.19	(10,233)	(18.60)
Insurance Contracts Liabilities	13,096	8.14	14,062	1.32	(966)	(6.87)
Other Liabilities	13,332	8.28	30,096	2.84	(16,764)	(55.70)
Total Liabilities	**86,868**	**53.98**	**923,011**	**87.00**	**(836,143)**	**(90.59)**
Equity Attributable to Owners of the Company	65,833	40.91	65,735	6.20	98	0.15
Non-controlling Interests	8,226	5.11	72,183	6.80	(63,957)	(88.60)
Total Equity	**74,059**	**46.02**	**137,918**	**13.00**	**(63,859)**	**(46.30)**
Total Liabilities and Equity	**160,927**	**100.00**	**1,060,929**	**100.00**	**(900,002)**	**(84.83)**

Assets

As of 31 December 2019, Thanachart Group's total assets amounted to 160,927 million baht, a decrease of 900,002 million baht or 84.83 percent from the end of 2018, mainly due to the sale of TBANK's shares to TMB. Key factors were as follows:

Net Investments

(Unit: Million Baht)

Investments Classified by Type	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Trading Securities - net	5,786	6.65	17,811	10.27	(12,025)	(67.51)
Available-for-sale Securities - net	33,197	38.17	147,676	85.13	(114,479)	(77.52)
Held-to-maturity Debt Securities - net	2,426	2.79	1,298	0.75	1,128	86.90
General Investments - net	142	0.17	3,652	2.10	(3,510)	(96.11)
Investments - net	**41,551**	**47.78**	**170,437**	**98.25**	**(128,886)**	**(75.62)**
Investments in Associated Company - net	**45,421**	**52.22**	**3,027**	**1.75**	**42,394**	**1,400.53**
Total Investments - net	**86,972**	**100.00**	**173,464**	**100.00**	**(86,492)**	**(49.86)**

As at 31 December 2019, the Company and its subsidiaries had total net investments of 86,972 million baht, a decrease of 86,492 million baht or 49.86 percent from the end of the previous year. At the same time, net investments in associated companies increased from investment in TMB amounting to 42,044 million baht.

Loans to Customers

As at 31 December 2019, loans amounted to 56,266 million baht, a decrease of 698,347 million baht or 92.54 percent.

Property Foreclosed

As at 31 December 2019, the Company and its subsidiaries had property foreclosed stated at cost amounted to 4,861 million baht, accounting for 3.02 percent of total assets. The allowance for impairment of the property foreclosed was 1,733 million baht, accounting for 35.65 percent of total value at cost.

Source of Fund

Capital Structure

As at 31 December 2019, the Company and its subsidiaries had funds from liabilities and shareholders' equity of 86,868 million baht and 74,059 million baht, respectively. The ratio of debts to equity was at 1.17 times. The important components of funds from liabilities consisted of debts issued and borrowings which as at 31 December 2019 amounted to 44,780 million baht, accounting for 27.83 percent while interbank and money market items, insurance contracts liabilities, and other liabilities accounted for 9.73 percent, 8.14 percent, and 8.28 percent of total source of fund.

(Unit: Million Baht)

Capital Structure	31 December 2019		31 December 2018		Change	
	Amount	Percent	Amount	Percent	Increase/ (Decrease)	Percent
Deposits	-	-	751,917	70.87	(751,917)	(100.00)
Interbank and Money Market Items	15,660	9.73	71,923	6.78	(56,263)	(78.23)
Debts Issued and Borrowings	44,780	27.83	55,013	5.19	(10,233)	(18.60)
Insurance Contracts Liabilities	13,096	8.14	14,062	1.32	(966)	(6.87)
Other Liabilities	13,332	8.28	30,096	2.84	(16,764)	(55.70)
Total Liabilities	**86,868**	**53.98**	**923,011**	**87.00**	**(836,143)**	**(90.59)**
Total Shareholders' Equity	**74,059**	**46.02**	**137,918**	**13.00**	**(63,859)**	**(46.30)**
Total Liabilities and Equity	**160,927**	**100.00**	**1,060,929**	**100.00**	**(900,002)**	**(84.83)**

Liabilities

Total liabilities of Thanachart Group as of 31 December 2019 were 86,868 million baht, a decrease of 836,143 million baht or 90.59 percent from the end of 2018. The decrease was due to the sale of TBANK's shares. The key items were as follows:

- Interbank and money market items amounted to 15,660 million baht, a decrease of 56,263 million baht or 78.23 percent from the end of the previous year.

- Debts issued and borrowings amounted to 44,780 million baht, a decrease of 10,233 million baht or 18.60 percent from the end of the previous year.

Shareholders' Equity

Total shareholders' equity as of 31 December 2019 was 74,059 million baht, of which 65,833 million baht was the Company's shareholders' equity and 8,226 million baht was non-controlling interests. Non-controlling interest decreased by 63,957 million baht or 88.60 percent from the end of the previous year. This was mainly due to the sale of TBANK's shares to TMB, resulting in a decrease of non-controlling interests of Scotiabank.

Cash Flows

As at 31 December 2019, the Company and its subsidiaries had cash in the amount of 3 million baht. The details of the net cash flows from various activities were as follows:

- Net cash flows from operating activites were 11,238 million baht, mainly due to 18,001 million baht in profit from operation. Key changes in operating assets and liabilities included a decrease of 532 million baht in property foreclosed; a decrease of 113 million baht in other assets; an increase of 2,469 million baht in loans to customers; an increase of 926 million baht in investments in trading securities; an increase of 69 million baht in interbank and money market items (assets); an increase of 65 million baht in receivables from purchase and sale of securities; an increase of 9 million baht in derivatives assets; a decrease of 3,029 million baht in interbank and money market items (liabilities); a decrease of 966 million baht in insurance contract liabilities; a decrease of 10 million baht in payable from purchase and sales of securities; an increase of 42 million baht in derivatives liabilities; and an increase of 93 million baht in other liabilities.

- Net cash flows used in investing activities amounted to 12,001 million baht. This was due to cash received of 87,113 million baht from disposal of investment in subsidiaries/an associated company; cash received of 394 million baht from dividend; cash received of 226 million baht from interest; cash received of 3 million baht from disposal of land, premises and equipment/intangible assets. On the other hand, there were cash paid of 70,250 million baht for purchase of investment in subsidiaries/associated companies; cash paid of 29,382 million baht for investments in securities; and cash paid of 105 million baht for purchase of premises and equipment/intangible assets.

- Net cash flows from financing activities amounted to 757 million baht. This included cash received of 18,957 million baht from debts issued and borrowings; cash paid of 9,654 million baht for debts issued and borrowings; cash paid of 3,920 million baht for dividend to non-controlling interests; cash paid of 3,207 million baht for dividend; cash paid of 1,184 million baht for interest expenses on debts issued and borrowings; and cash paid of 235 million baht for treasury shares.

Commitments

As of 31 December 2019, the Company and its subsidiaries had commitments in the amount of 44 million baht, a decrease of 87,063 million baht or 99.95 percent from the end of 2018.

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

(Unit: Million Baht)

Subsidiary Companies	Shareholding (Percent)	Profit (Loss) for the Year	
		2019	2018
Thanachart Securities Public Company Limited	50.96	1,674	593
Thanachart Insurance Public Company Limited	50.96	1,449	1,042
TS Asset Management Company Limited	99.96	134	237
Ratchthani Leasing Public Company Limited	55.47	1,850	1,641
NFS Asset Management Company Limited	100.00	135	14
MAX Asset Management Company Limited	83.44	224	201
MBK Life Assurance Public Company Limited	51.00	(231)	(63)

Financial Position and Operating Results of Subsidiary Companies

Thanachart Bank Public Company Limited

Consolidated Financial Statements of TBANK and its subsidiaries were as follows:

Subsidiaries directly held by TBANK at the end of 2019

- Thanachart Broker Company Limited

Subsidiaries that TBANK sold ordinary shares held by it under the business restructuring in accordance with the merger plan. The consolidated financial statement for the year ended 31 December of 2019 of TBANK included the operating results of the following subsidiaries from 1 January 2019 to the date of disposal of investments.

- Thanachart Securities Public Company Limited
- Thanachart Insurance Public Company Limited
- Thanachart Fund Management Company Limited

(On 27 December 2019, TBANK sold 25.10 percent of ordinary shares held in TFUND to Prudential. As a result, TBANK shareholding in TFUND reduced to 49.90 percent. TBANK therefore recorded investment in TFUND as the investment in associated company.)

- Thanachart Group Leasing Company Limited
- Thanachart Management and Services Company Limited
- Thanachart Training and Development Company Limited
- TS Asset Management Company Limited
- Security SCIB Services Company Limited
- Ratchthani Leasing Public Company Limited

Operating Results Overview

(Analysis comparing performance of 2019 and 2018 based on consolidated financial statements)

(Unit: Million Baht)

Consolidated Statements of Comprehensive Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	44,969	42,791	2,178	5.09
Interest Expenses	15,569	14,438	1,131	7.83
Net Interest Income	**29,400**	**28,353**	**1,047**	**3.69**
Net Fees and Service Income	4,974	4,872	102	2.09
Other Operating Income [1]	6,871	1,877	4,994	266.06
Net Operating Income	**41,245**	**35,102**	**6,143**	**17.50**
Other Operating Expenses [2]	18,605	18,037	568	3.15
Pre-Provision Operating Profit (PPOP)	**22,640**	**17,065**	**5,575**	**32.67**
Impairment Loss of Loans and Debt Securities	5,439	4,483	956	21.33
Profit before Income Tax	**17,201**	**12,582**	**4,619**	**36.71**
Income Tax	3,563	1,474	2,089	141.72
Profit for the Year from Continuing Operations	**13,638**	**11,108**	**2,530**	**22.78**
Profit for the Year from Discontinued Operations	12,732	4,349	8,383	192.76
Profit for the Year	**26,370**	**15,457**	**10,913**	**70.60**
Profit Attributable to the Bank	**25,621**	**14,703**	**10,918**	**74.26**
Profit Attributable to Non-controlling Interests	**749**	**754**	**(5)**	**(0.66)**
Earnings per Share (Baht)	4.23	2.42		
Weighted Average Number of Ordinary Shares (Million Shares)	6,064.86	6,064.86		

Notes: [1] Other operating income net insurance expenses
[2] Excluding insurance expenses

Operating Results for the Year 2019

Last year, TBANK maintained its strategic aim at being Customer Centric as an organization, and thus, becoming the Main Bank for the customers by offering products through suitable channels that matched the customers' needs, coupled with business operation enhancement through digital investments. In addition, on 3 December 2019, TBANK sold its ordinary shares in the subsidiaries and other companies according to the business restructuring plan for the integration. TBANK separated the performance of the sold subsidiaries and associated companies as performance from discontinued operations in its total comprehensive income statements. TBANK and its subsidiaries' net profit totaled 25,621 million baht, an increase of 10,918 million baht or 74.26 percent from the previous year as a result of the profit of 13,638 million baht from continuing operations, and the profit of 11,983 million baht from discontinued operations. On the same day, TMB acquired shares in TBANK from TCAP and Scotia Netherlands Holdings B.V. in accordance with TBANK's Master SPA. Once merged, the new bank's size would be almost doubled, with business structures and areas of expertise that complemented each other, and a much larger customer base. This presented greater market and business opportunities. Competitiveness would be enhanced as both banks joined forces, creating higher business returns and advantages to the shareholders, customers, and the national economy in general.

Total income of TBANK grew 17.50 percent from net interest income which grew 3.69 percent, and the non-interest income which increased by 75.51 percent mainly from recognizing the difference in fair value from the loss of control in TFUND. On the other hand, operating expenses increased by 3.15 percent from retirement and severance expenses. Impairment loss of loans and debt securites increased by 21.33 percent. Consequently, the pre-provision operating profit (PPOP) grew as much as 32.67 percent year-on-year.

Total assets contracted by 4.10 percent from the end of last year following the decrease of 5.24 percent in total loans due to the divestment in THANI, a company that operates hire purchase business primarily for the truck segment. The asset quality remained solid due to prudent risk management policies. Total deposits decreased by 2.37 percent.

On separate financial statements, NPL ratio ended at 2.29 percent with coverage ratio of 103.21 percent. Reserve to required reserve by the BOT was at 149.29. For capital adequacy, BIS ratio was at 19.65 percent, an increase from 19.45 percent at the end of 2018. Tier I capital ratio of TBANK is at 17.66 percent, an increase from 15.42 percent at the end of 2018.

Net Interest Income

(Unit: Million Baht)

Net Interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Interest Income	**44,969**	**42,791**	**2,178**	**5.09**
Interbank and Money Market Items	1,929	1,739	190	10.93
Investments and Trading Transactions	117	108	9	8.33
Investments in Debt Securities	2,383	2,498	(115)	(4.60)
Loans to Customers	16,751	17,242	(491)	(2.85)
Hire Purchase and Financial Lease	23,789	21,204	2,585	12.19
Interest Expenses	**15,569**	**14,438**	**1,131**	**7.83**
Deposits	10,062	9,083	979	10.78
Interbank and Money Market Items	739	768	(29)	(3.78)
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,717	3,482	235	6.75
Debts Issued and Borrowings	1,048	1,105	(57)	(5.16)
Borrowings Cost	3	-	3	-
Net Interest Income	**29,400**	**28,353**	**1,047**	**3.69**

In 2019, TBANK and its subsidiaries' net interest income totaled 29,400 million baht, an increase of 1,047 million baht or 3.69 percent from last year.

- Interest income totaled 44,969 million baht, an increase of 2,178 million baht or 5.09 percent from growing loan volume in TBANK - only financial statement from the previous year, while yield on earning assets decreased slightly from 4.50 percent in the previous year to 4.49 percent.

- Interest expenses totaled 15,569 million baht, an increase of 1,131 million baht or 7.83 percent, mainly from cost of fund which increased from 1.76 percent in the previous year to 1.81 percent.

Consequently, interest spread in 2019 was at 2.68 percent, reduced from the previous year of 2.74 percent.

Non-interest Income

(Unit: Million Baht)

Non-interest Income	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Net Fees and Service Income	**4,974**	**4,872**	**102**	**2.09**
Gains on Trading and Foreign Exchange Transactions	670	268	402	150.00
Gains on Investments	4,528	(129)	4,657	(3,610.08)
Dividend Income	268	241	27	11.20
Other Operating Income	1,405	1,497	(92)	(6.15)
Total Other Operating Income	**6,871**	**1,877**	**4,994**	**266.06**
Total Non-interest Income	**11,845**	**6,749**	**5,096**	**75.51**

In 2019, non-interest income of TBANK and its subsidiaries totaled 11,845 million baht, an increase of 5,096 million baht or 75.51 percent from last year. This was mainly due to an increase in gains on investments.

- Net fees and service income was in the amount of 4,974 million baht, an increase of 102 million baht or 2.09 percent.

- Total other operating income amounted to 6,871 million baht, an increase of 4,994 million baht or 266.06 percent from last year. This was mainly due to gains on investment which increased 4,657 million baht, mainly from the recognition of difference in fair value from loss of control in TFUND.

Due to the reasons above, the non-interest income ratio for 2019 was 28.72 percent, an increase from 19.23 percent last year. However, assuming that the profits from discontinued operations were included in the non-interest income and the total revenue base, non-interest income ratio for 2019 would be 45.53 percent, an increase from 28.13 percent of the previous year.

Other Operating Expenses

(Unit: Million Baht)

Other Operating Expenses	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Employee's Expenses	10,567	9,554	1,013	10.60
Premises and Equipment Expenses	2,376	2,345	31	1.32
Taxes and Duties	678	698	(20)	(2.87)
Directors' Remuneration	65	42	23	54.76
Other Expenses	4,919	5,398	(479)	(8.87)
Total Other Operating Expenses	**18,605**	**18,037**	**568**	**3.15**

In 2019, other operating expenses of TBANK and its subsidiaries totaled 18,605 million baht, an increase of 568 million baht or 3.15 percent from last year, mainly due to expense allocation to compensate employee retirement and severence. Consequently, cost to income ratio of 2019 was at 45.11 percent, a decrease from 51.38 percent in the previous year. However, assuming that the profits from discontinued operations were included in the non-interest income and the total revenue base, cost to income ratio in 2019 would be 34.47 percent, a decrease from the previous year of 45.72 percent.

Impairment Loss of Loans and Debt Securities

(Unit: Million Baht)

Impairment Loss of Loans and Debt Securities	For the Year		Change	
	2019	2018 (Restated)	Increase/ (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	5,439	4,483	956	21.33
Credit Cost (Percent)	0.64	0.53	0.11	20.75

In 2019, TBANK and its subsidiaries had 5,439 million baht in impairment loss of loans and debt securities, an increase of 956 million baht or 21.33 percent from the previous year. Credit cost was at 0.64 percent, higher than the previous year of 0.53 percent.

Financial Position of TBANK and Its Subsidiaries

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019	31 December 2018	Change	
			Increase/ (Decrease)	Percent
Assets				
Cash	10,426	11,019	(593)	(5.38)
Interbank and Money Market Items - net	147,537	97,568	49,969	51.21
Investments - net	105,826	161,078	(55,252)	(34.30)
Loans to Customers	713,978	753,498	(39,520)	(5.24)
Accrued Interest Receivables	598	645	(47)	(7.29)
Allowance for Doubtful Accounts and Revaluation Allowance for Debt Restructuring	(20,046)	(23,652)	3,606	(15.25)
Property Foreclosed - net	2,071	2,815	(744)	(26.43)
Land, Premises, and Equipment - net	10,526	7,996	2,530	31.64
Goodwill and Intangible Assets - net	19,423	19,790	(367)	(1.85)
Other Assets	13,382	15,855	(2,473)	(15.60)
Total Assets	**1,003,721**	**1,046,612**	**(42,891)**	**(4.10)**

Assets

As of 31 December 2019, TBANK and its subsidiaries' total assets amounted to 1,003,721 million baht, a decrease of 42,891 million baht or 4.10 percent from the end of 2018. The key changes were as follows:

- Net interbank and money market items were in the amount of 147,537 million baht, an increase of 49,969 million baht or 51.21 percent from the end of last year, mainly from loans to TMB.

- Net investments totaled 105,826 million baht, a decrease of 55,252 million baht or 34.30 percent from the end of last year, mainly due to management for suitable yield return and the reduction of investments in subsidiaries which TBANK had sold.

- Loans totaled 713,978 million baht, a decrease of 39,520 million baht or 5.24 percent from the end of last year as a result of the sale of shares in THANI, which mainly engages in providing services of hire purchase and leasing for trucks.

(Unit: Million Baht)

Consolidated Statements of Financial Position	31 December 2019	31 December 2018	Change	
			Increase/ (Decrease)	Percent
Liabilities and Shareholders' Equity				
Deposits	734,352	752,160	(17,808)	(2.37)
Interbank and Money Market Items	46,680	71,955	(25,275)	(35.13)
Liability Payable on Demand	1,020	1,163	(143)	(12.30)
Debts Issued and Borrowings	31,424	43,079	(11,655)	(27.05)
Provisions	4,616	3,875	741	19.12
Insurance Contracts Liabilities	-	5,729	(5,729)	(100.00)
Other Liabilities	22,369	24,445	(2,076)	(8.49)
Total Liabilities	**840,461**	**902,406**	**(61,945)**	**(6.86)**
Equity Attributable to Owners of TBANK	**163,260**	**141,699**	**21,561**	**15.22**
Non-controlling Interests	-	2,507	(2,507)	(100.00)
Total Liabilities and Shareholders' Equity	**1,003,721**	**1,046,612**	**(42,891)**	**(4.10)**

Liabilities and Shareholders' Equity

TBANK and its subsidiaries' total liabilities as of 31 December 2019 amounted to 840,461 million baht, a decreased of 61,945 million baht or 6.86 percent from the end of 2018. The key changes were as follows:

- Deposits totaled 734,352 million baht, a decrease of 17,808 million baht or 2.37 percent from the end of last year, mainly from the reduction in term deposits and certificate of deposits. As a result, CASA ratio was 51.53 percent, an increase from 48.52 percent at the end of last year.

- Debts issued and borrowings totaled 31,424 million baht, a decrease of 11,655 million baht or 27.05 percent. This was due to the issuance of private placement debentures and the early redemption of unsecured subordinated instruments issued under Tier II.

Shareholders' equity as of 31 December 2019 was in the amount of 163,260 million baht, an increase of 19,054 million baht or 13.21 percent from the end of 2018. The details were as follows:

- TBANK's shareholders' equity was in the amount of 163,260 million baht, an increase of 21,561 million baht or 15.22 percent. This was mainly due to profitable operating results of TBANK and its subsidiaries in 2019 which totaled 25,621 million baht, surplus from fixed asset revaluation of 2,406 million baht, mark to market on investments which decreased by 694 million baht, decrease in net share of other comprehensive income of associates amounting to 534 million baht, and dividend payment of 6,783 million baht.

- Equity attributable to non-controlling interests decreased by 2,507 million baht or 100.00 percent, due to the sale of subsidiaries according to the business restructuring plan.

Asset Quality

The asset quality was considered based on consolidated financial statements.

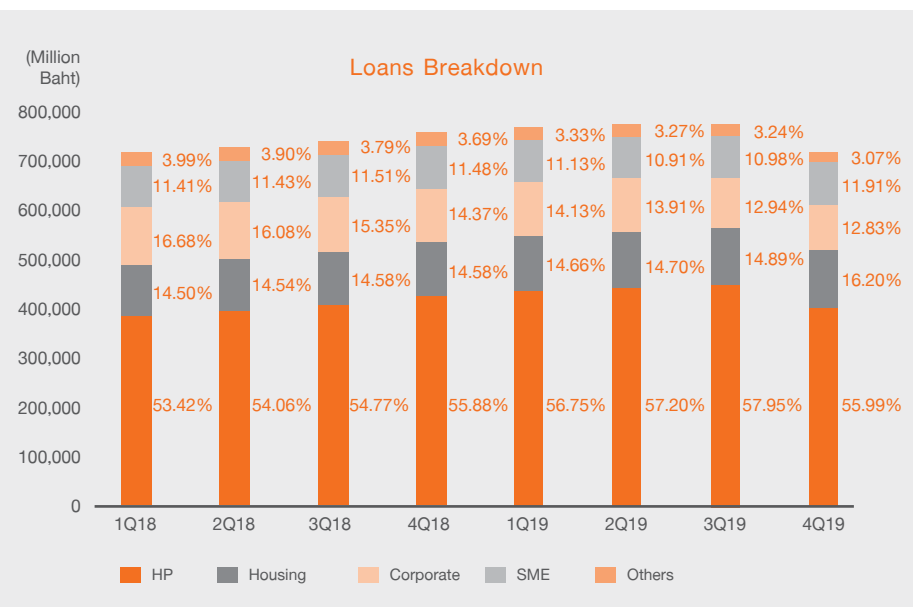
1. Loans

1.1 Loans to Customers and Accrued Interest Receivables

As of 31 December 2019, TBANK and its subsidiaries' loans to customers and accrued interest receivables totaled 714,575 million baht, decreased from the previous year by 39,567 million baht or 5.25 percent, Hire purchase loans declined by 5.05 percent, due to the sale of shares in THANI, which mainly engages in providing services of hire purchase and leasing for trucks. Housing loans grew by 5.29 percent. Corporate and commercial loans declined 9.31 percent from the previous year. The retail to corporate and SME loans ratio was 75 percent to 25 percent. In addition, TBANK managed NPLs and maintained the strength of asset quality. In 2019, TBANK and its subsidiaries carried out debt restructuring agreements with debtors in a number of ways; changing repayment conditions, transfers of assets and/or equity shares and/or amending repayment terms, totaling 1,187 accounts whose accounting outstanding pre-restructuring was 2,978 million baht. At the end of 2019, TBANK had 5,494 restructured accounts, and the principle and accrued interest amounted to 8,698 million baht.

Loans Diversification

At the end of 2019, hire purchase loans accounted for 55.99 percent, followed by corporate and SME loans of 24.74 percent, housing loans of 16.20 percent, and others of 3.07 percent.



1.2 Loans Classified in Accordance with the BOT's Regulation of TBANK and Its Financial Institution Subsidiary

As at 31 December 2019, TBANK and its subsidiaries that are financial institutions (Asset Management Company) had an amount of loans to customers and accrued interest receivables classified in accordance with the BOT's guidelines of 714,574 million baht, increased from the previous year by 12,922 million baht or 1.84 percent. Allowance for doubtful account as at 31 December 2019, was 20,046 million baht and total allowance for doubtful accounts to total loans and accrued interest receivable was 2.81 percent.

Loans Classified by the BOT's Regulations

(Unit: Million Baht)

	Loans and Accrued Interest Receivables		Allowance for Doubtful Accounts	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
Normal	662,728	656,396	4,021	4,127
Special Mention	32,278	27,759	2,721	2,438
Substandard	4,864	4,602	1,715	1,617
Doubtful	5,194	3,171	1,895	1,155
Doubtful of Loss	9,510	9,724	3,026	3,562
Total	**714,574**	**701,652**	**13,378**	**12,899**
Additional Allowance for Doubtful Accounts			6,668	8,218
Total Allowance for Doubtful Accounts			20,046	21,117
Ratio of Total Allowance for Doubtful Accounts to Loans and Accrued Interest Receivables (Percent)			2.81	3.01

1.3 Non-performing Loans

Under the market and economic conditions that were slowing down, TBANK managed NPLs through systematic and effective control. NPLs as at 31 December 2019 was at 19,567 million baht, an increase of 3,661 million baht or 23.02 percent from the end of last year as a result of a default of corporate loan. As a result, the NPL ratio of TBANK was at 2.29 percent, an increase from 2.02 percent at the end of last year.

Coverage ratio of TBANK as at 31 December 2019 was at 103.21 percent. TBANK and its subsidiaries had an excess reserve of 6,668 million baht according to BOT's regulations, and a reserve to required reserve ratio of 149.29 percent as at 31 December 2019.

Non-performing Loans

	TBANK		TBANK Consol.	
	31 December 2019	31 December 2018	31 December 2019	31 December 2018
NPLs (Million Baht)	19,567	15,905	19,567	19,329
Total Allowance for Doubtful Accounts * (Million Baht)	20,195	19,837	20,195	23,812
NPL-gross to Total Loans (Percent)	2.29	2.02	2.29	2.30
NPL-net to Total Loans (Percent)	1.28	1.24	1.28	1.22
Reserve to Required Reserve by the BOT (Percent)	149.29	165.07	149.29	154.90
Coverage Ratio (Percent)	103.21	124.72	103.21	123.20

Note: * Including revaluation allowance for debt restructuring

2. Investments in Securities

In 2019, TBANK and its subsidiaries had a total amount of investments in securities of 105,826 million baht. A major portion of approximately 79.07 percent was in government and state enterprises securities, followed by 10.44 percent in private debt securities. After adding (deducting) allowance for change in values and impairment, net investments decreased from 2018 of 161,078 million baht. Details of securities investment were as follows:

Securities Investments Classified by Types of Instruments

(Unit: Million Baht)

Type of Investments	31 December 2019	Percent	31 December 2018	Percent
Debt Securities				
Government and State Enterprises Securities				
• Trading	1,583	1.50	12,300	7.64
• Available-for-sale	82,093	77.57	100,009	62.09
• Held-to-maturity	-	-	381	0.24
Private Debt Securities				
• Trading	416	0.39	693	0.43
• Available-for-sale	9,943	9.40	21,361	13.26
• Held-to-maturity	682	0.65	220	0.14
Foreign Debt Securities				
• Trading	-	-	-	-
• Available-for-sale	9,047	8.55	17,385	10.79
• Held-to-maturity	-	-	-	-
Equity Securities				
Listed Securities				
• Trading	-	-	1,079	0.67
• Available-for-sale	1,317	1.24	4,464	2.77
Investment in Receivables Purchased				
• Held-to-maturity	-	-	-	-
Other Investments	135	0.13	3,640	2.26
Total Debt Securities	**105,216**	**99.43**	**161,532**	**100.29**
Add (less): Allowance for Change in Value	619	0.58	(446)	(0.28)
Allowance for Impairment	(9)	(0.01)	(8)	(0.01)
Total Investments - net	**105,826**	**100.00**	**161,078**	**100.00**

Liquidity

As at 31 December 2019, loans to deposits and debts issued and borrowings ratio of TBANK and its subsidiaries was 93.24 percent, a slight decrease from 94.75 percent at the end of 2018, due to liquidity management in coherence with market condition. TBANK maintained its strong liquidity with a high level of liquid and low risk assets portion.

With a focus on liquidity management, TBANK followed the Liquidity Coverage Ratio (LCR) Standard pursuant to Basel III criteria, and could achieve the LCR ratio of more than 100 percent. The LCR ratio as at 31 December 2019 was higher than the 90 percent criteria prescribed by the BOT.

At the end of 2019, TBANK and its subsidiaries had cash used in operating activities of 68,312 million baht, cash received from investing activities of 64,684 million baht, and cash received from financing activities of 3,042 million baht, attributed to a net decrease in cash of 586 million baht. At the end of 2019, TBANK had an amount of 10,426 million baht in cash and cash equivalents. Key items consisted of the followings:

- Cash flows used in operating activities mainly stemmed from increases in interbank and money market items which increased by 52,245 million baht, and customer loan growth of 27,254 million baht, offset by operational profit prior to changes in assets and liabilities of 20,385 million baht.

- Cash flows from investing activities were largely a result of a decrease in investment securities of 35,904 million baht and a decrease in investment of subsidiaries and affiliates by 32,590 million baht.

- Cash flows from financing activities came from loans in the amount of 34,628 million baht, offset by cash to repay loans of 23,500 million baht and dividend payment of 6,782 million baht.

(Unit: Million Baht)

Major Changes Items	2019	2018
Net Cash Flows (used in) Operating Activities	(68,312)	(9,304)
Net Cash Flows Received from Investing Activities	64,684	13,192
Net Cash Flows Received from (used in) Financing Activities	3,042	(4,322)
Net Decrease in Cash	(586)	(434)
Cash at Beginning of the Year	11,012	11,453
Cash at End of the Year	**10,426**	**11,019**

Relation between Sources and Uses of Fund

In 2019, TBANK and its subsidiaries' sources of fund from deposits and borrowings were of 734,352 million baht and 31,424 million baht, respectively. Uses of fund in giving credits was 713,977 million baht and investments before adjustment was of 105,216 million baht. List of sources and uses of major fund by remaining tenor to 31 December 2019, the record date of the financial statement, were as follows:

Type	At Call		Less than 1 Year		Over 1 Year		Unspecified		Total	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
Sources of Funds										
Deposits	378,427	49.42	341,221	44.56	14,704	1.92	-	-	734,352	95.90
Borrowings	5	-	24,419	3.19	7,000	0.91	-	-	31,424	4.10
Total Sources of Funds	**378,432**	**49.42**	**365,640**	**47.75**	**21,704**	**2.83**	**-**	**-**	**765,776**	**100.00**
Uses of Funds										
Loans [1]	36,553	4.46	184,112	22.47	493,312	60.22	-	-	713,977	87.16
Investments	5	-	54,552	6.66	49,207	6.01	1,452	0.18	105,216	12.84
Total Uses of Funds	**36,558**	**4.46**	**238,664**	**29.13**	**542,519**	**66.23**	**1,452**	**0.18**	**819,193**	**100.00**

Note: [1] The outstanding balance of loans at call includes stop-accrued loans

From the breakdown of sources and uses of fund by remaining tenor of the financial instruments as of 31 December 2019, sources of funds consisted of a major portion of callable deposits of 49.42 percent and deposits reaching maturity in less than 1 year of 44.56 percent of total sources of fund. Whereas the uses of fund consisted of a major portion of loans with remaining tenors of over 1 year of 60.22 percent and loans with remaining tenors of less than 1 year of 22.47 percent of total uses of fund. However, this incongruence between the sources and uses of funds is commonly found in the industry of commercial banks and financial institutions as most depositors tend to keep the matured cash deposited after the due date. Furthermore, TBANK had formulated policies to minimize such discrepancy between the sources and uses of fund using financial instruments to efficiently manage risk that TBANK would receive warning signals in advance in case of the possible impact on the sources and uses of fund.

Commitments

As at 31 December 2019, TBANK and its subsidiaries' total commitments decreased by 3,384 million baht or 3.88 percent from 87,106 million baht at the end of December 2018. This was largely a result of an elevation in other commitments as shown in the table below:

(Unit: Million Baht)

	31 December 2019	31 December 2018	Change	
			Increase/ (Decrease)	Percent
Aval to Bills	93	303	(210)	(69.31)
Liabilities under Unmatured Import Bills	166	283	(117)	(41.34)
Letter of Credits	931	759	172	22.66
Guarantees of Loans	2,348	2,402	(54)	(2.25)
Other Obligations				
Committed (but not Drawn) Overdraft	21,717	22,341	(624)	(2.79)
Others	58,467	61,018	(2,551)	(4.18)
Total	**83,722**	**87,106**	**(3,384)**	**(3.88)**

Capital Adequacy

As at 31 December 2019, TBANK's capital according to Basel III totaled 133,048 million baht, of which an amount of 119,532 million baht was Tier I capital and 13,516 million baht was Tier II capital. The capital adequacy ratio was at 19.65 percent compared to 19.45 percent at the end of 2018, comprising 17.66 percent of Tier I capital and 15.42 percent of Tier II capital.

However, the capital adequacy ratio was well over the minimum requirement of BOT of not below 11.00 percent. Details were as follows:

Capital Adequacy Ratio

	31 December 2019		31 December 2018	
	Million Baht	Percent	Million Baht	Percent
Tier I Capital	119,532	17.66	104,481	15.42
Total Capital Funds	133,048	19.65	131,859	19.45

Operating Results of Subsidiaries

	Shareholding (Percent)		Net Profit	
	2019	2018	2019 [1]	2018
Thanachart Bank Public Company Limited			32,317	14,703
Consolidated Financial Statements				
Thanachart Securities Public Company Limited	-	100.00	1,648	593
Thanachart Fund Management Company Limited [2]	-	75.00	567	655
Thanachart Insurance Public Company Limited	-	100.00	1,413	1,042
TS Asset Management Company Limited	-	100.00	48	237
Ratchthani Leasing Public Company Limited	-	65.18	1,679	1,641

Notes:

[1] Total comprehensive income for the year, ended on 31 December 2019, included the performance of subsidiaries from 1 January 2019 until the disposal date of investment.

[2] TBANK currently holds 49.90 percent of the shares in TFUND; thus, TBANK recorded the investment in TFUND as an investment in an associated company.

Thanachart Securities Public Company Limited

Average daily trading volume of TNS in 2019 was 2,664 million baht, a decrease from 3,152 million baht in the previous year. Market share of securities trading was at 2.90 percent.

Net profit for the year 2019 amounted to 1,674 million baht, an increase of 1,081 million baht or 182.29 percent from the previous year. Total income increased by 1,196 million baht or 63.62 percent from the previous year, due to the gains on investments from Thanachart Group's shareholding restructuring plan. Brokerage fees income decreased by 20.51 percent, which was in line with the trading volume of the stock market and TNS's market share during the period. At the same time, the interest income on the margin loans decreased as the margin loans reduced and the interest rate declined. Total expenses declined by 13.99 percent.

As at December 31, 2019, TNS maintained its liquidity ratio (Net Liquid Capital Rules: NCR) at 94.76 percent, higher than the minimum requirement by SEC of 7.00 percent of general indebtedness and securities pledged.

Thanachart Insurance Public Company Limited

In 2019, TNI had total insurance premium of 8,368 million baht, an increase of 380 million baht or 4.75 percent from the previous year. The increase was due to higher sales volumes through TBANK (Bancassurance), dealers and external brokers. The total insurance premium could be divided into auto insurance premium of 7,048 million baht, which increased by 329 million baht or 4.89 percent from the previous year.

For operating results, TNI had a net profit in 2019 of 1,449 million baht, an increase of 407 million baht or 39.05 percent from the previous year. This was due to the gains on investments from Thanachart Group's shareholding restructuring plan. The other reason was from using insurance selection strategies in new car segment by selecting only profitable types of cars.

TS Asset Management Company Limited

TS AMC has continuously managed debt in accordance with the policies and business plans of the Thanachart Group. As of December 31, 2019, TS AMC had total assets of 2,398 million baht, a decrease of 100 million baht or 4.00 percent from the end of the previous year.

For operating result in 2019, TS AMC had a net profit of 134 million baht, a decrease of 103 million baht from the previous year. This was mainly due to the fact that TS AMC had set aside impairment allowance for property foreclosed.

Ratchthani Leasing Public Company Limited

As at 31 December 2019, THANI still had a strong financial structure. Total assets were 50,704 million baht, an increase of 3,173 million baht or 6.68 percent from the end of previous year. The company had hire purchase loans and financial leases in the amount of 49,709 million baht, an increase of 3,297 million baht or 7.10 percent. This was mainly from an increase in truck hire purchase. Moreover, the hire purchase loans accounted for 98.04 percent of the total assets. Total liabilities and shareholders' equity were 43,147 million baht and 7,557 million baht, respectively.

Net profit for the year 2019 amounted to 1,850 million baht, an increase of 209 million baht or 12.74 percent from the previous year. Total income of the company amounted to 4,086 million baht, an increase of 259 million baht or 6.77 percent. Interest expenses were 1,011 million baht, an increase of 142 million baht or 16.34 percent, due to the acquisition of long-term borrowings to support lending. Provision expenses of THANI amounted to 194 million baht, a decrease of 209 million baht or 51.86 percent. This was due to its strict and close monitoring of lending which resulted in better asset quality. Also, THANI has reversed its general provision in the amount of 90 million baht for providing provision in accordance with its business operation under TFRS9 accounting standards.

MBK Life Assurance Public Company Limited

As at 31 December 2019, MBK LIFE's total assets amounted to 8,329 million baht, a decrease of 1,452 million baht or 14.85 percent from the end of 2018.

MBK LIFE had a net loss for the year 2019 in the total amount of 231 million baht, comparing to a net loss of 63 million baht in the year 2018. The main factors affecting its performance were an increase in net insurance premium of 80 million baht and an increase in investments income of 158 million baht from an impact of gains on fair value adjustments which increased from the end of 2018. Insurance expenses increased from a year earlier by 365 million baht, due mainly to an increase in benefits paid under insurance policies and net claims of 45 million baht. Insurance reserve for long-term insurance policies increased by 335 million baht, due to the fact that the Zero Coupon Yield of the government bonds using to calculate insurance reserve according to the Gross Premium Valuation (GPV) decreased from the end of 2018.

NFS Asset Management Company Limited

As at 31 December 2019, NFS AMC had total assets in the amount of 886 million baht, a decrease of 149 million baht or 14.40 percent from the end of the previous year.

NFS AMC's net proft for the year 2019 amounted to 135 million baht, an increase of 121 million baht from the previous year. Operating income amounted to 161 million baht, mainly from gians on investments in securities of 137 million baht. At the same time, other operating expenses amounted to 28 million baht.

MAX Asset Management Company Limited

As at 31 December 2019, MAX AMC had total assets in the amount of 692 million baht, a decrease of 322 million baht or 31.76 percent from the end of the previous year.

MAX AMC's net profit for the year 2019 amounted to 224 million baht, an increase of 23 million baht or 11.44 percent from the previous year. Operating income amounted to 316 million baht, mainly from gains on debt settlement/ assets transferred for debt settlement of 236 million baht and gains on property foreclosed of 105 million baht. At the same time, other operating expenses were 31 million baht and income tax was 63 million baht.

NATURE OF BUSINESS OPERATION

Overview of Business Operation

Prior to 3 December 2019, the Company is the parent company of Thanachart Financial Conglomerate. The companies under the conglomerate were classified by their type of business into two groups as follows: (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business, and leasing business and (2) supporting business group consisting of brokerage business, service business, and training business, with TBANK being the main operating business. As a whole, it was a group that offered fully integrated financial services, with each type of business and operation being clearly separated and supporting one another. As regards distribution channels, the conglomerate's financial services were given mainly through TBANK's branch network and service channels. In this connection, the details of each company's business operation were as follows:

Companies of Thanachart Financial Conglomerate

Member companies of Financial Business Group

1. **Thanachart Capital Public Company Limited** operated as the holding company and thus is the parent company of Thanachart Financial Conglomerate.
2. **Thanachart Bank Public Company Limited** operated commercial banking business and other businesses permitted by the BOT, which included non-life insurance brokerage, life insurance brokerage, and securities businesses consisting of securities brokerage, securities trading and selling of unit trusts, mutual fund supervisor, private fund custodian, bond broker-dealer, securities registrar, and gold futures contract trader.
3. **Thanachart Securities Public Company Limited** was granted Full-Services License Type Gor to operate securities businesses and other related businesses such as securities brokerage, securities underwriting, investment advisory services, securities borrowing and lending, financial advisory services, unit trust underwriting and repurchasing, securities registrar, issuer and offer of derivative warrants for sale as well as investment design services. It was also granted Derivatives Business License Type Sor-1 to operate derivatives business and other related businesses such as derivatives brokerages and proprietary trading, derivatives trader as well as issuer and offer of structured debentures for sale.
4. **Thanachart Fund Management Company Limited** was a joint venture between TBANK (holding 75 percent of the total shares) and the Government Savings Bank (holding 25 percent). As it operated businesses related to not only management of mutual funds, private funds, and provident funds, but also investment advisory business, the company could be considered one with fully integrated advisory services. Later on 27 December 2019, TBANK sold its equity stake in TFUND to Prudential Corporation Holdings Limited. Of the 75 percent equity stake held by TBANK, the stake sold accounted for 25.1 percent. On the other hand, Government Savings Bank would sell all of its 25 percent equity stake in TFUND to Prudential Corporation Holdings Limited. Currently, the shareholders of TFUND consists of Prudential Corporation Holdings Limited which holds a 50.0999 percent equity stake and TBANK which holds a 49.9 percent equity stake, and Prudential Holdings Limited which holds a 0.0001 equity stake.
5. **Thanachart Insurance Public Company Limited** offered insurance services which covered non-life insurance services such as fire insurance, auto insurance, marine and transportation insurance, miscellaneous insurance, and investment business.

6. **MBK Life Assurance Public Company Limited** operated a life insurance business. The company provided individual and group life insurance to assure savings. Life and health protection were also offered to individuals, institutions and organizations in general through the company's distribution channels which consisted of not only the company's direct sales teams and brokers which included juristic persons and individuals such as TM Broker and other brokers in the industry, but also electronic distribution channels and also channels other than TBANK or its subsidiaries.

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

8. **NFS Asset Management Company Limited** operated asset management business. In this connection, it purchased or took transfers of non-performing assets from financial institutions of Thanachart Group and other financial institutions.

9. **MAX Asset Management Company Limited** operated asset management business. In this connection, it purchased or took transfers of non-performing assets from other financial institutions.

10. **TS Asset Management Company Limited** operated asset management business. In this connection, it took transfers and managed non-performing assets, which included non-performing loans as well as property foreclosed, from SCIB and TBANK.

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

12. **Thanachart SPV2 Company Limited** operated investment business. It was established for the purpose of buying shares of Seacon Development Public Company Limited, Ajinomoto (Thailand) Company Limited, TGL, TTD, SSV, TMS from TBANK, as part of the business restructuring plan.

Member Companies of Supporting Business Group

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

2. **Thanachart Training and Development Company Limited** already registered its closure on 27 December 2019. It was currently in the process of finalizing its accounts and liquidating.

3. **Thanachart Broker Company Limited** operated as non-life insurance and life insurance brokerage and advisory service provider. It introduced assets insurance, financial insurance, and other insurance services including life assurance for customers of Thanachart Financial Conglomerate and members of the general public. It also gave advice on risk management, indemnity claim management as well as annual car tax renewal.

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

5. **TM Broker Company Limited** gave life and non-life insurance brokerage services. In particular, it introduced or offered general and life insurance products to MBK Group's customers and customer groups of Thanachart Group's member companies, business alliances of its shareholders but excluding TBANK and subsidiaries of TBANK. It also organized training activities for employees of member companies of Thanachart Group's financial businesses and member companies of MBK Group, trading partners, as well as employees of trading partners and members of the general public who were interested in becoming insurance brokers or agents.

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

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

Changes to Business Groups since 3 December 2019

On 3 December 2019, the Company took the following actions: (1) Purchases of shares of the restructured companies from TBANK; (2) Sale of all the ordinary shares held by the Company in TBANK to TMB; (3) Purchases of TMB's newly issued shares in line with the plan of merger between TBANK and TMB. As a result, the Company was no longer the parent company of TBANK and members of Thanachart Financial Conglomerate.

Since 3 December 2019, the Company has been a major shareholder of TMB, holding a 20.12 percent equity stake. There have been two other major shareholders including ING Bank N.V. (ING) and the Finance Ministry, whose shares account for 23.03 percent and 21.73 percent respectively. In this connection, the three major shareholders have had their representatives sitting on TMB's Board of Directors. The objective is to jointly oversee the business operations of TMB. In this connection, the Company's main income will be from its investment in TMB. Moreover, the Company remains listed under Financials Group and Banking Sector on the SET. The Company continues to operate as a holding company. In this connection, the size of the company which operates the main business and the size of subsidiaries are in compliance with the requirements stipulated in the notifications issued by the Capital Market Advisory Board as well as the regulations of the SET in relation to the related matters. The member companies of Thanachart Group are as follows:

Securities Business Group

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

Insurance Business Group

1. **Thanachart Insurance Public Company Limited** offers insurance services which cover non-life insurance services such as fire insurance, auto insurance, marine and transportation insurance, miscellaneous insurance, and investment business.
2. **MBK Life Assurance Public Company Limited** operates a life insurance business. The company provides individual and group life insurance to assure savings. Life and health protection is also offered to individuals, institutions and organizations in general through the company's distribution channels which consist of not only the company's direct sales teams and brokers which include juristic persons and individuals such as TM Broker and other brokers in the industry, but also electronic distribution channels and also channels other than TBANK or its subsidiaries.
3. **TM Broker Company Limited** gives life and non-life insurance brokerage services. In particular, it introduces or offers general and life insurance products to MBK Group's customers and customer groups of Thanachart Group's member companies, business alliances of its shareholders but excluding TBANK and subsidiaries of TBANK. It also organizes training activities for employees of member companies of Thanachart Group's financial businesses and member companies of MBK Group, trading partners, as well as employees of trading partners and members of the general public who are interested in becoming insurance brokers or agents.
4. **MT Service 2016 Company Limited** operates back office and business support services for member companies of Thanachart Financial Conglomerate.

Asset Management Business Group

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

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

Investments Business Group consists of investments in leasing business and other businesses. The related details are as follows:

Leasing Business

1. **Ratchthani Leasing Public Company Limited** offers hire purchase and financial leasing services for both new and used car markets for passenger cars, with focus on commercial vehicles such as pick-up trucks, taxis, trailer trucks, lorries, etc. It also operates other businesses connected to hire purchase as well as operating lease which is THANI's main business. Its shares are held by the Company via SPV1.

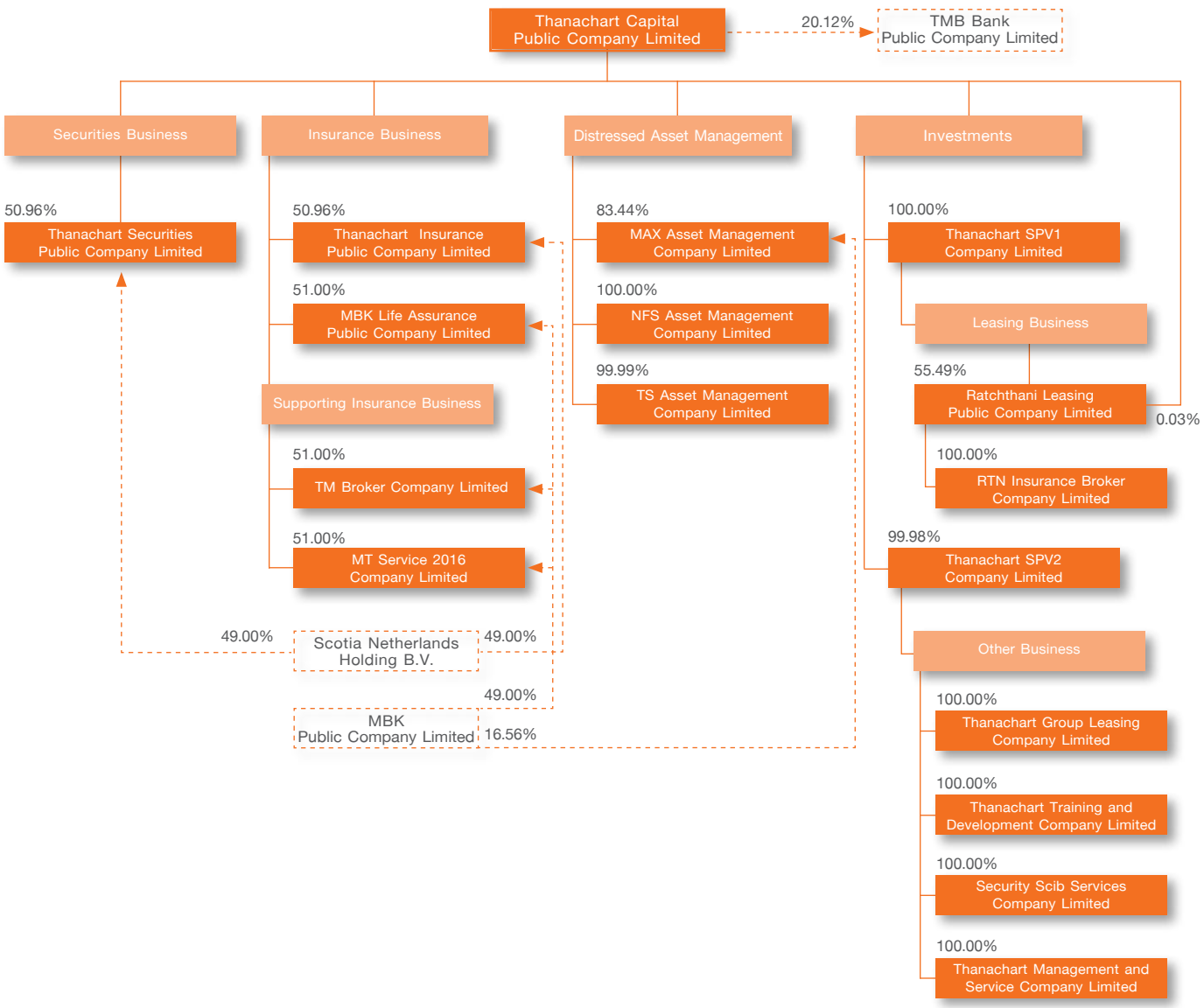
2. **RTN Insurance Broker Company Limited** operates non-life insurance and life insurance business and other businesses that related with non-life and life insurance businesses by legal written. Currently, the company gave services mainly to customers of THANI.

Other Businesses

Other businesses include: **(1) Thanachart Group Leasing Company Limited, (2) Thanachart Training and Development Company Limited, (3) Security Scib Services Company Limited, and (4) Thanachart Management and Service Company Limited,** whose shares are held through SPV2. These companies were transferred from TBANK. They are a group of companies which would not operate any new business. The Company is in the process of closing them, finalizing their accounts and liquidating.

Group Structure of Thanachart Capital Public Company Limited

(As at 31 January 2020)



Notes: 1) The Company has voting right proportional to its shareholding.

2) Thanachart Group Leasing Company Limited and Thanachart Training and Development Company Limited are being liquidated.

History, Change, and Key Development

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

Business Operation in Line with One Presence Policy

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

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

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

Strategic Partnership with The Bank of Nova Scotia

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

Acquisition of SCIB and Entire Business Transfer of SCIB to TBANK

Thanachart Group saw the synergy potential in merging with SCIB in the areas of human resources, information technology systems, sales and service channels, as well as the right mix of assets. In early 2010, TBANK participated in and won the bidding for buying all the SCIB shares held by the Financial Institution Development Fund (FIDF), which accounted for 47.58 percent of the total shares. In this connection, TBANK received approval from the BOT to hold all the paid-up shares (100 percent) of SCIB. Later, TBANK bought the SCIB shares from FIDF and also made a tender

offer to buy the remaining shares from other shareholders, raising TBANK's equity-stake in SCIB to 99.95 percent of the total paid-up shares. In this connection, the SET announced that the shares of SCIB were voluntarily delisted from the stock exchange as from 13 December 2010.

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

Sale of Shares of TBANK and Purchases of Newly Issued Shares of TMB for the Purpose of Merger between TBANK and TMB

The Company, Scotiabank, and TMB voluntarily proceeded with the merger between TBANK and TMB in line with the supportive government policy. The merger between the two banks would result in a larger commercial bank with higher competitiveness potential in the finance industry, lower operating costs, enhanced efficiency in offering products and services to customers in a more comprehensive manner, greater ability to meet customer needs, as well as ability to support the country's economic development in an efficient manner. As a result, the security and stability of the financial system would be strengthened. Importantly, the merger would boost public confidence in the financial institution system. In this connection, the major shareholders of the new bank after the merger between TBANK and TMB would include ING Bank N.V., the Company and the Ministry of Finance.

Merger Implementation could be divided into two phases as follows:

1. Implementation prior to merger

The Company and TBANK restructured their businesses. In this connection, TBANK would offer for sale all the ordinary shares it held in the subsidiaries and certain companies to all its shareholders in proportion to their respective shareholdings. On the other hand, TMB would purchase the ordinary shares of TBANK from all shareholders of TBANK and would offer to sell its newly issued shares to all shareholders of TBANK. In this connection, the share purchase and sales transactions were completed on 3 December 2019. As a result, the Company has become a major shareholder having a 20.12 percent equity stake in TMB. It has also held shares of some subsidiaries, which have been transferred from TBANK.

2. Merger

TMB and TBANK will jointly consider the activities which has to be implemented in relation to the merger between the two banks. Using the entire business transfer (EBT) method, TBANK will transfer all of its assets and liabilities to TMB whose name will be changed later. The transfers will be completed within 2021. In this connection, TBANK will cease its operations, return its commercial banking license, register the closure of the company, and finalize its liquidation.

Key Events in 2019

- At the 2019 Annual General Meeting of Shareholders held on 24 April 2019, the Meeting adopted a resolution approving the dividend payments to the Company's shareholders at the rate of 1.60 baht per share or 1,833 million baht in total. The dividend payments were made on 17 May 2019. Taking into consideration the interim dividend payment in October 2018 at the rate of 1.00 baht per share or 1,165 million baht in total, the total dividend payment for 2018 performance amounted to 2.60 baht per share or 2,998 million baht.

- On 19 September 2019, the Board of Directors adopted a resolution approving the interim

dividend payment to shareholders for the first six months of 2019 at the rate of 1.20 baht per share. In this connection, the shareholders whose names appeared in the shareholders register book on 4 October 2019 were eligible for the interim dividend. The payments of the interim dividend were made on 18 October 2019.

- On 23 September 2019, the Company held Extraordinary General Meeting of Shareholders No. 1/2019 in order to inform shareholders about the business restructuring plan of the Company and TBANK as well as the plan for the merger between TBANK and TMB. It was also proposed that the Meeting approve the implementation of key activities related to the business restructuring as well as the merger. In this connection, the resolution was passed by a majority of at least two-thirds of the votes cast by shareholders present at the meeting and eligible to vote. The related details were given in the Company's Notification No. ThorChor. SorLorOr. 128/2019 Re: Resolutions Passed at Extraordinary General Meeting of Shareholders No. 1/2019 held by Thanachart Capital Public Company Limited. The Notification was sent to the SET. Later, during the period from 3 to 4 December 2019, the Company executed the key transactions as follows:

  1) The Company purchased ordinary shares of subsidiaries and other companies, which were offered for sale by TBANK to shareholders in proportion to their shareholdings. The purchases were in line with the business restructuring plan of Thanachart Financial Conglomerate. (As regards the shares which TBANK offered for sale to retail shareholders, the Company purchased them first in order to offer them for sale to TBANK's retail shareholders later in line with the plan).

  2) The Company sold its ordinary shares of TBANK to TMB.

  3) The Company purchased the newly issued shares of TMB, and

  4) The Company purchased the ordinary shares of TBANK's subsidiaries and certain companies from Scotia Netherlands Holdings B.V. after TBANK implemented the business restructuring plan.

  The related details were given in the Company's Notification No. ThorChor. SorLorOr. 167/2019 Re: Information about the initial prices for purchasing ordinary shares of subsidiaries and certain companies, which TBANK offers for sale to shareholders in proportion to their shareholdings, the initial prices for purchasing ordinary shares of TBANK, the prices for purchasing the newly issued shares of TMB, and the initial prices for purchasing ordinary shares of subsidiaries and certain companies after TBANK implemented the business restructuring plan. The Notification dated 2 December 2019 was sent to the SET. As a result, the Company had a 20.01 percent equity stake in TMB. TMB became an associated company of the Company. In this connection, the Company would recognize the gain or loss of TMB through the share of profit from investments accounted for under equity method.

- After the purchases and sale of the shares during the period from 3 to 4 December 2019, the Company had remaining cash of about 14,000 million baht. At the Board of Directors' Meeting No. 14/2019 held on 16 December 2019, the Board of Directors considered and adopted a resolution approving the following guidelines for managing the excess cash.

  1) The Board of Directors approved a share repurchase program for financial management in the amount of not exceeding 6,000 million baht with the number of repurchased shares not exceeding 97,045,970 shares. The repurchase price per share would not exceed the average share price of the business day prior to the repurchase date adjusted to the next tick size, plus two tick sizes.

  2) The Board of Directors approved a special interim dividend payment of 4.00 baht per share to the shareholders of the Company. The list of the names of the shareholders eligible for the special interim dividend payments was determined on 30 December 2019 and the payments were made on 16 January 2020.

Award Received in 2019

- TBANK received the Best Automobile Lending Product of the Year at the Asian Banker International Excellence in Retail Financial Service Awards 2019. The Bank had won the award for three consecutive years since 2017. The awards ceremony held at Conrad Dubai Hotel in the United Arab Emirates (UAE) was organized by The Asian Banker which was a leading magazine about finance and banking in Asia.

- TBANK won an award under in the Best Bond Category at the Asset Triple A Country Awards 2018, thanks to its success in underwriting the THB - denominated unsubordinated and unsecured bonds worth 14,000 million baht, which were issued by the Finance Ministry of the Lao People's Democratic Republic. It also won an award under in the Best Corporate Bond Category, thanks to the success in THB - denominated unsubordinated and unsecured debentures worth 13,660.40 million baht, which were issued by EDL - Generation Public Company Limited. The awards ceremony held at Four Seasons Hotel Hong Kong was organized by The Asset Magazine which was a leading business magazine in Asia.

- TBANK won the award for the Credit Card Product of the Year in Thailand 2019 at the Asian Banker Thailand Awards 2019, thanks to TBANK's top credit card named BLACK Diamond Credit Card. TBANK was proud of the award which reflected not only the acceptance at the national level but also TBANK's commitment to the implementing of the customer-centric strategy. TBANK aimed at developing and creating innovative products that satisfactorily met customer needs and also at delivering good experience to customers.

- TNS won three awards at the IAA Best Analyst Awards 2018 organized by Investment Analysts Association (IAA). The awards were based on the votes cast by retail and institutional investors as well as the criteria established by the awards committee. The company won awards in the following three key categories of the Excellent Analyst Team 2018. The first category including the Technical Analyst Award (based on the votes cast by investors regardless of institutional or retail investors) and the Outstanding Award 2019 (based on the votes cast by institutional investors) was won by Ms. Pattarawan Wangmingmat. The second category including the Financial Business Award was won by Ms. Sarachada Sornsong. And the third category including the Derivatives Analyst Award was won by Mr. Adisak Phupiphathirungul.

- TNS was the Second Runner-Up Winner at the Best Local Brokerage Ranking based on Asiamoney Brokers Poll 2018. The ranking was prepared annually by The Asiamoney which was the leading financial magazine in Asia. The ranking in 2018 represented its 29th anniversary. The opinion poll was based on the survey of 6,540 investors from 3,100 institutions and 411 hedge funds.

- TNS represented by its managing director Pimpaka Nichgaroon was a recipient of the 2018 Forecast Accuracy Award (FAA) granted by Consensus Economics, the world's leading economic survey organization. The FAA program recognized the achievements of a select group of expert country economic forecasters who had most accurately predicted the final outturns of GDP growth and Consumer Price Inflation in their targeted economies for the year 2018.

- TFUND won the award for the Best Fixed Income Retirement Mutual Fund at the Morningstar Awards 2018. Earlier, the company's Thanachart Fixed Income Retirement Mutual Fund (T-NFRMF) won the same award in 2013 and also in 2015-2018. Noteworthy was the fact that the Fund continuously got a five-star rating.

- Thanachart Group's Calendar won the runner-up award for the Wall Calendar in the monarchy institution honoring category at the 39th Suriya Sasidhorn Awards in 2019, which was organized

by the Public Relations Society of Thailand, thanks to the Group's calendar entitled "Ta Song Sek Sang Sook Siam". In this connection, the Group had been receiving the Suriya Sasidhorn Award for sixteen consecutive years. In 2019, over 200 calendars were submitted and a total of 64 organizations participated in the contest.

- TNI won the Best Non-Life Insurance Company with Outstanding Management Award for 2018 from the Office of Insurance Commission (OIC). The award was given to non-life insurance companies with outstanding management. Noteworthy was the fact that the company received the award for four consecutive years. In addition, the year 2018 was the 8th year in which the company received this prestigious award.

- TNI won "the Year's Outstanding Company Award" at 2nd Anniversary Thailand's Smart Awards 2019 in the category of organization. In this connection, an assistant minister of the Ministry of Digital Economy and Society presided over the ceremony and presented awards to the organizations which excelled at developing best products and services for customers and also at creating new standards for the non-life insurance industry.

- TNI represented by Mr. Surasak Kamchaiyo, a surveyor of the company's Khon Kaen Branch, received an honorable mention at the Best Surveyor Award 2018. The awards ceremony was organized by Thai General Insurance Association. The company's surveyors were proud of the award as it reflected the excellent quality and service standards as well as the best services possible which were delivered to customers.

Policies and Strategies in Business Operations of Thanachart Group

The year 2019 was the year in which Thanachart Group underwent significant changes. Importantly, the Group had revised its business strategy. On 3 December 2019, the Company implemented the business restructuring of the Company and TBANK. In this connection, the Company purchased ordinary shares of some of TBANK's subsidiaries and certain investments from TBANK. As a result, they became the subsidiaries and investments of the Company. On the other hand, the Company sold the ordinary shares of TBANK to TMB for the purpose of the merger between TMB and TBANK. The Company also purchased the newly issued shares of TMB. As a result, the Company had a 20.12 percent equity stake in TMB. The ownership would have positive impacts on the Company in the long term. The merger between TMB and TBANK would create a bank with more assets, greater strength, higher competitiveness potential, and ability to provide customers with products and services in a more comprehensive manner. In addition, with the purchases of the ordinary shares of TBANK's subsidiaries and investments, the Company would have more diversified sources of income. As well, the Company would continue to maintain the comprehensive automobile hire purchase policy which covered not only hire purchases for both new and used cars as well as cash-for-car loans, through its equity stake in TMB which was merged with TBANK - a leader in the auto hire purchase sector, but also hire purchase for trucks through its equity stake in THANI.

After the revision of the business strategy, the Company became an investment-holding company and a parent company of Thanachart Group. Its investments allow the Company to participate in the management of the commercial bank as well as member companies of the Group which operate a wide range of businesses including securities business, life insurance and non-life insurance businesses, non-performing asset management business, and hire purchase business. The Company then operates under the vision "Being a holding company of the business group which generates appropriate and sustainable returns for all stakeholders". Meanwhile, the subsidiaries still adhere to the philosophy which placed emphasis on the implementation of the customer-centric strategy in a continuous manner. The objectives are to develop products and services which meet the needs of each customer group and to deliver good experience to customers from using the products and services offered by the member companies of the Group.

After successfully implementing the revised strategy, the Company had excess cash of about 14,000 million baht. In this connection, the Board of Directors adopted guidelines for managing the excess cash. In particular, it approved a special interim dividend payment of 4.00 baht per share. The special interim dividend payments were already made on 16 January 2020. In addition, the Board of Directors approved a share repurchase program for the purpose of financial management in an amount of not exceeding 6,000 million baht. The program commenced on 11 February 2020 and would end on 10 August 2020. In 2020, the Company adopt a policy which focused on the participation in the management of TMB and TBANK through the Company's Directors who also served on the TMB's Board of Directors. The objectives were to facilitate the smooth implementation of the merger between the two banks and to quickly reap the benefits from the merger in a concrete form. As regards the remaining excess cash, the Company planned to use it for investments which would generate returns for the Company and shareholders. In particular, the Company planned to invest in the businesses in which it had expertise. These included, among others, finance business and non-performing asset management business.

For the year 2020, Thanachart Group had laid out the following strategies and directions for its business operations in order to achieve sustainable and stable growth.

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

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

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

Business Policies

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

In 2019, at the Company's Board of Directors Meeting No. 1/2019 dated 28 January 2019 considered and approved of the Business Plan and Budgets for the years 2019-2021.

Supervision of Subsidiary Companies

The Directors and high ranking executives of the Company and TBANK are assigned to sit on the boards of directors of the subsidiary companies. The arrangement not only enables the Company and TBANK to assist the subsidiary companies in establishing their policies and in determining their business direction, but also ensures the close supervision of the subsidiary companies business operations. In this connection, the president of each subsidiary is required to present a report on its performance on a monthly basis to the Executive Committee and the finance department of the Company or TBANK. In addition, a summary of the financial statements as well as the performance of the Company and member companies of the Group are presented on a monthly basis to the Company's Board of Directors.

Centralized Support Services

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

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

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

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

for ensuring that the conduct of business affairs of the member companies of the Group is in compliance with the legal requirements.

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

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

Risk Management

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

In 2020, the Company will restructure the organizations of the Company and the member companies of the Group so that they served as holding companies. A work unit would be established for overseeing the business operations of the Company and the member companies of the Group, paying attention to all areas.

Income Structure of the Company and Its Subsidiaries

The Income structure of the Company and its subsidiaries based on the consolidated financial statements as at 31 December 2019, 2018, and 2017 was as follows:

(Unit: Million Baht)

	For the year ended 31 December					
	2019		2018 (Revised)		2017	
	Amount	Percent	Amount	Percent	Amount	Percent
Interest Income						
Interbank and Money Market Items	148	1.95	139	1.71	1,391	3.27
Investments and Trading Transactions	121	1.59	149	1.84	238	0.56
Investments in Debt Securities	281	3.69	216	2.66	3,191	7.49
Loans to Customers	250	3.29	368	4.54	17,786	41.78
Hire Purchase and Financial Lease	3,539	46.55	3,202	39.51	22,075	51.85
Total Interest Income	**4,339**	**57.07**	**4,074**	**50.26**	**44,681**	**104.95**
Interest Expenses	**1,599**	**21.03**	**1,515**	**18.69**	**15,511**	**36.43**
Net Interest Income	**2,740**	**36.04**	**2,559**	**31.57**	**29,170**	**68.52**
Non - interest Income						
Net Fees and Service Income	1,202	15.81	1,440	17.77	5,890	13.84
Gains on Trading and Foreign Exchange Transactions	146	1.92	41	0.51	665	1.56
Gains on Investments	514	6.76	423	5.22	1,908	4.48
Share of Profit from Investments Accounted for Under Equity Method	367	4.83	543	6.70	337	0.79
Gains (Losses) on Property Foreclosed and Other Assets	222	2.92	369	4.55	52	0.12
Net Insurance / Life Insurance Income	1,408	18.52	1,807	22.29	2,605	6.12
Dividend Income	181	2.38	261	3.22	557	1.31
Other Operating Income	823	10.82	662	8.17	1,388	3.26
Total Non - interest Income	**4,863**	**63.96**	**5,546**	**68.43**	**13,402**	**31.48**
Net Operating Income	**7,603**	**100.00**	**8,105**	**100.00**	**42,572**	**100.00**

Commercial Banking Business

Thanachart Bank Public Company Limited

Characteristics of Products and Services

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

As at 31 December 2019, TBANK has a total of 494 branches, 1,772 Automatic Teller Machines (ATMs), 3 Recycling Machine, 230 Multi-Function Machines, and 38 Passbook Update Machines.

Groups of Products and Service

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

Group 1 Deposit Products

Characteristics of Product and Service

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

Market and Competition

TBANK has always been determined to develop products which meet the needs of every customer group. The objective is to provide customers with satisfaction in using TBANK as their main bank of choice. TBANK also develops various distribution channels for customers to execute transactions in line with their lifestyle which requires more flexibility. As a result, TBANK continues to develop new products which meet customer needs. In particular, TBANK has developed debit cards to accommodate the ongoing evolution towards a cashless society. In this connection, customers is provided with enhanced convenience for buying products. To pay for products or services quickly, customers just hold the contactless debit card near an electronic data capture (EDC) terminal which bears the symbol entitled “Contactless”.

TBANK also offers a Freever Savings Account together with a Freever-Lite Debit Card, which provide customers with various benefits in executing transactions such as checking outstanding balance and cash withdrawal from any ATMs of any bank anywhere with no fee charged. Special privileges are also made available for customers travelling abroad. They do not have to carry cash. Nor do they have to wait in a queue to convert their money into local currency. With just Freever-Lite Debit Card, they could withdraw cash from any ATMs worldwide with no fee charged or any limit imposed on the number of withdrawals, until 31 December 2020.

To be in line with the economic conditions and as an alternative to savings management, TBANK also offers a high-interest savings account, namely Ultra Savings Account, which gives an interest rate comparable to the rate offered by fixed deposits. As a result, customers get both high interest rate and flexibility from being able to withdraw money from the account. Moreover, TBANK places emphasis on a high-interest rate e-SAVINGS account aimed at meeting the needs of customers whose life styles have changed in relation to their execution of financial transactions. With the e-SAVINGS account, customers could execute financial transactions themselves anywhere anytime through Thanachart Connect which is an app on mobile phones. No limit is imposed on the numbers of deposits or withdrawals and no fee is charged.

In addition, TBANK has also launched an Offset Housing Loan Savings Account. This account could be opened when customers get home loans. The Offset Housing Loan Savings Account allows borrowers to use the account balance for repaying home loans from TBANK. Using the account, borrowers could cut the interest charge on their home loans by up to 50 percent. In addition, borrowers could always withdraw money from their savings accounts. Apart from the available liquidity, customers could finish repaying their home loans faster than the normal home loans without the savings account.

Group 2 Lending Products

2.1 Corporate Loans

Characteristics of Product and Service

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

1) Wholesale Banking: TBANK's products and services are developed to accommodate the requirements of corporate customers. Various forms of credit facilities are available such as the single account scheme with low interest, financial aid program for business operators in the three most southern border provinces, project finance, trade finance, and financial advisory service. These also include the debt and capital market aspect which is debenture issuance and fundraising to be listed in the SET. Furthermore, customers are offered risk management products such as Interest Rate Swap (IRS), Forward Contract and Foreign Currency SWAP to hedge against volatile interest or exchange rates. In addition, cash management is offered to meet individual demands.

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

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

Market and Competition

Due to the great and dispersed number of SME customers throughout the country, operational and credit policies have been designed to mirror those of retail borrowers. Four diverse product groups have been designed to cater to the needs of retail borrowers: 1) "SME Dai Jai", with a credit limit of 3 million baht, is geared to customers with limited revenue documents and income proof. In this case, the Bank would send an officer to aid in assessing the business' revenue. 2) "SME Biz Smart", with a credit limit of 20 million baht, is geared to customers who need products that meet all financial aspects: savings account, loans, non-life & life insurance, with special interest rates. 3) "SME Single Account", with a credit limit of 20 million baht, is geared to juristic customers using a single account, with a special interest rate of 5 percent for the first two years. As regards the fourth group which is concerned with loans for physicians, the purpose of the loans is for those who practice medicine to get loans for medical service business such as clinic. The loans consist of the ones with and without collateral.

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

In addition, TBANK also developed service efficiency, In addition, TBANK has enhanced the service delivery efficiency by joining an electronic Letter of Guarantee (e-LG) network on blockchain under Thailand Blockchain Community Initiative which is a cooperation among 22 commercial banks, state agencies and 7 large-scaled business organizations. The objectives of the network are to provide convenience, reduce time for issuing letters of guarantee, prevent forgery of documents and also prepare the country for Thailand 4.0.

2.2 SME Auto Loans

Characteristics of Product and Service

TBANK had developed products which are appropriate for car selling business. These include loans for buying cars and car accessories for sale and working capital loans. The credit lines which are offered include overdraft lines of credit, promissory notes, guarantee for ordering factory vehicles, auto floor plan lending for car dealers and long-term loans for business expansion or showroom renovation or refinancing for lowering financing costs. Other financial services would also be offered. These include fleet financing through hire purchase and financial lease, among others.

Market and Competition

TBANK gives credit services to new car dealers. Emphasis is placed on forming alliances with car manufacturers in the form of captive wholesale finance. The objective is to expand lending business aimed at car dealers. As regards the credit for used car dealers, TBANK will focus on operators which are juristic persons, fleet hire purchases and financial lease businesses. TBANK also recognizes the importance of establishing good relationships with and giving services to existing customer groups with strong potential and great financial stability. In this connection, the operators which have to use a large number of cars in their business include car rental companies and operators for product distribution, among others.

2.3 Trade Finance

Characteristics of Product and Service

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

Market and Competition

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

2.4 Hire Purchase Loans

Characteristics of Product and Service

TBANK offers four types of automotive hire purchase loans. The new car and used car loans are offered through dealers and the loan of sale and lease back or "Thanachart Cash Your Car". TBANK also had a new product, "Thanachart Cash Your Book", where both products serve customers' need for cash with higher limits and longer installment periods than normal personal loans. The product also allows customers to choose the installment period and amount to suit their debt service ability.

In addition, TBANK focuses on developing its products and services to meet the needs of different customers. TBANK developed the On-line service for automotive lending customers under the Automotive Lending Digital Experience (ALDX) campaign, in an effort to facilitate

customers in a seamless journey beginning from loan application, monitoring the loan approval status, presenting the sales sheet in accordance with Market Conduct, as well as gaining other special benefits when becoming TBANK's customer and After Sale Services.

Marketing and Competition

The domestic new car sales in 2019 when compared to 2018 had the rate of growth declined slightly. TBANK cooperated in more strategic partnerships with leading car manufacturers and continuously launched different promotional campaigns to various customer segments. This boosted TBANK's loan growth and upheld TBANK's position as key player in the new car hire purchase market.

As for used car lending, TBANK improved its underwriting policy and process to enhance efficiency of its debt quality control. TBANK also continues to focus on offering Cash Your Car and Cash Your Book to the existing customers via over 495 branches nation-wide.

2.5 Secured Personal Loans

Characteristics of Product and Service

This type of loans is lending service using houses as collateral, which consists of two types. The first type of loan product called Thanachart Home Loan is a home loan for customers who want to buy a house to be used as primary residence or to refinance an existing home loan from another financial institution. The second type of loan product called Cash Your Home and Home Plus respectively is a multi-purpose loan aimed at customers who need cash for living expenses and who are currently using TBANK's home loan service but need to apply for a credit line in addition to the existing home loan from TBANK.

Marketing and Competition

TBANK places emphasis not only on providing customers with convenience and efficiency in delivering services but also on offering a comprehensive range of services which meet all types of customer needs. As well, TBANK launches marketing campaigns in line with market competition and the situation in the market. In this connection, the Housing and Secured Personal Loan Division of the Retail and Small Business Product Development Department is responsible for developing products, setting conditions, interest rates and implementation of public relations activities related to introduction of new products via branches. The target customer groups include customers who want to purchase house and customers who want to use the multi-purpose loan service by pledging their house as collateral. In this connection, TBANK has made available distribution channels for the services. The retail sales teams and the branch networks would be responsible for ensuring that the sales of the products meet the goals set in the business plan.

2.6 Unsecured Personal Loans

Characteristics of Product and Service

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

1) Credit Card: Instead of cash, the credit line which could be charged to a credit card can be used for buying goods and services. Cardholders could also use the credit card to withdraw cash advance from ATMs. The related products include Sabai Cash, Cash Transfer and Smile Plan. In partnership with Visa and MasterCard, TBANK offers the following types of credit card which meet the customer needs.

- **Thanachart Diamond Credit Card** is suitable for customers who like earning points. For every 25 baht spent through the card, cardholders will earn one point. In this connection, there are three levels of Diamond Credit Card available. These include Platinum Diamond, Blue Diamond, and Black Diamond (World or Signature Level).
- **Thanachart MAX Platinum Credit Card** is suitable for customers who prefer cash back for every payment made through the card. These card holders do not like earning points. The maximum cash back amounts to 1.25 percent.

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

- **Sabai Cash** service with the remaining line of credit in the card to be transferred into a bank account and a repayment term of up to 60 months.
- **Cash Transfer** service with the remaining line of credit in the card to be transferred into a bank account, provided that a minimum repayment of 3 percent will be made.
- **Cash Advance** to be made available globally around the clock with no fee charged on withdrawals, provided that a minimum repayment of 3 percent will be made.
- **Smile Plan** with repayments for goods and services at the stores participating in the plan, and a repayment term of up to 60 months.

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

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

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

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

Market and Competition

Unsecured Lending Products define competitive strategies based on understanding in target customers' needs, including product development, marketing campaign and promotion, distribution channel, and appropriate services offered to customers. Thus, TBANK provides a variety of products for customers to choose appropriately by life stage and life style. These products have been designed in such a way that is easily understandable, practical under terms and conditions, uncomplicated, and satisfied all customers' needs as products for their everyday needs.

Group 3 Electronic Products and Services

3.1 Electronic Products and Services for Business Customers

Characteristics of Products and Services

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

Market and Competition

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

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

3.2 Electronic Products and Services for Individual Customers

Characteristics of Products and Services

TBANK has put in place the following electronic channels through which customers could execute their financial transactions.

- Mobile banking services (Thanachart Connect),
- Internet banking services (Thanachart iNet), and
- SMS messages about financial status changes (Thanachart SMS Alert).

To provide customers with convenience, speed and security in the execution of the following transactions: Fund Transfer Service; Online Retail Fund Transfer (ORFT); Bill Payment Service; PromptPay Fund Transfer Service; QR Code Payment Service; Fund Transfer Service Via Phone Number for TBANK Accounts; Credit Limit Setting Service Via self-service; Checking Services for Repayments of Home Loan, Auto Hire Purchase, Consumer Loan, Credit Card Account, FLASH Plus Card Account, and Requesting for Credit Report from National Credit Bureau (NCB); Services for Placing Orders to Purchase, Sell, or Switch Unit Trusts of TFUND; Pay Alert Service; Checking Service for Car Loan Application Status; Online Copy of Car Registration Service; Online Loan Application Service; Online Credit Card and Personal Credit Card Limit Setting Service; Online Cash from Credit Card or Personal Credit Card Service (Service for Online Installment Payments and Service for Readily Available Cash), among others.

Market and Competition

TBANK places emphasis on the strategy of using branch staff for advising customers about the benefits and convenience to be gained from using electronic channels of TBANK for executing various transactions by themselves. As a result, they will not have to waste time visiting branches. In addition, TBANK uses various social media including Facebook, LINE, and other channels for communicating and informing customers of new developments and new services, aiming at attracting more customers. In this connection, customers could also get information about services through TBANK's contact center (call 1770).

Group 4 Payment and Merchant Processing Products

4.1 Payment Products

Characteristics of Product and Service

BIN (Bank Identification Number) Sponsor service provider is the alliance between banking members of Visa/ MasterCard with Payment Facilitators in the area of product and service payment through various type of payment facilitators and e-wallet service providers.

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

1. **Physical shop:** product and service payment through EDC.
2. **e-Commerce shop:** product and service payment through Payment Gateway.

As regards the service which the BIN sponsors give to e-wallet service providers, the service enables e-wallet to be used for making payments for goods and services at any stores worldwide, which accept payments with Visa or MasterCard in the form of prepaid cards consisting of two types as follows:

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

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

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

Market and Competition

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

4.2 Merchant Processing Products

Characteristics of Product and Service

To accommodate different types and sizes of business, there are many types of products and services which are available to stores which accept card payments. The products and services could be divided as follows:

1. **Electronic Data Capture (EDC) terminals** are suitable for medium and large-sized stores and business groups which need devices for processing a lot of card payment transactions. These include, among others, restaurants, hospitals, hotels, resorts, and educational institutions. In this connection, TBANK has added a contactless payment acceptance feature to enable the terminals to accommodate the need of businesses to process transactions more efficiently. Cardholders can make payments for goods and services themselves by tapping the card on the terminals. The terminals with the contactless payment feature are suitable for fast food restaurants as well as food and beverage stores, among others.

2. **Pay'n Go mobile Point-of-Sale (mPOS)** devices are suitable not only for small stores which do not need to deal with a lot of payment transactions each month but also for businesses which have sales representatives or personnel, such as insurance agents, direct sales representatives, and delivery staff. The devices help them close sale quickly when they have to go outside.

3. **Thanachart Payment Gateway** is suitable for e-commerce business group, such as airlines, online stores and Online Travel Agents (OTA), etc.

4. **QR code payment service (QR Paruay)** is suitable for small- to medium-sized stores which want to reduce cash management problems and cut card processing fees. The stores which use TBANK's QR code payment service only could accept a payment from any bank. In this connection, the payment will be deposited into the stores' account right away on a real time basis. The system will also send the stores an alert message that the payment has been deposited into their account. In addition, the stores could check all payment receipt transaction as well as past payment receipt transactions via the app called TShop. Moreover, they could create a QR Code on their mobile phone for flexibility in getting paid for goods or services sold outside the stores.

In order to promote trade and facilitate payments between Thailand and Lao People's Democratic Republic, TBANK has expanded its services for stores to accommodate QR code payment transactions between the two countries. In this connection, customers of Banquet Pour Le Commerce Exterpieur Lao Public (BCEL) in Lao could make payments for goods or services via the app called BCEL One Pay.

Market and Competition

Merchant processing products are intended to expand into customers who have potential in doing business and also open to small size business that is searching for a solution to monetary management and payment solution. TBANK's strategy is to expand the reach to the real locations to gain access to the new customers and opportunities, as well as, consistently and coherently launch promotional campaign to retain customer base and to increase confidence in using products and services of TBANK.

4.3 Western Union

Characteristics of Product and Service

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

Market and Competition

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

Group 5 Other Services

5.1 Foreign Exchange Services

Characteristics of Product and Service

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

Market and Competition

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

5.2 Securities Business Support Services

Characteristics of Product and Service

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

Market and Competition

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

Factors Influencing Opportunities or Constraints to Business Operations

The Thai economy in 2019 slowed down to 2.4 percent from 4.2 percent in the previous year, mainly due to geopolitical volatility, anti-government protests in Hong Kong, protracted Brexit uncertainty, and the impacts of the trade war between the U.S. and China, which increasingly intensified since the second quarter of 2019. As a result, the country's exports and tourism were down. Exports in 2019 contracted by 3.2 percent, compared to a growth 7.5 percent in the previous year. On the other hand, tourist arrivals and tourism revenue increased at a slower rate. Private investment also softened in line with the economic slowdown and the downturn in global trade. The delay in the passage of the budget bill resulted in slow growth of public investment. However, overall private consumption remained stable. Consumption of durable goods declined in line with falling exports while consumption of non-durable goods recovered in the fourth quarter of the year, mainly due to employment expansion and the government's economic stimulus measures. The manufacturing sector continued to contract, as reflected by the production capacity utilization which remained low. Inventories in the manufacturing sector remained high and might have an impact on the production in the next stage.

In the situation whereby the Thai economy was still faced with many negative factors. The annual average inflation rate in 2019 was 0.71 percent, which was below the lower bound of the inflation target. This was mainly due to the falling energy prices. As a result, the BOT cut its benchmark interest rate twice in 2019 - from 1.75 percent to 1.50 percent in the third quarter and from 1.50 percent to 1.25 percent in the fourth quarter. The objectives were to support economic expansion and to maintain the stability of the financial

system, against the backdrop of various risk factors which were highly uncertain. In addition, the BOT still paid attention to the behaviors which reflected a search for yield by investors into high-risk assets as they might underprice risks. Attention was also paid to the borrowing behavior as well as the ability of households and SMEs to repay loans. In this connection, the BOT introduced both microprudential and macroprudential measures continuously. The measures were used for looking after the stability of the financial system. Among others, these included the following: (1) Expansion of personal loan oversight and governance to encompass the loans which used car registration book as collateral; (2) Revision of the loan-to-value (LTV) measure aimed at mortgage contracts; and (3) Oversight and governance of household debt by encouraging responsible lending.

Against the backdrop of the global economic slowdown as well as risk factors including trade war, geopolitical uncertainty, strong baht compared to trade competitors' currencies, climate volatility and transmission of Coronavirus disease 2019 (COVID-19), the Thai economy, particularly its tourism sector, is expected to slow down. However, the impacts on tourism operators and tourism-related businesses might be less severe, thanks to the monetary and fiscal measures being implemented by the government in order to mitigate negative impacts of the risk factors on tourism. The measures include tax measures, financial measures implemented by state-owned financial institutions and state Specialized Financial Institutions (SFIs). It is expected that in 2020 domestic consumption will remain unchanged, mainly due to household debt. Exports will still be faced with the global economic slowdown, particularly the economic slowdown of Thailand's primary trading partners including, among others, China, Japan and Hong Kong. On the other hand, domestic investment, particularly government spending and investment, will slow down, mainly due to delays of budget disbursements. However, in the first quarter of 2020, the BOT reduced the policy rate from 1.25 percent to 1.00 percent, in order to stimulate economic growth in 2020. Moreover, there might be additional positive factors as the government will introduce additional measures, such as those implemented in 2019, to support economy in the next stage if the Thai economy contracts more than anticipated.

Industry and Competition Outlook

The commercial banking system is still facing with several challenges including political factors, changes in regulations, changing consumer behavior, application of technology to improve service delivery, sluggish outlook for the Thai economy and the global economy, benchmark interest rate volatility, debt burdens of households and SMEs which remain high, and the enforcement of the new Labor Protection Act. In addition, the commercial banking system has to compete with non-banking financial institutions which increasingly applies technology to the service delivery. As a result, commercial banks need to change the way their business activities are conducted not only by expanding digital banking services as well as by applying technologies, researching and developing new financial innovations but also establishing cooperation with tech startups. Emphasis is placed on looking after the quality of loans in order to deal with pressures from non-performing loans (NPLs), building up business strength by setting aside an allowance for doubtful accounts, improving business operations by raising the service standards that comply with the market conduct practices as well as paying attention to development of human resource potential so that they are prepared for service delivery in the digital era, among others.

Nevertheless, the overall stability of the Thai commercial banking industry remained strong, as reflected by the high Capital Adequacy Ratio (CAR) of the commercial banking system, which amounted to 19.61 percent, up from 18.33 percent in 2018 and the Liquidity Coverage Ratio (LCR) of the commercial banking system which increased from 184.01 percent in 2018 to 187.5 percent in 2019. The LCR was higher than the minimum requirement imposed by the BOT. Noteworthy was the fact that the profits of the commercial banking system amounted to 270,881 million baht, up 31 percent compared to 207,245 million baht in the previous year. This was mainly due to the 696 percent increase in net gains on investments from 17,641 million baht in 2018, which was in line with the net temporary investment which increased 36 percent from 1,103,856 million baht in 2018. On the other hand, impairment loss of loans and debt securities increased by 9 percent from 149,171 million baht.

In 2020, the commercial banking industry is still facing with the situation whereby the global economy slows down. In addition, the following are risk factors which impact the Thai economy: (1) impacts of the trade war between the U.S. and China, (2) geopolitical uncertainty, (3) strong baht compared to trade competitors' currencies, (4) climate volatility, (5) transmission of Coronavirus disease 2019 (COVID-19), (6) household debt which remains high, and (7) non-performing loans which are expected to increase. These factors cause commercial banks to adapt and be cautious in the conduct of their business affairs. In addition, they need to pay attention to the development of digital systems to accommodate the changes in customer behavior. However, the fact that the economic conditions will be clearer in the second half of the year will help support domestic investment, employment and consumption. This will represent a good opportunity for commercial bank to grow business loans and consumer loans.

In addition, the overall commercial banking system still places emphasis on business operations in which decision making is not only driven by data but also influenced by customer centricity. Noteworthy is the use of the big data customer analytics to gain insights into customer behavior and to understand customer decision-making journeys in the execution of financial transactions. The information will be useful for formulating strategies and developing financial products and services as well as developing channels for financial service delivery. Emphasis will also be placed on expansion of cooperation with business alliances to establish closer linkages among one another's businesses. The objectives are to meet the needs of each customer group and to create a great customer experience.

TBANK's Competitiveness Compared to Competitors

In late 2019, TBANK started implementing the merger plan with TMB to combine each other's expertise and strengths. Both banks shared the same goal of enhancing the competitiveness and efficiency not only in delivering financial services in a comprehensive manner but also looking after customers in an integrated manner with focus on giving them good experience. As a result, the merged bank would be stronger. In this connection, the implemention of the merger was expected to be completed around the middle of 2021, after which the new bank's total assets would double in size to about 2 trillion baht. As a result, the new bank would rank 6th among Thai commercial banks.

As regards its competitiveness, the new bank would have greater potential for supporting customers, as it incorporated the strength of TBANK in terms of expertise in extending retail credit. In particular, TBANK held the leadership position in the auto hire purchase loans. On the other hand, TMB's strength lied in fund mobilization. The combined strengths would be of benefit to all parties concerned, including customers, trading partners, employees and shareholders as well as the commercial banking system.

In relation to customer base, the new bank's customer base would expand to 10 million. There was little overlap in the two banks' customer bases. The new bank would have more comprehensive products and services to meet customer needs. Importantly, it would have more channels and branch networks. As a result, the new bank would be able to look after customers in a comprehensive manner by offering the best products and services possible from the two banks.

In addition, with the total assets doubling in size, the new bank would be able to manage its operating costs in a more efficient manner. It would also be able to invest in new technologies with an aim to raise the level of service quality and to develop seamless linkages of different channels. Not less importantly, the bank would be able to improve productivity in its human resources to enable it to create new financial products and services which enhanced customers' quality of life.

In 2019, TBANK was considered one of the banks with high growth potential as well strong and stable financial position. TBANK was not only able to maintain its position of the automotive lending market leader continuously, but also able to achieve an appropriate proportion of low-cost savings to fixed deposits in its deposit structure. In addition, it was able to manage the operating costs and expenses efficiently. As a result, its operating cost ratio reflected a relatively high operating efficiency. Importantly, it was able to maintain the good quality of assets continuously, thanks to its process of managing non-performing loans in a systematic and efficient manner. Also noteworthy was the Bank's high BIS Capital Adequacy Ratio based on Basel III standards.

As an overview of 2019, TBANK and its subsidiaries had total assets of 1,003,721 million baht, and loans of 713,978 million baht, or a 5.2 percent decrease from the previous year. The net profit was 25,621 million baht, a 74.3 percent increase from last year. In addition, TBANK's deposits were 734,352 million baht, a 2.4 percent reduction. Considering risk management and asset quality, TBANK's non-performing loan (NPL ratio) was 2.29 percent, similar to the end of last year but lower than the industry average. The capital adequacy ratio was 19.65 percent, higher than the industry average. The Liquidity coverage ratio (LCR) remained above 100 percent, higher than the minimum requirement of the BOT.

Securities Business and Fund Management Business

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

Thanachart Securities Public Company Limited

Characteristics of Product and Service

TNS operates securities business with two key areas of business - brokerage business and investment banking business. As at 31 December 2019, TNS had 10 branches and offered the following services:

1. Brokerage Business implied brokerage services which included a service of securities trading and giving investment advices to TNS's customers whether individual, retail, and local and foreign institutional to make decision on their investment.

2. Derivative Business included trading services for future contracts and derivatives.

3. Securities Borrowing and Lending (SBL) included services of borrowing or lending securities for customers who had a desire to borrow or lend securities.

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

5. The company served as agent for selling and redemption of unit trusts. In particular, as selling agent of 17 asset management companies, the company gave services related to the redemption and selling of unit trusts with disclosure of names of unit trust holders. In addition, TNS joined the Fund Service Platform Project under a service called Fund Connect developed by Thailand Securities Depository Co., Ltd. in collaboration with the SET and the securities companies which participated in the project. The objective was to establish a common platform which had a same system for trading unit trusts. Importantly, customers could access to the system and were able to trade via the Streaming for Fund system themselves on their mobile phones. As well, they could check and verify the consolidated portfolios consisting of their investments in unit trusts of any asset management companies at one place.

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

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

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

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

Market and Competition

1. The Thai economy in 2019 grew 2.4 percent, a slowdown when compared to the growth of 4.1 percent in 2018. This was mainly due to the impact of more stringent trade policies of the United States and China. They imposed several rounds of new tariffs on each other. As a result, the volume of global trade gradually dropped while investors put off major investment decisions. On the other hand, the fiscal and monetary policies were efficient to a limited extent, mainly to the delay in the passage of the draft budget bill for the fiscal 2020 year. Also, the BOT's reduction of the benchmark rate did not support commercial banks' lending and real estate sector received the adverse impact of strict regulations on second and subsequent mortgage. The SET Index ended 2019 at 1,579.84 points, up 1.02 percent from a year earlier. The average daily trading value of the SET was 52.5 billion baht, down 6.9 percent from the average daily trading value of 56.4 billion baht in 2018.

The SET Index rose from 1,550 points at the beginning of 2019 to the year's peak of 1,750 points in July. The factor which supported the surge of the SET Index in the first half of the year was the change in the stance of U.S. Federa Reserve. It was expected earlier that the Federal Reserve would be hawkish and would raise its benchmark rate three times in 2019. However, the Federal Reserve had sent a dovish signal since the beginning of the year. Moreover, it sent a signal that it would end its policy of quantitative tightening. As a result, the yield on the 10-year U.S. Treasury bonds fell from 3.3 percent in the latter part of 2018 to its lowest of 1.4 percent in the third quarter of 2019. On the other hand, Thailand's tourism recovered, mainly due to the visa-free policy and the low base in the previous year. Moreover, foreign MSCI (Morgan Stanley Capital International) Index funds increased their weightings of Thai stocks in their portfolios on MSCI's inclusion of Non-Voting Depository Receipts (NVDRs) into the emerging markets index. However, the SET Index gradually declined in the second half of the year, mainly due to the following factors:

The first factor: After Thailand's general election, Phalang Pracharat was able to form a coalition as anticipated. However, the coalition had 254 House seats while the opposition commanded 246 votes in the House. As a result, investors were worried about the government's stability. In addition, the late formation of the coalition resulted in the delay in the passage of the draft budget bill for the fiscal 2020 year from October 2019 to February 2020 or by four months. The delay was expected to reduce the efficiency in the implementation of the fiscal policy.

The second factor: As a result of implementation of tight trade policies between China and the United States, increased tariffs were imposed on 400 billion US dollars worth of Chinese imports. The increase began to have a negative impact on international trade. The Manufacturing Purchasing Managers' Index in key countries had continuously declined since the beginning of the year. Moreover, the yield on long-term U.S. Treasury bonds fell to the level close to the yield on short-term U.S. Treasury bonds, which was seen as an indicator of an impending recession. This had an overall impact on investment climate.

The third factor: Thai baht was strong against the US dollar. The baht rose from 32.2 baht against the US dollar at the beginning of the year to 30.0 baht against the US dollar towards the latter part of the year. On the other hand, the baht rose 7 percent against other currencies in the region. In particular, the Thai baht rose 8.5 percent against Chinese yuan renminbi and rose 12 percent against the Euro. It rose 5.8 percent against the Japanese yen while it rose 7 percent against Vietnamese dong. These had an overall impact on Thai exports. Strong baht posed risks for foreign investment in the Eastern Economic Corridor (EEC) in the next phase.

The fourth factor: In the second half of the year, the Thai economy continued to grow more slowly than expected. The slowdown was mainly due to weak exports and low efficiency of the monetary and fiscal policies as earlier mentioned, let alone the environmental impacts of petrochemicals and petroleum refinery. Based on Bloomberg consensus, earnings estimated of the SET fell continuously. Its earnings per share dropped from 115 baht at the beginning of the year to 93 baht at the end of the year, down 19.4 percent.

For the year 2020, the Thai economy is expected to grow at a low rate of 2.7 percent. The major factor behind the growth is the spending which the government plans to accelerate after the passage of the draft budget bill for the fiscal 2020 year. The government will start spending as from the middle of the first quarter of 2020. It is anticipated that the government will quickly come up with more measures aimed at stimulating consumption and investment. On the other hand, the global economy is expected to recover, thanks to the successful U.S.-China "phase one" trade deal, reduction of the risk arising from imposing additional tariffs on imports, and rollback of some prior duties. Meanwhile, the U.S. and China intend to continue negotiating, aiming at reducing the impacts caused by the earlier rounds of tariff hikes.

Based on the information disclosed by the SET, during the period from January to December 2019, there were 34 new companies which got listed on the SET and the Market for Alternative Investment (MAI). Their combined market capitalization value at IPO prices amounted to 380 billion baht. Noteworthy was the total market capitalization value at IPO price of a large-cap stock namely Asset World Corporation Public Company Limited (AWC), which amounted to 180 billion baht, up 109 percent from 180 billion baht in 2018. In addition, as at the end of 2019, the market capitalization of SET was 16.75 trillion baht, up 4.8 percent from 15.98 trillion baht at the end of 2018. On the other hand, the market capitalization of MAI was 215 billion baht, down 10.6 percent from 240 billion baht at the end of 2018.

TNS had a market share of 2.90 percent, ranked 16th among 39 securities companies in total. The average daily trading value of SET in 2019 dropped about 6.9 percent to 52.5 billion baht. However, taking into account the investment by investor groups, those with increase in trading value consisted of two groups. The trading value of foreign investors increased 4.5 percent while the trading value of securities companies' investment portfolios increased 1.4 percent. On the other hand, the trading values of institutional investors and domestic retail investors dropped 0.5 percent and 23.1 percent respectively. In the past year, apart from enhancing the quality of its analyst reports and developing service channels in a continuous manner, the company developed derivative warrants, ensuring that they would be more acceptable to the market.

2. Currently, there were 40 members in the Thailand Futures Exchange (TFEX). In 2019, the total trade volume was 104,521,995 contracts or about 428,396 contracts per day, up 0.51 percent from 2018 when taking into account the average daily trade volume. The majority of the volume came from single stock futures and SET50 index futures. TNS had a market share of 2.63 percent, ranked 14th among TFEX members.

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

Thanachart Fund Management Company Limited

Characteristics of Product and Service

TFUND puts importance and emphasis on a great range of mutual funds products, in order to fully cover all needs of investors in every group and level i.e. retail, wholesale, and institutional investors. The company utilizes many types of distribution channels for sales, such as TBANK's branches and other investment unit distributors which are financial institutions licensed by the SEC. Operating under good corporate governance, TFUND provides qualified staff in accordance with the SEC's notifications to

serve customers in relation to investment by controlling and monitoring all staff to strictly adhere to related laws and regulations, building confidence to investors.

Market and Competition

As at 30 December 2019, there were 23 fund management companies in total. Net asset value of management of mutual funds offered to the general public was 5,364,522 million baht, an increase of 7.10 percent from 2018. In 2019, there were 630 newly established funds, amounting to total net value of 1,196,519 million baht. Most of them, 387 funds, were fixed income funds with domestic and international investments, with net asset value of 983,709 million baht, or 82.21 percent of net asset value of funds set up in 2019. Out of TFUND's new funds launched in 2019, 67.72 percent was fixed income funds with domestic and international investments.

As at 30 December 2019, TFUND's assets under management totaled 232,752.45 million baht, up from 2018 by 11,392.90 million baht, or 5.15 percent. The increase was made up of 14,884.63 million baht or 7.77 percent from mutual funds offered to the general public. The assets under management comprised 88.75 percent of mutual funds, 3.63 percent of private funds, and 7.62 percent of provident funds.

Insurance Business

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

Thanachart Insurance Public Company Limited

Characteristics of Product and Service

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

Market and Competition

During the period from January to October 2019, Thailand's general insurance business posted higher written premiums compared to the same period in 2018 at 5.94 percent. Gross written premiums were 193,787 million baht. The non-life insurance market structure during such period showed that the auto insurance continued to dominate up to 59 percent of the total market value, followed by the miscellaneous insurance with the market share of 35 percent, while fire insurance and marine and transportation insurance gained market shares of 4 percent and 2 percent respectively.

TNI's key goal is to conduct its business affairs so that its business is stable with sustainable growth. In addition, strong emphasis is placed not only on making a diverse range of products and services available to customers but also making the company reliable and trustworthy to customers. Not less importantly, the company must be able to response to customer needs in an efficient manner and impress its customers with innovations and modern technology. In this connection, the company has to carry out the following 4 missions.

1. The company enhances the ability to make profit for the company by increasing the sales of profitable products. As well, emphasis is placed on managing claims and selling costs in an efficient manner (Profitability).

2. To excel in non-life insurance business, the company puts customer needs at the center of service delivery (Customer Centric).

3. The company achieves highest customer satisfaction by offering a comprehensive range of services (Service Excellence).

4. The company places emphasis on raising the level of productivity throughout the organization. As well, it streamlines its processes and infrastructure by using innovations and new technologies (Digital Platfom).

In addition, in 2019, TNI continued to develop its services, aiming at giving customers more services than the coverage. Thanks to its LINE account named "Thanachart Insurance Official LINE", the company stood ready to help and look after customers anywhere anytime around the clock. Customers could submit their claims through the LINE account, check their policy, and find garages or hospitals near their house as well as receive special promotions offered by leading stores particating in promotional activities throughout the year. As well, in 2019 TNI managed to create new products which met the diverse needs of each customer group. These products included Auto Insurance 2+ at a special price for specific customer groups, such as "Thanachart 2+ for pro" for customers aged 40 years or over and "Thanachart 2+ Took Jai" for pick-up truck customers. As regards "Thanachart My Condo", it was a policy with asset protection for home. This product was specifically targeted at those living in condominiums.

Key customer groups accounted for approximately 98 percent of the total number of customers. These groups included retail customer groups whose sum insured of the insured assets being not more than 5 million baht. The types of insurance policies chosen by customers included car insurance, personal accident insurance, and fire insurance for residential property. The above customer groups were not only from TBANK's borrowers but also from the marketing activities of TNI.

Customers with sum insured of over 5 million baht were private organizations that operated many areas of businesses, both commercial and industrial. Key products offered to this group of customers were miscellaneous insurance and fire insurance. Based on the characteristics of the aforementioned customer base, it could be concluded that since TNI began its non-life insurance business, it has not relied solely on a single customer by more than 30 percent of TNI's total revenue. Moreover, TNI provides insurance services to domestic customers only.

Based on the Thai General Insurance Association's 2019 direct premium forecast, the Thai non-life insurance industry growth was at 6.0 percent in 2019 with total premiums of 247,075 billion baht.

MBK Life Assurance Public Company Limited

Characteristics of Product and Service

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

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

- **MBK Life 20/10M product** has coverage of 20 years with just 10 years premium payment. Policyholders will get a payback equal to 3 percent of the beginning sum insured in years 1-19 and 150 percent of the beginning sum insured in year 20. A total return of 207 percent of the beginning sum insured for the whole policy period.

- **MBK Smart Saving 10/2 product** has coverage of 10 years with premium payments for only 2 years. Policyholders will get a payback equal to 5 percent of the initial sum insured at the end of each year for the first 9 years. And at the end of the tenth year when the policy expires, the policyholders will get a payback equal to 188 percent of the initial sum insured. As a result, the total payback amounted to 233 percent of the initial sum insured.

- **MBK Smart Saving 10/3 product** has coverage of 10 years with premium payments for only 3 years. Policyholders will get a payback equal to 6 percent of the initial sum insured at the end of each year for the first 5 years. In addition, they will get a payback equal to 7 percent of the initial sum insured at the end of each year for years 6 to 9. At the end of the tenth year when the insurance policy expires, the policyholders will get a payback equal to 300 percent of the initial sum insured. As a result, the total payback amounts to 358 percent of the initial sum insured.

- **MBK Smart Life 10/5 product** has coverage of 10 years with premium payments for only 5 years. Policyholders will get a payback equal to 20 percent of the initial sum insured at the end of each year for the first 6 years. In addition, they will get a payback equal to 100

percent of the initial sum insured at the end of each year for years 7 to 9. At the end of the tenth year when the insurance policy expires, the policyholders will get a payback equal to 150 percent of the initial sum insured. As a result, the total payback amounts to 570 percent of the initial sum insured.

- **MBK Smart Sure 10/7 product** has coverage of 10 years with premium payments for only 7 years. Policyholders will get a payback equal to 5 percent of the initial sum insured at the end of each year for the first 9 years. In addition, they will get a payback equal to 155 percent of the initial sum insured at the end of each year for years 10. At the end of the tenth year when the insurance policy expires, the policyholders will get a payback equal to 155 percent of the initial sum insured. As a result, the total payback amounts to 200 percent of the initial sum insured.

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

- **MBK Life 14/7 product** has coverage of 14 years with premium payments for only 7 years. Policyholders will get a payback equal to 3 percent of the initial sum insured at the end of each year for the first 3 years. In addition, they will get a payback equal to 4 percent of the initial sum insured at the end of each year for years 6 to 10, 5 percent of the initial sum insured at the end of each year for years 11 to 13. At the end of the 14^{th} year when the insurance policy expires, the policyholders will get a payback equal to 180 percent of the initial sum insured. As a result, the total payback amounts to 230 percent of the initial sum insured.

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

- **MBK Easy Saving 15/10 product** has a policy coverage of 15 years with 10 years premium payment, which offers life protection worth 100 percent of the beginning sum insured and life protection worth 165 percent of the beginning sum insured in year 2, and protection worth 230 percent of the beginning sum insured in year 3, and protection worth 295 percent of the beginning sum insured in 4, and protection worth 360 percent of the beginning sum insured in year 5, and protection worth 425 percent of the beginning sum insured in year 6, and protection worth 490 percent of the beginning sum insured in year 7, and protection worth 555 percent of the beginning sum insured in year 8, and protection worth 620 percent of the beginning sum insured in year 9, and protection worth 685 percent of the beginning sum insured in year 10-15. As regards cash back at the end of policy, policyholders are entitled to receive 10 percent of the beginning sum insured for 1-14 year, and the end of 15^{th} year, 570 percent of the beginning sum insured. Total return worth 710 percent of the beginning sum insured.

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

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

- **MBK Happy Pension Gold 85/1 product (tax deductible pension)** is designed for the insured aged 60-65 years. Policyholders are required to pay premiums only in the first year. On the other hand, they will receive pension payback each year from the end of the first year of the policy until the policyholders are 85 years old. As a result, they will receive up to 25 pension paybacks. The total paybacks they will receive amount to 500 percent of the initial sum insured.

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

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

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

With regard to the Mortgage Reducing Term Assurance (MRTA), this product provides protection for individuals who are property loan borrowers. The objective is to prevent loan repayments from become burdens in the unfortunate event happening to borrowers, resulting in death or total permanent disability. The sum insured will decrease by the same amount after each premium payment is made or decrease at each time the premium payment is made, due to compounding interest.

Market and Competition

Target Customers

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

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

Distribution Channels

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

Asset Management Business

NFS Asset Management Company Limited and MAX Asset Management Company Limited

Characteristics of Product and Service

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

Market and Competition

In managing non-performing assets, the main focus is given on finding solutions to non-performing loans problems. It needs to access the financial health of the debtors and their ability to repay debts. The main objective and policy in managing non-performing loans and restructuring quality of debtors are to contact the debtors for debts restructuring, making them repay debts according to their abilities and

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

TS Asset Management Company Limited

Characteristics of Product and Service

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

Market and Competition

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

Leasing Business

Ratchthani Leasing Public Company Limited

Characteristics of Product and Service

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

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

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

Market and Competition

In 2018, the hire purchase and leasing industry indicated signals of continuous growth from previous years. Even so, the competition in the leasing and hire purchase business continued to intensify as financial institutions, commercial banks, and leasing and hire purchase businesses of car dealers focused their marketing on new and used

personal car loans. As a result, some operators had to adjust and expand its used car loan portion further. Yet, these operators were not considered as the company's direct competitor because its main target customers were new and used commercial vehicles, which had moderate competition compared to the personal car market.

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

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

Funding of Products and Services

1. Sources of Fund

One source of TBANK and its subsidiaries fund is the capital, comprising issued and paid-up capital, which as at 31 December 2019 amounted to 60,649 million baht, including legal reserve and retained earnings. There are other two key sources of fund as follows:

1) Deposits which by the end of the year 2019 were in the amount of 734,352 million baht.

2) Borrowings in the amount of 31,424 million baht could be divided into 7,000 million baht of subordinated instruments issued under Tier II, 24,419 million baht of unsubordinated debentures, 5 million baht of promissory notes.

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

TBANK extended loans to the parent company, subsidiaries, and related companies only in Thanachart Group. As at the end of 2019, the loan which TBANK extended to TMB for implementation of the merger amounted to 32,806 million baht.

The above outstanding loan balance accounted for 4.59 percent of total outstanding loan balance of TBANK's separate financial statements at the end of 2019. All lending and borrowing activities were transacted under the permission of the BOT.

RISK MANAGEMENT AND RISK FACTORS

Overview of Risk Management

In 2019, the Thai economy continued to slow down, in line with global economic slowdown as a result of the trade war. The trade war had a significant impact on both the world economy and the Thai economy which was the trading partners of both China and the United States. In addition, the fact that the Federal Reserve reduced the benchmark U.S. interest rate resulted in surges in capital flows to emerging markets. As a result, the developments had an impact on the exchange rate volatility in the region. In particular, Thai baht hit the highest level against the US dollar over the past several years. The two factors had an adverse impact on the Thai economy which was heavily dependent on exports and tourism. Noteworthy was also the fact that overall Thai household debt was still high. As a result, business loans and consumer loans of the commercial banking sector grew at a decreasing rate. However, close monitoring and stringent controls over the quality of loans helped keep the non-performing loans at the level close to the previous year. In this connection, in order to support the economic expansion, the BOT's Monetary Policy Committee decided to cut its policy rates two times-from 1.75 percent to 1.50 percent in the third quarter of 2019 and from 1.50 percent to 1.25 percent in the fourth quarter of 2019.

As for 2020, the growth of the Thai economy is expected to slow down further in comparison with the previous year. Economic, social and political conditions would also put pressure on corporate competitiveness. In this connection, there are also several factors that have to be monitored closely. These include, among others, SMEs loan repayment capacity, household debt which remain high, and the loan quality amidst the economic slowdown, which may have negative effects on different risk areas.

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

The Company's Risk Management Structure

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

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

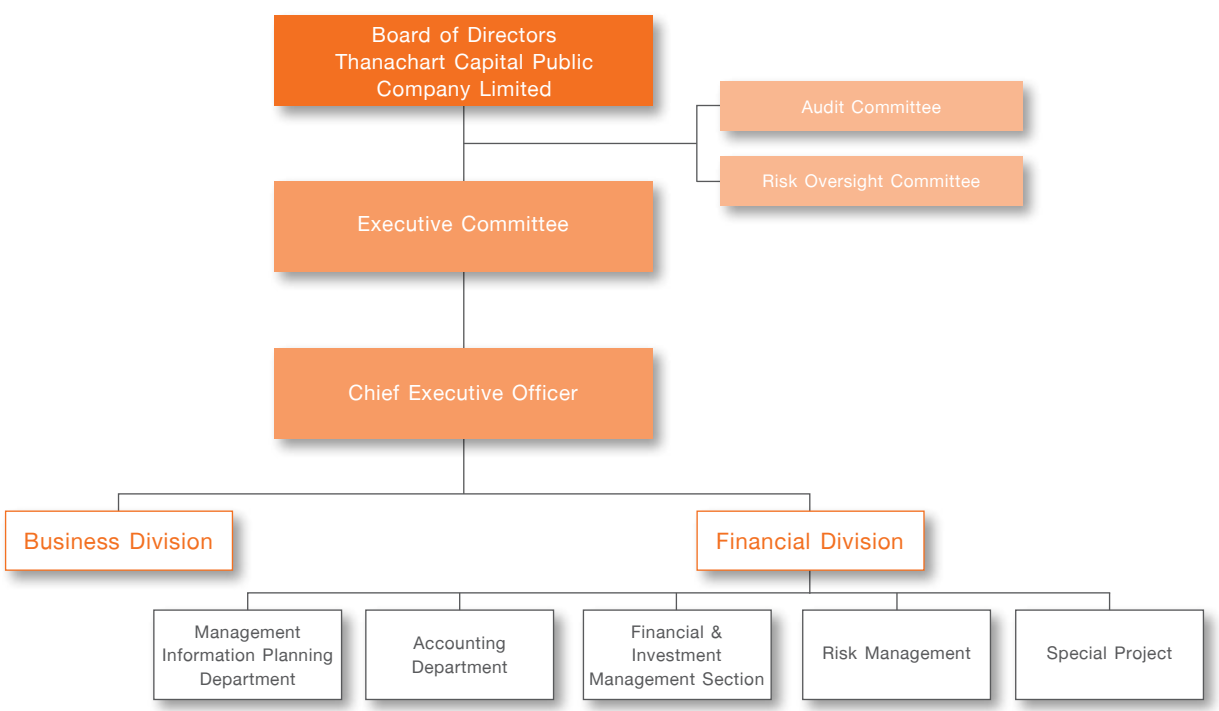
Risk Oversight Committee plays a role in proposing the Company's risk management policy and the Group's risk management policy to the Company's Board of Directors for approval. The Committee also establishes risk management strategic plans to be in line with the risk management policy and revises the sufficiency of the Company's risk management

policy including the efficiency of the system and practice of the specified policy. Furthermore, it has a role to control, monitor, and supervise the Company and the companies under the Group to comply with the risk management policy as well as regularly report the result of the compliance to the Board of Directors including the adjustments to conform to specified policies and strategies.

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

The Company's Risk Management Structure Chart

As at 31 December 2019



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

- The Company puts in writing of all the established policies and guidelines regarding the risk management that specifies responsibilities of related unit as the operational guidelines for the employees. Moreover, the Company has established a four-step guideline for risk management. The guideline includes 1) the identification of the characteristics of risk as well as risk factors, 2) the development of appropriate tools and models for risk measurement, 3) the control of risks within acceptable limits, and 4) the close monitoring of risk status in order to properly manage any possible risks in a timely manner.

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

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

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

Key Risk Categories

1. Credit Risk

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

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

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

Key Credit Risk Factors

1.1 Credit Concentration Risk

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

1.2 Risk of Non-performing Loans

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

1.3 Risk from Collaterals

For collateralized loans, the Company and its subsidiaries carefully assess and classify quality of each type of collateral by taking into account the liquidity and overall risk from that collateral. The assessment result is one of the important factors applied in the classification of each credit exposure. In this regard, the collateral, both in the form of immovable and movable whose value could be appraised, is subject to appraisal or valuation complying with the BOT's regulation. The Company and its subsidiaries significant types of collaterals are deposits and bills of exchange, marketable equity securities, non-listed equity securities, commercial immovable property, immovable property from housing, vehicles, machinery, etc. The Company and its subsidiaries have determined guidelines, standards, and frequency of appraisal and valuation of each type of collateral. Furthermore, a report of the appraisal and valuation is made which includes clear and sufficient data and analysis to determine the price. In case that it cannot be specified whether the collateral price has decreased or declined over time, the impairment of the asset must be considered by a concerned official.

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

1.4 Risk from Impairment of Property Foreclosed

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

1.5 Risks from Guarantees and Avals

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

2. Market Risk

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

2.1 Price Risk

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

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

As at 31 December 2019 and 31 December 2018, the Company and Its Subsidiaries' Trading and Available-for-sale Investments Classified by Types of Investments were as follows:

(Unit: Million Baht)

	Fair Value	
	2019	2018
Investments		
Trading Investments		
Government and State-owned Enterprise Securities	1,705	13,346
Private Debt Securities	2,661	3,507
Domestic Marketable Equity Securities	1,420	958
Available-for-sale Investments		
Government and State-owned Enterprise Securities	20,908	99,910
Private Debt Securities	6,257	23,702
Foreign Debt Securities	-	17,203
Domestic Marketable Equity Securities	2,794	6,793
Unit Trusts	3,238	68
Total Trading and Available-for-sale Investments	**38,983**	**165,487**

The trading investments and available-for-sale investments of the Company and its subsidiaries reduced in value, due to the fact that the Company sold its investment in TBANK to TMB.

2.2 Interest Rate Risk

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

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

Details of Financial Assets and Liabilities as at 31 December 2019 Classified by the Period when the Interest Rate would be Repriced in Accordance with Contract Related to Financial Assets and Liabilities of the Company and Its Subsidiaries were as follows:

(Unit: Million Baht)

Items	Period of Interest Rate Repricing or Due Date							
	Floating Interest Rate	At Call	0 - 3 Months	3 - 12 Months	1 - 5 Years	Over 5 Years	No Interest	Total
Financial Assets								
Cash	-	-	-	-	-	-	3	3
Interbank and Money Market Items	3,809	-	820	2,332	302	-	121	7,384
Derivative Assets	-	-	-	-	-	-	13	13
Investments	499	-	15,656	11,922	4,617	1,125	6,538	40,357
Loans to Customers	4,043	1,229	607	1,916	48,040	403	28	56,266
Receivables from Purchase and Sale of Securities	-	-	-	-	-	-	2,577	2,577
Total Financial Assets	**8,351**	**1,229**	**17,083**	**16,170**	**52,959**	**1,528**	**9,280**	**106,600**
Financial Liabilities								
Interbank and Money Market Items	23	1,140	11,626	2,421	450	-	-	15,660
Derivative Liabilities	-	-	-	-	-	-	47	47
Debts Issued and Borrowings	51	418	6,965	11,525	19,921	5,900	-	44,780
Payables from Purchase and Sale of Securities	-	-	-	-	-	-	948	948
Other Liabilities - Payables to Clearing House	-	-	-	-	-	-	1,054	1,054
Total Financial Liabilities	**74**	**1,558**	**18,591**	**13,946**	**20,371**	**5,900**	**2,049**	**62,489**

2.3 Exchange Rate Risk

Foreign exchange risk is the risk arising from changes in exchange rate. The changes may cause the value of financial instruments to change or result in revenue volatility or price volatility of financial assets or liabilities.

As the Company's subsidiaries are involved in foreign exchange transactions, they are faced with the foreign exchange risk. However, the subsidiaries adopt a policy aimed at minimizing their exchange rate risk by managing the net foreign exchange current position and by strictly adhering to the risk management policy approved by the Board of Directors at each subsidiary, taking into consideration the requirements imposed by the BOT.

3. Liquidity Risk

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

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

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

Capital Funds Classified by Source of Fund	2019		2018	
	Million Baht	Percent	Million Baht	Percent
Deposits	-	-	751,917	85.56
Interbank and Money Market Items	15,660	25.91	71,923	8.18
Debts Issued and Borrowings	44,780	74.09	55,013	6.26
Total	**60,440**	**100.00**	**878,853**	**100.00**

Capital Funds Classified by Maturity Date	2019		2018	
	Million Baht	Percent	Million Baht	Percent
Less than 1 Year	34,169	56.53	786,934	89.54
More than 1 Year	26,271	43.47	91,919	10.46
Total	**60,440**	**100.00**	**878,853**	**100.00**

Financial Assets and Liabilities as at 31 December 2019, Classified by Maturity Date are as follows:

(Unit: Million Baht)

Items	Maturity Date of Financial Instruments				
	At Call	Less than 1 Year	More than 1 Year	Not Specified	Total
Financial Assets					
Cash	3	-	-	-	3
Interbank and Money Market Items	3,930	3,152	302	-	7,384
Derivatives Assets	-	13	-	-	13
Investments	499	29,422	3,898	6,538	40,357
Loans to Customers	5,981	18,079	32,175	31	56,266
Receivables from Purchase and Sale Securities	-	2,577	-	-	2,577
Total Financial Assets	**10,413**	**53,243**	**36,375**	**6,569**	**106,600**
Financial Liabilities					
Interbank and Money Market Items	2,113	13,097	450	-	15,660
Derivative Liabilities	-	47	-	-	47
Debts Issued and Borrowings	470	18,489	25,821	-	44,780
Payables from Purchase and Sale Securities	-	948	-	-	948
Other Liabilities - Payable to Clearing House	-	1,054	-	-	1,054
Total Financial Liabilities	**2,583**	**33,635**	**26,271**	**-**	**62,489**
Commitments					
Other Commitments	1	-	43	-	44

4. Operational Risk

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

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

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

In addition, to monitor operational risk, the Company and its subsidiaries determine a policy for executives of each department to be responsible for monitoring the risk by considering this as a part of their regular duties. This will help identify all risks and problems that occur in order to respond to the changes in an appropriate and timely manner and not damaging to the Company and its subsidiaries. Nevertheless, to be informed of the result of business operations and problems that occur, as well as trends and changes in information of risk factors, the Company and its subsidiaries organize a filing and reporting of the information associated with operational risk management to be continually and regularly reported to the Board of Directors, the Risk Management Committee, and high level executives to use in the determination of policies, to develop a sufficient risk management system, and to be a tool in aiding the Company and its subsidiaries to evaluate the capability and efficiency of the internal control system.

5. Information Technology Risk

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

To enable the Company and its subsidiaries to manage information technology risks in an efficient and continuous manner and also in line with the nature of their business operations, volume of transactions, information technology complexity, and related risks such as operational risk, strategic risk, reputational risk and legal risk, the Company and its subsidiaries have established a risk governance framework based on the fundamental principle of the three lines of defense - a guide to how responsibilities should be clearly divided and segregated. These include the following: (1) operations of information technology, (2) management of information technology risks, and (3) audit of information technology. Moreover, the Company and its subsidiaries have established the policy and standards for ensuring information technology security, the policy on information technology management, regulations as well as procedures and processes related to risk management. Importantly, they provide Directors, executives and staff with knowledge and awareness of information technology risks on a continuous basis.

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

- The risk assessment consists of (1) risk identification, (2) risk analysis and (3) risk evaluation. The objectives are to estimate the likelihood that the risks may arise and to assess the extent of effects on business operations.

- As regards risk treatment, the Company continues to manage, control and prevent the risks in an appropriate manner, in line with the risk assessment results. The objective is to keep the remaining IT risks at an acceptable level. In this connection, the Company has established a number of IT key risk indicators.

- The Company has put in place a process for monitoring, reviewing and reporting the risk, ensuring that the IT risk is at an acceptable level. In this connection, reports are presented regularly to the committee concerned.

6. Strategic Risk

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

7. Reputation Risk

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

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

8. Regulatory Risk

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

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

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

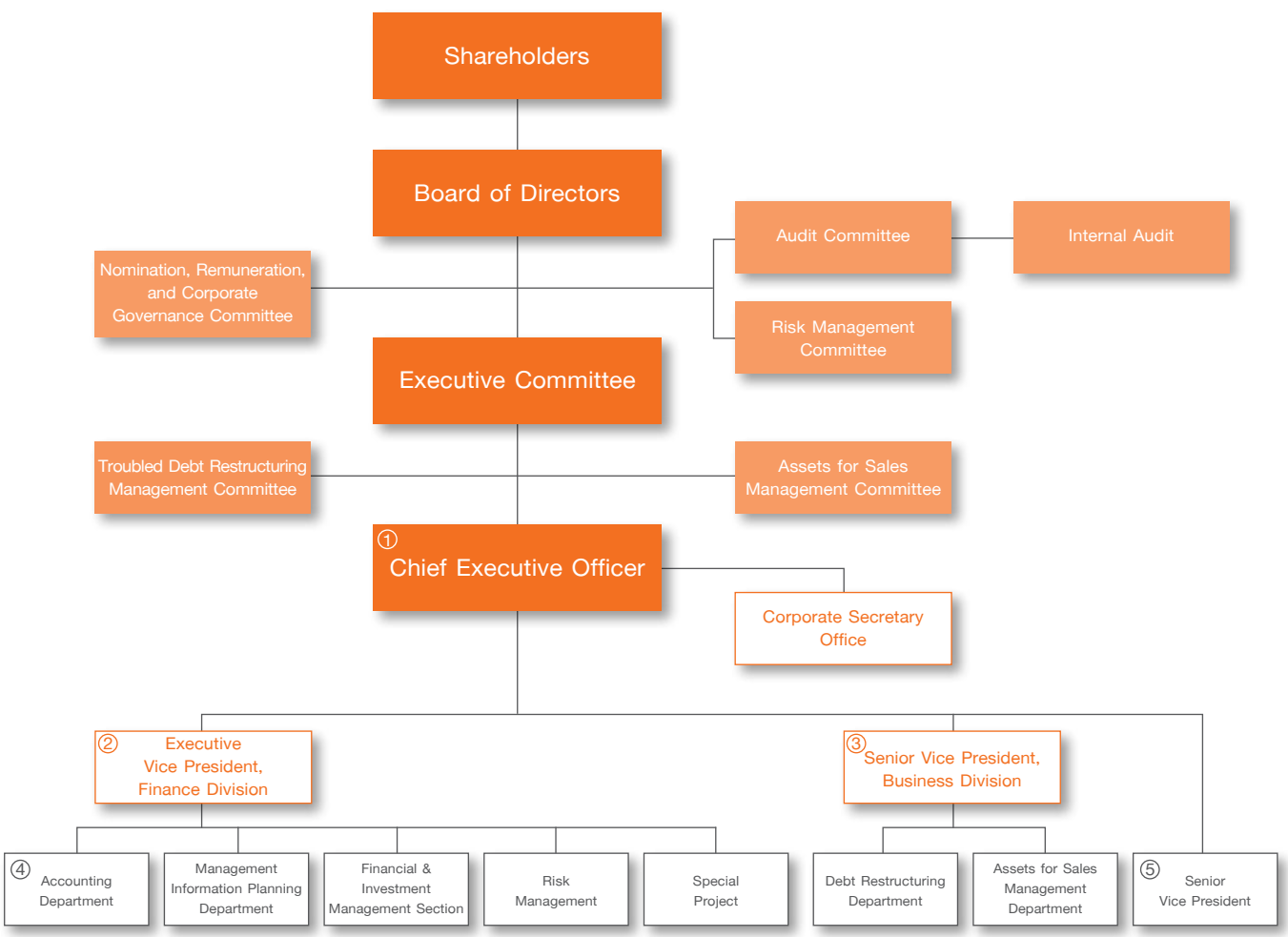
MANAGEMENT STRUCTURE

Thanachart Capital Public Company Limited

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

Organizational Structure of Thanachart Capital Public Company Limited

As at 31 December 2019



Note: ①-⑤ are executives at the managerial level and the first four executives after the managerial level according to the regulations of the SEC.

Board of Directors and Executives of the Company

Board of Directors of the Company

Structure of The Company's Board of Directors

In 2019, the Company had 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 3 of whom possessed the qualifications of Independent Directors. From 16 December 2019, the Company had 7 Directors as there were 2 Non-executive Directors resigned. Consequently, the Board of Directors consisted of 3 Executive Directors and 4 Non-executive Directors, 2 of whom possessed the qualifications of Independent Directors. At the Board of Directors' Meeting No. 14/2019 held on 16 December 2019, the Board of Directors passed a resolution to appoint Directors to replace those two who had resigned. The new appointments would be effective from 1 January 2020. As a result, as from 1 January 2020, the Company would have 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 4 of whom possessed the qualifications of Independent Directors.

The Company's Board of Directors Meeting

The Company has set the schedule of the Board of Directors' Meeting for a whole year in advance. The meeting is scheduled monthly. There could be the case of special meeting as deemed necessary. Following the considerations by the Chief Executive Officer, the Chairman of the Company's Board of Directors will review and approve the meeting agendas. The meeting agendas are to be clearly specified and informed in advance, including agendas for acknowledgement, agendas for consideration, agendas for approval, agendas from the sub-committees consideration and approval, agendas for acknowledgement the reports from sub-committees, and an agenda on information technology for consideration. These agendas are subject to monthly consider. The Company's corporate secretary is responsible for preparing the meeting notice and putting together the meeting documents in order to submit to the Directors prior to the meeting with sufficient time for the Directors to study and evaluate the information. Each meeting is approximately three hours long. There were a total of 14 meetings in 2019.

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

The List of the Company's Directors and the Meeting Attendance in 2019

List of Company's Directors	Position	Board of Directors	Audit Committee	Nomination, Remuneration, and Corporate Governance Committee	Executive Committee	Risk Management Committee
		(Total of 14 Meetings)	(Total of 15 Meetings)	(Total of 8 Meetings)	(Total of 13 Meetings)	(Total of 11 Meetings)
1. Mr. Banterng Tantivit	Chairman of the Board of Directors (Non-executive Director)	14	-	-	-	-
2. Mr. Suphadej Poonpipat	Vice Chairman and Chairman of the Executive Committee (Executive Director)	14	-	-	13	-
3. Mrs. Siripen Sitasuwan	Chairperson of the Audit Committee and Member of the Nomination, Remuneration, and Corporate Governance Committee (Independent Director)	11	15	8	-	-
4. Mr. Tiraphot Vajrabhaya	Chairman of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Audit Committee (Independent Director)	13	15	8	-	-
5. Mr. Prinya Hom-anek	Member of the Audit Committee and Member of the Risk Oversight Committee (Independent Director)	13	15	-	-	11
6. Mr. Vichit Yanamorn	Member of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Risk Oversight Committee (Non-executive Director)	14	-	7	-	11
7. Mr. Teeranun Srihong	Chairman of the Risk Oversight Committee (Non-executive Director)	11	-	-	-	10
8. Ms. Suvarnapha Suvarnaprathip	Vice Chairperson of the Executive Committee (Executive Director)	14	-	-	12	-
9. Mr. Somjate Moosirilert	Member of the Executive Committee, Member of the Risk Oversight Committee, and Chief Executive Officer (Executive Director)	14	-	-	13	9

Notes:

1) Authorized signatories of the Company included 1) Mr. Suphadej Poonpipat 2) Ms. Suvarnapha Suvarnaprathip 3) Mr. Somjate Moosirilert. Any two out of three authorized signatories could jointly sign with the Company's seal affixed.
2) Mr. Prinya Hom-anek and Mr. Teeranun Srihong resigned as members of the Board of Directors and members of standing committees, effective 16 December 2019 as they were nominated and appointed as members of TMB Board of Directors. The Board of Directors has had a resolution to appoint Mrs. Salinee Wangtal and Dr. Thanachart Numnonda as members of the Board of Directors and members of standing committees, effective 1 January 2020.
3) Mr. Panupan Tuangthong is the Secretary of the Board of Directors.

Executives of the Company

As at 31 December 2019, the Company's executives at the managerial level and the first four executives after the managerial level including the head of accounting or finance department, according to the SEC included the following:

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

Company Secretary

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

Duties, Roles, and Responsibilities of the Company Secretary

1. Overseeing various activities of the Company's Board of Directors.

2. Providing Directors with preliminary advice on legal provisions, rules and articles of association of the Company, as well as good corporate governance principles and the code of conduct which the Directors should adhere to, ensuring that they are always properly compiled by the Directors. The Company Secretary is also required to inform the Directors when there are significant changes.

3. Preparing detailed documentation and information which are useful for new Directors and advising them a direction of the Company's business operation.

4. Organizing meetings of shareholders and meetings of the Board of Directors, ensuring that both meetings are in compliance with the laws, the Company's articles of association, and other requirements.

5. Keeping minutes of the meetings of shareholders and the meetings of the Board of Directors. The Company Secretary is also responsible for monitoring and ensuring the implementation of the resolutions adopted at the meetings of shareholders and at the meetings of the Board of Directors.

6. Preparing and keeping the register book of the Directors, notifications of the meetings of the Board of Directors, minutes of the meetings of the Board of Directors, annual reports of the Company, notifications of the meetings of shareholders, and minutes of the meetings of shareholders.

7. Preparing and keeping the reports on the conflict of interest of the Directors and executives as well as submitting copies of those reports to the Chairman of the Board of Directors and the Chairperson of the Audit Committee.

8. Disclosing information and forwarding corporate news or reports to the relevant regulatory agencies, in compliance with its statutory requirements.

9. Organizing training courses, activities, as well as seminars aimed at enhancing the Directors' knowledge, skills, and experiences which are useful in helping them carrying out their duties as the Company's Directors.

10. Communicating with shareholders to inform them of their various rights and to give them the latest news updates on the Company.

11. Constantly receiving training and improving the knowledge in regard to laws, accounting, or duties of the Company Secretary.

12. Taking other actions as required by the Capital Market Supervisory Board.

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

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

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

Remuneration of Directors and Executives of the Company

Financial Remuneration

In 2019, the Company paid remuneration for four committees, including the Company's Board of Directors, the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, and the Risk Oversight Committee. Total remuneration was 46,568,513.19 baht. The remuneration was in the forms of monthly compensation, meeting stipends, and performance allowance based on the performance of 2018 which could be summarized as follows:

1. The remuneration payments made in 2019 to the Company's Board of Directors were as follows:

List of Company's Directors	Type of Remuneration (Baht Per Year)			
	Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Banterng Tantivit	1,440,000.00	840,000.00	6,278,481.70	8,558,481.70
2. Mr. Suphadej Poonpipat	720,000.00	420,000.00	3,139,240.85	4,279,240.85
3. Mrs. Siripen Sitasuwan	720,000.00	330,000.00	3,139,240.85	4,189,240.85
4. Mr. Tiraphot Vajrabhaya	720,000.00	390,000.00	3,139,240.85	4,249,240.85
5. Mr. Vichit Yanamorn	720,000.00	420,000.00	3,139,240.85	4,279,240.85
6. Ms. Suvarnapha Suvarnaprathip	720,000.00	420,000.00	3,139,240.85	4,279,240.85
7. Mr. Somjate Moosirilert	720,000.00	420,000.00	3,139,240.85	4,279,240.85
Directors retired from position in 2018				
1. Mr. Somkiat Sukdheva	-	-	1,393,306.90	1,393,306.90
2. Mr. Taweesak Saksirilarp	-	-	980,475.22	980,475.22
Directors retired from position in 2019				
1. Mr. Teeranun Srihong	689,032.26	330,000.00	2,158,765.63	3,177,797.89
2. Mr. Prinya Hom-anek	689,032.26	390,000.00	335,425.73	1,414,457.99
Total	**7,138,064.52**	**3,960,000.00**	**29,981,900.28**	**41,079,964.80**

Notes:
1) Mr. Taweesak Saksirilarp retired by rotation as member of the Board of Directors, effective 25 April 2018.
2) Mr. Somkiat Sukdheva resigned as member of the Board of Directors and member of standing committees, effective 12 June 2018.
3) Mr. Prinya Hom-anek and Mr. Teeranun Srihong resigned as members of the Board of Directors and members of standing committees, effective 16 December 2019.

2. The remuneration payments made in 2019 to the Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mrs. Siripen Sitasuwan	720,000.00	480,000.00	1,170,000.00
2. Mr. Tiraphot Vajrabhaya	480,000.00	300,000.00	780,000.00
Director retired from position in 2019			
Mr. Prinya Hom-anek	459,354.84	300,000.00	759,354.84
Total	**1,659,354.84**	**1,050,000.00**	**2,709,354.84**

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

3. The remuneration payments made in 2019 to the Nomination, Remuneration, and Corporate Governance Committee were as follows:

List of the Nomination, Remuneration, and Corporate Governance Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Tiraphot Vajrabhaya	360,000.00	140,000.00	500,000.00
2. Mrs. Siripen Sitasuwan	240,000.00	120,000.00	360,000.00
3. Mr. Vichit Yanamorn	240,000.00	105,000.00	345,000.00
Total	**840,000.00**	**385,000.00**	**1,225,000.00**

4. The remuneration payments made in 2019 to the Risk Oversight Committee were as follows:

List of the Risk Oversight Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Vichit Yanamorn	240,000.00	220,000.00	460,000.00
2. Mr. Somjate Moosirilert*	-	-	-
3. Mr. Kamtorn Tantisirivat*	-	-	-
Directors retired from position in 2019			
1. Mr. Teeranun Srihong	344,516.13	300,000.00	644,516.13
2. Mr. Prinya Hom-anek	229,677.42	220,000.00	449,677.42
Total	**814,193.55**	**740,000.00**	**1,554,193.55**

Notes: 1) * Executive Directors do not receive the remuneration.
2) Mr. Prinya Hom-anek and Mr. Teeranun Srihong resigned as members of the Board of Directors and members of standing committees, effective 16 December 2019.

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

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

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

There was no remuneration made to the Executive Committee.

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

The Company had seven executives who are at the managerial level and the first four executives after the managerial level including the head of accounting or finance department. As a result, the Company paid a total of 36,695,423.00 baht in the remuneration payment made to five executives in forms of salaries, allowance, and social security contribution.

Other Remuneration

1. Other remuneration for the Company's Directors

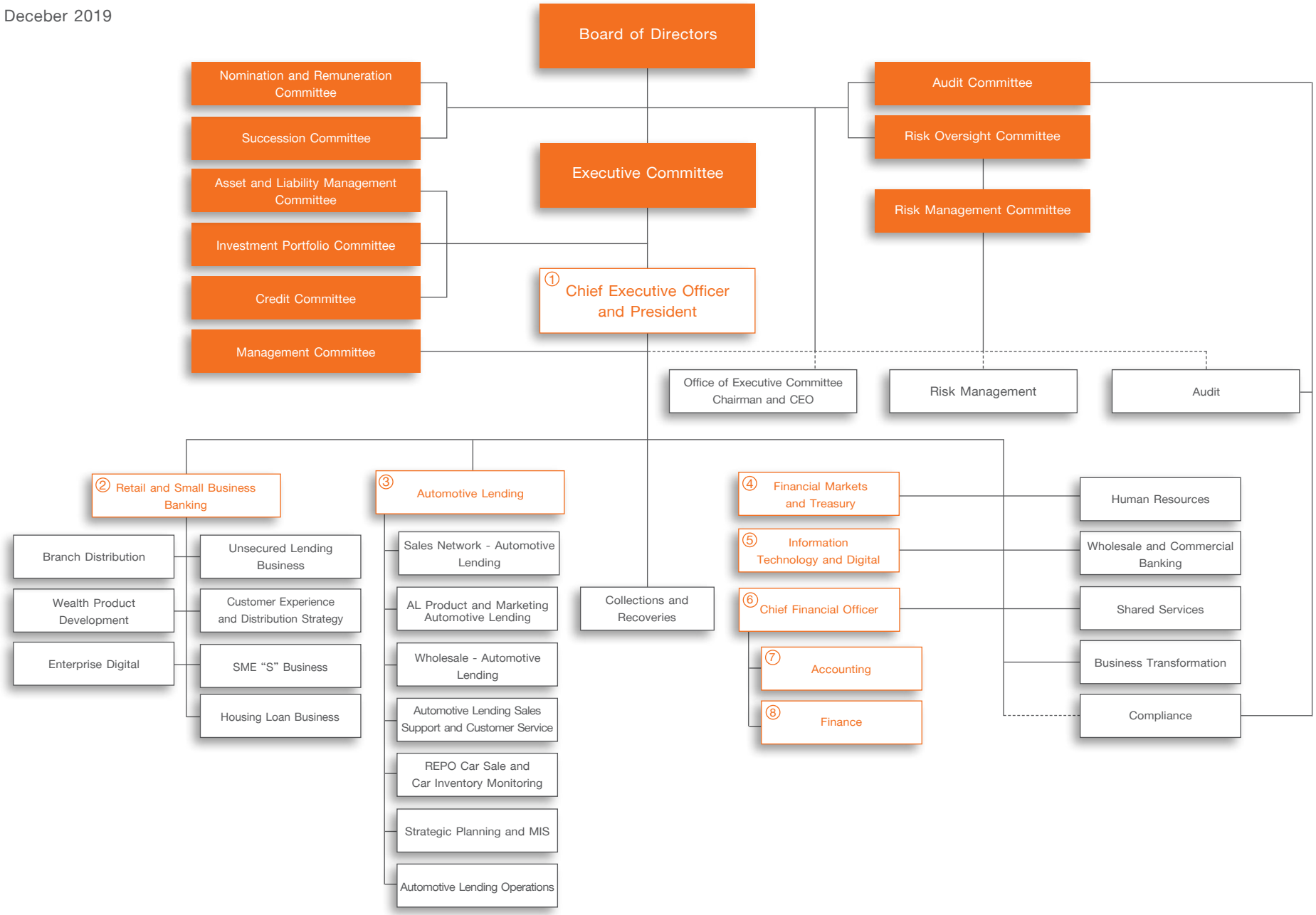
The Company had no other remuneration paid to the Company's Directors.

2. Other remuneration for executives

The Company has provided a provident fund for the executives, which the Company pays in the portion of 3 percent, 5 percent, 7 percent or 10 percent of their salaries depending on the period of employment of each executive. In 2019, the Company contributed 2,791,038.00 baht to the provident fund for five executives.

Management Structure of TBANK

As at 31 Deceber 2019



Note: ①-⑧ are executives of TBANK according to the SEC's notification.

Board of Directors and Executives of TBANK

Board of Directors of TBANK

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

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

Structure of TBANK's Board of Directors as at 31 December 2019 was as follows:

List of TBANK's Board of Directors	Position	Executive Director	Non-executive Director	Independent Director
1. Mr. Prasong Poontaneat	Director	-	✓	-
2. Mr. Suphadej Poonpipat	Vice Chairman	-	✓	-
3. General Nattaphon Narkphanit	Director	-	✓	-
4. Mr. Philippe G.J.E.O. Damas	Director	-	✓	-
5. Mr. Praisun Wongsmith	Director	-	-	✓
6. Mr. Chumpol Rimsakorn	Director	-	✓	✓
7. Mr. Yokporn Tantisawetrat	Director	-	✓	-
8. Mr. Somjate Moosirilert	Director	-	✓	-
9. Mr. Michal Jan Szczurek	Director	-	✓	-
10. Mr. Piti Tantakasem	Director	✓	-	-
11. Mr. Praphan Anupongongarch	Director	✓	-	-
Directors retired from position in 2019				
1. Mr. Banterng Tantivit	Chairman	-	✓	-
2. Dr. Thanachart Numnonda	Director	-	-	✓
3. Mr. Narong Chivangkur	Director	-	-	✓
4. Mr. Alexander Kwai Lap Choi	Director	-	✓	-
5. Assoc.Prof.Dr. Somjai Phagaphasvivat	Director	-	-	✓
6. Ms. Mookda Pairatchavet	Director	-	-	✓
7. Mr. Rod Michael Reynolds	Director	-	✓	-
8. Mr. Walter Tas	Director	-	✓	-
9. Ms. Suvarnapha Suvarnaprathip	Director	✓	-	-
10. Mr. William George Said	Director	✓	-	-

Notes:

1) Directors who were authorized signatories of TBANK included Mr. Piti Tantakasem and Mr. Praphan Anupongongarch. These two directors jointly signed with TBANK's seal affixed.
2) Changes during 2019
   - Mr. Somjate Moosirilert resigned as member of TBANK's Board of Directors (Executive Director) and reached his term as Chief Executive Officer and President, effective 1 January 2019.
   - Mr. Praphan Anupongongarch was appointed as member of TBANK's Board of Directors, effective 1 January 2019.

- At the Extraordinary General Meeting of Shareholders No. 2/2019 held on 30 October 2019, a resolution was passed to appoint Mr. Somjate Moosirilert, Mr. Philippe G.J.E.O. Damas and Mr. Piti Tantakasem as directors of TBANK, effective 3 December 2019.
- Mr. Alexander Kwai Lap Choi, Assoc. Prof. Dr. Somjai Phagaphasvivat, Ms. Mookda Pairatchavet, Mr. Rod Michael Reynolds, Mr. Walter Tas, Ms. Suvarnapha Suvarnaprathip, and Mr. William George Said resigned as directors of TBANK, effective 4 December 2019.
- Mr. Prasong Poontaneat, General Nattaphon Narkphanit, Mr. Chumpol Rimsakorn, Mr. Praisun Wongsmith, Mr. Yokporn Tantisawetrat and Mr. Michal Jan Szczurek were appointed as members of TBANK's Board of Directors, effective 17 December 2019.
- Mr. Banterng Tantivit resigned as Chairman of TBANK's Board of Directors and Mr. Narong Chivangkur resigned as member of TBANK's Board of Directors, effective 19 December 2019. In addition, Dr. Thanachart Numnonda resigned as member of TBANK's Board of Directors, effective 20 December 2019.

TBANK's Board of Directors Meeting

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

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

TBANK's Board of Directors convenes its meeting regularly in the last week of each month. It may also hold additional meetings as deemed appropriate. The meeting's agendas are to be clearly established in advance including regular agendas such as performance reports, approval of operating transactions, and risk management. The Office of Executive Committee Chairman and CEO is responsible for sending meeting invitations to the Directors along with the agendas as well as supporting documents in advance to allow the Directors to have sufficient time to study data and information before attending the meetings. In 2019, the Board of Directors convened 15 general meetings.

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

The List of TBANK's Directors and Meeting Attendance in 2019

List of TBANK's Directors	Board of Directors	Executive Committee	Audit Committee	Nomination and Remuneration Committee	Risk Management Committee
	(15 Meetings)	(28 Meetings)	(13 Meetings)	(9 Meetings)	(8 Meetings)
1. Mr. Prasong Poontaneat	0/1	-	-	-	-
2. Mr. Suphadej Poonpipat	15/15	28/28	-	-	-
3. General Nattaphon Narkphanit	1/1	-	-	-	-
4. Mr. Philippe G.J.E.O. Damas	2/2	-	-	-	-
5. Mr. Praisun Wongsmith	0/1	-	-	-	-
6. Mr. Chumpol Rimsakorn	1/1	-	-	-	-
7. Mr. Yokporn Tantisawetrat	0/1	-	-	-	-
8. Mr. Somjate Moosirilert	2/2	-	-	-	-
9. Mr. Michal Jan Szczurek	0/1	-	-	-	-
10. Mr. Piti Tantakasem	2/2	-	-	-	-
11. Mr. Praphan Anupongongarch	15/15	28/28	-	-	8/8
Directors retired from position in 2019					
1. Mr. Banterng Tantivit	14/14	-	-	-	-
2. Dr. Thanachart Numnonda	15/15	-	13/13	-	-
3. Mr. Narong Chivangkur	14/14	-	-	9/9	-
4. Mr. Alexander Kwai Lap Choi	12/13	-	-	-	8/8
5. Assoc.Prof.Dr. Somjai Phagaphasvivat	13/13	-	13/13	-	4/8
6. Ms. Mookda Pairatchavet	13/13	-	13/13	9/9	-
7. Mr. Rod Michael Reynolds	8/13	-	-	7/9	-
8. Mr. Walter Tas	11/13	-	-	-	-
9. Ms. Suvarnapha Suvarnaprathip	13/13	26/27	-	-	-
10. Mr. William George Said	13/13	21/27	-	-	-

Note: The details related to the changes which took place during 2019 were given in Note No. 2) below Table entitled Structure of TBANK's Board of Directors as at 31 December 2019.

Executives of TBANK

As of 31 December 2019, TBANK's executives in the level of manager and executive as defined by the SEC's criteria, including the persons of management authority as defined by Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551 were as follows:

1. Mr. Praphan Anupongongarch
   Chief Executive Officer and President
2. Mr. Anuwat Luengtaweekul
   Executive Vice President,
   Retail and Small Business Banking
3. Dr. Sutut Chitmonkongsuk
   Executive Vice President,
   Chief Information Technology and Digital Officer
4. Mr. Wichak Sirisae
   Executive Vice President,
   Financial Markets and Treasury
5. Mr. Pompet Rasanon
   Executive Vice President, Automotive Lending
6. Mrs. Vijitra Thumpothong
   Executive Vice President,
   Chief Human Resources Officer
7. Mr. Kriangkrai Phurivitvattana
   Executive Vice President,
   Office of Executive Committee
   Chairman and the CEO
8. Mr. Wichak Praditavanij
   Executive Vice President,
   Unsecured Lending Business
9. Mr. Songwut Chaowalit
   Executive Vice President,
   Retail Business Distribution
10. Mr. Wisoot Tangadunrat
    Executive Vice President,
    Wholesale and Commercial Banking
11. Mr. Yuadrith Dhiantravan
    Executive Vice President,
    Risk Policy and Retail Risk Management
12. Mrs. Teranuj Koomsap
    Executive Vice President, Wealth Product Development
13. Mr. Tirachart Chiracharasporn
    Executive Vice President, Enterprise Digital
14. Mr. Taweesak Songsithichoke
    Executive Vice President, Business Transformation
15. Mr. Smart Saensuk
    Executive Vice President,
    Client Relationship Management
    (Big Cap, Real Estate and Investment)
16. Mrs. Pittimart Sanguansook
    Executive Vice President, Chief Financial Officer
17. Ms. Thanawan Teekautamakorn
    Executive Vice President, Chief Auditor
18. Mr. Samuel Anthony Dotro
    Executive Vice President, Chief Technology Officer
19. Mr. Kittichai Singha
    Executive Vice President, Compliance
20. Mr. Surasak Aptagama
    Executive Vice President, Sales,
    Network-Automotive Lending
21. Mr. Krittapol Nontakrew
    Senior Vice President, Special Asset
    Management (Managing Director of TS AMC)
22. Mrs. Sasima Taweeskulchai
    Advisor, Credit Risk Assessment
23. Mr. Suwit Eurpiyachart
    Senior Vice President, Accounting
24. Mr. Jaraschai Boworntammarat
    Senior Vice President,
    Financial Planning and Analysis

Notes:
1) Number 1-5, 16 and 23-24 were executive officers and the top four after the President as defined by the SEC.
2) Number 1-22 were those with management authority under Sections 4 and 25 of the Financial Institution Business Act B.E. 2551.
3) The changes during 2019 were as follows:
   3.1) Mr. Somjate Moosirilert retired by rotation as Chief Executive Officer and President, effective 1 January 2019.
   3.2) Mr. Praphan Anupongongarch was appointed as Chief Executive Officer and President, effective 1 January 2019.
   3.3) Mr. William George Said, formerly Chief Operating Officer, was appointed as Deputy Chief Executive Officer, effective 1 January 2019.

3.4) Mr. Pompet Rasanon was appointed as Executive Vice President - Automotive Lending, effective 1 January 2019.

3.5) Mr. Surasak Aptagama was appointed as ExecutiveVice President - Sales and Business Group Networks - Automotive Lending, effective 1 January 2019.

3.6) As part of corporate restructuring and changes in the scope of responsibilities, Mr. Wichak Praditavanij, formerly Executive Vice President - Non-Branch Channels, was appointed as Executive Vice President - Unsecured Lending Business, effective 1 January2019.

3.7) As part of corporate restructuring and changes in the scope of responsibilities, Mr. Songwut Chaowalit, formerly Executive Vice President - Retail and Small Business Networks, was appointed as Executive Vice President - Retail Branch Networks, effective 1 January 2019.

3.8) As part of corporate restructuring and changes in the scope of responsibilities, Ms. Teranuj Koomsap, formerly Executive Vice President - Retail and Small Business Product Development, was appointed as Executive Vice President - Wealth Product Development, effective 1 January 2019.

3.9) Mr. Tirachart Chiracharasporn, formerly Executive Vice President - Product and Marketing Management - Automotive Lending, was appointed as Executive Vice President - Enterprise Digital, effective 1 January 2019.

3.10) Ms. Kanoksri Rojmeta, formerly Executive Vice President - T-Wealth Management, retired, effective 1 January 2019.

3.11) Ms. Sasima Taweeskulchai, Executive Vice President - Credit Risk Assessment, retired, effective 1 February 2019. She was appointed as Advisor - Credit Risk Assessment, effective 1 February 2019.

3.12) Mr. Jaraschai Boworntammarat, formerly First Vice President - Financial Planning and Analysis, was appointed as Senior Vice President - Financial Planning and Analysis, effective 1 May 2019.

3.13) Mr. Yuthyong Sudharatna, Head of Commercial Banking (Senior Vice President), retired, effective 1 July 2019.

3.14) Mr. Wisoot Tangadunrat was appointed as ExecutiveVice President - Wholesale and Commercial Banking, effective 16 July 2019.

3.15) As part of the change in the scope of responsibilities, Mr. Smart Saensuk, formerly Executive Vice President-Investment Banking, was appointed as Executive Vice President - Client Relationship Management (Big Cap, Real Estate & Investment), effective 16 July 2019.

3.16) As part of the change in the scope of responsibilities, Mr. Yuadrith Dhiantravan, formerly Executive Vice President - Retail Creit Risk Management, was appointed as Executive Vice President - Retail Credit Risk Policy and Management, effective 16 July 2019.

3.17) Mr. William George Said, Deputy Chief Executive Officer, completed his work at TBANK, which was assigned by Scotiabank, effective 4 December 2019.

3.18) Mr. Ziad El-Hoss, Chief Risk Officer - Risk Management, completed his work at TBANK, which was assigned by Scotiabank, effective 4 December 2019.

3.19) Mr. Ricky Jon Yakabowich, Executive Vice President - Shared Services, completed his work at TBANK, which was assigned by Scotiabank, effective 4 December 2019.

3.20) Mr. Paul Alan DeWolfe, Executive Vice President, Customer Experience and Distribution Strategy, completed his work at TBANK, which was assigned by Scotiabank, effective 4 December 2019.

Company Secretary (TBANK)

TBANK assigned Mr. Kriangkrai Phurivitvattana, head of the Office of the President and Chief Executive Officer, to not only assume responsibilities within the scope of work as the company secretary but also support the Board of Directors' performance of duties, ensuring that they would be carried out in an orderly manner.

Remuneration of Directors and Executives of TBANK

Financial Remuneration

As at 31 December 2019, the remuneration paid by TBANK to five committees including the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, the Risk Oversight Committee, and the Executive Committee amounted to 65,671,738.72 baht. The payments were made in the form of monthly compensation, meeting stipends, and performance allowance (based on the 2018 operating results). In this connection, the payments were in line with the resolutions adopted at the 2019 Annual General Meeting of Shareholders No. 26 held on 24 April 2019 and also at the 2019 Extraordinary General Meeting of Shareholders No. 2/2019 held on 30 October 2019. The remuneration could be summarized as follows:

1. The remuneration payments made in 2019 to the TBANK's Board of Directors were as follows:

List of TBANK's Directors	Type of Remuneration (Baht Per Year)			
	Monthly Compensation	Meeting Stipends	Performance Allowance	Total
1. Mr. Prasong Poontaneat	-	-	-	-
2. Mr. Suphadej Poonpipat	-	460,000.00	3,594,985.70	4,776,276.02
3. General Nattaphon Narkphanit	-	30,000.00	-	30,000.00
4. Mr. Philippe G.J.E.O. Damas	-	60,000.00	-	60,000.00
5. Mr. Praisun Wongsmith	-	-	-	-
6. Mr. Chumpol Rimsakorn	-	30,000.00	-	30,000.00
7. Mr. Yokporn Tantisawetrat	-	-	-	-
8. Mr. Somjate Moosirilert	-	60,000.00	1,797,492.85	1,857,492.85
9. Mr. Michal Jan Szczurek	-	-	-	-
10. Mr. Piti Tantakasem	-	-	-	-
11. Mr. Praphan Anupongongarch	721,290.32	390,000.00	1,797,492.85	2,908,783.17
Directors retired from position in 2019				
1. Mr. Banterng Tantivit	1,442,580.65	820,000.00	7,189,971.30	9,452,551.95
2. Dr. Thanachart Numnonda	721,290.32	450,000.00	3,594,985.70	4,766,276.02
3. Mr. Narong Chivangkur	721,290.32	420,000.00	3,594,985.70	4,736,276.02
4. Mr. Alexander Kwai Lap Choi	721,290.32	360,000.00	3,594,985.70	4,676,276.02
5. Assoc.Prof.Dr. Somjai Phagaphasvivat	721,290.32	390,000.00	3,594,985.70	4,706,276.02
6. Ms. Mookda Pairatchavet	721,290.32	390,000.00	3,594,985.70	4,706,276.02
7. Mr. Rod Michael Reynolds	721,290.32	240,000.00	3,594,985.70	4,556,276.02
8. Mr. Walter Tas	721,290.32	330,000.00	3,594,985.70	4,646,276.02
9. Ms. Suvarnapha Suvarnaprathip	721,290.32	390,000.00	3,594,985.70	4,706,276.02
10. Mr. William George Said	721,290.32	390,000.00	3,594,985.70	4,706,276.02
Total	**9,376,774.17**	**5,210,000.00**	**46,734,814.00**	**61,321,588.17**

Notes:
1) The details related to the changes which took place during 2019 were given in Note No. 2) below Table entitled Structure of TBANK's Board of Directors as at 31 December 2019.
2) At the 2019 Annual General Meeting of Shareholders No. 26 held on 24 April 2019, the meeting passed a resolution approving the payment of the compensation allowance worth 23,367,407.0 baht to the Board of Directors as a whole.
3) At the 2019 Extraordinary General Meeting of Shareholders No. 2/2019 held on 30 October 2019, the meeting passed a resolution approving the payment of special compensation worth 23,367,407.00 baht to the TBANK's Directors.
4) As from 3 December 2019, TBANK's Executive Directors as well as executives of companies under Thanachart Group who were assigned to serve as the Board of Directors were not entitled to receive montly compensation.

2. The remuneration payments made in 2019 to TBANK's Audit Committee were as follows:

List of the Audit Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Dr. Thanachart Numnonda	665,806.45	360,000.00	1,025,806.45
2. Assoc.Prof.Dr. Somjai Phagaphasvivat	443,870.97	240,000.00	683,870.97
3. Ms. Mookda Pairatchavet	443,870.97	240,000.00	683,870.97
Total	**1,553,548.39**	**840,000.00**	**2,393,548.39**

Notes: 1) Assoc. Prof. Dr. Somjai Phagaphasvivat and Ms. Mookda Pairatchavet resigned as members of TBANK's Board of Directors, effective 4 December 2019.
2) Dr. Thanachart Numnonda resigned as member of TBANK's Board of Directors, effective 20 December 2019.

3. The remuneration payments made in 2019 to TBANK's Nomination and Remuneration Committee were as follows:

List of the Nomination and Remuneration Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Narong Chivangkur	299,612.90	243,000.00	542,612.90
2. Mr. Rod Michael Reynolds	199,741.94	126,000.00	325,740.94
3. Ms. Mookda Pairatchavet	199,741.94	162,000.00	361,741.94
Total	**699,096.78**	**531,000.00**	**1,230,096.78**

Notes: 1) Mr. Rod Michael Reynolds and Ms. Mookda Pairatchavet resigned as members of TBANK's Board of Directors, effective 4 December 2019.
2) Mr. Narong Chivangkur resigned as member of TBANK's Board of Directors, effective 19 December 2019.

4. The remuneration payments made in 2019 to the TBANK's Risk Oversight Committee were as follows:

List of the Risk Oversight Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
Mr. Praphan Anupongongarch*	-	-	-
Directors retired from position in 2019			
1. Mr. Alexander Kwai Lap Choi	219,903.23	240,000.00	459,903.23
2. Assoc.Prof.Dr. Somjai Phagaphasvivat	146,602.15	80,000.00	226,602.15
Total	**366,505.38**	**320,000.00**	**686,505.38**

Notes: 1) At the 2019 Annual General Meeting of Shareholders No. 26 held on 24 April 2019, the meeting passed a resolution approving the payment of the compensation to the Risk Oversight Committee, effective 24 April 2019.
2) Mr. Alexander Kwai Lap Choi and Assoc. Prof. Dr. Somjai Phagaphasvivat resigned as members of TBANK's Board of Directors, effective 4 December 2019.
3) * Executive Director of TBANK was not entitled to receive monthy compensation.

5. The remuneration payments made in 2019 to the TBANK's Executive Committee were as follows:

List of the Executive Committee Members	Type of Remuneration (Baht Per Year)		
	Monthly Compensation	Meeting Stipends	Total
1. Mr. Suphadej Poonpipat	-	40,000.00	40,000.00
2. Mr. Praphan Anupongongarch*	-	-	-
Directors retired from position in 2019			
1. Ms. Suvarnapha Suvarnaprathip*	-	-	-
2. Mr. William George Said	-	-	-
Total	**-**	**40,000.00**	**40,000.00**

Notes:
1) At the Extraordinary General Meeting of Shareholders No. 2/2019 held on 30 October 2019, the meeting passed a resolution approving the payment of the remuneration to the Executive Committee, effective 3 December 2019.
2) Ms. Suvarnapha Suvarnaprathip and Mr. William George Said resigned as members of TBANK's Board of Directors, effective 4 December 2019.
3) * Executive Directors were not entitled to receive the remuneration.

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

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

7. In 2019, the remuneration was paid in the form of salary, allowances, social security contribution, etc. to Executive Directors and executives in accordance with the regulations as follows:

- By the SEC's definition, there were 8 Executives Directors and executives (including 3 executives changed during the past year), a total remuneration paid amounted to 134,676,645.00 baht.
- With reference to the BOT's guideline, which was in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there were 28 of those with management authority (including 6 executives changed during the past year), a total remuneration paid amounted to 320,635,378.00 baht.

Other Remuneration

1. Other remuneration of TBANK's Directors

TBANK did not pay other remuneration to the Directors.

2. Other remuneration of Executive Directors and executives

TBANK provides provident fund to executives at the rates of 3 percent, 5 percent, 7 percent or 10 percent of their salaries depending on years of service of each executive. In 2019, provident fund was paid in compliance with the regulations as follows:

- By the SEC's definition, there were 8 Executives Directors and executives (including 3 executives changed during the past year), a total provident fund paid amounted to 4,282,919.00 baht.
- With reference to the BOT's guideline, which was in accordance with Section 4 and Section 25 of the Financial Institution Business Act B.E. 2551, there were 28 of those with management authority (including 6 executives changed during the past year), a total provident fund paid amounted to 10,139,166.00 baht.

Report on Corporate Governance Compliance

Good Corporate Governance Policies and Handbook of the Code of Ethics

The Board of Directors already puts in writing the Good Corporate Governance Policies ("the Policies") and the Company's Handbook of the Code of Ethics consisting of the Code of Business Ethics and the Code of Conduct for Directors, Executives, Employees, and Investor Relations Officers. The Policies, the Handbook, and the Code have served as a framework for practice guidelines for its personnel since 2003. As well, the Company has requested member companies of Thanachart Group to apply such practice guidelines to their respective organizations in an appropriate and adequate manner. They are required not only to adhere to the morality and honesty principles but also to comply with all the related laws. In this connection, the Company reviews the Policies and the Code of Ethics annually.

In 2019, the Company revised the Policies and the Code of Ethics, ensuring that they were in line with new changes which took place. In making the revisions, the Company took into consideration and applied the Principles of Good Corporate Governance for Listed Companies 2017 distributed by the SEC, the Regulations on Risk Supervision of Financial Business Group and the Corporate Governance of Financial Institutions issued by the BOT, the Banking Industry Code of Conduct 2016 issued by the Thai Bankers' Association. Moreover, other practices in line with the Principles of Good Corporate Governance for Listed Companies were also adopted. The objective was to accommodate various assessments including, among others, the Corporate Governance Report of Thai Listed Companies (CGR) of the Thai Institute of Directors (IOD) as well as the annual assessment of the quality of Annual General Meeting of Shareholders (AGM). In this connection, the Principles of Good Corporate Governance were appropriately adopted, taking into account the business environment in which the Company operated.

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

In 2019, the Company implemented the following developmental activities in supporting good corporate governance.

1. Member companies of Thanachart Group were required to revise Corporate Governance Policies and Handbooks of the Code of Ethics, ensuring not only that they were in line with the Policies and Handbook of the Company but also that they were appropriate to each company's respective business operations.
2. In relation to Corporate Governance (CG) scoring, the Company achieved an excellent level (five stars) of recognition in the Corporate Governance Report of Thai Listed Companies (CGR) 2018 issued by the IOD.
3. The Company organized training activities on the Policies and Handbook of the Code of Ethics for newly recruited employees at all levels.
4. On an annual basis, the Company made arrangements for its executives and employees at all levels to sign not only an agreement to adhere to the Policies and the Code of Ethics but also an agreement to avoid taking any action in pursuit of business benefits which represented a conflict of interest with Thanachart Group.

5. On an annual basis, the Company conducted appraisals of staff at all levels of Thanachart Group, in order to develop, assess, and measure the level of knowledge and understanding in relation to the implementation of good corporate governance practices and the anti-corruption.

6. On a continuous basis, the Company developed training courses and learning materials to support the implementation of good corporate governance and anti-corruption, using an E-learning system and promoting them through the Company's intranet system. The Company ensured that the courses and materials are current, updated and easy to understand. The objective was to enable employees to study on their own.

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

8. The Company organized seminars for trading partners and business representatives. The objective was to enable them to know about and support Thanachart Group's anti-corruption policy.

9. The Company organized activities entitled "Format Mind and Remove Emotions", as a part of its Anti-Corruption and Corporate Governance Development Program. The objective was to inculcate the ethics and moral values into employees at all levels. They also served as guidelines for employees' mind development. In addition, they helped make employees perform their duties within the moral and ethical frameworks. In 2019, Thanachart Group organized three separate visits to Sathira Dhammasathan for Dhamma practice. In addition, Thanachart Group continued organizing activities for Dhamma practice in Bangkok and neighboring provinces. The objective was for employees to have guidelines for managing their own mind in work and daily living.

Furthermore, Thanachart Group promoted good corporate governance practices, as well as, corporate social responsibility project (CG & CSR Project) through its corporate policies and by offering a range of regular activities for staff of Thanachart Group on a continuous basis, ensuring all business units recognize the importance of adhering to the principle of good corporate governance. In this connection, Thanachart Group provided various channels through its internal communication under the Project "Thanachart Can do, Good Dharma...CG Initiates and Fulfill Dharma" to enhance





1 - 2 Thanachart Group organized activities entitled "Format Mind and Remove Emotions" for Dhamma practice at Sathira Dhammasathan.

staff's knowledge and understanding on the Policies and the Code of Conduct, and to design work practice based on morals, ethics, and the code of professional conduct in a form of VTR short film. The Company coordinated with the Office of the National Anti-Corruption Commission ("NACC") and the Anti-Corruption Organization of Thailand in creating the learning materials about anti-corruption. The other form is the television program named "Dharma Sawaddee".

Thanachart Group recognized the importance of good corporate governance. The Group was well prepared for putting good corporate governance into concrete terms by expressing the organization's commitment to adherence to the Principles of Good Corporate Governance which evolved over time. Not less importantly, the Group also used new technologies to streamline work processes and management, aiming at driving the organization forward within the moral and ethical frameworks so that it would develop into an organization with sustainable corporate governance.

The Company's Business Conducts According to Good Corporate Governance Principles in 2019

1. Shareholders' Right

1.1 Shareholders' Basic Right Protection

The Company has a policy on shareholders' right protection and encourages them to honor their rights. The policy includes legal basic rights, such as company's profit sharing in form of dividend, buying and selling shares or share transfers, participation in shareholders' meeting in order to honor their voting rights equitably and independently, and encouraging shareholders to have sufficient information of the Company. The Company has fully disclosed the information of the Company with accuracy, adequacy and in a timely manner via SET database and the Company's website (www.thanachart.co.th) where all shareholders have equal access to.

1.2 Shareholders' Meeting

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

The Thai Investor Association, an independent association, evaluated the shareholders' meetings of the listed companies and gave the Company the highest score of 100 for nine consecutive years (2010-2018). In 2019, the Company was given a score of 97.

In 2019, the Company held the Annual General Meeting of Shareholders on 24 April 2019. The meeting was conducted according to laws, regulations, and corporate governance guidelines as follows:

Prior to the Shareholders' Meeting

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

News through SET System

- The resolutions of the Board of the Directors' Meeting regarding the Annual General Meeting of Shareholders for the year 2019 which indicated the schedule of the Meeting, the agendas, and dividend payment were published on 25 February 2019.
- Disclosure of the Notice of the Annual General Meeting of Shareholders

	on the Company's website. The information was posted on 19 March 2019.
The Company's Website	The Notice of the Annual General Meeting of Shareholders and the related supporting documentation had to be made available at least 30 days prior to the meeting date. In this connection, the information was posted on 22 March 2019. The information was the same as the information given in the documentation sent by postal mail. These included (1) the date, time, and venue of the meeting, (2) meeting agendas together with explanation of objective and rationale for each agenda item, (3) methods used in appointing a proxy, registration and showing identification for attending the meeting, and rules used for conducting the meeting, and (4) steps to be followed in relation to adoption of resolutions as well as proxy statements. In addition, the Annual Report was distributed prior to the meeting date.
Delivered by Mail	The Notice of the Meeting, meeting documentation, and Annual Report in the form of QR Code had to be delivered to all shareholders at least 28 days prior to the meeting date. In this connection, all the documents were sent out by mail to all shareholders on 22 March 2019.
Newspaper Advertisement	Meeting notice was advertised in both Thai and English in daily newspapers for three consecutive days, seven days prior to the meeting date.

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

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

2. Shareholders could propose questions or other suggestions for the Annual General Meeting of Shareholders 2019 during the six-month period from 1 September 2018 to 30 March 2019.

The Company informed shareholders of the opportunity through the SET's system on 28 August 2018. The disclosed information was made available both in Thai and English in order to accommodate both Thai and Foreign shareholders. In addition, rules, procedures, and channels for raising such issues were available on the Company's website and the results were informed at the shareholders' meeting.

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

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

The Day of the Annual General Meeting of Shareholders (24 April 2019)

The Company held the Meeting at The Athenee Hotel, a Luxury Collection Hotel, Bangkok which was located on Wireless Road. The meeting venue was easily accessible. Shareholders could reach the venue conveniently by car, public bus, and BTS skytrain. The Company also arranged for various accommodations, such as venue, reception staff, and barcode system for registration and voting resulting in supporting fast operation and accurate evaluation. Moreover, the Company provided printed ballot papers of each meeting agenda item for shareholders' convenience during the registration.

The shareholders could also register in advance within two hours prior to the meeting time. In this connection, for transparency purpose, the Company invited a retail shareholder to serve as a volunteer responsible for monitoring vote counting process.

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

The total number of shareholders attending the meeting in person and by proxy was 2,279 shareholders.

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

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

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

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

Post Annual General Meeting of Shareholders

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

The Company took minutes of the meeting whereby the number of Directors attended, voting procedure, voting results, and questions and answers for each agenda were recorded. The numbers of votes for approval, disapproval and that which were abstained were clearly verified in the minutes, including all other important information. The drafted minutes of the 2019 Annual General Meeting of Shareholders were submitted to the SET and also made available on the Company's website within 14 days after the meeting day which in this case was on 7 May 2019.

2. Equal Treatment to Shareholders

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

2.1 Measures for Controlling the Use of Inside Information

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

1. All internal work units of the Company are required to establish a system for keeping inside information in a safe place, ensuring that the information is properly managed and maintained.

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

- Submit reports on their shareholdings and positions in various companies as well as reports on the derivatives and future contracts with the Company shares as underlying assets, which are held by themselves, their

spouses and their children who have not yet reached the legal age, on a quarterly basis in line with the requirements imposed by the Capital Market Supervisory Board, with copies to the Chairman of the Board of Directors, Chairman of the Audit Committee, and the Company Secretary every time.

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

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

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

- Directors, executives, and employees of the Company or member companies of the Group.

- Workers whom the Company or member companies of the Group outsource work or things to.

- Any individuals serving as advisors or any counterparty to a contract, who gives services to the Company or member companies of the Group.

5. In an event that inside information is used for trading the Company securities or futures agreement related to the Company securities for one's own benefits or the benefits of others or that inside information is disclosed to other party, directly or indirectly, by an insider who knows or should know that the other party might use the information for benefit, the disclosure is considered a breach of discipline.

2.2 Measures Addressing Conflicts of Interest

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

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

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

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

- The Company has established procedures for obtaining advice in writing from the Compliance Unit before proposing the transactions to the persons who have approval authority, except the cases in which the transactions are deemed normal.

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

- The Company limits the scope of approval authority in executing related party transactions. The limitations include cases in which the transactions could not be executed

in accordance with the established policies or cases involving a conflict of interest, which have to be submitted for approval to the board of directors of any company that executes the transactions with the related reports to be sent to the Corporate Secretary Office for reporting the information to the Risk Oversight Committee and the Board of Directors.

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

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

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

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

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

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

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

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

3. Roles of Stakeholders

Thanachart Group has established written practice guideline on stakeholders; including shareholders, investors, employees, customers, trading partners, lenders, competitors, society and environment, community, and public sector in Good Corporate Governance Policy, and Code of Ethics. All the information in the guideline is disseminated through the internal communication channels, so that the Directors, executives, and staff at all levels can strictly adhere to. The information has also been publicized via the Company's website to enhance stakeholders' confidence on their rights that they are well taken care of all the time. Consideration to the stakeholders' benefit is the priority, ensuring that no right is violated and it is compliance to laws and regulations of the authorities concerned. The procedures regarding the use of service and the exercise of stakeholders' rights are completely stated and sufficiently disclosed for stakeholders's acknowledgement. The details on the treatment of various groups of stakeholder are as follows:

3.1 Shareholders and Investors

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

3.2 Employees

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

3.3 Customers

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

3.4 Trading Partners and Lenders

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

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

As regards to lenders, Thanachart Group treats its lenders fairly and accepts responsibility towards the lenders, particularly in relation to the guarantee conditions and the capital management and in an event of default. The Company deals strictly compliance with the agreements and various obligations to the lenders, including the purposes of using the loan proceeds, principal and interest payments, guarantee conditions as well as any other matters agreed with the lenders. In this connection, the Company shall send a report on the financial position and financial information to the lenders in an accurate, transparent and regular manner in line with the established terms and conditions.

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

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

3.5 Competitors

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

3.6 Society and Environment

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

3.7 Public Sector

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

Mechanism of Stakeholders' Participation

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

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

4. Disclosure and Transparency of Information

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

The Company ensures sufficient disclosure of important information in the notes to the Company's financial statements. In addition to the quarterly and yearly financial statements, the Company submits the Management's Discussion and Analysis (MD&A) of the business performance,

a practice of which has started since the accounting period for the first half of the year ended 30 June 2003. Furthermore, the Company disclosed to the public any key event or suspected transaction sufficiently and strictly compliance with the agency's regulations.

The Company established the Investor Relations Unit responsible for providing an accurate information and news on a timely manner to Thai and foreign shareholders, investors, analysts, and credit rating agencies in order to strengthen image and credibility of the Company as well as provide services to the shareholders effectively. The Investor Relations Unit can be contacted via telephone at +66 (0) 2217 8000 Ext. 3027, 3102 - 3 and +66 (0) 2613 6007 or at e-mail address: tcap_ir@thanachart.co.th. The Company has established policies on information disclosure in which the information has to be accurate, complete, equitable, transparent, and timely as well as compliance with related laws and regulations. The information is disclosed in line with the guidelines of the principle of good corporate governance of the SET and the IOD. The information is disclosed via the channels as follows:

1. The SET
   - Management's Discussion & Analysis: MD&A. The information is disclosed quarterly.
   - Annual Registration Statement Form 56-1 and Annual Report
   - Quarterly Financial Statements
   - The Company's Board of Directors' resolutions, shareholders' meeting resolutions, and other information
2. The SEC (e.g., Annual Registration Statement Form 56-1, Prospectus)
3. The Department of Business Development, Ministry of Commerce (e.g., the Company's information)
4. The Company's website (www.thanachart.co.th)
5. Press, printing media, and other media (e.g., quarterly operating results, explanation of important issues)
6. Quarterly Analyst Meeting
7. Company Visit / One-on-One Meeting
8. Roadshow / Conference
9. Notification to shareholders by mail

In 2019, the Company's executives and Investor Relations Unit paid a visit and provided information to related parties in various occasions, including One-on-One Meetings, Conference Calls, Group Analyst Meetings and Investor Conferences.

5. Responsibilities of the Board of Directors

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

The Company's Board of Directors

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

In 2019, the company had 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 3 of whom possessed the qualifications of Independent Directors. As from 16 December 2019, the Company had 7 Directors consisting of 3 Executive Directors and 4 Non-executive Directors, 2 of whom possessed the qualifications of Independent Directors. As there were 2 Non-executive Directors had resigned, at the Board of Directors' Meeting No. 14/2019 held on 16 December 2019 a resolution was passed to appoint Directors to replace those two who had resigned. The new appointments would be effective from 1 January 2020. As a result, as from 1 January 2020, the Company would have 9 Directors consisting of 3 Executive Directors and 6 Non-executive Directors, 4 of whom possessed the qualifications of Independent Directors.

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

of each Director was already disclosed in the Annual Report and website of the Company.

Tenure of Directorship

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

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

Independent Directors

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

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

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

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

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

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

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

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

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

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

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

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

The Board of Directors has established a policy of holding a meeting of only the Non-executive Directors (including Independent Directors) at least once a year. The objective is to provide the Non-executive Directors with an opportunity to discuss issues related to meetings and their independent performance of duties, without the participation of the Executive Directors. The issues discussed at the meeting are summarized and submitted to the Board of Directors for consideration as deemed appropriate.

Directors Involved in Management or Executive Directors

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

2. Executive Director means

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

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

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

Duties, Responsibilities and Approval Authority of the Board of Directors

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

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

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

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

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

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

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

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

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

10. The Board of Directors ensures not only that the processes related to the nomination and selection of Directors and persons with power in management are transparent and clear, so that the candidates have qualifications that are in line with the specified elements but also the Board of Directors' composition and performance of duties are conducive to the exercise of discretion and independent judgment.

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

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

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

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

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

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

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

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

Segregation of Duties

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

Being Directors or Executives of Thanachart Group's Member Companies

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

Assumption of Directorship in Other Companies by Directors and Senior Executives

Prior to 3 December 2019, the Company was the parent company of Thanachart Financial Conglomerate. As a result, the Company had to comply with the Bank of Thailand's Notification No. FPG. 10/2561 Re: Corporate Governance of Financial Institutions dated 22 May 2018. In this connection, a Director, manager, person with power of management or advisor of the Company can serve as chairman of the board, executive director and/or director with a signatory power in no more than three other business groups. Moreover, the Company set the following requirements the Good Corporate Governance Policies.

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

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

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

Sub-committees

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

Executive Committee

The Board of Directors approved the establishment of an executive committee. Currently, the Executive Committee consists of three members whose names are as follows:

1. Mr. Suphadej Poonpipat
   Chairman of the Executive Committee
2. Ms. Suvarnapha Suvarnaprathip
   Vice Chairperson of the Executive Committee
3. Mr. Somjate Moosirilert
   Member of the Executive Committee

   Mr. Panupan Tuangthong
   Secretary of the Executive Committee

Duties and Responsibilities of the Executive Committee

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

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

2. The Executive Committee is responsible for managing risks.

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

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

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

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

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

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

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

Audit Committee

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

1. Mrs. Siripen Sitasuwan
   Chairperson of the Audit Committee
2. Mr. Tiraphot Vajrabhaya
   Member of the Audit Committee
3. Mrs. Salinee Wangtal
   Member of the Audit Committee
   (replacing Mr. Prinya Hom-anek who has resigned, effective on 16 December 2019)
   Mrs. Sirinthorn Phayaphrom
   Secretary of the Audit Committee

Duties and Responsibilities of the Audit Committee

1. Financial report

- To review and disclose the Company's financial statements, as well as assess the appropriate use of key accounting policies.
- To review the consistency of financial statements key issues, complication or any abnormality and use good judgment in assessing them.

2. Internal control and risk management

- To ensure not only that the Company has put in place appropriate internal control systems, secure information technology systems, adequate risk management systems and sufficient anti-corruption measures but also that the Company has guidelines for communicating the above-mentioned matters to all personnel throughout the organization in an efficient manner.
- To ensure that the management makes use of the recommendations about internal control, which are given by internal auditors and certified public accountants, for making appropriate improvements within the specified time period.
- To ensure the adequacy and effectiveness of the Company's risk management systems.

3. Internal audit

- To review and approve of Internal Audit Charter, annual plan, and appropriate use of personnel and other resources.
- To review audit results and recommendations made by the internal auditors and follow up on the correcting measures to such recommendations.
- To ensure that the internal audit complies with all internal audit standards.
- To consider the independence of the Audit Department.

4. Supervision of subsidiary companies and subsidiaries of subsidiary companies

- To supervise work operation of the subsidiary companies and their subsidiaries to adhere to the policies of Thanachart Group. The audit committees of subsidiary companies and their subsidiaries assigned internal audit of TBANK to evaluate and summarize the business operation overview of the subsidiary companies and their subsidiaries. The evaluation results must be informed to the Audit Committee of the Company as it is the parent company. In case of important issues, such as violation to law, fraud, corruption, and issues which significantly impact the financial position and reputation of the Company, it is required to report in full details.

5. Compliance to regulations

- To review corporate governance activities of the Compliance Unit in relation to the monitoring of the Company's business operations, ensuring that the Company conducts its business affairs in line with the laws, regulations of the state agencies concerned, the Code of Ethics, key policies as well as the related rules and regulations.
- To evaluate changing laws and related regulations which impact the Company's business operations.
- To review the findings and recommendations of the Compliance Unit and monitor the progress achieved in relation to the implementation of the recommendations.

6. External auditors

- To take into consideration the qualifications, independence, performance and fees of the external auditor. To also make recommendations to the Board of Directors in relation to selection and nomination of the external auditor and the audit fees.
- To have a meeting with external auditors without the management participation at least once a year.

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

- To evaluate related party transactions or transactions that may lead to a conflict of interest in accordance with laws and regulations, ensuring that all business operation is in congruent and for the maximum benefit of the Company.
- To consider the disclosure of information in relation to the transactions with member companies of Thanachart Group and the related parties, ensuring that the disclosed information is accurate, complete and in line with the requirements imposed by the state agencies concerned.
- To consider the disclosure of information in relation to related party transactions or those which may give rise to a conflict of interest, ensuring that the transactions comply with the laws and the requirements imposed by the state agencies concerned.

8. Report of the Audit Committee

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

- Opinions about improvements of various policies and practice guidelines in relation to the Company's good corporate governance as well as review of various practice guidelines, ensuring that they are appropriate. Among others, these include the following:
  1) Policies and practice guidelines related to protection of personal information.
  2) Regulations governing the use of insider information and insider trading.
  3) Handbook of the Code of Conduct for the organization's personnel.
  4) Work manual in relation to whistleblowing or filing of complaints.
- Monitoring of the personnel's compliance with the Code of Ethics and the Code of Conduct.
- Oversight of the Company's conduct of business affairs, ensuring that the Company adheres to the principles of good corporate governance issued by regulators or the state agencies concerned. Submission of reports on the progress achieved, to the Board of Directors,
  1) Opinions about the process related to the preparation of the Company's financial statements as well as the completion and reliability of the information disclosed therein.
  2) Opinion on the sufficiency in the Company's internal control system.
  3) Opinion on cooperation from executives and staff of the Company, as well as any obstacles in work process.

- Report on any other matters deem appropriate to the shareholders and general investors within the scope of duties and responsibilities as assigned by the Company's Board of Directors.

9. Other responsibilities

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

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

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

3) Violation to financial institution laws, regulations, and any other relating laws.

If the Company's Board of Directors or the executives failed to implement corrective measures on a timely manner, the Audit Committee shall report in the Annual Report and to the BOT.

- Evaluating the suitability of the Charter of the Audit Committee at least once a year and presenting to the Company's Board of Directors if there is a proposed change for an approval.
- Evaluating the performance of individual member of the Audit Committee and the Audit Committee as a whole and presenting the results to the Board of Directors annually.
- Carrying out any other responsibilities proposed by the Audit Committee and approved by the Company's Board of Directors.

Nomination, Remuneration, and Corporate Governance Committee

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

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

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

1. Director and person with power of management, being looked after by the Nomination, Remuneration, and Corporate Governance Committee, means:

1) A Director,

2) A person with power of management as defined by the BOT means:

2.1) A manager, deputy manager, assistant manager, as the case may be, or any person holding an equivalent position under a different title.

2.2) A person who has de facto power to control or dominate a Director or manager or management of the Company to comply with order in formulating policy or conducting business of the Company; or

2.3) A person with whom the Company has entered into a contract to delegate its management power in whole or in part.

3) A person who is a committee member whose duties and responsibilities are assigned directly by the Company's Board of Directors.

4) An advisor of the Company whose appointment is subject to the BOT's approval.

5) A director of the Company's subsidiaries, who is appointed in line with the Good Corporate Governance Policies.

2. Nomination of Directors and Persons with Power in Management

1) Consider policies and guidelines related to nomination of Directors and persons with power and authority to manage the Company and member companies of Thanachart Group and propose them to the Board of Directors for consideration.

2) Take into consideration the qualifications of Directors and persons with power in management as well as the qualifications of Independent Directors, the information of which shall be submitted to the Company's Board of Directors for consideration.

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

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

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

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

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

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

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

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

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

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

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

4. Good Corporate Governance

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

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

3) Propose desirable practices or regulations for the Board of Directors and Standing Committees.

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

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

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

5. Other Matters

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

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

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

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

5) Disclose the key principles related to the nomination, remuneration in various formats, and guidelines for remuneration. As well, give details about the factors which are taken into consideration for assessing the overall performance, targets and implementation, and opinions of the Nomination, Remuneration, and Corporate Governance Committee, as well as methods and tools used for paying the remuneration which reflects the risks (if applicable) and the good corporate governance. Also prepare a report on nomination, remuneration, and corporate governance, which will be included in the Annual Report.

6) Report its performance to the Board of Directors.

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

Risk Oversight Committee

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

1. Dr. Thanachart Numnonda
   Chairman of the Risk Oversight Committee
   (replacing Mr. Teeranan Srihong who has resigned, effective on 16 December 2019)
2. Mr. Vichit Yanamorn
   Member of the Risk Oversight Committee
3. Mrs. Salinee Wangtal
   Member of the Risk Oversight Committee
   (replacing Mr. Prinya Hom-anek who has resigned, effective on 16 December 2019)
4. Mr. Somjate Moosirilert
   Member of the Risk Oversight Committee
5. Mr. Kamtorn Tantisirivat
   Member and Secretary of the Risk Oversight Committee

Duties and Responsibilities of the Risk Oversight Committee

1. To propose risk management policies of the Company and Thanachart Group. To assess and approve of the standards in regards to monitoring and auditing to ensure that the risk management policies are strictly adhered to.
2. To formulate risk management strategies in accordance with the Company's risk management policy, ensuring that the Committee can assess, monitor and maintain the Company's risks at appropriate levels. Also to oversee the Company's strategies related to the capital and liquidity management in order to accommodate the Company's various risks, ensuring that the risks are in line with the acceptable risk levels which have been approved.
3. To consider and review the adequacy of the risk policy and the overall effectiveness of the overall risk management strategies as well as the acceptable risk levels at least once a year or when a significant change takes place. The Risk Oversight Committee should discuss and exchange opinions with the Audit Committee. The objective is to assess the Company's risk management policy and strategies, ensuring that they cover all types of risk as well as the new ones and also that the policy and strategies are being implemented efficiently and effectively.
4. To set the Company's risk management measures to protect against any liability or damage that may happen and to solve problems that may arise.
5. To assess internal and external factors that could significantly impact the financial position and to incorporate them into the Company's risk policies.
6. To control, monitor, check, and enforce the companies in Thanachart Group to comply with the set risk policies.
7. To ensure that high-ranking executives adhere to the risk management policy and strategies as well as the acceptable risk levels.
8. To report to the Board of Directors on not only the risk status, the efficiency of risk management as well as significant factors and problems but also the things that

need to be addressed and improved to ensure compliance with the Company's risk management policy and strategies.

Nomination and Appointment of Directors and Other Committees

Procedures in Appointing the Company's Board of Directors

The Company has not specified the maximum number of Directors. However, according to the Company's Articles of Association, the minimum number of Directors shall be five. The Company has already established the Nomination, Remuneration, and Corporate Governance Committee which is responsible for selecting and proposing candidates with proper qualifications to the Company's directorships. There are two cases that the Directors can be appointed which are: 1) Appointment of Directors to replace those retiring which needs a resolution from the shareholders' meeting and 2) Appointment of Directors to fill the positions which becomes vacant in the interim period. In case 2, the Board of Directors can approve of the Director appointment with exception to the case that directorship has less than two month tenure. As regards Independent Directors, their election must comply with the requirements imposed by the SET and the Capital Market Supervisory Board.

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

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

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

Methods of Appointing Members of Other Committees

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

Development of Directors and Executives

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

In 2019, Directors and executives who participated in training activities or seminars were as follows:

Mr. Teeranun Srihong	- 2019 Thailand Insurance Leadership Program organized by the Office of Insurance Commission (OIC).

Mr. Kamtorn Tantisirivat	-	The training course entitled "Keeping pace with new financial reporting standards to be implemented in 2019 and 2020" organized by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

In this connection, the training records of the courses attended in relation to the roles, responsibilities and skills of Directors and executives were disclosed in this Annual Report on the topic entitled "The Board of Directors and High-Ranking Executives."

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

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

Performance Appraisal of the Board of Directors

1. Appraisal Guidelines

The forms used for appraising the performance of the Board of Directors are prepared in line with the sample form for Self Assessment of Board of Directors issued by the SET or similar guidelines disseminated by other regulatory agencies. The contents of the sample or the guidelines are taken into account and incorporate into the forms, ensuring that they are appropriate and in line with all the different aspects of each Committee. The forms consist of (a) Form for self-assessment of the Board of Directors as a whole, (b) Form for self-assessment of the Board of Directors on an individual basis, and (c) Form for self-assessment of the Board of Directors on a cross-evaluation basis.

In appraising the performance of the whole Board of Director, the appraisal covers six key areas including: 1) structure and qualifications of the Board of Directors, 2) roles, duties, and responsibilities of the Board of Directors, 3) the meetings of the Board of Directors, 4) the Board of Directors' performance of duties, 5) the Board of Directors' relationship with management, and 6) Self-development of the Board of Directors as well as development of executives. In appraising the performance of each Director and cross evaluation by each Director, the appraisal covers three key areas including: 1) the structure and qualifications of the Board of Directors, 2) meetings of the Board of Directors, and 3) roles, duties and responsibilities of the Board of Directors. The related assessment scores range from 0 (strongly disagree or never conducted) to 4 (strongly agree of excellently conducted).

2. Appraisal Processes

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

3. Appraisal Result Summary

The details related to the appraisal of the Board of Directors' performance in 2019 were as follows

1) The average performance appraisal score of the Board of Directors as a whole was 3.75 or 93.68%

2) The average performance appraisal score of the Board of Directors on an individual basis was 3.75 or 93.69%

3) The average performance appraisal score of the Board of Directors on a cross-evaluation basis was 3.79 or 94.72%.

Appraisal of Sub-Committees' Performance

In 2019, the Company made arrangements for the performance appraisal of the Standing Committees including the Audit Committee, the Nomination, Remuneration, and Corporate Governance Committee, the Executive Committee, and the Risk Oversight Committee. In this connection, the related performance appraisal form will be reviewed by each Standing Committee annually. Members of each Standing Committee will conduct the appraisal, taking into consideration the overall performance of their respective Committee's duties. The secretary of each Standing Committee will collect the appraisal results and present them to the respective Standing Committee for consideration. On the other hand, the company secretary will collect and summarize all the performance appraisal results of all Standing Committees and present them to the Board of Directors. The objectives are to consider the appraisal the results and to implement the recommendations for further development.

Performance Appraisal of Chief Executive Officer and High-Level Executives

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

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

2. As regards the appraisal of the performance of executive vice presidents and those with higher levels (excluding Chief Executive Officer), the Nomination, Remuneration, and Corporate Governance Committee is responsible for developing methods and topics for the appraisal on an annual basis. The Chief Executive Officer is responsible for their performance appraisal.

In this connection, the reports on the results related to performance appraisal of the Chief Executive Officer as well as the high-level executives (executive vice presidents and those with higher levels) will be presented to the Nomination, Remuneration, and Corporate Governance Committee as well as the Board of Directors for consideration.

Succession Plan

The Company pays great attention to the organization's human resources or personnel because they are an important factor behind its success in achieving the established goals now and in the future. The succession plan ensures that the Company is prepared for coping with rapid changes. As a result, the Company continuously places emphasis on promoting and supporting the nomination of personnel with knowledge and abilities as well as human development.

The Board of Directors has assigned the Nomination, Remuneration, and Corporate Governance Committee to make and ensure the preparation of the succession plan. The objective is to prepare persons for moving up into various managerial or key positions. In this connection, the Company will assess the situations periodically and make plans in advance. Personnel in the organization will be nominated and developed on a continuous basis so that they become readily prepared for filling vacancies.

Succession Plan Objectives

1. The succession plan enables the Company to adopt a more proactive approach in relation to the nomination and selection of its personnel. It could make a plan to identify in advance personnel who can replace the ones who are promoted, retired or deceased. The objective is to ensure business continuity.

2. The succession plan enables the Company to readily assess the preparedness of its workforce with qualifications and potential suitable for managerial or key positions.

3. In accommodating future business expansion, the Company can prepare in advance an appropriate size of its workforce to fill managerial or key positions.

4. The succession plan serves as motivators for employees. In particular, the policy of supporting internal employee promotion helps boost employee morale.

Implementation Processes

The Company has adopted the following implementation procedures and processes in relation to the succession plan.

1. Identify critical positions of the organization.

The Company considers and specifies top management positions as well as positions which are important to the organization, taking into account a number of specific factors. The objective is to identify key positions to be included in the succession plan.

2. Specify knowledge, ability and experience for each position.

3. Nominate appropriate successor candidates.

The Company will carry out assessments of executives' qualifications and potential, making use of a number of specific tools. In making the assessments, the Company takes into consideration three factors including (1) knowledge and ability, (2) aspirations, and (3) commitment to the organization.

4. As regards the successor development plan, the Human Resource Management Committee will consider a list of successor candidates for all the organization's key positions. In this connection, the Committee will determine the level of preparedness of the successor candidates, taking into account their tenure as well as level of knowledge and proficiency. The information will enable the Committee to manage and develop the potential of the successor candidates in an appropriate manner, through training activities and job rotation so that they will gain experience and skills by taking new duties and responsibilities. As well, the candidates will be provided with an opportunity to participate in the meetings held by the organization's key committees.

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

The Orientation for Newly Appointed Directors and Executives

When the composition of the Directors has been changed or there is a newly appointed executive, the Corporate Secretary Office is responsible for preparing necessary documents for a new Director, which include:

1. Organizational chart, structure of the Board of Directors and structure of various committees, together with clear information about their duties and responsibilities.

2. Information about Thanachart Financial Conglomerate, with details related to each company's shareholding structure and nature of business, as well as supervision of subsidiaries.

3. Meetings of the Board of Directors, with information about ordinary agenda items and quarterly special agenda items, and also documents and reports about performance, as well as the annual schedule of the Board of Directors' meetings.

4. Methods for using the Company's meeting systems together with the information which Directors should know. Emphasis is placed on the meeting systems such as the handbook for Directors which consists of the prohibited characteristics of Directors of financial institutions, as well as Thanachart Group's main policies such as the Good Corporate Governance Policies, the Handbook of the Code of Ethics, the Anti-corruption Policy, the Risk Management Policy, and the Outsourcing Policy, among others. Other important documents include the related Acts and notifications as well as legal requirements and matters which one must be careful about.

Appointment of the External Auditors and Considering the Auditor Fees

The Audit Committee is responsible for considering the appointment of the Company's external auditor and the audit fees to get an approval from the Board of Directors before proposing to the Annual General Meeting of Shareholders for final approval. The Audit Committee is also responsible for informing the Company's Board of Directors in case of there is a consideration to dismissal of employment of the external auditor.

On 24 April 2019, the shareholders considered and approved of the auditors of EY Office Limited as the Company's external auditor which included the following:

1. Ms. Somjai Khunapasut
   Certified Auditor No. 4499, and/or
2. Ms. Rattana Jala
   Certified Auditor No. 3734, and/or
3. Ms. Wanvilai Phetsang
   Certified Auditor No. 5315

Those three auditors have been approved to be the Company's auditors by the SEC and the BOT and have qualifications in line with the BOT's guidelines. In this connection, Ms. Somjai Khunapasut (Certified Public Accountant No. 4499) serves as the Company's auditor.

During 2019, the remuneration paid to the auditor of EY Office Limited which was the audit firm of the Company and its subsidiaries was as follow:

1. Audit Fees

1.1 Audit fees of the Company equaled 950,000 baht.

1.2 The audit fees of the 17 subsidiary companies equaled 22,180,000 baht.

2. Non-audit Fees

In 2019, the subsidiary companies paid the fees totaling 1,200,000 baht for other services related to the review and evaluation of risk-based capital adequacy as required by the OIC. The related details were as follows:

2.1 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of TNI equaled 550,000 baht.

2.2 The review and audit of the capital adequacy report in accordance with the risk level required by the OIC of MBK Life equaled 650,000 baht.

SUSTAINABLE DEVELOPMENT AND CORPORATE SOCIAL RESPONSIBILITY

Activities Undertaken by Thanachart Group in Relation to Sustainable Development and Corporate Social Responsibility

Thanachart Group is a business organization which is committed to giving a comprehensive range of financial services, aiming at fulfilling customer needs at each stage of customer life cycle. The goal of business operations is to make a profit while taking into consideration the impacts on all groups of stakeholders in three areas - social and economic, environmental as well as corporate governance. The objectives are to create, develop, and fulfill business operations while balancing all the dimensions of sustainability-economic, social and environmental. In determining the paths for implementing its corporate social responsibility (CSR) activities, Thanachart Group makes plans for both CSR-in-Process projects and CSR-after-Process ones, aiming at producing results encompassing as many important issues as possible that are related to the Group's operation.

Process in Reporting on Thanachart Group's Corporate Social Responsibility

The Corporate Governance Code for Listed Companies 2017 which was prepared and publicized by the SEC was adopted by Thanachart Group. The Code serves as principles for the Group not only in developing practice guidelines but also in preparing corporate social responsibility reports. This represents a good starting point for improving the quality of reports and getting ready for the preparation of sustainability reports in the future. The objective is to cover every area that needs to be reported, both at the national and international levels.

Although the businesses of Thanachart Group which is a provider of fully-integrated financial services do not have direct impacts on the environment, the Group considers it important to take on responsibility towards protection of the environment in various areas. As well, the Group is determined to develop guidelines on obligations to stakeholders. In particular, the Group's staff members play an instrumental role in driving, supporting, and ensuring the achievement of the business sustainability goal. Up to 2019, Thanachart group has continued implementing the following programs that take into account all the stakeholders.

1. Social and Economic

1) Financial Literacy

Thanachart Group actively promotes financial inclusion as well as financial literacy among the public and entrepreneurs at every level by means of activities and projects as follows:

Rethink

Rethink Project has been an ongoing CSR activity by TBANK since 2015, based on the sufficiency economy philosophy. The objective is to promote and create awareness among people in the society to reconsider and wisely adjust their spending behaviors to fall within their incomes, and to cultivate financial discipline among the public, aiming at attaining a stable, sustainable and happy life under the slogan "Rethink, Use Money Wisely and Feel Happiness".

In 2019, TBANK still continued with their series of "T-Money Tips" video clips with a view to disseminating and cultivating financial discipline and saving discipline among the public. The series introduced to the general public tips, secrets, and suggestions about practical financial management for use in their everyday life. It was broadcast through a TV network all year round at every TBANK branch nationwide. Topics for presentation in 2019 included: rules in financial planning, Thai people and investment, making a plan to purchase a new car: a brand-new or a used one, how to get rich without relying on pure luck, points to consider before getting into debt, tips in paying off a debt, investing for retirement, financial planning for singles, how to succeed financially etc.

2) Promotion of Beneficence to the Society

Stakeholders' Responsibility in Doing Business

Thanachart Group promotes beneficence, virtue, morality and potential enhancement of youth, society, the public good and public charity. The Group has been continually undertaking these CSR-after-Process activities-which are extraordinary business operation- and has all along upheld this CSR spirit. Later, as the commercial banking services became one of Thanachart Group's main businesses with an extensive branch network nationwide, the CSR activities have been implemented by regional hubs with cooperation from the staff members of Thanachart Group. Their customers, business counterparts, and people living in communities have also been invited to participate in the activities.

In 2019, the Group organized CSR and environmental protection activities based on the concept of "Act for Social Progress: Act now for a sustainable and progressive society", aimed at strengthening every dimension of the society in a sustainable way. In this way, the Group has encouraged its executives as well as Thanachart Group employees at every level to participate in creating a better society and to volunteer in various activities, with the "Thanachart CSR Club" serving as the central driving force in mobilizing all the club members.

Moreover, Thanachart Group has established the Thanachart Foundation for Thai Society which serves as a key mechanism in driving the implementation of the Group's CSR activities, aimed at creating a sound and sustainable society as well as social development. This is achieved through networking and coordination as a service to the society in various instances, and through participation in the preservation of Thai arts and culture.

Promotion of Education, Religion and Thai Cultural Identity

Presentatation of Royal Kathin Robes in 2019

Phrabat Somdet Phra Vajira Klao Chao Yu Hua (Rama X) granted Thanachart Group his royal permission to perform a presentation of 2019 Royal Kathin Robes at Wat Chai Mongkhon, a royal Buddhist temple in Nong Prue Subdistrict, Bang Lamung District, Chon Buri. In this connection, the Group, its clients, business partners, executives, employees and the general public collectively donated 16,027,066.71 baht to support the monastery. The temple then set aside 6,200,000 baht as









1 T-Money Tips "Rules in Financial Planning"
2 T-Money Tips "How to Succeed Financially"
3 - 4 Presentation of Royal Kathin Robes in 2019

donation to procure “defibrillators” and “hemodialysis machines” for local hospitals, i.e. six hospitals in Chon Buri including Chon Buri Hospital, Queen Savang Vadhana Memorial Hospital, Queen Sirikit Naval Hospital, Pattaya City Hospital, Phanut Nikhom Hospital, and Bang Lamung Hospital plus Klaeng Hospital in Rayong as well. Furthermore, TBANK also granted 20 scholarships amounting to 40,000 baht to Wat Chai Mongkhon Child Development Center, Mueang Pattaya, Chon Buri.

Historically, Thanachart Group’s first presentation of Royal Kathin Robes was done in the year 2006 at Wat Kaew Korawaram in Krabi Province, and the Group has been adhering to this religious practice ever since.

“Thanachart Initiates and Fulfills Thai Identity” Project

In appreciation of the royal kindness of Her Royal Highness Princess Bajrakitiyabha Narendira Debyavati, the Princess Rajasarinisiribajra, who has been attaching great importance to preserving Thai identity and culture, and giving assistance to several underprivileged groups in society, thus making herself a good role model for young people in the country, TBANK humbly invited HRH Princess Bajrakitiyabha Narendira Debyavati, the Princess Rajasarinisiribajra, to preside over the opening ceremony of the final round of the 48th Annual Contest of “Thanachart Initiates and Fulfills Thai Identity” Project in 2019. The ceremony was held in Suanmali Hall of TBANK’s Suanmali Building for the third consecutive year.

“Thanachart Initiates and Fulfills Thai Identity” Project was inherited from Siam City Bank’s project previously called “Siam City Preservation of Thai Identity”. The implementation of the project in 2019 marked the 48th consecutive year. Its main objective is to maintain and preserve Thai identity including reading aloud Thai and using Thai manners in daily life. The project not only helps preserve the unique identity for Thai people and prevent its disintegration over time, but also strikes a balance between social values which have been increasingly affected by foreign cultures. Moreover, this project could inspire our young generation and create their awareness of loving, highly regarding their Thai culture, and help preserving it to eternally stay with our society.

The project essentially consists of two main activities including reading aloud contests and Thai manners contests. Representing their educational institutions, students from Prathomsuksa 1 to the University level are provided with an opportunity to participate in the contests to compete for Somdech Phra Kanishthadhiraj Chao Krom Somdech Phra





5 - 6 “Thanachart Initiates and FullFills Thai Identity” Project

Debaratanarajasuda Siam Boromrajakumari's Cups, honorable shields and certificates of honor, as well as scholarships. In 2019, there were more than 5,700 students from every region participating in the contests and there were still the Thai manners contests for hearing-impaired children and reading aloud contests through the use of Braille for visually impaired children to compete for Somdech Phra Kanishthadhiraj Chao Krom Somdech Phra Debaratanarajasuda Siam Boromrajakumari's honorable shields and scholarships. This project serves to promote and support hearing-impaired children so that they have opportunities to participate in various social activities and are able to lead dignified lives as normal people. As well, these hearing-impaired children and visually impaired children should be provided with opportunities to show their determination, intention, and potential for participating in the activities related to the preservation of Thai identity.

The Garuda Museum by TBANK

TBANK proceeded to keep up and pass on the important idea concerning the Royal Garuda Emblem to the younger generation and the general public because, as a symbol, it traditionally represents the monarch, who is almost always the true faith of all Thai people. TBANK therefore established the Garuda Museum. The museum's origin could be traced back to the event in 2011 in which TBANK took transfer of SCIB's entire business. Before the acquisition, the Royal Garuda Emblems had been graciously bestowed upon SCIB for display at its headquarters and branches since 1941. After the merger with TBANK, it was necessary to dismount Garuda Emblem in compliance with the Garuda Emblem Act (No.2) B.E. 2535. TBANK respectfully relocated the Emblems from the headquarters and branches to its Bangpu Training Center in the municipal area of Tambon Bangpu, Samut Prakan Province. This was followed by the founding of the Garuda Museum. It served to disseminate the origin of the mythical Garuda based on both Buddhist and Brahmin belief. It was meant to be a source of historical study by means of multimedia presentation. A special display area was set aside for showcasing Garudas from all over the country as well. Moreover, in honor of and in gratitude for the boundless and gracious kindness of His Majesty the late King Bhumibol Adulyadej, TBANK built an additional exhibition room for "Remembering The Great King". The room shows to visitors the subtle connection between the Garuda and the royal duties of Phra Bat Somdet Phra Boromchanakathibet Maha Bhumibol Adulyadej Maharaj Borommanatbophit, the late King Rama IX.



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7 - 8 Garuda Museum by TBANK

Activities "Related to Sustenance and Preservation of Local Traditions"

TBANK recognized the value of Thai identities, customs, and traditions in various localities throughout the country, which reflect ways of living, folk wisdom, and cultural growth. The heritages which have been passed from one generation to the next and represent unique identities which no other country could imitate. They are invaluable and worthy of preservation. As a result, the activities related to "Sustenance and Preservation of Local Traditions" have been conceived. In this connection, TBANK's network hubs which are located nationwide are responsible for implementing these activities and cooperating with communities as a member of their respective localities. This leads to cooperation among the employees, customers, members of the public as well as various local institutes and agencies, both in the public and private sectors. The activities also include regional tourism promotions and public relations. In 2019, the following were the activities organized in relation to the sustenance and preservation of local traditions.

1. The 103rd Anniversary Chinese New Year Festival at Pak Nam Pho, Nakhon Sawan Province
2. Commemoration marking the 44th anniversary of the death of Luang Pu Tim Issariko, Wat Lahanrai, Rayong Province,
3. Candle festival for the Buddhist Lent in 2019, Ubon Ratchathani Province,
4. Tak Bat Khaotom Lukyon Festival, Saraburi Province,
5. Lotus throwing festival (held on the 14th day of 11th lunar month), Samut Prakan Province,
6. Sustenance of vegetarian tradition and culture, Phuket Province,
7. Conservation of Yi Peng festival in Chiang Mai Province.

In addition, as a leader in the car loan business, Thanachart DRIVE, being Thanachart's own auto credit brand, has been continually implementing numerous activities and projects aimed at giving back to the society and acting as a driving force to help shape our society in a sustainable way. Some are initiated solely by Thanachart DRIVE, while others are jointly organized by its business partners who are automotive entrepreneurs nationwide. In this way, beneficial activities as well as solidarity among people across the country could be easily achieved. Some of them include building more washrooms for temples, giving away sports equipment, foodstuff, and scholarships to schools in the remote areas, organizing and participating in sports events with a view to raising funds from them and making a donation to those needy social organizations.



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9 **Thanachart DRIVE joined building washrooms for temples**

10 **Thanachart DRIVE joined giving away sports equipment, foodstuff, and scholarships to schools in the remote areas**

“Things Given by Elders, Used by Juniors” Project

Thanachart Group is determined to promote and develop Thailand’s education based on the concept of reusing of office equipment which was no longer used but was still in a good condition. Such equipment was obtained as a result of workplace improvement work made at TBANK’s headquarters and branches. Later this equipment was in turn donated to government offices, associations, foundations and various schools for further use. As a result, this gave rise to the “Things Given by Elders Used by Juniors” Project. In 2019, this Project continued in its 8th year of operation and the Group donated 1,556 items of tables, cabinets, chairs, and computers to 33 recipients nationwide including government offices, associations, foundations, and schools. To date, the Group has donated over 21,000 items to 517 recipients nationwide.

Promotion and Support of Implementation of Activities for Charity

Annual Red Cross Fair

TBANK continuously participates in the sale of Red Cross lottery tickets as well as the Red Cross Fair on a yearly basis. The participation in the fair could be traced back to the year 1976 when Bangkok Metropolitan Bank was invited to join the Red Cross Fair, at which the bank used the name of “Bangkok Metropolitan Bank’s Red Cross Booth”. Later in 2002 when Bangkok Metropolitan Bank merged with SCIB, the name of SCIB was used at the fair under the name “Siam City Bank’s Red Cross Booth”. Then, in 2011 when the business of SCIB was transferred to TBANK, the name of “Thanachart Bank” was used at the fair. The booth name was “Thanachart Bank’s Red Cross Booth”. Today, TBANK continues to participate in the sale of Red Cross lottery tickets and the Red Cross Fair annually and has always held its place among the Fair’s Top 5 Highest Donors to the Thai Red Cross Society.

In 2019, TBANK joined the Annual Red Cross Fair by hosting a booth from 15-24 November 2019 at Lumphini Park by designing and decorating it based on the concept of “The Path to Progress under the Royal Prestige” and also in line with another concept of “All subjects feeling blissful under His Majesty’s rule and his beautiful stream of giving”. This clearly reflected TBANK’s commitment to follow the footsteps of Phra Vajira Klao Chao Yu Hua, King Rama X, in fulfilling the noble goal of uplifting the livelihood of all Thai subjects, improving their potential in areas such





11 - 12 “Annual Red Cross Fair” activities

as education, religion, healthcare, and agriculture so as to attain progress and success at each stage of their lives. All these paths to advancement had to be driven by the power of happiness overflowed with warmth and security under His Majesty's prestige that spreads out like beautiful streams of sincere giving. Furthetmore, TBANK went on to collect all 2019 net proceeds from the sale of TBANK Red Cross Lottery and from sales at TBANK Booth in the fair, and humbly present them to Her Royal Highness Princess Somdech Phra Kanishthadhirajachao Krom Somdech Phra Debaratanarajasuda Siam Boromrajakumari, Executive Vice President of of the Council of the Thai Red Cross Society for supporting the Society's activities. The total amount of 6,500,000 baht was humbly contributed to the Society.

2019 "Friends in Needs (of "PA")" Fair

TBANK joined the Fair by hosting a booth based on the concept of "Sharing, Sufficient, Sustainable" from 5 to 14 July 2019 at Nimibutr Stadium, National Stadium. The objective was to raise funds to support the Friends in Needs (of "PA") Volunteers Foundation, Thai Red Cross Society, whose objective was to offer relief work and recovery for those flood victims. At TBANK booth, proceeds from fair visitors playing computer interactive games provided in which they competed to pick up stuff and put it in disaster relief packages in order to win points from the game. Then, TBANK would convert those points into donation for the said Foundation, Thai Red Cross Society. In conclusion, there were 3,190 visitors at TBANK booth, and a total of 500,000 baht converted from such points was donated to the Foundation.

Bridge-of-Merit Project

This TBANK's project has been an ongoing one since the inception in 2011. The objective is to carry on the support to the work of charitable organizations in a sustainable manner. In this connection, TBANK serves as the bridge linking givers and recipients. TBANK's customers and members of the general public could jointly donate cash to the charitable organizations through TBANK's various channels including ATMs, Automatic Deposit Machines (ADMs) or through the internet without any service fee to be charged. In addition, TBANK plans to introduce an E-donation system to faciliatate donation in the future. Currently, there are altogether 15 charitable organizations which participate in the Bridge-of-Merit Project. Their names are as follows:

1. Association for the Promotion of the Status of Women,
2. Baan Nokkamin Foundation,





13 - 14 2019 "Friends in Needs (of "PA")" Fair activities

3. Cardiac Children Foundation of Thailand Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,

4. Foundation for Children with Disability,

5. Foundation for Slum Child Care Under the Royal Patronage of Her Royal Highness Princess Galyani Vadhana Krom Luang Naradhiwas Rajanagarindra,

6. Ramathibodi Foundation,

7. Thammasat University,

8. Princess Mother's Medical Volunteer Foundation,

9. Foundation for the Family Welfare of War Veterans Under the Royal Patronage of Her Royal Highness the Princess Mother,

10. Sai Jai Thai Foundation Under the Royal Patronage,

11. Srithanya Hospital Foundation,

12. Khum Klao Foundation Under the Royal Patronage,

13. Soka Gakkai Thailand,

14. Queen Sirikit Center for Breast Cancer Foundation, and

15. Friend in Need (of "PA") Volunteers Foundation, Thai Red Cross.

Support to Chakri Naruebodindra Medical Institute, Ramathibodi Foundation

Thanachart Group has been making a joint cash donation for the sixth consecutive year to Ramathibodi Foundation, under the Royal Patronage of Her Royal Highness Princess Somdech Phra Kanishthadhirajachao Krom Somdech Phra Debaratanarajasuda Siam Boromrajakumari, with a view to procuring medical equipment to Chakri Naruebodindra Medical Institute, Faculty of Medicine, Ramathibodi Hospital, Mahidol University. In 2019, a joint donation from the Company, TBANK, TNS, TFUND, TNI, TBROKE, and THANI amounted to 5,240,000 baht.

Blood donation in honor of HM the King

Hire-purchase network office (Khon Kaen), Red Cross Corps of Khon Kaen Province, Khon Kaen Hospital, Central Blood Bank of Faculty of Medicine, Khon Kaen University, Blood Donor Club, agencies in both the public sector and the private sector of Khon Kaen joined hands in organizing the activity titled "Blood Donation in Honor of HM the King" with a view to campaigning for participation by Thai people and the Group's employees in doing good in honor of HM the King. This voluntary blood donation was done so that the blood can be put for greater use to save lives of the


15


16


17

15 Chakri Naruebodindra Medical Institute
16 - 17 Blood Donation in Honor of HM the King

emergency case victims, and to alleviate the blood shortage problem in medical treatments. This has become an ongoing activity which is now in its 34th anniversary. The activity operated in 4 provinces, namely Khon Kaen, Roi Et, Kalasin, and Maha Sarakham. In 2019, 611 blood donors managed to donate blood totaling 274,050 c.c. to the Thai Red Cross Society.

Apart from numerous CSR activities that has been continually carried out, TBANK was still committed to organizing further CSR activities in line with its "Act for Social Progress" concept as follows:

1. "Orange Brings Happiness" Give love to grannies at Bang Khae 2 Housing for the Elderly Women: This was a project undertaken by TBANK's Thanachart CSR Club with a view to providing loving care to those grannies living at Bang Khae 2 Housing for the Elderly Women-which accommodated over 130 of them. A donation box was set up to collect used necessary items such as diapers, pads, cotton wool, micropore plaster, and other items , all of which were later packed and shipped to those grannies. Besides, lunches were provided for them, and recreational activities were also organized in order to cheer them up.

2. "Sharing Knowledge with Community" and "Road of Safety" Activity: A group of TBROKE employees gave away road safety media to "Wat Tham Rong" Community, Ban Lat District, Phetchaburi. The media consisted of 23 Laws of Traffic, road signs, basic traffic signs, and "Drink, Don't Drive" campaign information for the benefit of safer traffic within the community.

3. "Add Colour to life, Follow your Dream, and Share your Smile with Others" Activity: TBANK's employees from the Building and Maintenance Division, together with those from other departments at their Suanmali Building, went out to organize this activity at Wat Don Sali School in Ratchaburi. The objective was not only to give away scholarships and teaching aid, but also to join in repainting the school building in order to make improvements on the school landscape.

4. Join hands with other fellow Thais in making a donation to help the flood victims: TBANK invited its clients, the general public, as well as its own employees to join in making a donation to help relieve the plight of the





18 - 19 "Orange Brings Happiness" Give Love to Grannies at Bang Khae 2

flood victims caused by Tropical Storm Podul. The donation could be done via Thanachart Connect, ATMs, and at all TBANK branches nationwide. Every one baht donated would be added another baht by TBANK. This concerted donation effort brought the total donation 350,000 baht. TBANK later handed the total funds to the Thai Red Cross Society so that they could use it to help relieve the plight of those flood victims.

5. 2019 Father's Day Fair: TBANK hosted an event booth in this Fair held on 5-14 December 2019 in deep appreciation of the inestimable kindness of Phra Bat Somdet PhraBoromchanakathibet Maha Bhumibol Adulyadej Maharaj Borommanatbophit, King Rama IX. The booth stood in the zone called "Good intention...Own and Share". Inside the booth there was a "Good intention...Own and Share" exhibition, an activity for society and the environment TBANK had continually carried out. Furthermore, there was a fund raising activity to finance the running of Phra Dabos School.

6. "TCAP Makes Juniors Blissful" Activity: The Company invited both its executives and employees to take part in this activity at "Setsatien School under the Royal Patronage" (School for the Deaf). Altogether they donated funds as well as stuff to the school, organized activities, and also hosted a lunch for school children.

7. Thanachart Volunteers help maintain the landscape of Wat Hong Rattanaram Ratchaworawihan: TBANK invited its Thanachart CSR Club members to join Thai Army Wives Association in doing volunteer maintenance work at Wat Hong Rattanaram Ratchaworawihan, Bangkok. Altogether they joined hands in cleaning the temple court, the area surrounding the Sacred Water Pool, the area around the temple hall, King Taksin the Great Shrine, and the lane in front of the monk's dwelling.







20 - 21 **"Add Color to Life, Follow your Dream, and Share your Smile with Others" activities**

22 **Donation to help relieve the plight of the flood victims**

3) Customer Centricity

Customer-centric Product/Service Development

Under the current fast changing economic and social circumstances, digital disruption has come to play a vital role in our lives as well as the way we do business. It has drastically affected both the behavior and demand of the customers in that they are now inclined to place more emphasis on product innovation and the convenience of a speedy service. Thanachart Group therefore values the need of our customers by continually improving and presenting its product, business structure, information technology and other services so that they are in line with the rapid change. Concurrently the Group still highly regard the importance of the best service through every Human Touch Point channel e.g. branch, direct sales, telesales including credit officers in every category. Aside from online services, these officers are to be reskilled and upskilled in various aspects so that they are fully-prepared to meet the customer's needs.

Products and services for Businesses

Thanachart Group put special emphasis on presenting products and services customized to their business size, and ideally responsive to their need at each stage of their growth.

- **Promote and Support Large Customers (Wholesale Banking)** Thanachart Group promotes and supports large-scaled businesses (wholesale banking) with a comprehensive range of products and services which meet the needs of their business operations, domestic and abroad. The various types of available loans include, among others, project finance, trade finance, financial advisory service on issuance of bonds in the debt market. In addition, TBANK provides customers with the offer of tools for managing their financial risks. These tools include, among others, an interest rate swap (IRS) and packing credit. As well, TBANK makes use of blockchain technology for issuing electronic Letters of Guarantee (LG on Blockchain). The objectives are to speed up the issuance of letters of guarantee and to prevent forgery of documents.

- **Fulfill the needs to get prepared for growth and increase financial strength of small-and medium-sized enterprises (Commercial Banking)** TBANK offers flexible loan products and services, taking into consideration the needs of each customer. These include, among others, transformation loan and soft loan for purchasing, replacing or upgrading machinery in the second phase. In this connection, the business loans have a special interest rate for operators in the target groups which include 10 S-curve industries and other related businesses. Moreover, Thanachart Group provides operators in the three southernmost provinces of Thailand with access to the sources of funds necessary for their business operations.

- **Look after and support small-sized businesses to boost their confidence in conducting business affairs** Thanachart Group has several types of loan products for small-sized businesses with a credit line of up to 20 million baht. These include, among others, term loan, overdraft line of credit, and promissory note. The products are available at any branch of TBANK, which will closely look after customers and grow with them. With the available products which cover all customer needs, TBANK stands ready to fulfill the needs of small-sized businesses which will achieve growth easier in line with its intent and belief based on the concept of "Your Everyday Progress". In this connection, the loan products for the small-sized businesses are divided into four groups as follows:

1. "SME Trusts" Loan is an offer of a credit line worth 3 million baht to the customer group which is unable to furnish, despite the fact that their business has potential and is ready to grow. The customer can apply to TBANK with documents including support of proof of income.

2. "SME Biz Smart" Loan is an offer of a credit line worth up to 20 million baht to cater to the customer group which seeks a loan product which cover all areas of their financial needs. In this connection, TBANK offers a lower lending interest rate than the prevailing rate offered in the market.

3. "SME Single Book" Loan is an offer of a credit line worth up to 20 million baht, aiming at juristic persons which have only one set of books which are prepared in line with the financial reporting standards. The loan offers a special lending rate of 5.00 percent per annum for the first two years. The objective is to encourage SMEs to prepare their books and financial statements which reflect their financial position in a transparent manner. In this connection, SMEs are encouraged to adhere to the principles of good corporate governance in their conduct of business affairs. This helps raise the level of sustainable business practices for small-sized businesses.

4. "Physician Loan Group" credit serves as working capital specifically for physicians who practice medicine. This type of loan enables them to access the source of fund for their business, particularly the business group which supports society.

Products and Services for Retail Customer Groups

TBANK is determined to develop products and services which accommodate the lifestyle of customers who need more flexibility. At the same time, the product safety has to be maintained at an acceptable (standard) level in order to achieve customer satisfaction. The determination is reflected by the following forms of products and services which are diverse and cover all customer needs.

1. Savings Account and Freever-Lite Debit Card satisfy customers' desire for convenience. The card comes without any withdrawal fee, regardless of whether the withdrawal is made locally or overseas. As part of the privileges, customers could withdraw cash from ATMs of any bank in Thailand or in any country with no fee charged and no limit imposed on the number of withdrawals. The card satisfies the desire of customers who like travelling overseas but do not want to carry cash as it is vulnerable to theft during travel.

2. e-Savings Account satisfies the lifestyle of customers who need flexibility in executing online transaction conveniently and quickly by themselves anywhere anytime via a mobile app called Thanachart Connect or internet banking called Thanachart iNet. No limit is imposed on the number of deposits or withdrawals and no fee is charged.

3. Savings account and Offset House Loan are different from normal mortgage as they combine the features of mortgage and deposit account. The difference lies in the calculation of interest. The repayment obligation of TBANK's Offset House Loan will be deducted from the outstanding balance of the savings account with TBANK. The offsetting arrangement could help reduce interest charge on the home loan by up to 50 percent. Importantly, borrowers do not have to pledge their deposits as collateral.

4. Automotive Lending Digital Experience Project is one of the online services which TBANK makes available to the customer group using auto hire purchase loans. Customers will find it convenient to apply for loans throughout the loan application process. Importantly, they will also get other special privileges as well as impressive after-sales service when they become TBANK's customers.

5. Loan with pension as collateral is a multi-purposed loan under a special program designed for civil servant groups who are pensioners receiving their monthly pensions through the Comptroller General's Department.

4) Human Resource Development

Looking after Employees

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

- Thanachart Group follows employment practices in line with the established standards as well as the related laws. In this connection, the Company has also established a clear policy and clear regulations. Avoid violating human rights, e.g. employment of child labor and use of forced labor. Also put in place a process for checking various qualifications before recruitment, such as criminal record checks.

- Thanachart Group treats employees equitably without giving undue advantages or depriving employees of their rights unfairly, due to differences in their race, religion, social status, gender, age, physical impairment or disability. As well, the Group has adopted a clear policy aiming at adopting measures for preventing and addressing sexual harassment.

- Thanachart Group supports the disabled so that they not only could earn income but also recognize their inherent dignity and worth. Thanachart Group has employed the disabled to work in positions appropriate to their qualifications and skills. They are provided with the same opportunities and compensation as those of normal employees. Moreover, Thanachart Group has joined the Thai Bankers Association, the Thai Red Cross Society, the Social Innovation Foundation, and the Don't Drive Drunk Foundation in employing the disabled in the form of service contracting since 2017. In particular, the disabled were employed to work at the Red Cross Society and also to help the Don't Drive Drunk Foundation conduct campaigns.

- As regards the disabled who work for Thanachart Group or the disabled who visit Thanachart Group for services, appropriate facilities and amenities are put in place in the buildings and premises concerned. In particular, parking spaces and wheelchair ramps are made available for the disabled.

- Emphasis is placed on ensuring procedural fairness in relation to disciplinary actions. As well, the Group has put in place procedures for investigating all people involved to establish facts and for hearing both sides of the story in a careful manner. It has also established a screening committee consisting of qualified outsiders who participate in the procedures. The objective is to ensure that the disciplinary

procedures are followed in the fairest manner possible. Importantly, a procedure has been put in place to allow employees who are subject to disciplinary action to lodge an appeal so that the case could be reconsidered for ensuring fairness of disciplinary.

- Thanachart Group has issued regulations, Code of Conduct as well as Good Corporate Governance Policy which serve as guidelines for handling various parties concerned, including, among others, shareholders, executives, employees and trading partners. The objectives are not only to ensure that Thanachart Group's business operations and the conduct of business affairs are in compliance with the laws or the regulations imposed by the authorities concerned, but also to promote transparency and implementation of the principles of good corporate governance. Emphasis is placed on protection against frauds and also on compliance with the regulations, guidelines, and work procedures, based on the principles of transparency.

- Thanachart Group also encourages collective bargaining negotiations, aiming at bringing about group discussions, suggestions and negotiations among the parties concerned, including the organization, employees' representatives, the employee welfare committee, the employee committee, and the labor union, etc. The objectives are to act on useful suggestions and to build good employer-employee relationships. In addition, arrangements have been made to the effect that the centralized human resource department establishes an HR business partner unit responsible for looking after employees, keeping them happy and productive so that they continue working for the organization.

Health Care

Thanachart Group recognizes the importance of ensuring that all employees are healthy and are able to access health services conveniently, mainly because the well-being of employees brings about organizational productivity. As a result, Thanachart Group pays great attention to the health of all employees. On one hand, it promotes the maintenance of the employees' health by putting in place of preventive measures which raise the awareness of and mitigate health risks. On the other hand, it puts in place the following measures with the aim of promoting the good health of employees.

- Health protection guidelines: Employees are provided with health knowledge in different areas so that they recognize the importance of keeping themselves fit and healthy. In particular, for the convenience of all employees, the Group makes arrangements for their annual medical examination. The annual checkups help early detection of harmful diseases such as cancer as well as prevention and minimization of illness. Employees also receive vaccines against infectious diseases. The objective is for them to rest assured that they will have good health and will not get sick.

- Based on the health promotion guidelines, the Company ensures that employees receive medical benefits when they get ill. As well, they are provided with convenient medical services. In particular, the Company puts in place a first aid room for giving medical services. As well, it arranges for doctors from various hospitals to share their health knowledge with employees. In addition, the Company makes available medicines and medical supplies for first aid services. The objectives are to give first aid treatment and to prevent illness or injury from becoming worse.

Safety, Occupational Health, and Work Environment

Thanachart Group pays attention to safety management and ensures healthy working environment for all employees, in line with the principles of occupational health. In this connection, the Company has established a policy and practice guidelines on safety, occupational health, and work environment in compliance with the provisions of the law. The Company has also established the Committee on Safety, Occupational Health, and Work Environement. The Committee is responsible for implementing various activities with an aim of achieving the established objectives. In this connection, it encourages employees to recognize the importance of safety, occupational health, and work environment by sharing the related knowledge through acitivities and training courses on safety with employees at all level. As well, the Company looks after sick or injured employees, ensuring that they receive proper treatment. In addition, it has adopted the policy with details as follows:

Policy on safety, occupational health, and work environment

Thanachart Group not only plays an important role of adopting the policy on management of safety, occupational health, and work environment but also oversees and ensures the establishment of a safety, occupational health, and work environment plan and the implementation of the plan on a continuous manner. The related details are as follows:

1. Comply with the rules and regulations, notifications, orders, and standards related to safety, occupational health,

and work environment in line with the requirements imposed by the state agencies concerned.

2. Manage and oversee business locations, ensuring that employees have safe and healthy workplaces. As well, ensure that, in carrying out their duties, employees are prevented from loss of life and protected from physical or psychological injuries or illnesses.

3. Control, govern, and oversee the implementation of activities which promote occupational safety and health as well as healthy working environment in line with the scope of safety management systems.

4. Make available the regulations and handbook on workplace safety at business locations.

5. Support and promote the implementation of activities related to safety, occupational health, and work environment on a continuous basis. As well, make available appropriate and adequate human resources and budgets.

6. Improve the work environment and the areas surrounding the business locations on a continuous basis, ensuring that the workplaces are safe and the work environment is healthy. The improvements will bring about the quality of work life and the good health of employees.

7. Organize training courses for safety officers at management and supervisory levels as well as training courses for all employees.

8. Put in place a committee and personnel responsible for safety, occupational health, and work environment. The objective is to ensure proper implementation of Thanachart Group's related policies.

Human Resource Development

Based on the belief that personnel are the organization's most valuable resources, Thanachart Group pays serious attention to systematic human resource development. In particular, the Group puts into practice Thanachart's People Development Model 70:20:10 with on-the-job learning experiences accounting for 70 percent while subordinate development by supervisors, such as through coaching and mentoring, accounts for 20 percent and training activities account for the remaining 10 percent.

Practice Guidelines on Training

Thanachart Group's human resource development processes start with the development of newly recruited employees, training and development activities which focus on enhancement of key skills necessary for carrying out job duties of each position, as well as development activities aiming at raising the level of professionalism, which encompasses product knowledge, customer service, work processes, and work systems which are based on the conduct of business affairs in compliance with the regulations of the state agencies concerned and the code of professional ethics. Also noteworthy is the development of managerial skills and leadership for supervisors at each level. The objective is to develop potential of the Company's personnel so that they are well prepared for implementing the organization's business strategies in an effective and efficient manner.

In 2019, the Group set up the Thanachart Academy to represent a center of holistic and integrated learning, also known as the Group' s own university. The objective is to develop its personnel at all levels based on a well-rounded curriculum, offering both knowledge and skills needed to achieve professionalism in each line of work. Employees get the opportunity of choosing to study any subject they find interesting. This initiative is all about making the personnel well-prepared for their future growth and keeping them well-informed of the so-called digital age. The personnel development includes blended-learning courses between online-based study via intranet and internet and classroom-based study via workshops and group discussions. These courses aim at producing the most efficient personnel in various fields as follows:

1. **Corporate Training:** This type of training activities focuses on development of key skills necessary for performing one's duties. The objective is to achieve people excellence which covers four areas including (a) thinking skills, (b) people management, (c) performance management, and (d) communication skills.

2. **Functional Training:** This type of training activities focuses on development of skills suitable for one's roles, duties, and responsibilities. The objectives are to raise the level of customer service based on the concept of customer centricity and to ensure that customers receive financial services which meet their needs and are in line with their risk tolerances. Not less importantly, emphasis is placed on ensuring that

the services are delivered properly in compliance with the requirements and regulations of the state agencies concerned and in a transparent manner.

2.1 Product knowledge training activities were organized, aiming at providing employees with knowledge and understanding of various products and services of the Group which were constantly improved and updated. As a result, employees were capable of appropriately introducing products and services that met the real needs of each group of customers.

2.2 The Group developed a branch academy training course which was aimed at building a body of knowledge and preparing branch employees at all levels so that they were capable of identifying customer needs, giving advice, and offering financial services that met customer needs (Customer Solutions) in an accurate, timely, and efficient manner.

2.3 As well, training activities were conducted on basic infrastructure of various work systems. The objective was to ensure that customer services could be delivered in a timely and efficient manner. Among others, these included training on customer management systems for introducing financial services, loan approval system, and systems related to buy and sell orders of life and non-life insurance products. The Group also provided employees with knowledge and understanding of information technology which constantly changed. As well, it organized training activities and seminars on innovative concepts and innovation skills for employees. The objective was to encourage employees to have concepts of product development and to adopt work processes that met customer needs in the digital age in a timely manner.

2.4 Professional certificate courses were also organized. Among others, these included courses for securities investment consultants, general insurance agents, and life insurance agents as well as courses on unit-linked insurance plans.

2.5 As well, training courses on regulations of the authorities concerned were conducted. The objectives were to provide all executives and staff with knowledge and understanding of the regulations and to ensure that the executives and staff were able to manage and do their work in full compliance with the regulations. In this connection, tests were given to assess participants' knowledge of course contents after training. Among others, the trainings included courses on the Anti-Money Laundering Act, Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Act, Ministerial Regulations on Customer Due Diligence (CDD) as well as the course on CG & Anti-corruption Measures which covered the Group's corporate governance and anti-corruption policies. The Group also cooperated with the public sector in promoting ethical behavior and fostering fairness in business. As a result, the cooperation had positive impacts on the country's social and economic development.

3. Leadership and Managerial Development Training: Executives play an important role in implementing the organization's policies and strategies. As a result, Thanachart Group has organized training activities with an aim of enhancing leadership and management skills for executives at each level in an earnest and continuous manner. The objective is to enhance, accelerate, and maintain potential, competence, and capacity of executives in managing their work and human resources in an efficient manner. Among others, the training courses included thinking and decision-making skills, strategic influencing skills, coaching skills, and leadership curriculum, which are the courses learning through intranet, combined with workshops and group discussions. In this connection, executives shall be encouraged to take part in training courses and seminars with both leading organizations, domestic and international. This is aimed at broadening their vision and building a network of cooperation with other organizations.

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

4.1 Coaching: Supervisors were required not only to provide trainees with advice and suggestions but also to share various experiences with them so that they would be able to work efficiently.

4.2 On-the-job Training: Employees were encouraged to exchange their experiences with one another and to help solve problems together while they received suggestions from advisory experts. The objective was to promote group learning and foster teamwork skills which were beneficial to the organization.

4.3 Online learning via intranet and internet: In 2019, numerous curriculums were added to the system in order that employees could study on their own throughout the training period, with a view to developing their potential and implementing the acquired knowledge in their future work. The Academy put a systematic accomplishment assessment in place for both pre-learning and post-learning.

4.4 E-learning: The Group also promoted E-learning through its corporate intranet. In 2018, several training courses were developed for the E-learning system which allowed employees to access and learn from available training materials by themselves at any time. To measure the E-learning effectiveness in a systematic manner, tests were administered before and after training.

In addition to the above-mentioned elements, Thanachart Group has enhanced preparedness of newly recruited staff. Each new employee is required to attend a one-day orientation session, in which they will be provided with product knowledge, core values, organizational structure, compliance with the anti-money laundering law as well as the countering the financing of terrorism law as well as information about staff welfare. The objective is for new employees to know the business overview as well as direction and various strategies so that they could adjust themselves to Thanachart Group and establish good relationships with fellow colleagues and the organization. The orientation lays the foundation for the organization to retain the new employees.

Training Courses Held in 2019

TBANK and Other Member Companies of Thanachart Group

Courses	Number of Courses		Number of Participating Classes		Number of Participating Times of Employees	
	TBANK	Other Members of Thanachart Group	TBANK	Other Members of Thanachart Group	TBANK	Other Members of Thanachart Group
In-house Learning	187	129	571	225	40,201	2,536
Public Learning	246	105	285	108	906	306
Online Learning	30	8	30	8	121,609	1,515
Total	**463**	**242**	**886**	**341**	**162,716**	**4,357**

Welfare Benefits

Thanachart Group provides welfare benefits to permanent employees as well as those on fixed-term and temporary employment contracts. These welfare benefits are as follows:

Welfare Benefits	Types of Employees		
	Permanent	Fixed-term	Temporary
Salaries	✓	✓	✓
Overtime	✓	✓	✓
Training/Staff Development/Staff Scholarship	✓	✓	✓
Funeral Benefits	✓	✓ **	X
Educational Assistance for Staff's Children	✓	✓ **	X
Medical Treatments	✓	✓ **	X
Residential Rental Expenses	✓	✓ **	X
Welfare Loans	✓	✓ **	X
Danger Pay Allowance	✓	✓	✓
Provident Fund	✓	✓ **	X
Staff Uniforms	✓ *	✓ *	X

Remarks: 1) Permanent employees are those who are engaged by Thanachart Group on a permanent basis.
2) Fixed-term employees are those who are on fixed-term employment contracts.
3) Temporary employees are employed for the nature of work which is temporary or of a definite duration of not more than one year.
4) * Only for some specified jobs.
5) ** Only employees holding some positions are entitled to the benefits.

Survey of Employee Opinions about the Organization

Thanachart Group places strong emphasis on the well-being and development of its human resources, encouraging them to feel motivated and engaged on a continuous basis. In this connection, the Group conducted the Voice of Employee Survey (VOE) to get their opinions about the organization. The Group realizes that organizational growth primarily depends on all its employees. As a result, it pays close attention to opinions and suggestions given by all employees through the survey in relation to various contributing factors within the organization. These factors include, among others, improvement of work environment, work processes, work systems, supervisors, as well as the balance between work and personal life. Since the information received from the survey will be kept confidential, employees could rest assured that their opinions will not have any impact on their performance appraisal. Thanachart Group is determined to raise its employee engagement to a level higher than or equal to those of leading organizations in the market.

In 2019, the number of the employees taking part in the survey accounted for 94 percent of Thanachart Group's employees. In this connection, their opinions were already grouped. As well, the development plan was drawn up and presented to high-level executives of every department.

Performance Appraisal and Staff Remuneration

Thanachart Group has set up a clear and transparent performance appraisal process. Not only it adopted a standard methodology but also prepared a standard appraisal form for all work units. Performance appraisals, whether individuals, team or executives, have been clearly grouped. In this connection, the appraisal of the division/section must specify their main goals which are in line with the annual Key Performance Indicators (KPIs) of their respective department. As well, the individual

KPIs and the team KPIs have to be in line with the main goals set by each of their respective division/section. Such appraisal process will help drive the performance of the staff members of the whole organization to achieve the established business goals. The appraisal will be conducted twice a year in order to allow proper monitoring of the implementation. A central unit will be responsible for ensuring that the appraisal of the whole organization follows the same direction as specified.

As regards remuneration, Thanachart Group has laid down the remuneration principles, ensuring that the remuneration is in line with the different nature of work, and that the remuneration in the form of monthly salaries and annual bonuses will be properly taken into account. The objectives are to motivate staff members to carry out their duties and achieve the goals established by each division/section and to ensure that the compensation levels the Group provides are competitive with those offered by companies in the same business.

Employee Information

Number of Thanachart Group's Employees by Level

Permanent Employees by Level	Gender	Number of Employees		
		2019	2018	2017
High-level Executives (from SVP to CEO)[1]	Male	81	77	82
	Female	29	24	22
Total		**110**	**101**	**104**
Executives (from AVP to FVP)[2]	Male	450	448	454
	Female	583	460	451
Total		**1,033**	**908**	**905**
Employees (from O to SM)[3]	Male	4,341	4,490	4,577
	Female	8,339	8,394	8,299
Total		**12,680**	**12,884**	**12,876**
Grand Total		**13,823**	**13,893**	**13,885**

Remarks: 1 Positions from Senior Vice President (SVP) to Chief Executive Officer (CEO)
2 Positions from Assistant Vice President (AVP) to First Vice President (FVP)
3 Positions from Officer (O) to Senior Manager (SM)

Temporary Employees	Nurnber of Employees		
	2019	2018	2017
Male	58	88	69
Female	68	105	78
Total	**126**	**193**	**147**

Number of Thanachart Group's Employees by Location

Employees by Location	Gender	Number of Employees		
		2019	2018	2017
Headquarters	Male	2,674	2,839	3,730
	Female	4,222	4,971	5,003
Total		**6,896**	**7,810**	**8,733**
Domestic Branches	Male	2,198	2,057	1,383
	Female	4,729	4,026	3,769
Total		**6,927**	**6,083**	**5,152**
Grand Total		**13,823**	**13,893**	**13,885**

Remark: Thanachart Group has no overseas branch

Number of New Employees and Former Employees

Types of Employees	Gender	Number of Employees		
		2019	2018	2017
New Employees	Male	412	519	423
	Female	1,154	1,356	979
Total		**1,566**	**1,875**	**1,402**
Former Employees	Male	601	615	803
	Female	1,124	1,252	1,471
Total		**1,725**	**1,867**	**2,274**

Number of Employees Returning to Work and the Rate of Employees Remaining Employed after Exercising Maternity Leave Right (Applicable to Female Only)

In Case of Taking Leaves	2019	2018	2017
Number of employees who are entitled to take maternity leave to take care of a newborn child	9,196	8,708	8,772
Number of employees who exercise maternity leave right to take care of a newborn child	289	281	337
Number of employees who return to work after the end of maternity leave right to take care of a newborn child	281	279	320
Rate of employees (percent) who return to work after the end of maternity leave right to take care of a newborn child	97	99	95
Number of employees who return to work after the end of maternity leave to take care of a newborn child and remain employed for one year	258	252	296

In this connection, the number of employees disclosed in this part in 2018 and 2019 included those of 1) THANI, 2) SSV, 3) MBK LIFE, 4) TM Broker, 5) MTS, and 6) RTN while the number of employees in 2017 included those of 1) to 5).

5) Technology Development and Digital Financial Data Security

TBANK places great emphasis on digital technology development, in line with the digital disruption ecosystem, e.g. its newly revised mobile banking application, completed in Q4/2019, which promotes even more user friendliness among its users, and is regarded as Financial Total Solution for them, formulating its policy on data security as well as customer data privacy in conformity with the BOT's policy. TBANK puts great emphasis on safeguarding customer data, customer data privacy, and managing cyber security risk by means of the policy and measures as follows:

1. Formulating a policy of 2-level data access control. The first level shall concern an access at a server and database level whereby a segregation of duties shall be enforced to ensure the data security. The second level shall be an access at the application level whereby a data access right system shall be enforced, based on the access right designation table whereby requesting divisions or departments shall be duly considered.

2. User ID management has been adopted to control the data access right, which has to be approved by hierarchical superiors based on the access right designation table. The verification of access right has to be done regularly to ensure that each individual access right is currently appropriate.

3. Program Data Leakage Protection (DLP) System has been adopted and installed since September 2019 as a tool to control the right to use customer data as well as to determine the right to reveal customer data.

4. Cyber Security Risk Management has been adopted to control and safeguard its IT resources from destruction, alteration or unauthorized access. A policy of standards and procedures regarding information system security is formulated in line with TBANK's business. The details are as follows:

- Setting up an IT Security Management Committee whose duty is to review and assess its security policy on a yearly basis, or whenever a major change arises.
- Establishing standards for in-house data transmission in order to safeguard the confidentiality of corporate as well as customer data.

- Formulating a policy on business continuity management related to cyber security by considering basic components of data security based on CIA model as follows: confidentiality, integrity, and availability. Furthermore, recovery strategy and disaster recovery plan are formulated.

- Formulating standards regarding service provider management in order to regulate IT outsourcing risks by setting up standards for security and confidentiality of the system and customer data.

6) Supply Chain Management

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

The Group's business operations have to depend on trading partners' cooperation, in order to be able to deliver products and services that meet customer needs in a responsible manner. In 2019, Thanachart Group had over 700 trading partners in the following areas:

1. Procurement of stationery and general supplies including general products and services, stationery, office supplies, important printing forms, general printing supplies, printed plastic cards, and other miscellaneous items.

2. Outsourcing services including marketing and sales promotions, public relations, document/cash transportation services, security services, cleaning services, chauffeur services, and messenger services, The services are provided by quality companies whose business operations are in compliance with the labor law.

3. Building maintenance services such as refurbishment of office buildings (both at headquarters and at branches), renovation, maintenance, repairs and replacement of spare parts and equipment within TBANK's offices or in areas where electronic appliances are installed, as well as furniture repair jobs.

4. Procurement of information technology and office equipment including electronic equipment (such as computers, multifunction copiers, cash deposit machines, and automated teller machines), security devices (such as CCTV cameras and burglar alarm systems), and all types of electric appliances.

Process for assessing the risks of trading partners in relation to environment, society and corporate governance

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

Process for Buying Goods or Services

1. Prequalification: Selecting vendors whose qualifications meet the established criteria,

2. Price Performance: Price and quality evaluation, and

3. Vendor Risk Assessment: Grouping of vendors in order of importance, taking into account the risks which may impact sustainability or the procurement process.

Process for Monitoring, Checking and Evaluating Trading Partners

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

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

Activities Implemented in 2019

In 2019, Thanachart Group had 723 trading partners, consisting of 705 domestic partners and 18 foreign partners. Of the trading partners, 210 were new ones. Over 90 percent of the trading partners were aware of and understood the scope of practices in line with legal requirements as well as the sustainable development guidelines stipulated in the vendor code of ethics and business conduct. They were required to accept the code before becoming Thanachart Group's trading partners. In this connection, all the trading partner had to refrain from violating human rights, using child labor or hiring illegal workers. In addition, they had to manage their business operations in an eco-friendly manner, comply with the occupational health and safety standards, adhere to the code of business ethics and conduct their business affairs in a fair and reasonable manner. In case it was found that any trading partner violated human rights, Thanachart Group would issue a warning and give the trading partner time for rectifying the human right issue. Alternatively, the Group might terminate the contract with the trading partner and permanently remove its name from the list of approved vendors. The objective was to prevent the risk which might adversely impact the image and business operations of Thanachart Group in the future.

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

Example Projects

Electronic Equipment Procurement Project

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

Project on Renovation of Branches and Office Buildings

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

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

Office Furniture Procurement Project

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

Seminar Entitled "Join Thanachart Group's 2019 Campaign against Corruption" for Trading Partners

A seminar entitled "Join Thanachart Group's 2019 Campaign against Corruption" was organized for trading partners. The objective was to share with participants the experiences and guidelines related to sustainable development practices throughout the supply chain, as well as anti-corruption practices. Trading partners were encouraged not only to pay attention to sustainable development practices so that their business operations would not have adverse impacts on the environment and society, but also to conduct their business affairs in line with the principles of good corporate governance. The goal was for trading partners to have an appropriate understanding of the correct and transparent procurement methods. Such understanding would help them minimize work problems arising from failure to observe standard processes. The activity served as a way for Thanachart Group to establish good relationships with the trading partners in the long term.

2. Environment

1) Energy Conservation and Environment

Thanachart Group pays attention to the environmental management in a continuous manner. It has established a clear energy conservation policy and environmental measures. In this connection, all employees are required to participate in the implementation of energy reduction activities and the energy conservation is considered as one of their duties. As a result, Thanachart Group could manage its energy consumption in an efficient manner. Campaign activities are implemented, aiming at inculcating employees with a sense of responsibility for using energy in an economic, efficient and cost-conscious manner. Supporting assistance is also given to various activities with an aim to enhance and develop the quality of society and environment in a sustainable manner. In managing the buildings and locations so that they are eco-friendly, attention is paid to the selection of materials for used in buildings. The materials have to help reduce emissions of hazardous air pollutants and also CO_2 emissions.

As well, Thanachart Group places strong emphasis on inculcating in employees the environmental conservation habit. In this connection, employees are encouraged to participate in conserving energy and use energy as an economical commodity and in a sustainable manner at the headquarters and regional offices as well as branches. Among others, fluorescent lamps have been replaced by LED tubes in office buildings in order to extend the lifespan of use and reduce energy consumption in the buildings. Color innovations which place emphasis on health safety.

Moreover, new magnetic chiller systems have been used at Suanmali Building in replacement of the traditional systems. The objectives are to increase the efficiency of the air-conditioning systems and reduce the use of the separate air-conditioning systems. In addition, the organization's electricity usage has been closely controlled and monitored in a continuous manner. As well, machinery systems have been improved, aiming at increasing their efficiency. The objectives are to reduce electricity consumption, ensuring that they are at the level close to every year's level.

Thanachart Group has three buildings considered as designated buildings for energy conservation purposes under the Royal Decree on Designated Buildings. These include (1) Suanmali Building, (2) Petchburi Building, and (3) Wongsawang Building. As well, energy conservation measures are imposed for other buildings of Thanachart Group, which are not yet considered as designated buildings.

Table Showing Electric Energy Consumption (kWh) in 2016 - 2018 in the Three Designated Buildings

Building	Electric energy consumption	2018	2017	2016
Suanmali	Energy consumption (kWh)	3,716,000.00	3,723,000.00	3,860,000.00
	Carbon Dioxide (CO_2) emission reduction (Ton/year)	2,163.09	2,167.16	2,246.91
Petchburi	Energy consumption (kWh)	3,057,000.00	2,896,000.00	3,027,000.00
	Carbon Dioxide (CO_2) emission reduction (Ton/year)	1,714.98	1,624.66	1,762.02
Wongsawang	Energy consumption (kWh)	1,361,000.00	1,378,000.00	1,466,000.00
	Carbon Dioxide (CO_2) emission reduction (Ton/year)	792.23	773.05	853.36

Creating Awareness in Energy Conservation

Creating awareness in energy conservation is a training course aimed at making employees realize the true value of energy, effects from energy consumption, steps and methods in creating awareness that are systematic and easy for adoption, relevant successful case studies and activities including brainstorming in formulating a PR campaign. The objective of such campaign is to create such awareness among members of the organization and to make them realize various effects on the organization itself, our country, and global environment. Thanachart Group hosted a training course titled "How to Consume Wisely and Save Energy", based on the project titled "Ant Power against Global Warming" for its Energy Management Working Group, Mod-Ngarn Team. The Group invited Mr. Phongphat Mungkung, Deputy Managing Director of Innovation Technology Company Limited, a veteran specialist, as instructor in this course. The training covered various topics including practical energy saving tips in everyday life, environmental problems affecting our health and everyday life, modern technology such as 5G which is not limited itself in only smartphones but also included devices and other utility systems which could be used to conserve energy in a more efficient manner. Furthermore, some representatives of the Energy Management Working Group also went out to attend a seminar. One such seminar was titled "Performance Assessment of the Main Machinery and Equipment in the Energy Management System", organized by Department of Alternative Energy Development and Efficiency, and held at the Energy Conservation Building in Honour of His Majesty the King. The objective was to develop personnel potential and cultivate better understanding of the main machinery and equipment.

Passing on the Body of Knowledge to Attain Sustainability and Continuity

Organizing an event, based on the project titled "Thanachart...Ant Power against Global Warming", for Thanachart people to happily join and in the process of helping to preserve the world in line with the Anti-Plastics concept: Reduce use of plastic, act now for the progressive and sustainable society. The event exhibited innovation aimed at reducing global warming e.g. containers made from betel spathe, showing how we could use natural material in a practical and beneficial way, and booths selling healthy food. A campaign to use cloth tote bag instead of plastic bag was also launched.



23 - 25 Training on the energy conservation titled "How to Consume Wisely and Save Energy"

26 - 31 Organizing activities under the Project "Ant Power against Global Warming", under the concept: "Reduce use of plastic, act now for the progressive and sustainable society"

As a result, the Group's executives, employees, and the general public jointly started to create awareness of cutting down on plastic consumption through activities. For instance, a "Soy Dao" lucky draw not only kept participants in suspense for bigger prizes, the proceeds from this activity would be used to purchase cloth tote bags for hospitals so that they were used to contain dispensed drugs instead of using plastic bags. As a result, 1,900 such bags were provided for 3 hospitals: Doem Bang Nang Buat Hospital in Suphan Buri, Khlong Luang Hospital in Pathum Thani, and Saraburi Hospital in Saraburi.

2) Participation to Cope with the Climate Change

"Thanachart... Ant Power against Global Warming" Project

Thanachart Group has put great emphasis on taking steps to lessen the adverse impact on the environment. As a result of rapid change in technology and ever-changing world's climate, many organizations worldwide started to take the issue of energy conservation more seriously, and to focus on promoting sustainability for their organizations. They encouraged every department to take part in activities which are highly beneficial to their organization and themselves. In this conection, the Group organizes a visit every year to an organization which is highly successful in its continuous energy conservation, and later applies that acquired knowledge for best results back at Thanachart buildings. The Group paid an educational tour to a model building renowned for its energy management on Friday 18 October 2019. Chairman of the Energy Management Committee led a group of Mod-Ngarn Team members and the Energy Management Working Group in charge of Suanmali Building and Phetchaburi Building on an educational trip to Sunny Bangchak Renewable Energy Learning Center, which boasts one of Asia's largest solar farms. The objective was to make an observation tour of alternative energy and to promote awareness in jointly using clean energy for the better future of our world and alleviating the global warming problem. On this visit, the working group and the Mod-Ngarn Team gained knowledge, energy saving concept, and better understanding of an alternative energy that is clean and environmentally friendly. The knowledge gained would be put to great use in formulating a development guideline in energy conservation to be in line with the policy of efficient and sustainable energy conservation.







32 - 34 Field visit to observe energy conservation management at the Bangchak Renewable Energy Learning Center

Water and Waste Management

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

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

Implementation of Energy Consumption Reduction Measures

Thanachart Group pays close attention to energy consumption reduction measures in line with the energy conservation policy. In this connection, both executives and staff constantly ensure that energy is being used in an effective and efficient manner. Emphasis is placed on continuous implementation of energy conservation measures and on improvements of existing systems. The measures implemented in each building of Thanachart Group must take into account the energy consumption reduction as a key element. Importantly, the implementation must not affect the well-being of the personnel in the buildings. As well, it must not directly or indirectly affect the environment, both inside and outside the building. Among others, these measures include the following:

- **Controlling water pump on-off switch** is a way to manage electricity usage based on peak and off-peak times, by avoiding usage during peak hours and promoting usage during off-peak hours from 22:00 hours to 9:00 hours.

- **Replacement of fluorescent lamps with energy-saving LED lamps** This was done with those lamps needed for both indoors and outdoors installation, thus saving more electric energy as well as getting longer lighting service time than that of those conventional fluorescent lamps.

- TBANK made arrangements for **seasonal adjustments of the chilled** water temperature set point on chillers in order to save energy usage and reduce expenses.

- **Installing new Air Handling Units (AHUs),** replacing the existing ones which have been used for a long time.

- **Improving air cooler piping systems** in order to enable the ventilation systems for cooling to work more efficiently.

- **Revamp the air conditioner system** by introducing a Magnetic Chiller system in order to boost its overall efficiency and to reduce the electricity consumption.

- **Use an alternative source of energy such as solar energy** for certain spots in the office building to help relieve the overall electricity consumption.

- **Cut down on the number of split type air conditioners** to save more energy.

- **Install blinds and use thermal filter film** in order to reflect sunlight and heat coming to the building, thus boosting the efficiency of air conditioner system and saving energy.

Environmental Protection in Terms of Occupational Health and Safety in Buildings

Thanachart Group has been closely monitoring, assessing, and controlling risk factors that have potential to cause harm. Emphasis is placed on improving the work environment, both inside the building and outside areas

surrounding the building in the immediate vicinity. The objective is to ensure workplace health and safety of employees and all parties concerned in a regular and continuous manner.

- **Measuring lighting levels** levels in buildings, ensuring that the work environment is appropriate and the indoor lighting is in line with the established standards and the related laws as well as the occupational health and safety requirements. The lighting levels are scheduled to be measured at least once a year.

- **Testing quality of air** in buildings, ensuring that the work environment is appropriate and the indoor air quality is in line with the established standards and the related laws as well as the occupational health and safety requirements. The air quality is scheduled to be tested at least once a year.

- **Testing quality of drinking water** in buildings in compliance with the established standards and the related laws as well as occupational health and safety in buildings. It is important not only to closely monitor, assess the containment of hazards but also to establish measures aiming at preventing water contamination. The measures help bolster the confidence of employees in buildings and customers visiting buildings as the drinking water in each building is clean and meets the established standards. The water quality is scheduled to be tested at least twice a year.

- **Organizing training courses for employees on basic life safety and fire extinguishing.** The objective is for employees at all levels to acquire emergency fire safety skills. Covering theory and practice, the training enables participants to get acquainted with the use of various firefighting tools and equipment.

- **Control the indoor temperature and humidity at optimal level** in line with the prevailing weather in order to save energy.

- **Design the building work space to allow for a recreational area** so that office workers can use it for relaxation.

Improving Work Processes to Reduce the Use of Natural Resources

Apart from encouraging employees to make the best use of available paper, Thanachart Group improves work processes in order to reduce paper usage. The efforts also indirectly help preserve the environment. In this connection, the following activities have been implemented in various forms.

- To reduce paper consumption, consider using more electronic system in day-to-day operation and meetings.

- Instead of using paper, send information to customers electronically.

- Launching campaigns aiming at inculcating the benefits of paper reduction in employees. As a result, they will minimize paper usage. Among others, they are encouraged to reuse waste paper within the office so as to reduce waste and maximize the use of resources.

3) Responsible Lending

The signing of MoU on “Formulating Sustainable Banking Guideline - Responsible Lending” was done on 13 August 2019. The objective was to set a guideline for commercial banks to operate by relying on the principle of Sustainable Banking. Environmental, Social, and Governance (ESG) factors, continually affecting the overall economy, should be taken into consideration when using a policy and strategy of responsible lending in a more concrete way. Other factors should include risk management process and effects caused by bank lending. All done for driving the financial sector and the country into long-term sustainability. Apart from being a source of capital, TBANK plays an important role as a middleman in allocating funds in the economic system. At the same time, TBANK is a comprehensive financial service provider, and one of the leading banks for the private as well as industrial sector, significantly contributing to the overall economic growth.

TBANK normally considers not only the risk-return relationship, but also social and environmental problems and impacts on the customers to whom the Bank extended credit. TBANK has formulated a lending policy that helps promote culture and better life quality among the people.

In this connection, TBANK shall not approve loans for any individual, business, or industry that acts or gets involved in illegal, immoral undertakings, activities that undermine national security, arms deals, or high risk loans. By doing so, TBANK helps develop and create a balance between the economy, society and environment in a sustainable way, and also helps reduce possible adverse effects caused by its loan approval. Examples of business that TBANK shall definitely not support are as follows:

1. Businesses that are liable to adversely affect the economy and society as follows:

- Casino and gambling business due to its conflict with moral standard and its effect on law and order of the society.

- Businesses that rely on illegal labor, illegal alien labor including illegal child labor.

- Dealing in arms and/or weaponry which is liable to be used in battles or wars.

2. Businesses that are liable to adversely affect the environment as follows:

- Trading in wildlife and/or products related to wildlife.

- Manufacturing of products derived from illegal logging i.e. transgression to fell trees in the national park zone.

However, TBANK has responsibly supported businesses with loans for business expansion, aimed at uplifting the performance potential of those small business customers who practice good governance in doing business.The Single SME Account Project was introduced with a loan offer of up to 20 million baht, targeting corporate customers who adhere to keeping a single account only. TBANK offered special loan interest rates at 5% for the first two years, and special rates as specified by TBANK for the period of the 3rd year to the final year. The maximum loan repayment period would be 10 years. This objective was to encourage all SMEs to keep accounts and prepare financial statements which transparently reflected their actual financial status. In this connection, they would gain benefit from lower cost of loans with a reasonable credit line, compatible with their business potential.

Moreover, TBANK has adhered to following up, reviewing and verifying loans in both quality and risk aspect on a yearly basis. This is to ensure that TBANK has regularly and efficiently conformed to the policy. In addition, TBANK helps promote a sustainable banking concept by granting loans with responsibility.

3. Governance

1) Fair Business Practice

Priority Areas	Practice Guidelines
Code of Conduct	In 2019, Thanachart Group took the following actions in relation to the Code of Business Ethics. 1) The Group requested its member companies to revise policies and code handbook, ensuring that they were in line with the Group's policies and Handbook of the Code of Ethics. 2) Together with the Thai Bankers Association and the CAC, made a joint public announcement regarding the "No Gift Policy" in order to discourage using unfair influence or persuasion in doing business, and to prevent a conflict of interest. 3) Hosted a training course regarding the said policy, published Handbook of the Code of Ethics for new staff members at all levels. 4) Got the Group's executives and employees at all levels to sign up for the said policy and the Handbook, and also sign up not to engage in any business exploitation that posed a conflict of interest against the Group on a yearly basis. 5) The Group prepared an appraisal form to be used for assessing employees of Thanachart Group at all levels. The objectives were to develop tests and to assess the knowledge and understanding in relation to the compliance with the principles of good corporate governance and anti-corruption on a yearly basis. 6) Continually improved the Group's CG & Anti-Corruption in the E-learning system in order to make it up to date and accessible, and shared it on the corporate intranet for the personnel's self-study. 7) Created an infographic on CG & Anti-Corruption to get the message across to all employees, complete with interesting content and design, and shared it on the corporate website. 8) Organized a lecture for the Group's trading partners as well as agencies to be informed and to give support to the Group's CG and the Handbook. 9) Organized a "Format the Mind, Delete the Emotions" as part of the CG & Anti-Corruption Development Project aimed at developing and creating awareness and morality as a guideline leading to cultivating contemplative education among employees at all levels. Hopefully, this would make them realize and take charge of their duty within the framework of upholding ethics and code of conduct for the society.
Supporting Socially Responsible Trading Partners	In selecting trading partners, the Group has adopted a clear policy of not supporting trading partners that are not socially responsible, such as those using child labor. Nor shall it encourage unethical or illegal business conduct.
Providing Consumers with Clear Information about Its Products and Services.	Thanachart Group not only publicizes details of its products and services but also provides customers and consumers in general with clear user manuals related to the products and services.
Protection of Customer Rights	• Thanachart Group gives services that meet professional standards and are of good quality. • Staff members of the Group are required to keep customer information confidential and are prohibited from disclosing it to any third party.

Priority Areas	Practice Guidelines
	• Staff members are prohibited from using customer information for an undue advantage for the Company and related parties, except in compliance with the requirements of the law. • Thanachart Group puts in place or makes available channels, through which customers could file complaints and give opinions about services. In handling complaints, the Group takes corrective actions and inform customers of the results in a timely manner through its website, the Group's customer service marketing officers (Thanachart Contact Center 1770) and TBANK's Facebook Page (www.facebook.com/thanachartbank).
Responsibility towards Lenders	The Company and member companies of Thanachart Group not only strictly adhere to the agreements with lenders but also fulfill all the obligations, particularly those related to guarantee conditions, capital management and in an event of default, what the loan proceeds are used for, principal and interest payments, guarantee conditions and any other matters agreed with the lenders. In this connection, the Company shall send a report on the financial position and financial information to the lenders in line with the established terms and conditions in an accurate, transparent, and regular manner. As regards the capital management, the Company pays great attention to stability and strength as well as liquidity management, ensuring that it has enough liquidity to make repayments to the lenders in accordance with the established schedules.
Resonsibility towards Prevention of Software Piracy	**On the Policy** Thanachart Group has established security measures for computers and usage. The objective is to control software piracy in relation to computer hardware and software pakage installation. **On the Processes** • Thanachart Group has put in place processes for keeping asset registers and reviewing them at least once a year for improvements. In this connection, officers will be assigned to check the software installed on the employees' computers. • As well, the Group has put in place processes for entering a purchase requisition in the purchase invoice register when a user submits a request. **On the Technology** • Computer users are prohibited from installing software themselves. Otherwise, they will be denied permission to access their computers. If they want to use certain software, they are required to get a prior permission from the work unit concerned and to make a request to the information system and technology department for further action. • A desktop management system has been installed on each computer for the purposes of checking the installed software and collecting data for preparing a monthly report. **On the Users** Thanachart Group organizes IT Security Awareness Training and Testing for employees at least once a year. The objective is for employees to be aware of the Group's policy on information systems security.

2) Anti-Fraud and Anti-Corruption

Thanachart Group recognizes that corruption is not only the root cause of evils and an obstacle to the country's social and economic development, but also leads to unfair business practices. As a result, it has joined with both the private and public sectors in the program called "Thailand's Private Section Collective Action Coalition Against Corruption (CAC)" by signing an agreement confirming its commitment to the coalition. In 2014, Thanachart Group adopted an "Anti-corruption Policy" and established measures as well as the related operational practices and procedures. They served as guidelines that all employees of the Group are requested to adhere to. The details of which are as follows:

1. The Boards of Directors of the Company and companies of Thanachart Group adopted resolutions approving the Anti-corruption Policy. The policy clearly defines "corruption and various forms of corruption". The policy basically requires that Directors, executives, and employees must not be involved in or accept any corruption in any form, directly or indirectly, for the benefit of the organization, themselves, families, friends, or acquaintance. They are required to serve as role models complying with the Anti-corruption Policy. As well, the executives of Thanachart Group are not only responsible for looking after and supporting the implementation of the policy, but also for reviewing the various measures, ensuring that they are appropriate and in line with business changes as well as laws and regulations.

2. Thanachart Group has established the Anti-corruption as one of the organization's core values. This core value known as 'C3SIP' serves as a guideline to which all employees of Thanachart Group are required to adhere. The key components of C3SIP are as follows:

- **C**ustomer Focus
  : meeting the customer needs,
- **C**ollaboration
  : working as a team,
- **C**ommitment
  : fulfilling one's duties until goals are achieved,
- **S**pirit
  : devotion to one's work,
- **I**ntegrity
  : adhering to integrity and Anti-corruption, and
- **P**rofessional
  : possessing adequate knowledge and ability to perform one's duties.

3. As regards the corruption risk assessment, member companies of Thanachart Group have adopted the principles and methodology based on the Risk and Control Self-Assessment (RCSA) which is one of the tools used for operational risk management. Among others, this includes risk identification, determination of risk levels, as well as establishment of internal control systems aiming at controlling and mitigating risks for the purpose of preventing corruption risks. Also noteworthy are the follow-up and review of the corruption risks which shall be conducted in a regular manner in every three years. In this connection, Thanachart Group also monitors the progress achieved as a result of the implementation of the operational plan and the risk control measures. Importantly, the Group reviews the corruption risks whenever there are changes in the various risk factors which have a significant impact on the operations processes. The assessment report shall be sent to both the Audit Committee and the Board of Directors for information.

4. Thanachart Group has established Anti-corruption measures, to which the employees of Thanachart Group are required to adhere. The measures are based on the internal control principles which are in line with the corruption risk and the Anti-corruption Policy. These measures will be reviewed annually, ensuring that they are appropriate and in line with the risks. As well, the Group has established disciplinary actions to be taken against employees who are involved in any corrupt act.

5. Thanachart Group places emphasis on all forms of corruption, particularly in relation to giving or accepting presents or gifts, throwing parties or giving or accepting any other benefits. These are issues, to which the Group pays special attention as they could easily lead to corruption. As a result, they have been included in the Code of Business Conduct as well as the rules and regulations which cover all operational and control procedures. The employees are required to notify their supervisors of their acceptance or provision of presents. Violation or failure to implement the Anti-corruption measures as well as any action supporting, facilitating, or being involved in corruption are considered

wrongdoings and the involved employees will be subject to disciplinary actions.

6. To make the Anti-corruption measures more efficient, Thanachart Group requires that each member company adopts the related rules, operational procedures, and guidelines, particularly about notification of corruption clues as well as handling of complaints about fraud and corruption. The member companies are also required to establish safe channels, through which any members of the general public or any employees of Thanachart Group who come across any suspicious fraudulent or corrupt activity could report clues or file their complaints. The information provided by whistleblowers will be sent to the head of the internal audit unit. In this connection, the information will be kept confidential and presented to the Audit Committee who will, in turn, report it to the Board of Directors. As well, Thanachart Group has adopted a policy aiming at treating fairly and protecting those employees who refuse to get involved in corruption although such refusal may cause the organization to lose a business opportunity. Also, the whistleblower will receive a compliment.

7. All executives and employees are required to sign an agreement to strictly adhere to Thanachart Group's policies, measures and regulations in relation to the good corporate governance, the Code of Ethics, anti-corruption, whistleblowing against frauds or corruption, gift-giving and gift-taking, receptions or any other benefits, customer confidentiality measures as well as other related regulations.

8. The Company promotes and supports the awareness and understanding of the guidelines for complying not only with the anti-corruption and whistleblowing policies and measures, but also Thanachart Group's related regulations, among executives, employees, as well as the parties hired by the Company and Thanachart Group to perform outsourced work. The information is disseminated through various channels which include, among others, training courses for newly recruited employees, of which the anti-corruption is one of agenda items for orientation, preparation of self-appraisal forms for executives and employees at all levels through e-learning systems every six months, as well as utilization of easily accessible formats such as short VTR films. Also noteworthy is the fact that the Company coordinates with the National Anti-Corruption Commission (NACC), the Anti-Corruption Organization of Thailand (ACT) and the Center for Philanthropy and Civil Society, the National Institute of Development Administration (NIDA), in relation to anti-corruption matters such as dissemination of knowledge and understanding about how to fight all forms of corruption.

9. Thanachart Group publicizes its Anti-corruption campaigns through the e-mails sent to trading partners and business representatives, requesting for their cooperation and support. In particular, they are requested to refrain from giving presents to executives or employees of Thanachart Group, regardless of any festivals or any other occasions. As regards the customers, the Group asks for their cooperation on this matter through printed media such as invoices, receipts, payment vouchers, and tax invoices as well as through the websites of the Company.

10. In appraising the performance related to the implementation of the Anti-corruption Policy and the related measures, the Audit Committee will be responsible for reviewing and ensuring that the member companies of Thanachart Group have put in place adequate internal control measures and that the conduct of business affairs are in line with the Anti-corruption Policy. The audit unit shall audit the business operations in line with the annual audit plan as assigned by the Audit Committee. In this connection, a report on significant audit results and recommendations shall be sent to the Audit Committee.

In this connection, in order to make the public awareness of Thanachart Group's intent in relation to Anti-corruption, Thanachart Group has brought its Anti-corruption Policy to the public notice by making it available through the website of each member company of the Group. On the part of the Company, it makes the policy available through its website.

In 2019, Thanachart Group, The Thai Bankers' Association, and the Private Sector Collective Action against Corruption (CAC) made a joint public announcement about their "No Gift Policy" in order to discourage using unfair influence or persuasion in doing business, and to prevent a conflict of interest. The CAC has done public relation work on the "No Gift Policy" through multiple media channels. In this connection, the CAC presented the exclusively designed No Gift Policy logos to 14 companies in Thanachart Group

who had been certified by the CAC. The Group later prominently displayed the said logos via its corporate intranet as well as its corporate website.



Determined to operate in conformity with the Anti-corruption policy formulated, the Group undertook a revision of the said policy, related measures including related regulations and procedures in the assessment of corruption in both public and private sector.This attempt was to ensure that the Group's undertaking was in line with the Anti-Corruption Act B.E. 2561 and related laws. In this connection, the Group tried to keep its personnel fully informed and cultivated among them better by understanding of operating guidelines in accordance with the policy, measures, and important operating procedures related to anti-corruption. The Group continually relied on the following methods in getting the message across: training, self-appraisal, signing up to follow the said policy and measures, dissemination via multiple media as well as the Group's communication channels, sharing with its trading partners and agents via email, annually requesting, among others, of cooperation for supporting anti-corruption campaigns, and giving related counsel, and accepting an invitation from outside parties to give an anti-corruption talk. The Group's main objective was to promote ethics, practical measures in corporation-wide anti-corruption whereby every person was required to strictly uphold and act in line with the policy and measures in anti-corruption, including related regulations. This was to ensure that the organization was transparent, free from corruption so as to attain confidence and safety in using the Group's service in a sustainable manner.

Apart from continuously disseminating information about anti-corruption both inside and outside the organization. Thanachart Group arranged for its executives to serve as lecturers for customers, trading partners, and business representatives so that they got certified as members of Thailand's Private Sector Collective Action Coalition against Corruption (CAC). As well, in changing the culture of corruption, the Group helps educate and instill in the members of the public the moral values of renouncing and fighting against all forms of corruption. As an important part of implementing the activities, Thanachart Group wants to signal its determination to its personnel as well as the government and public sector that it adheres to the principle of conducting its business affairs in a fair and transparent manner and in line with the principles of Good Corporate Governance. In this connection, it promotes anti-corruption as part of its corporate culture. The related details are as follows:

1. Thanachart Group organized one seminar entitled "Thanachart Group Invites All Parties to Join Anti-Corruption Campaign". The objectives were to inform the Group's trading partners and business representatives of the anti-corruption campaign and to ask for their cooperation on supporting the campaign. There were two classes in this seminar. The seminar was held on Tuesday, 5 November 2019 and on Thursday, 21 November 2019.

2. Representatives from Thanachart Group took part in the National Anti-Corruption Day event on 6 September 2019, hosted by Anti-Corruption Organization of Thailand, based on the "Join forces...Dare to fight fraud" concept. It was also in line with the annual International Anti-Corruption Day event, based on the "March forward, Hunt Down Fraud" concept, held on 9 December 2019, hosted by the Office of the National Anti-Corruption Commission and its networks in every sector. Thanachart Group made clear its intent to have nothing to do with any form of corruption. It joined hands with the public and every sector of the society to make their firm standpoint in opposing corruption, and to create awareness of its grave danger to our country.

Sustainability Targeting Performance

As the United Nations officially announced the Sustainable Development Goals (SDGs), Thailand jointly signed the agreement on 17 such goals. The said goals were in line with the Group's course of doing business, which adhered to following the path to sustainable development and social responsibility. The Group operated by based on

the United Nations targeting, and placed great emphasis on the 4 main SDGs, which clearly reflected the Group's corporate agenda. By doing so, the Group could create sustainable value for all stakeholders, and the said goals also represented the main goals which affected both the economy and the society as follows:

1. Poverty Eradication in Any Form and Anywhere

Promote the general public and entrepreneurs at all levels to gain fairly and adequately easy access to TBANK financial services. In this connection, focus on the importance of disseminating information aimed at cultivating financial discipline, financial planning, and saving among the people, customers, and its employees via accessible communication channels.

2. Promotion of Fair Employment to Drive Continuous Economic Growth

Offer products and services that are responsive to all customer needs. At the same time, place great emphasis on the importance of fair and efficient process of personnel selection and employment including fair treatment of employees.

3. Development of a Resilient Infrastructure

Focus on creating and developing Fintech digital platform in various formats in order to stay well-prepared for the rapid change in today's world, and to respond to the customer's need of more speed and convenience in service, at the same time still maintain the security at a universal standard.

4. Taking Necessary Steps to Cope with the Challenge of Climate Change

Pay special attention to and realize the importance of participating in alleviating the adverse effects of climate change by means of highly efficient resource management.











35 - 36 Organized a seminar titled "Thanachart Group Invites All Parties to Join Anti-Corruption Campaign"

37 - 39 Thanachart Group arranged "National Anti-Corruption Day" and "International Ani-Corruption Day" event

INTERNAL CONTROL AND RISK MANAGEMENT

The Company places strong emphasis on the establishment of effective and consistent internal control system. Strong internal control would help the Company to enhance effective business operation, steer the Company toward its goals, and protect the Company from operational error and from illicit exploitation from executives and staff. Furthermore, the Company takes into consideration the use of suggestions given by the auditors and the BOT's inspectors in streamlining the internal control system. Internal control system can be summarized as follows:

1. Organization and Environment

The Company sets the structure in supporting the achievement of the organization's objective. The Company properly specifies in writing the limitation of authorities and roles and responsibilities of staff and executives. It also puts in place the effective internal control system. The scopes of responsibility of the operational staff, approval authority, control and supervision function, and evaluation function are separate in order to avoid conflicts of interest, create check and balance, and conduct business operation under the principle of good corporate governance. The Company has put in writing the policies, working procedures, and working manuals. The Audit Committee is assigned to assess the sufficiency of the internal control system with various sub-committees being appointed to consider and make a decision on various matters efficiently.

The Company's Board of Directors sets clear business targets which can be measured and monitored the operating results ensuring that they are in line with the set targets. Good Corporate Governance, Code of Conduct, Anti-corruption policies and measures, and related announcements are set for the Directors, executives, and staff to adhere to in practice. Self-evaluations in good corporate governance and anti-corruption are conducted for staff every year to create awareness and conciousness. Systems or channels are provided for customers and employees to state their opinions or complaints and to whistle-blow regarding frauds and corruptions through the provided channels. A security and protection measures are provided for the whistleblower and the accused with justice and fairness.

2. Risk Management

The Company appoints the Risk Management Committee and also assigns the Risk Management Department of TBANK to effectively consider, monitor, and supervise various risks in line with business objectives. Policies and risk management guidelines are clearly set in writings and are disclosed in the Intranet of the Company for the Directors, executives, and staff to cohere to as a practice guideline. Also, external risk factors that may affect business operations, internal control, and financial statements are assessed. Responsive measure to each change is evaluated adequately. Furthermore, the concerned risk report is presented to the Audit Committee and the Company's Board of Directors monthly and quarterly respectively.

3. Supervision of Operational Management

The Company has put in place appropriate internal control measures for all levels. Apart from covering various processes, the measures clearly define power and authority as well as the related limits in relation to approval of transactions. As regards the execution of related party transactions, the Company has established guidelines in the Corporate Governance Policy and the Risk Management Policy, which are aimed at preventing conflicts of interest. In particular, approval will not be given by related parties. In relation to loan extension or investment, the Company has established a specific policy on loan extension to major shareholders and related lending as well as investment in related businesses. The policy is in compliance with the

regulations imposed by the BOT. In addition, it has established standards for controlling the use of information systems. Importantly, it has introduced not only regulations governing information and technology, but also Information Security Policy and Information Security Standard. Moreover, it has established standards for the control, development and maintenance of technology systems. These will serve as standards for controlling operations and ensuring security in relation to the use of the Company's information systems.

In case the Company invests in its subsidiaries, the Company appoints its representatives to sit on the boards of directors of the subsidiaries to set the policies and also to give directions for them. As well, arrangements have been made that the representatives give a monthly report of the subsidiaries to the Company.

4. Information Technology and Communication

The Company has put in place the process of information preparation and the guideline of information disclosure. The disclosed information has to be accurate, current, and sufficient to all related parties, i.e. Directors, executives, staff, shareholders, clients, and other stakeholders in order to efficiently support their decision making. Communication channels are provided for both internal and external parties to report on frauds and corruptions through whistle-blower hotline.

5. Auditing and Monitoring

The Company has put in place a system for monitoring business performance and presenting a report comparing the actual performance with the established goals of the Company and its subsidiaries to the Executive Committee and the Board of Directors on a monthly basis. In this connection, the goals will be reviewed every six months in order to achieve the business performance as planned.

Internal Audit, who reports directly to the Audit Committee, is responsible for auditing and assessing work units and work procedures in order to evaluate the internal control and risk management systems. They are also responsible for reporting any significant defect and making suggestion guidelines to correct the root cause problems as well as reporting progress of correction of such defect to the Audit Committee quarterly. The auditing makes use of end-to-end process as the auditing guidelines.

Furthermore, the Company uses the service of the Compliance Department of TBANK to monitor the adherence to the Code of Conduct and the avoidance of any conflict of interest. They report to the Audit Committee, the Executive Committee, and the Company's Board of Directors every six months.

In the Company's Board of Directors Meeting No. 2/2020 dated 24 February 2020, the Board of Directors concluded that the internal control system of the Company was appropriate and adequate to conduct business operation.

Head of Internal Audit

The Company as the holding company has assigned Ms. Sirinthorn Phayaphrom, Vice President, Audit Department to be the Head of Internal Audit of the Company. She is responsible for monitoring internal audit work of the Company. With more than 15 years of experiences and profound knowledge in the business activities and operations of the Company, she is most suitable for the roles and responsibilities. The consideration to evaluate, remove, transfer or dismissal of employment of the Company's Head of Internal Audit must be consented by the Audit Committee. Her profiles can be seen in the section of Board of Directors and Executives Management of the Company in this Annual Report.

Head of Compliance

The Company uses the service of the Compliance Department of TBANK under the centralized support service policy. In effect, Mr. Kittichai Singha, Executive Vice President, the Head of the Compliance Department of TBANK, is responsible for monitoring the Company's operation assuring that it is in compliance with the regulations of the authorities concerned. His profiles are disclosed in the section of Board of Directors and Executives Management of the Company in this Annual Report.

BOARD OF DIRECTORS AND EXECUTIVES

Board of Directors and Executives Management of the Company

The Board of Directors

(As at 31 December 2019)

Mr. Banterng Tantivit
Chairman
(Non-executive Director)

Date of Appointment	30 October 1980
Age	75 Years
Education	• Master of Science (Finance) in Management, Massachusetts Institute of Technology, USA • Bachelor of Science in Electrical Engineering, Massachusetts Institute of Technology, USA
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Director Accreditation Program (DAP), Class 25/2004 Thanachart Bank Public Company Limited • Anti-Corruption for Executives 2017

Position in Other Listed Company		
MBK Public Company Limited	• Chairman	2006 - Present
Position in Other Non-listed Company		
Thanachart Insurance Public Company Limited	• Chairman	2019 - Present
Laem Sai Village Company Limited	• Director	2016 - Present
Siam Piwat Holding Company Limited	• Director	2006 - Present
MBK Resort Public Company Limited	• Chairman	2003 - Present
Siam Piwat Company Limited	• Director	2003 - Present
B.V. Holding Company Limited	• Director	2003 - Present
Deebuk Company Limited	• Director	1987 - Present
Thai Farming Company Limited	• Director	1987 - Present
Experience in the Past 5 Years		
Dusit Thani Public Company Limited	• Director	2015 - 2017
	• Advisor	2001 - 2015
Thanachart Insurance Public Company Limited	• Chairman	2012 - 2014
Plan Estate Company Limited	• Chairman	2003 - 2015
Thanachart Bank Public Company Limited	• Chairman	2002 - 2019
Patum Ricemill and Granary Public Company Limited	• Advisor	2001 - 2015
MBK Public Company Limited	• Chairman of the Executive Committee	1994 - 2018

Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Mr. Suphadej Poonpipat
Vice Chairman and Chairman of the Executive Committee
(Executive Director)

Date of Appointment	23 May 1983	
Age	69 Years	
Education	• Master of Science, University of Wisconsin, USA • Bachelor of Business Administration and Accounting, Chulalongkorn University	
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Director Accreditation Program (DAP), Class 8/2004 • Certificate, Role of the Compensation Committee (RCC), Class 15/2012 • Certificate, Role of the Chairman Program (RCP), Class 28/2012 • Certificate, Financial Institutions Governance Program (FGP), Class 4/2012 Thanachart Bank Public Company Limited • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 • Block Chain Technology 2018 Capital Market Academy, The Stock Exchange of Thailand • Certificate, Capital Market Academy Leadership Program, Class 8/2009	
Position in Other Listed Company		
TMB Bank Public Company Limited	• Vice Chairman of the Board and Vice Chairman of the Board of Executive Directors	2019 - Present
MBK Public Company Limited	• Chairman of the Executive Committee	2018 - Present
	• Chairman of the Nomination and the Compensation Committee	2015 - Present
	• Vice Chairman	2006 - Present
Patum Ricemill and Granary Public Company Limited	• Chairman of the Good Corporate Governance Committee	2016 - Present
	• Chairman	2012 - Present
Position in Other Non-listed Company		
Thanachart Insurance Public Company Limited	• Vice Chairman	2019 - Present
	• Chairman of the Executive Committee	2005 - Present
Thanachart Bank Public Company Limited	• Vice Chairman of the Executive Committee	2019 - Present
	• Vice Chairman	2005 - Present
MBK Life Assurance Public Company Limited	• Chairman	2014 - Present
Siam Piwat Holding Company Limited	• Director	2006 - Present
MBK Resort Public Company Limited	• Director	2005 - Present
Siam Piwat Company Limited	• Director	2003 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Member of the Succession Committee	2016 - 2019
	• Chairman of the Executive Committee	2005 - 2019
DMS Property Investment Private Company Limited	• Chairman	2015 - 2019
	• Director	2011 - 2015
Thanachart Insurance Public Company Limited	• Chairman	2014 - 2019
	• Vice Chairman	2012 - 2014
Thanachart Capital Public Company Limited	• Chairman of the Risk Management Committee	2013 - 2018
	• Chief Executive Officer	2010 - 2018
Patum Ricemill and Granary Public Company Limited	• Chairman of the Executive Committee	2011 - 2017
Royal Orchid Hotel (Thailand) Public Company Limited	• Director	2007 - 2018
Thai Royal Orchid Real Estate Company Limited	• Director	2007 - 2018
Plan Estate Company Limited	• Director	2003 - 2015
MBK Public Company Limited	• Vice Chairman of the Executive Committee	2003 - 2018
	• Member of the Nomination and the Compensation Committee	2002 - 2015
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

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

Date of Appointment 23 May 2000

Age 71 Years

Education
- Master of Business Administration, Wichita State University, Kansas, USA
- Bachelor of Business Administration and Accounting, Chulalongkorn University

Directorship and Executive Training Program

Thai Institute of Directors Association
- Certificate, Director Certification Program (DCP), Class 33/2003
- Certificate, Role of the Compensation Committee (RCC), Class 4/2007
- Certificate, Audit Committee Program (ACP), Class 32/2010

Thanachart Bank Public Company Limited
- Anti Corruption for Executives, Class 1/2014
- Anti-Corruption for Executives 2017

Singapore Institute of Directors
- Attendance for course LCD - Module 1: Listed Company Director Essentials-Understanding the Regulatory Environment in Singapore: What Every Director Ought to Know
- Attendance for course LCD - Module 2: Audit Committee Essentials
- Attendance for course LCD - Module 3: Risk Management Essentials
- Attendance for course LCD - Module 4: Nominating Committee Essentials
- Attendance for course LCD - Module 5: Remuneration Committee Essentials

Position in Other Listed Company

Sermsuk Public Company Limited	• Member of the Sustainability and Risk Management Committee	2015 - Present
	• Director and Member of the Audit Committee	2013 - Present
Thai Solar Energy Public Company Limited	• Director and Chairperson of the Audit Committee	2013 - Present

Position in Other Non-listed Company

Fraser and Neave, Limited (Singapore)	• Chairperson of the Audit Committee and Member of the Nomination Committee	2014 - Present
	• Director and Member of the Remuneration Committee	2013 - Present

Experience in the Past 5 Years

Frasers Centrepoint Limited (Singapore)	• Director, Member of the Audit Committee, and Member of the Remuneration Committee	2013 - 2014
Thanachart Capital Public Company Limited	• Member of the Nomination Committee and Member of the Remuneration Committee	2009 - 2014
Solaris Asset Management Company Limited	• Chairperson	2008 - 2017

Family Relationship with Director and Management None

No. of TCAP Share Held None

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

Date of Appointment	3 April 2014	
Age	66 Years	
Education	• Master of Business Administration, Boston University, USA • B.A in Economics and Commerce, University of Melbourne, Australia	
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Director Certification Program (DCP), Class 197/2014 • Certificate, Role of the Compensation Committee (RCC), Class 19/2014 Thanachart Bank Public Company Limited • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 • Block Chain Technology 2018	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
U.S.P.N. Company Limited	• Director	1997 - Present
U.V.S.P. Company Limited	• Director	1997 - Present
T.V.V. Enterprise Company Limited	• Director and Managing Director	1984 - Present
Experience in the Past 5 Years		
Thanu Chana Company Limited	• Director	1997 - 2014
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mr. Prinya Hom-anek
Member of the Audit Committee and Member of Risk Oversight Committee
(Independent Director)

(As at 16 December 2019)

Date of Appointment 23 November 2018

Age 50 Years

Education
- Honorary Doctorate Degree of Science, Rajamangala University of Technology Suvarnabhumi
- Master of Business Administration, Assumption University
- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University

Directorship and Executive Training Program

Thai Institute of Directors Association
- Certificate, Director Certification Program (DCP), Class 217/2016

International Information System Security Certification Consortium
- Certified Information System Security Professional (CISSP)

ISACA
- Certified Information System Auditor (CISA)
- Certified in the Governance of Enterprise IT

Association of Certified Fraud Examiners
- Certified Fraud Examiner (CFE)

Position in Other Listed Company None

Position in Other Non-listed Company

Intelligent Data Analytic Company Limited	• Director and Member of the Executive Committee	2018 - Present
Thai Institute of Directors Association	• Trainer	2017 - Present
Thailand Information Security Association	• Director and Secretary	2017 - Present
Boonrawd Trading Company Limited	• Advisor	2015 - Present
Cybertron Company Limited	• Director and Member of the Executive Committee	2015 - Present
ACIS Professional Center Company Limited	• Chairman and Member of the Executive Committee	2003 - Present

Experience in the Past 5 Years

Anti-Money Laundering Office (AMLO)	• Qualified Committee	2015 - 2016
ACIS Professional Center Company Limited	• Managing Director	2003 - 2014

Family Relationship with Director and Management None

No. of TCAP Share Held None

Note: Mr. Prinya Hom-anek has resigned from the Company's Director and member of sub-committees, effective from 16 December 2019.

Mrs. Salinee Wangtal
Member of the Audit Committee and Member of the Risk Oversight Committee (Independent Director)

Date of Appointment	1 January 2020	
Age	65 Years	
Education	• M.B.A. Finance & International Business, Columbia University, USA • Bachelor of Accounting, Chulalongkorn University	
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Role of the Chairman Program (RCP), Class 36/2015 Harvard University, USA • Advance Management Program	
Position in Other Listed Company		
Nation Multimedia Group Public Company Limited	• Director	2018 - Present
Position in Other Non-listed Company		
SCB Asset Management Company Limited	• Director and Chairperson of the Audit Committee	2018 - Present
Experience in the Past 5 Years		
Office of Small and Medium Enterprise Promotion	• Director	2015 - 2017
MBK Life Assurance Public Company Limited	• Director and Chairperson of the Audit Committee	2014 - 2019
Public Warehouse Organization	• Director and Chairperson of the Executive Committee	2014 - 2018
Small and Medium Enterprise Development Bank of Thailand	• Chairperson	2014 - 2016
The Bank of Thailand	• Assistant Governor - Supervision Group	2011 - 2014
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Note: Mrs. Salinee Wangtal was appointed as the Company's Director and a member of sub-committee, replacing Mr. Prinya Hom-anek, effective from 1 January 2020.

Mr. Teeranun Srihong
Chairman of the Risk Oversight Committee
(Non-executive Director)

(As at 16 December 2019)

Date of Appointment 25 April 2018

Age 54 Years

Education
- Master of Business Administration, University of Michigan - Ann Arbor, USA
- Bachelor of Engineering (Computer), Chulalongkorn University

Directorship and Executive Training Program

Thai Institute of Directors Association
- Certificate, Director Accreditation Program (DAP), Class 86/2010
- Certificate, Director Certification Program (DCP), Class 179/2017

Capital Market Academy, The Stock Exchange of Thailand
- Certificate, Capital Market Academy Leader Program, Class 14/2012

Thailand Energy Academy
- Certificate, The Executive Program of Energy Literacy for a Sustainable Future, Class 6/2015

Thailand National Defence College
- Certificate, The Joint State - Private Sector Course, Class 26

Harvard Business School, Boston, USA
- Advanced Management Program (AMP 189)

The Bank of Thailand
- Thailand Sustainable Banking 2018

Office of Insurance Commission (OIC)
- Thailand Insurance Leadership Program, Class 9

Position in Other Listed Company

S&P Syndicate Public Company Limited	• Director and Member of the Nomination and Remuneration Committee	2019 - Present
Bangchak Corporation Public Company Limited	• Member of the Investment Committee	2019 - Present
	• Advisor	2017 - Present
Sansiri Public Company Limited	• Advisor	2017 - Present

Position in Other Non-listed Company

Phuket Deep Sea Port Company Limited	• Member of the Executive Committee	2019 - Present
Government Pension Fund (GPF)	• Qualified Director and Chairman of the Risk Management Committee	2019 - Present
Arcel Capital Company Limited	• Director	2018 - Present
The Mall Group Company Limited	• Director	2018 - Present
The Mall Shopping Complex Company Limited	• Director	2018 - Present
Thai Ackro Exchange Company Limited	• Chairman	2018 - Present
Thailand Management Association	• Chairman	2018 - Present
Committee to Drive Policy Implementation to Use Big Data, Data Center, and Cloud Computing	• Director	2018 - Present
Celar Consulting Company Limited	• Director and Managing Director	2017 - Present
The Committee of Mobilizing Reform according to the Thailand 4.0 Agenda	• Director	2017 - Present

Experience in the Past 5 Years

Sub-committee on Digital Strategy for Capital Market	• Chairman	2018 - 2019
Advance Power Conversion Company Limited	• Director	2018 - 2019
Thanachart Insurance Public Company Limited	• Director and Member of the Executive Committee	2017 - 2019
The Securities and Exchange Commission, Thailand	• Advisor	2017 - 2019
The National Digital Economy and Society Commission	• Qualified Director of Economics	2017 - 2018
Digital Economy Promotion Agency, The Government Complex	• Chairman	2017 - 2018
Enter Solution Company Limited	• Director and Member of the Executive Committee	2017 - 2018
Kasikorn Business - Technology Group Company Limited	• Chairman	2016 - 2017
Beacon Venture Capital Company Limited	• Director	2016 - 2017
Thailand Management Association	• Vice Chairman	2014 - 2018
Kasikorn Leasing Company Limited	• Chairman	2014 - 2016
Kasikornbank Public Company Limited	• Director and Managing Director	2013 - 2017
	• Enterprise Risk Management Committee	2003 - 2017
Muang Thai Group Holding Company Limited	• Director	2013 - 2017
Kasikorn Securities Public Company Limited	• Chairman	2013 - 2016
Kasikorn Asset Management Company Limited	• Chairman	2013 - 2014

Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Note: Mr. Teeranun Srihong has resigned from the Company's Director and member of sub-committees, effective from 16 December 2019.

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

Date of Appointment	1 January 2020
Age	54 Years
Education	• Doctor of Philosophy in Engineering, University of Auckland, New Zealand • Master of Engineering (Electrical and Electronic), University of Auckland, New Zealand • Bachelor of Engineering (Electrical Engineering), Khon Kaen University
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Director Accreditation Program (DAP), Class 121/2015 • Certificate, Advanced Audit Committee Program (AACP), Class 25/2016 • Certificate, Director Certification Program (DCP), Class 242/2017 • Certificate, Role of the Chairman Program (RCP), Class 41/2017 • Certificate, Financial Statements for Directors (FSD), Class 35/2018 • Certificate, Strategic Board Master Class (SBM), Class 5/2018 Thanachart Bank Public Company Limited • Block Chain Technology 2018 Columbia Business School • Digital Strategies for Business 2018

Position in Other Listed Company

SiamEast Solutions Public Company Limited	• Chairman and Chairman of the Audit Committee	2016 - Present
Humanica Public Company Limited	• Director and Member of the Audit Committee	2015 - Present
Vintcom Technology Public Company Limited	• Director and Member of the Audit Committee	2015 - Present

Position in Other Non-listed Company

Khon Kaen University	• Committee of KKU Council	2019 - Present
Ubon Ratchathani University	• Committee of UBU Council	2013 - Present
IMC Outsourcing (Thailand) Company Limited	• Director	2013 - Present

Experience in the Past 5 Years

Thanachart Bank Public Company Limited	• Director and Chairman of the Audit Committee	2017 - 2019
The Association of Thai ICT Industry	• President	2015 - 2017

Family Relationship with Director and Management	None
No. of TCAP Share Held	None

Note: Dr. Thanachart Numnonda was appointed as the Company's Director and a member of sub-committee, replacing Mr. Teeranun Srihong, effective from 1 January 2020.

Mr. Vichit Yanamorn
Member of the Nomination, Remuneration, and Corporate Governance Committee and Member of the Risk Oversight Committee (Non-executive Director)

Date of Appointment
25 February 2015

Age
73 Years

Education
- Master of Science (Computer Science), University of Iowa, USA
- Bachelor of Commerce and Accountancy (Statistics), Second Class Honor, Chulalongkorn University

Directorship and Executive Training Program

Thai Institute of Directors Association
- Certificate, Director Accreditation Program (DAP), Class 34/2005
- Certificate, Audit Committee Program (ACP), Class 18/2007
- Certificate, Role of the Compensation Committee (RCC), Class 20/2015
- Certificate, Role of the Nomination and Governance Committee (RNG), Class 7/2015
- Certificate, Driving Company Success with IT Governance (ITG), Class 3/2016

Thanachart Bank Public Company Limited
- Anti-Corruption for Executives 2017
- Block Chain Technology 2018

The Bank of Thailand
- Thailand Sustainable Banking 2018

The Stock Exchange of Thailand
- IT Future for Listed Company, Class 3/2017
- IT Future for Capital Market, Class 2/2018

Position in Other Listed Company

Netbay Public Company Limited	• Member of the Nomination and Remuneration Committee	2015 - Present
	• Director, and Member of the Audit Committee	2014 - Present
MBK Public Company Limited	• Information Technology Advisor	2012 - Present
IT City Public Company Limited	• Director and Member of the Audit Committee	2004 - Present

Position in Other Non-listed Company

Amornchewin Company Limited	• Director	2016 - Present
Thanachart Insurance Public Company Limited	• Information Technology Advisor	2014 - Present
The Grand UB Company Limited	• Director	2010 - Present
New Continent Company Limited	• Director	2002 - Present

Experience in the Past 5 Years

Thai Feed Mills Public Company Limited	• Director	2004 - 2015
Public Sector Audit Evaluation Sub-committee of Social Development and Human Security	• Sub-committee	2001 - 2017
Acerts Company Limited	• Director	1991 - 2016

Family Relationship with Director and Management
None

No. of TCAP Share Held
None

Ms. Suvarnapha Suvarnaprathip
Vice Chairperson of the Executive Committee
(Executive Director)

Date of Appointment	1 September 2005
Age	74 Years
Education	• Bachelor of Economics, Monash University, Australia
Directorship and Executive Training Program	Banker Trust, New York, USA • Corporate Finance Training Program Thai Institute of Directors Association • Certificate, Director Accreditation Program (DAP), Class 20/2004 Thanachart Bank Public Company Limited • Anti-Corruption for Executives 2017 • Block Chain Technology 2018 The Bank of Thailand • Thailand Sustainable Banking 2018
Position in Other Listed Company	None

Position in Other Non-listed Company

Seacon Development Public Company Limited	• Director	1991 - Present

Experience in the Past 5 Years

Thanachart Capital Public Company Limited	• Vice Chairperson of the Risk Management Committee	2013 - 2018
Thanachart Bank Public Company Limited	• Vice Chairperson of the Executive Committee	2006 - 2019
	• Director	2002 - 2019

Family Relationship with Director and Management	None
No. of TCAP Share Held	None

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

Date of Appointment 2 March 2009

Age 63 Years

Education
- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration, Thammasat University

Directorship and Executive Training Program

Thai Institute of Directors Association
- Certificate, Corporate Governance for Capital Market Intermediaries (CGI), Class 15/2016
- Certificate, Role of the Chairman Program (RCP), Class 5/2001

Thanachart Bank Public Company Limited
- Anti Corruption for Executives, Class 1/2014
- Anti-Corruption for Executives 2017

Thai Listed Company Association, The Stock Exchange of Thailand
- Certificate, TLCA Leadership Development Program (LDP) 2012

Capital Market Academy, The Stock Exchange of Thailand
- Certificate, Capital Market Academy Leadership Program, Class 5/2007

Judicial Training Institute, Courts of Justice
- Certificate, The Program for Senior Executives on Justice Administration, Class 9/2005

The Bank of Thailand
- Thailand Sustainable Banking 2018

Position in Other Listed Company

TMB Bank Public Company Limited	• Director, Member of the Board of Executive Directors, and Member of the Nomination, Remuneration, and Corporate Governance Committee	2019 - Present

Position in Other Non-listed Company

Thanachart Bank Public Company Limited	• Director, Member of the Executive Committee, and Member of the Nomination and Remuneration Committee	2019 - Present
TS Asset Management Company Limited	• Chairman	2019 - Present
Thanachart SPV1 Company Limited	• Director	2019 - Present
Thanachart SPV2 Company Limited	• Director	2019 - Present
Thai Listed Company Association	• Vice Chairman	2017 - Present
Thanachart Fund Management Company Limited	• Chairman	2013 - Present
	• Chairman of the Executive Committee	2011 - Present
Thanachart Securities Public Company Limited	• Chairman of the Executive Committee	2013 - Present
	• Chairman	2009 - Present
Association of Thai Securities Companies	• Board Advisor	2010 - Present

Experience in the Past 5 Years

The Thai Bankers' Association	• Director	2018
	• Advisor	2016 - 2018
	• Director	2011 - 2016
Thai Listed Company Association	• Vice Chairman Advisor	2015 - 2017
	• Director and Vice Chairman	2011 - 2015
Thanachart Insurance Public Company Limited	• Vice Chairman	2014 - 2018
	• Vice Chairman of the Executive Committee	2013 - 2018
Sasin Graduate Institute of Business Administration of Chulalongkorn University	• Director	2014 - 2016
Thanachart Bank Public Company Limited	• Chairman of the Risk Management Committee	2012 - 2018
	• Chief Executive Officer and President	2011 - 2018
	• Director and Member of the Executive Committee	2009 - 2018
TS Asset Management Company Limited	• Chairman and Chairman of the Executive Committee	2011 - 2018
Siam City Life Assurance Public Company Limited	• Chairman and Chairman of the Executive Committee	2010 - 2014

Family Relationship with Director and Management None

No. of TCAP Share Held None

Mr. Kamtorn Tantisirivat
Member of the Risk Oversight Committee, Secretary to the Risk Oversight Committee, and Executive Vice President, Financial Division

Age

57 Years

Education

- M.B.A. in Finance, The University of Michigan at Ann Arbor, USA
- M.S. in Computer Science, The University of Texas at Austin, USA
- Bachelor of Engineering, Chulalongkorn University

Directorship and Executive Training Program

CFA Institute
- CFA Program 2001

Thanachart Bank Public Company Limited
- Anti Corruption for Executives, Class 1/2014
- Anti Corruption for Executives 2017
- Impacts of IFRS 9 to Thanachart Group
- Block Chain Technology 2018

Federation of Accounting Professions
- Thailand IFRS Conference 2016
- Keep up with Thai Financial Reporting Standards Implemented in 2019 and 2020

KPMG
- Classification of Financial Assets/Liabilities according to the IFRS 9

EY Office Limited
- Preparation for the Change of Financial Reporting Standard

IMC Institute
- Blockchain 2017: Unlocking Internet of Value

NYC Management Company Limited
- What to Know about new TFRS

The Bank of Thailand
- Thailand Sustainable Banking 2018

Position in Other Listed Company

None

Position in Other Non-listed Company

TS Asset Management Company Limited	• Director	2019 - Present
Thanachart SPV1 Company Limited	• Director	2019 - Present
Thanachart SPV2 Company Limited	• Director	2019 - Present
MAX Asset Management Company Limited	• Vice Chairman	2018 - Present
NFS Asset Management Company Limited	• Vice Chairman	2018 - Present
MT Service 2016 Company Limited	• Director	2016 - Present
MBK Life Assurance Public Company Limited	• Director, Member of the Executive Committee, and Member of the Risk Management Committee	2014 - Present

Experience in the Past 5 Years

MAX Asset Management Company Limited	• Chairman	2016 - 2018
NFS Asset Management Company Limited	• Chairman and Chairman of the Executive Committee	2016 - 2018

Family Relationship with Director and Management

None

No. of TCAP Share Held

None

Mr. Watchara Permphithak
Senior Vice President, Business Division

Age 58 Years

Education
- Master of Business Administration, National Institute of Development Administration
- Bachelor of Engineering (Electrical), Kasetsart University

Directorship and Executive Training Program

Thanachart Bank Public Company Limited
- Anti Corruption for Executives, Class 1/2014

Position in Other Listed Company None

Position in Other Non-listed Company

TS Asset Management Company Limited	• Director	2019 - Present
MAX Asset Management Company Limited	• Director	2007 - Present
NFS Asset Management Company Limited	• Director	2006 - Present

Experience in the Past 5 Years

MAX Asset Management Company Limited	• Vice Chairman	2016 - 2018
NFS Asset Management Company Limited	• Vice Chairman	2016 - 2018
	• Vice Chairman of the Executive Committee	2006 - 2018
Thanachart Bank Public Company Limited	• Senior Vice President, Asset Development	2012 - 2015
TS Asset Management Company Limited	• Director	2011 - 2015
NASSET Property Fund 6	• Investment Committee	2007 - 2015

Family Relationship with Director and Management None

No. of TCAP Share Held None

Mrs. Thanawan Chaisithikarnkha
Senior Vice President, Accounting Department

Age	54 Years	
Education	• Master of Business Administration Program in Entrepreneurship Management, King Mongkut's University of Technology Thonburi • MINI MBA, Chulalongkorn University • Bachelor of Business (Accounting), Ramkhamhaeng University	
Directorship and Executive Training Program	Thanachart Bank Public Company Limited • Anti Corruption for Executives, Class 1/2014 Thai Institute of Banking and Finance Association • Young Banker's Executive Development Program (YOBEX) NIDA Business School/The Stock Exchange of Thailand/Market for Alternative Investment (MAI) and The Federation of Thai Industries • CFO Professional Program	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Thanachart SPV1 Company Limited	• Director	2019 - Present
Thanachart SPV2 Company Limited	• Director	2019 - Present
MT Service 2016 Company Limited	• Director	2016 - Present
MBK Life Assurance Public Company Limited	• Director	2010 - Present
Experience in the Past 5 Years		
Thanachart Capital Public Company Limited	• First Vice President, Accounting Department	2012 - 2018
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Mrs. Krisayanee Ratanachaichan
Senior Vice President

Age	57 Years	
Education	• Barrister-at-Law, Thai Bar Association, The Institute of Legal Education • Master of Law, Thammasat University • Bachelor of Law, Thammasat University	
Directorship and Executive Training Program	• Leader as Coach • Leadership Transformation	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Security Scib Services Company Limited	• Chairman	2016 - Present
Bangkok Home Company Limited	• Liquidator	2000 - Present
Experience in the Past 5 Years		
Thanachart Bank Public Company Limited	• Senior Vice President, Legal Department	1990 - 2019
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Company Secretary

Mr. Panupan Tuangthong
Company Secretary, Secretary to the Board of Directors, Secretary to the Executive Committee, Secretary to the Nomination, Remuneration, and Corporate Governance Committee, and Vice President to the Corporate Secretary Office

Age	56 Years	
Education	• Bachelor of Law, Thammasat University	
Directorship and Executive Training Program	Thai Institute of Directors Association • Certificate, Company Secretary Program (CSP), Class 4/2003 • Certificate, Effective Minute Taking (EMT), Class 8/2007 • Certificate, Director Certification Program (DCP), Class 150/2011 • Certificate, Financial Institutions Governance Program (FGP), Class 2/2011 • Certificate, Corporate Governance for Executives (CGE), Class 8/2017 Thanachart Bank Public Company Limited • Anti Corruption for Executives, Class 1/2014 • Anti-Corruption for Executives 2017 The Bank of Thailand • Thailand Sustainable Banking 2018	
Position in Other Listed Company	None	
Position in Other Non-listed Company		
Thai Listed Company Association	• Director, Thai Company Secretary Club	2014 - Present
Experience in the Past 5 Years		
Thanachart Capital Public Company Limited	• Secretary to the Nomination Committee	2007 - 2014
Family Relationship with Director and Management	None	
No. of TCAP Share Held	None	

Details of the Company's Head of Internal Audit and Head of Compliance

The Company's Head of Internal Audit

Ms. Sirinthorn Phayaphrom
Vice President, Internal Audit and Secretary to the Audit Committee

Age	52 Years
Education	• Master of Business Administration (Innovation Management), Ramkhamhaeng University • Bachelor of Business Administration (Accounting), Ramkhamhaeng University
Training Program related to Roles and Responsibilities and Competencies of Head of Internal Audit	• Knowledge of Anti-Money Laundering and Combating Financing of Terrorism Act. (AML/CFT) • Knowledge of Business and Standards of Financial Report for Audit Work • Risk Based Audit • AML/CFT for Internal Auditor Bank and Financial Institution Internal Audit Club • Audit Guidelines for Internal Auditors of Financial Institution in Digital Era The Institute of Internal Auditors of Thailand • Transform Operation Audit to The Digital Age • Transforming IA for the Digital Age • Adaptation of Non-IT Auditor in Digital Era • Indispensable IA: Insightful Agile & Innovative The Thai Institute of Banking and Finance Association • E-KYC for Digital Financial • Data Privacy Protection: Laws & Regulation • Operational Risk Management
Position in Other Listed Company	None
Position in Other Non-listed Company	None
Experience in the Past 5 Years	
Thanachart Bank Public Company Limited	• Assistant Vice President, Branch Network Internal Audit — 2013 - 2014
Family Relationship with Management	None
No. of TCAP Shares Held	None

The Company's Head of Compliance

Mr. Kittichai Singha
Executive Vice President, Compliance Department, TBANK

Age

48 Years

Education

- Master of Arts (Diplomacy and International Affairs), Thammasat University
- Bachelor of Arts, Srinakharinwirot University

Training Program related to Roles and Responsibilities and Competencies of Head of Compliance

Chula Unisearch, Chulalongkorn University
- Strategies to Manage Personal Information under the Laws: 2019

Thai Institute of Directors Association
- IT Governance & Cyber Resilience Program 2019

SMBC Singapore
- Asia Pacific Compliance Executive 2018

Thai Bankers' Association
- Securities Law for Head of Compliance 2017
- Securities Law for Head of Compliance 2015

Citibank Thailand
- Digital Bank Compliance Workshop 2017
- Citi Leader Program 2016
- Fraud Workshop 2015
- Talent Identification and Retention Workshop 2015
- Building and Management Upward Relationship 2014
- AML, Sanctions and Anti-Bribery Corruption 2012
- Asia Pacific Regulatory Compliance Workshop 2004

Citibank Singapore
- Asia Pacific Head of Compliance Workshop 2016

The Securities and Exchange Commission, Thailand
- Securities Laws for Brokers and Underwriters of Debt Securities 2013

Thai Bond Market Association
- Bond Trading Compliance Training 2012

Bank of China, New York City
- Risk Management and Anti-Money Laundering 2003

The Bank of Thailand
- Central Bank for Commercial Bankers 1998

Position in Other Listed Company

None

Position in Other Non-listed Company

None

Experience in the Past 5 Years

Sumitomo Mitsui Banking Corporation	• Senior Vice President, the Country Compliance Head	2018
Citibank N.A. Thailand	• Senior Vice President, Regulatory Compliance Head	2014 - 2018
	• Vice President, Head of Consumer Bank Compliance	2006 - 2014

Family Relationship with Management

None

No. of TCAP Shares Held

None

Report on Changes in Shareholding of the Company's Directors and Executives in 2018 to 2019

No.	Name	Position	Number of Share(s) held as at 31 December 2019	Number of Share(s) held as at 31 December 2018	Increase (Decrease)	Percentage of Shareholding (Percent)
1	Mr. Banterng Tantivit	Chairman	-	-	-	-
	Spouse and minor children		-	-	-	-
2	Mr. Suphadej Poonpipat	Vice Chairman	-	-	-	-
	Spouse and minor children		-	-	-	-
3	Mrs. Siripen Sitasuwan	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
4	Mr. Tiraphot Vajrabhaya	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
5	Mr. Prinya Hom-anek	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
6	Mr. Vichit Yanamorn	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
7	Mr. Teeranun Srihong	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
8	Ms. Suvarnapha Suvarnaprathip	Director	-	-	-	-
	Spouse and minor children		-	-	-	-
9	Mr. Somjate Moosirilert	Director and	-	-	-	-
	Spouse and minor children	Chief Executive Officer	-	-	-	-
10	Mr. Kamtorn Tantisirivat	Executive Vice President,	-	-	-	-
	Spouse and minor children	Financial Division	-	-	-	-
11	Mr. Watchara Permphithak	Senior Vice President,	-	-	-	-
	Spouse and minor children	Business Division	-	-	-	-
12	Mrs. Thanawan Chaisithikarnkha	Senior Vice President,	-	-	-	-
	Spouse and minor children	Accounting Department	-	-	-	-
13	Mrs. Krisayanee Ratanachaichan	Senior Vice President	-	-	-	-
	Spouse and minor children		-	-	-	-

Note: Mr. Prinya Hom-anek and Mr. Teeranun Srihong have resigned from the Company's Directors and members of sub-committees, effective from 16 December 2019.

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

(As at 31 December 2019)

Name	TCAP	Subsidiary Companies											Associated Company		Related Companies																														
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43
Mr. Banterng Tantivit	XXX		XXX										XXX		XXX	X	X	X	X	X	X																								
Mr. Suphadej Poonpipat	XX ///	XX //	XXX ///	XXX									XX ///	XX //	X	X	X					XXX																								
Mrs. Siripen Sitasuwan	X																						X	X	X																				
Mr. Tiraphot Vajrabhaya	X																									X	X	X B																	
Mr. Prinya Hom-anek	X																												X /	X /	XXX /														
Mr. Teeranun Srihong	X																															X	/	X	X	X	XXX	X B						
Mr. Vichit Yanamorn	X																																						X	X	X	X	X	
Ms. Suvarnapha Suvarnaprathip	X //																																											X
Mr. Somjate Moosirilert	X / A	X /			XXX ///	XXX ///	XXX			X	X			X /																														
Mr. Kamtorn Tantisirivat	C			X /			X	XX	XX	X	X	X																																
Mr. Watchara Permphithak	D						X	X	X																																		
Mrs. Thanawan Chaisithikarnkha	D			X						X	X	X																																
Mrs. Krisayanee Ratanachaichan	D																																										

Notes: 1) XXX Chairman
XX Vice Chairman
X Director
/// Chairman of the Executive Committee
// Vice Chairman of the Executive Committee
/ Executive Committee
A CEO
B Managing Director
C Executive Vice President
D Senior Vice President

2) Mr. Prinya Hom-anek and Mr. Teeranun Srihong have resigned from the Company's Directors and members of sub-committees, effective from 16 December 2019.

List of Subsidiary, Associated, and Related Companies

Subsidiary Companies

1. Thanachart Bank Public Company Limited
2. Thanachart Insurance Public Company Limited
3. MBK Life Assurance Public Company Limited
4. Thanachart Securities Public Company Limited
5. Thanachart Fund Management Company Limited
6. TS Asset Management Company Limited
7. MAX Asset Management Company Limited
8. NFS Asset Management Company Limited
9. Thanachart SPV1 Company Limited
10. Thanachart SPV2 Company Limited
11. MT Service 2016 Company Limited

Associated Company

12. MBK Public Company Limited
13. TMB Bank Public Company Limited

Related Companies

14. MBK Resort Public Company Limited
15. Siam Piwat Holding Company Limited
16. Siam Piwat Company Limited
17. Deebuk Company Limited
18. Thai Farming Company Limited
19. B.V. Holding Company Limited
20. Laem Sai Village Company Limited
21. Patum Ricemill and Granary Public Company Limited
22. Sermsuk Public Company Limited
23. Thai Solar Energy Public Company Limited
24. Fraser and Neave, Limited (Singapore)
25. U.S.P.N. Company Limited
26. U.V.S.P. Company Limited
27. T.V.V. Enterprise Company Limited
28. Intelligent Data Analytic Company Limited
29. Cybertron Company Limited
30. ACIS Professional Center Company Limited
31. S&P Syndicate Public Company Limited
32. Phuket Deep Sea Port Company Limited
33. Arcel Capital Company Limited
34. The Mall Group Company Limited
35. The Mall Shopping Complex Company Limited
36. Thai Ackro Exchange Company Limited
37. Celar Consulting Company Limited
38. Netbay Public Company Limited
39. IT City Public Company Limited
40. Amornchewin Company Limited
41. The Grand UB Company Limited
42. New Continent Company Limited
43. Seacon Development Public Company Limited

Details Related to Directors of Subsidiary Companies as at 31 December 2019

Subsidiary Companies that significantly generated income more than 10 percent of total income in consolidated comprehensive income statements of the latest accounting year were Thanachart Insurance Public Company Limited, Ratchthani Leasing Public Company Limited, and MBK Life Assurance Public Company Limited.

Name		TNI	THANI	MBK LIFE
1. Mr. Banterng	Tantivit	XXX		
2. Mr. Suphadej	Poonpipat	XX ///		XXX
3. Mr. Wichian	Mektrakarn	X		
4. Mr. Pirus	Pradithavanij	X		
5. Mr. Surapant	Meknavin	X		
6. Mr. Praphan	Anupongongarch	X //	X	
7. Mr. William	George Said	X	X	
8. Mr. Anuwat	Luengtaweekul	X	X	
9. Mr. Perapart	Meksingvee	X / A		
10. Mr. Virat	Chinprapinporn		XXX /	
11. Mr. Charoensuk	Kijitti		X	
12. Mr. Kovit	Rongwattanasophon		X /// A	
13. Mr. Pompet	Rasanon		X /	
14. Mr. Thakol	Nanthirapakorn		X	
15. Mr. Suvit	Arunanondchai		X	
16. Mr. Nophadon	Ruengchinda			XX ///
17. Mr. Pandit	Chanapai			X
18. Mr. Suvait	Theeravachirakul			X
19. Mr. Somboon	Prasobpiboon			X
20. Mr. Kamtorn	Tantisirivat			X
21. Mrs. Thanawan	Chaisithikarnkha			X /
22. Mr. Pibul	Vasinchatchawal			X / A

Notes: XXX Chairman XX Vice Chairman X Director

/// Chairman of the Executive Committee // Vice Chairman of the Executive Committee / Executive Committee

A Managing Director

Board of Directors and Executives of TBANK

(Information as at 3 December 2019)

Name	Position
Board of Directors	
1. Mr. Banterng Tantivit	Chairman (Non-executive Director)
2. Mr. Suphadej Poonpipat	Vice Chairman and Chairman of the Executive Committee (Executive Director)
3. Dr. Thanachart Numnonda	Chairman of the Audit Committee (Independent Director)
4. Mr. Narong Chivangkur	Chairman of the Nomination and Remuneration Committee (Independent Director)
5. Assoc. Prof. Dr. Somjai Phagaphasvivat	Member of the Audit Committee and Member of the Risk Oversight Committee (Independent Director)
6. Ms. Mookda Pairatchavet	Member of the Audit Committee and Member of the Nomination and Remuneration Committee (Independent Director)
7. Mr. Rod Michael Reynolds	Member of the Nomination and Remuneration Committee (Non-executive Director)
8. Mr. Walter Tas	Director (Non-executive Director)
9. Mr. Alexander Kwai Lap Choi	Director and Chairman of the Risk Oversight Committee (Non-executive Director)
10. Ms. Suvarnapha Suvarnaprathip	Vice Chairperson of the Executive Committee (Executive Director)
11. Mr. Praphan Anupongongarch	Director, Member of the Executive Committee, Member of the Risk Oversight Committee, Chairman of the Risk Management Committee, and Chief Executive Officer and President (Executive Director)
12. Mr. William George Said	Member of the Executive Committee, Vice Chairman of the Risk Management Committee, and Chief Operating Officer (Executive Director)
Executives Management	
13. Mr. Anuwat Luengtaweekul	Executive Vice President, Retail and Small Business Banking
14. Mr. Ziad El-Hoss	Member of the Risk Management Committee and Executive Vice President, Chief Risk Officer
15. Dr. Sutut Chitmonkongsuk	Member of the Risk Management Committee and Executive Vice President, Chief Information Technology and Digital Officer
16. Mr. Wichak Sirisae	Member of the Risk Management Committee and Executive Vice President, Financial Markets and Treasury
17. Mr. Pompet Rasanon	Executive Vice President, Chief Automotive Lending Officer
18. Mrs. Pittimart Sanguansook	Member of the Risk Management Committee and Executive Vice President, Chief Financial Officer
19. Mr. Suwit Eurpiyachart	Senior Vice President, Accounting
20. Mr. Jaraschai Boworntammarat	Senior Vice President, Finance

RELATED PARTY TRANSACTIONS

Measures or Procedures Related to Approval of Related Party Transactions

The Company pays great attention to related party transactions and connected transactions. Under the good corporate governance framework, the Company has established a practice policy and approval processes which are in line with the requirements of the Public Limited Companies Act, the Securities and Exchange Act, and other related laws as well as the regulations of the regulators concerned, including the SEC and the SET. The objective is to prevent transactions that give rise to conflicts of interest. The policy and processes which cover transactions between the Company and parties who may have conflicts of interest have been announced to the staff and executives for adherence.

In considering the execution of transactions between the Company and its subsidiaries with parties which may have conflicts of interest, the Company uses the same procedures as applied to customers or business counterparts in general. It also follows the properly established normal processes as it deems necessary to support the Company's operations. In executing related party transactions, to prevent a conflict of interest, the Company not only has adopted the practice of using a fair and appropriate price but it also complies with the regulatory requirements, taking into consideration mainly the maximum benefit to be gained by the Company and its shareholders.

In approving transactions between the Company and its subsidiaries with parties who may have conflicts of interest in case of normal business transactions, they could be executed in the same manner as in the case of ordinary customers. In entering into transactions with parties who may have conflicts of interest, it is essential to get opinions from the Compliance Unit. As well, the transactions are subject to screening by the Audit Committee before forwarding them to the Board of Directors for approval. In considering transactions with parties who may have conflicts of interest, Directors or high-level executives of the Company or member companies of Thanachart Group who have conflicts of interest are prohibited from considering and voting on the related agenda items. The approval of the transactions is subject to the authority limits and the credit limits which have been established by the Company. As well, the approval has to be in line with the requirements of the authorities concerned. Importantly, the information related to the execution of such transactions must be disclosed in line with the requirements imposed by the authorities concerned, the financial reporting standards as well as the regulations established by the Company.

Policies and Trends on Related Party Transactions in the Future

Related party transactions between the Company and its subsidiaries with parties having a possible conflict of interest shall arise from normal business transactions or transactions that support various business operations. In this connection, the Company has established clear standards and approval procedures and it is the Company's policy to follow the same normal practices as well as terms and conditions of trade as applied to customers in general.

Information Disclosure

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

GENERAL INFORMATION

(As at 31 December 2019)

Company's Name	:	Thanachart Capital Public Company Limited
Stock Symbol	:	TCAP
Nature of Business Operation	:	A holding company which is authorized to operate the following businesses: 1. Making investments and loans to member companies of its own financial business group. 2. Making investments in any other companies in order that it can exercise control over such companies. These companies must be involved in financial business or other related supporting businesses. The investments are subject to be approved by the BOT.
Head Office	:	444 MBK Tower, 16th - 17th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330, THAILAND
Registration No.	:	0107536000510
Registered Capital	:	11,651,297,030 baht
Paid-up Capital	:	11,651,297,030 baht
Ordinary Shares	:	1,165,116,547 shares at 10 baht per share
Preferred Shares	:	13,156 shares at 10 baht per share
Website	:	www.thanachart.co.th
E-mail	:	tcap_ir@thanachart.co.th
Tel.	:	+66 (0) 2217 8000
Fax	:	+66 (0) 2217 8312
Contact Center	:	1770

Notes:

1) Preferred shareholders have right to convert preferred shares into ordinary shares at the ratio of 1 : 1 without any costs, and can subscribe conversion on every 15th of February, May, August, and November of every year.
2) Ordinary shareholders and preferred shareholders have equal right for gaining dividend, attending the meeting, and voting in shareholder's meeting and other rights. Voting right equals one share per one vote.
3) The aforementioned ordinary shares include the repurchased shares amounting to 19,467,000 shares under the Treasury Stock Project from 8 August 2018 to 7 February 2019.

Investments of Thanachart Capital Public Company Limited in Other Companies

As at 31 January 2020, the Company had investments in other companies by holding at least 10 percent of their issued and paid-up shares as follows:

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
TMB Bank Public Company Limited 3000 Phahonyothin Road, Chom Phon, Chatuchak, Bangkok 10900 Tel. : +66 (0) 2299 1111 Fax : +66 (0) 2299 1211	Banking	Ordinary	100,912,374,754.35	91,541,386,661	96,359,354,380	19,389,891,927	20.12
NFS Asset Management Company Limited 444 MBK Tower, 17th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8289	Asset Management	Ordinary	175,000,030	175,000,030	17,500,003	17,500,000	100.00
MAX Asset Management Company Limited 444 MBK Tower, 17th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2611 9494	Asset Management	Ordinary	40,000,030	40,000,030	4,000,003	3,337,601	83.44
MBK Life Assurance Public Company Limited 231 MBK Life Building, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2252 5070 Fax : +66 (0) 2252 7155	Life Assurance	Ordinary	1,000,000,000	700,000,000	70,000,000	35,699,997	51.00
MBK Public Company Limited 444 MBK Center, 8th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2853 9000 Fax : +66 (0) 2853 7000	Real Estate Business & Hotel and Tourism Business	Ordinary	1,694,923,000	1,694,923,000	1,694,923,000	363,542,239	21.45
Patum Rice Mill and Granary Public Company Limited 88 Moo 2, Tiwanont Road, Bangkadee, Amphoe Mueng Pathum Thani, Pathum Thani 12000 Tel. : +66 (0) 2501 2175 Fax : +66 (0) 2501 2176	Agro & Food Industry	Ordinary	900,000,000	600,000,000	600,000,000	117,575,612	19.60

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
HTR Corporation Limited 32/46, Shino-Thai Tower, 18th Floor, Sukhumvit 21 Road (Asoke), North Klongtoey, Wattana, Bangkok 10110 Tel. : +66 (0) 2259 8911 - 6 Fax : +66 (0) 2259 8919	Office Building & Property Development	Ordinary	500,000,000	500,000,000	50,000,000	5,000,000	10.00
Thanachart Insurance Public Company Limited 999/1 The Nine Tower, Rama 9 Road, Phatthanakan, Suanluang, Bangkok 10250 Tel. : +66 (0) 2308 9300 Fax : +66 (0) 2308 9333	Insurance	Ordinary	4,930,000,000	4,930,000,000	493,000,000	251,236,207	50.96
Thanachart Securities Public Company Limited 444 MBK Tower, 18th, 19th and 20th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2056 8888 Fax : +66 (0) 2217 8625	Securities Business	Ordinary	3,000,000,000	3,000,000,000	3,000,000,000	1,528,936,148	50.96
TS Asset Management Company Limited 1101 Petchburi Building, 9th Floor, Petchburitatmai Road, Makkasan, Ratchathewi, Bangkok 10400 Tel. : +66 (0) 2208 5000 Fax : +66 (0) 2208 5892	Asset Management	Ordinary	2,000,000,000	2,000,000,000	200,000,000	199,983,264	99.99
Thanachart SPV 1 Company Limited 444 MBK Tower, 17th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8312	Invest in other Companies	Ordinary	13,704,980,880	13,704,980,880	1,370,498,088	1,370,498,086	100.00
Thanachart SPV 2 Company Limited 444 MBK Tower, 17th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000 Fax : +66 (0) 2217 8312	Invest in other Companies	Ordinary	3,634,389,470	3,634,389,470	363,438,947	363,368,551	99.98

Company / Location	Type of Business	Type of Shares	Registered Capital (Baht)	Paid-up Capital (Baht)	Number of Issued Shares	Number of Shares Held	Percentage of Shareholding
MT Service 2016 Company Limited 231 MBK Life Building, 10th, 11th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2254 4166 Fax : +66 (0) 2254 4166	Services	Ordinary	50,000,000	50,000,000	5,000,000	2,549,998	51.00
TM Broker Company Limited 231 MBK Life Building, 8th Floor, Ratchadamri Road, Lumpini, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2026 3541 Fax : +66 (0) 2252 7157	Life Insurance Broker / Non - life Insurance Broker	Ordinary	20,000,000	20,000,000	2,000,000	1,019,998	51.00
Bangkok Home Company Limited 444 MBK Tower, 10th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330 Tel. : +66 (0) 2217 8000	Being Liquidated	Ordinary	15,000,000	15,000,000	1,000,000	998,679	99.87
Puen Pob Paet Company Limited 444 MBK Tower, 9th Floor, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330	Deserted	Ordinary	1,000,000	1,000,000	100,000	9,999	10.00

Reference Information

Securities		Securities Registrar
• Ordinary Shares and Preferred Shares	:	Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Din Daeng, Bangkok 10400, THAILAND Tel. : +66 (0) 2009 9000 Fax : +66 (0) 2009 9991 Call Center : +66 (0) 2009 9999 Website : www.set.or.th/tsd
Debentures of Thanachart Capital Public Company Limited • No. 1/2012 due 2022 (TCAP22NA) • No. 1/2013 due 2023 (TCAP238A) • No. 1/2013 due 2025 (TCAP258A) • No. 2/2013 due 2023 (TCAP23OA) • No. 3/2013 due 2020 (TCAP20NA) • No. 1/2019 due 2029 (TCAP29OA)	:	Thanachart Bank Public Company Limited 1101 Petchburi Building, 2nd Floor, Petchburitatmai Road, Makkasan, Ratchathewi, Bangkok 10400, THAILAND Tel. : +66 (0) 2208 5000 Ext. 4518 - 9 Fax : +66 (0) 2651 7899 Website : www.thanachartbank.co.th
Debentures of Thanachart Capital Public Company Limited due in 2019 • No. 1/2017 due 2019 (TCAP196A) • No. 1/2018 due 2019 (TCAP199A)		
Bill of Exchange of Thanachart Capital Public Company Limited • No. 1/2019 worth 500 million baht due 23 January 2020 (TCAP20123A) • No. 2/2019 worth 1,000 million baht due 23 January 2020 (TCAP20123B) • No. 3/2019 worth 2,500 million baht due 19 March 2020 (TCAP20319A)		
Audit Firm	:	EY Office Limited 193/136 - 137 Lake Rajada Office Complex, 33rd Floor, Rajadapisek Road, Klongtoey, Bangkok 10110, THAILAND Tel. : +66 (0) 2264 0777, 2264 9090 Fax : +66 (0) 2264 0789 - 90 Website : www.ey.com
Auditor's Name	:	Ms. Somjai Khunapasut, Certified Public Accountant (Thailand) No. 4499
Legal Advisor	:	None
Frequently Contacted Financial Institutions	:	Thanachart Bank Public Company Limited

Companies in Thanachart Group

Thanachart Capital Public Company Limited
444 MBK Tower, 16th - 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0107536000510
Website : www.thanachart.co.th

NFS Asset Management Company Limited
444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8289
Registration No. : 0105540086022
Website : None

MAX Asset Management Company Limited
444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 9494
Registration No. : 0105540093282
Website : None

MBK Life Assurance Public Company Limited
231 MBK Life Building, Ratchadamri Road,
Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2252 5070
Fax : +66 (0) 2252 7155
Registration No. : 0107555000481
Website : www.mbklife.co.th

MT Service 2016 Company Limited
231 MBK Life Building, 10th, 11th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2254 4166
Fax : +66 (0) 2254 4166
Registration No. : 0105559103291
Website : None

Thanachart Bank Public Company Limited
444 MBK Tower, Phayathai Road,
Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8333
Registration No. : 0107536001401
Website : www.thanachartbank.co.th

Thanachart Securities Public Company Limited
444 MBK Tower, 18th, 19th and 20th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2056 8888
Fax : +66 (0) 2217 8625
Registration No. : 0107547000591
Website : www.thanachartsec.com

Thanachart Fund Management Company Limited
231 MBK Life Building, 5th - 7th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2126 8300
Fax : +66 (0) 2217 5281
Registration No. : 0105535049696
Website : www.thanachartfund.com

Thanachart Insurance Public Company Limited
999/1 The Nine Tower,
Rama 9 Road, Phatthanakan, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2308 9300
Fax : +66 (0) 2308 9333
Registration No. : 0107555000473
Website : www.thanachartinsurance.co.th

TS Asset Management Company Limited
1101 Petchburi Building, 9th Floor,
Petchburitatmai Road, Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5000
Fax : +66 (0) 2208 5892
Registration No. : 0105554031624
Website : www.thanachartnpa.com

TM Broker Company Limited

231 MBK Life Building, 8th Floor,
Ratchadamri Road, Lumpini, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2026 3541
Fax : +66 (0) 2252 7157
Registration No. : 0105559122776
Website : None

Thanachart SPV 1 Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0105562173564
Website : None

Thanachart SPV 2 Company Limited

444 MBK Tower, 17th Floor,
Phayathai Road, Wangmai, Pathumwan,
Bangkok 10330, THAILAND
Tel. : +66 (0) 2217 8000
Fax : +66 (0) 2217 8312
Registration No. : 0105562173572
Website : None

Thanachart Broker Company Limited

999/3, 999/4 The Nine Tower,
Rama 9 Road, Phatthanakan, Suan Luang,
Bangkok 10250, THAILAND
Tel. : +66 (0) 2783 0200, 2783 0300
Fax : +66 (0) 2056 7901 - 2
Registration No. : 0105540075314
Website : None

Security Scib Services Company Limited

1091/230 Petchburitatmai Road,
Makkasan, Ratchathewi,
Bangkok 10400, THAILAND
Tel. : +66 (0) 2208 5061 - 2
Fax : +66 (0) 2651 6611
Registration No. : 0105534009895
Website : None

Ratchthani Leasing Public Company Limited

77/35 - 36 Sinsathorn Tower, 11th UP Floor,
Krungthonburi Road, Khlongtonsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9000
Fax : +66 (0) 2431 9099
Registration No. : 0107545000209
Website : www.ratchthani.com

RTN Insurance Broker Company Limited

77/20 Sinsathorn Tower, 2nd Floor,
Krungthonburi Road, Khlongtonsai, Khlongsan,
Bangkok 10600, THAILAND
Tel. : +66 (0) 2431 9500
Fax : +66 (0) 2431 9567
Registration No. : 0105561189971
Website : www.rtnbroker.com

Thanachart Management and Service Company Limited

2 Thanachart Suanmali Office Building, 2nd Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2520
Registration No. : 0105533119077
Website : None

Thanachart Training and Development Company Limited

2 Thanachart Suanmali Office Building, M Floor,
Chaloemkhet 4 Road, Wat Thep Sirin,
Pom Prap Sattru Phai, Bangkok 10100, THAILAND
Tel. : +66 (0) 2220 2222
Fax : +66 (0) 2220 2300
Registration No. : 0105550042966
Website : None

SHAREHOLDERS AND DIVIDEND POLICY

Shareholders

Structure of Major Shareholders of the Company

Below is the list of the Company's top ten shareholders/group of shareholders holding ordinary and preferred shares.

Name of Shareholders/Group of Shareholders	Ordinary Shares	Preferred Shares	Total Shares	Percentage of Shareholding
1. Thai NVDR Company Limited	157,860,287	-	157,860,287	13.549
2. MBK Public Company Limited	129,914,400	-	129,914,400	11.150
PRIMACY ELEGANCE INVESTMENTS LIMITED	3,400,000	-	3,400,000	0.292
3. STATE STREET EUROPE LIMITED	68,796,124	-	68,796,124	5.905
4. N.C.B. TRUST LIMITED-NORGES BANK 5	27,863,800	-	27,863,800	2.392
5. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	27,743,100	-	27,743,100	2.381
6. BNY MELLON NOMINEES LIMITED	25,152,974	-	25,152,974	2.159
7. Thanachart Capital Public Company Limited	19,467,000	-	19,467,000	1.671
8. Krungsri Dividend Stock LTF	18,437,700	-	18,437,700	1.582
9. SE ASIA (TYPE B) NOMINEES LLC	16,818,217	-	16,818,217	1.443
10. NORTRUST NOMINEES LTD-CL AC	14,453,756	-	14,453,756	1.241
Other Shareholders	655,209,189	13,156	655,222,345	56.236
Issued and Paid-up Shares	**1,165,116,547**	**13,156**	**1,165,129,703**	**100.000**
Thai Shareholders	**851,024,623**	**13,096**	**851,037,719**	**73.042**
Foreign Shareholders	**314,091,924**	**60**	**314,091,984**	**26.958**

Source: Report of the Company's Major Shareholders as at 30 December 2019 (the most recent record date of the register book) prepared by Thailand Securities Depository Company Limited.

Notes: 1) The second largest shareholder is included the relevant person under the amended Securities and Exchange Act (No. 4), B.E. 2551, section 258. MBK Public Company Limited operates real estate business and hotel and tourism business. The following is the most recent record date of registration book which was on 19 September 2019.

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. Patum Rice Mill and Granary Public Company Limited	474,249,530	27.981
PRG. Granary Company Limited	25,000,000	1.475
2. Thanachart Capital Public Company Limited	169,493,100	10.000
Thanachart Securities Public Company Limited - for trading	75,603,000	4.461
Thanachart Bank Public Company Limited	57,829,300	3.412
Thanachart Insurance Public Company Limited	34,365,000	2.028
3. Thai NVDR Company Limited	99,385,331	5.864
4. Mr. Prinya Tieanworn	44,000,000	2.596
5. DBS BANK LTD	41,159,800	2.428
6. AIA COMPANY LIMITED-EQDP-D FUND1	35,530,700	2.096
7. STATE STREET BANK AND TRUST COMPANY	31,230,064	1.843
8. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	28,453,191	1.679
9. MORGAN STANLEY & CO. INTERNATIONAL PLC	24,600,000	1.451
10. NORTRUST NOMINEES LIMITED-THE NORTHERN TRUST COMPANY RE IEDP AIF CLIENTS NORTRUST NOMINEES 10 PERCENT ACCOUNT	23,717,827	1.399
Other Shareholders	530,306,157	31.288
Issued and Paid-up Shares	**1,694,923,000**	**100.000**
Thai Shareholders	**1,432,742,425**	**84.531**
Foreign Shareholders	**262,180,575**	**15.469**

Note: The first and second largest shareholder are included the relevant person under the amended Securities and Exchange Act (No. 4), B.E. 2551, Section 258.

2) The major shareholders no. 3 - 6, and 9 - 10 are Nominee Accounts that cannot be identified real shareholders.

Major Shareholders whose Behavior Exhibits Significant Influence over Management Policy Setting

- None -

Structure of Major Shareholders of Thanachart Bank Public Company Limited

1. The list of top ten shareholders/group of shareholders are as follows:

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. TMB Bank Public Company Limited	6,062,438,397	99.960
2. Mr. Thung-ngern Pum-ngern	460,309	0.008
3. Ms. Kittima Tolieng	173,278	0.003
4. Mr. Sathit Mujarintangkur	121,360	0.002
5. Ms. Piengjai Hanphanit	96,665	0.002
6. Mr. Kobchai Chirathivat	84,809	0.001
7. Mr. Thanawat Chareonthassanont	70,000	0.001
8. Mr. Pinit Laosoontorn	69,926	0.001
9. Mr. Somyos Jittipralangsri	60,000	0.001
By receivership of Legal Execution Department of Thai Finance and Securities PCL.		
10. Mr. Kittichai Kraikorkij	53,658	0.001
Other Shareholders	1,233,768	0.020
Issued and Paid-up Shares	**6,064,862,170**	**100.000**
Thai Shareholders	**6,064,818,870**	**99.999**
Foreign Shareholders	**43,300**	**0.001**

Source: Report of TBANK's Major Shareholders as at 3 December 2019 (the most recent closing date of the register book) prepared by Thailand Securities Depository Company Limited.

Note: The first largest shareholder (TMB Bank Public Company Limited) operates all types of commercial banking businesses as specified in the Financial Institution Business Act, and other types of businesses related to financial services as permitted by the Ministry of Finance, as well as other related businesses. The following is the list of top ten shareholders as at 11 December 2019.

Name of Shareholders/Group of Shareholders	Total Shares	Percentage of Shareholding
1. ING BANK N.V.	22,190,033,791	23.028
2. Thanachart Capital Public Company Limited	19,375,000,040	20.107
3. Ministry of Finance	11,364,282,005	11.794
4. Vayupak Fund 1	9,578,979,415	9.941
5. SCOTIA NETHERLANDS HOLDINGS B.V.	5,723,611,111	5.940
6. Thai NVDR Company Limited	5,403,394,082	5.608
7. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	1,316,959,544	1.367
8. GIC PRIVATE LIMITED	933,133,292	0.968
9. Military Group Included Royal Thai Army, Thai Navy, Thai Air Force, Military Units and RTA Entertainment Public Company Limited	784,612,673	0.814
10. STATE STREET EUROPE LIMITED	667,690,561	0.693
Other Shareholders	19,021,657,866	19.740
Issued and Paid-up Shares	**96,359,354,380**	**100.000**
Thai Shareholders	**62,601,519,397**	**64.967**
Foreign Shareholders	**33,757,834,983**	**35.033**

2. Groups of major shareholders who have significant influence over the formulation of management policies or TBANK's operation include TMB which holds 99.96 percent of the total paid-up shares.

Shareholders' Agreement

- None -

Shareholders' Agreement Affected to Newly Offered and Issued Securities

- None -

Dividend Policy

Dividend Policy of the Company

In considering dividend payments, the Company takes into consideration its performance and the long-term benefits to its shareholders, as well as its capital adequacy. The dividend payments must also receive approval at the shareholders' meeting. However, the Board of Directors may pay an interim dividend to shareholders occasionally when it considers that the Company has an adequate profit and deems appropriate to make the payment. The Board of Directors is required to report the dividend payments to the shareholders at its next shareholders' meeting.

Dividend Payments in the Past Five Years

Operating Performance	2018	2017	2016	2015	2014
Earnings per Share (Separate Financial Statements) (Baht)	2.85	2.04	1.42	1.86	1.37
Dividend per Share (Baht)	2.60	2.20	2.00	1.80	1.60
Dividend Payout Ratio (Separate Financial Statements) (Percent)	90.40	107.74	140.43	95.60	116.81
Dividend Payout Ratio from Net Profit Attributable to the Company (Consolidated Financial Statements) (Percent)	38.25	36.61	38.76	38.58	37.70

Notes:
1. On 18 October 2019, the Company made interim dividend payment for the year 2019 at the rate of 1.20 baht per share.
2. On 16 January 2020, the Company made special interim dividend payment at the rate of 4.00 baht per share.

Dividend Payment Policy of Subsidiary Companies Made to the Company

Each subsidiary company's dividend payment policy is to pay a dividend when it has profit. In order to make the dividend payments, it has to take into account the excess cash for business operation, the capital adequacy for supporting the business, and legal reserve, depending on the business of each subsidiary company. Any subsidiary company may pay an interim dividend occasionally to the Company when it considers that it has an adequate profit and deems appropriate to make the payment. After making the interim dividend payment, it is required to report the dividend payments to the shareholders at its next shareholders' meeting.

REPORT OF THE NOMINATION, REMUNERATION, AND CORPORATE GOVERNANCE COMMITTEE

The Board of Directors has established the Nomination, Remuneration, and Corporate Governance Committee which consists of three members, of whom two are Independent Directors and one is Non-executive Director. Their names are as follows:

1. Mr. Tiraphot	Vajrabhaya	Chairman	(Independent Director)
2. Mrs. Siripen	Sitasuwan	Member	(Independent Director)
3. Mr. Vichit	Yanamorn	Member	(Non-executive Director)

The Nomination, Remuneration, and Corporate Governance Committee has carried out the duties assigned by the Board of Directors in a careful and cautious manner as well as in line with the Committee's policies and Code of Conduct established by the Board of Directors in the best interests of the Company's operations, the details of which are as follows:

- Recruiting and selecting candidates with a diverse range of knowledge, ability, experience, and expertise, who meet all eligibility requirements of the law and possess no prohibited characteristics established by the law or stipulated in the official announcements. Also, proposing them for appointment as the Company's Directors, the members of various sub-committees, Chief Executive Officer, and executives at the executive vice president level and higher. As well, ensuring that the number, structure, qualifications, knowledge, and expertise of the Directors are appropriate in line with the Company's corporate governance.

- Determining remuneration and the rates of remuneration applicable to Members of the Board of Directors, the members of various sub-committees, Chief Executive Officer, and executives at the executive vice president level and higher, ensuring that they are not only at the levels appropriate to their duties and responsibilities and comparable to the remuneration of those industry peers but also at the levels which are fair to shareholders. In addition, proposing performance appraisal of the Board of Directors and various sub-committees as well as assessing the performance of Chief Executive Officer and executives at the executive vice president level and higher.

- In carrying out corporate governance responsibilities, the Committee reviews, proposes and monitors the implementation of the policy on Good Corporate Governance and Code of Ethics as well as the related regulations and guidelines. The Committee not only takes into consideration corporate governance assessments of the Company, which are prepared by external parties, but also proposes desirable practices or regulations for the Board of Directors and sub-committees. As well, the Committee monitors the adequacy of disclosure of the Company's information in the areas related to corporate governance and sustainable development. Importantly, the Committee encourages sharing of good corporate governance culture as well as participation in sustainable development.

In 2019, the Nomination, Remuneration, and Corporate Governance Committee held eight meetings altogether. The following important agenda items were considered:

1. Considering agenda items related to nomination of Directors and persons with power in management
   - Considering and selecting persons with appropriate qualifications and also checking whether their qualifications were in line with the regulations and notifications issued by the state agencies and by the Company. The objective was to propose names of candidates to the Company's Board of Directors for appointment as Members of the Board and the standing committees, replacing the ones resigning during 2019 as they were nominated and appointed as Members of TMB's Board of Directors in line with the merger plan. Considering and proposing candidates to shareholders for appointment as Members of the Board, replacing the ones retiring by rotation at the Company's 2019 Annual General Meeting of Shareholders. As well, considering persons who would serve as the Company's representatives and Independent Directors

whom the Company proposed for appointment as Directors, replacing the ones retiring by rotation at TBANK's 2019 Annual General Meeting of Shareholders. Furthermore, considering offering shareholders an opportunity to propose agenda items for the Annual General Meeting of Shareholders as well as candidates for appointment as Directors at the 2020 Annual General Meeting of Shareholders.

- Considering and reviewing the structure, qualifications and skills matrix of the Board of Directors in 2019. And annually examining the qualifications of Directors and persons with powers, ensuring compliance with the laws as well as the notifications issued by the regulatory agencies overseeing the Company.
- Considering the employment and appointment of executives in 2019.

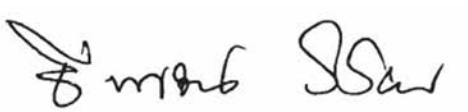
2. Considering agenda items related to determination of remuneration of Directors and persons with power in management

- Considering and reviewing the performance appraisal forms of the Board of Directors, standing committees and Chief Executive Officer for the year 2019. As well, considering the annual performance appraisal of the Chief Executive Officer, as well as summarizing results of the annual performance appraisals of the Board of Directors and all other committees. The objective was to make use of the related recommendations for further improvements and development.
- Considering and reviewing the remuneration of the Company's Board of Directors and other committees in 2019 and the allocation of performance allowances for Members of the Board of Directors in 2018 as well as considering salary and bonus of the Chief Executive Officer and high-ranking executives (at the level of executive vice president and above) in 2019, which would be submitted to the Board of Directors for consideration.
- Considering and determining the annual management service fees of the senior executives whom the Company assigned to work at TBANK and certain subsidiaries. The fees were proposed to the Company's Board of Directors for consideration.

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

- Considering and reviewing the Good Corporate Governance Policies as well as the Handbook of the Code of Ethics of Thanachart Financial Conglomerate in 2019, ensuring that they were appropriate and in line with the Company's business operation as well as taking into account the practice principles of the Corporate Governance Code (CG Code) which were developed by the SEC. The Policies were proposed to the Board of Directors for consideration.
- Considering the organization of the Annual General Meeting of Shareholders 2019, ensuring full compliance with the laws and the notifications issued by the state agencies as well as the regulations related to Good Corporate Governance. Also considering the agenda of the Annual General Meeting of Shareholders 2019, ensuring that the meeting had all the necessary agenda items included. Also, considering that shareholders were provided with an opportunity to propose not only agenda items for the Annual General Meeting of Shareholders but also names of persons to be nominated for election by shareholders as Directors replacing those who were retiring by rotation at the Annual General Meeting of Shareholders 2020.
- Acknowledging the assessment results of the 2019 Corporate Governance Report (CGR) survey, the assessment results (based on AGM Checklist) in relation to the quality of organizing the 2019 Annual General Meeting of Shareholders, the satisfaction survey summary report in relation to the organization of the Company's 2019 Annual General Meeting of Shareholders, as well as the satisfaction survey summary report in relation to the organization of the Company's Extraordinary Meeting of Shareholders No. 1/2019. The purpose was to use the information for enhancing the Company's Corporate Governance.
- Acknowledging the report on information disclosure in 2019, in compliance with the principles of Good Corporate Governance. Also, considering the report of the Nomination, Remuneration, and Corporate Governance Committee which would be disclosed in the Annual Report 2019 as well as via other channels. The objective was to monitor the adequacy of the Company's information disclosure principle.

In this connection, the Nomination and Remuneration Policy and the details of the nomination and remuneration process have been disclosed in this Annual Report.



(Mr. Tiraphot Vajrabhaya)
Chairman of the Nomination, Remuneration,
and Corporate Governance Committee

REPORT OF THE AUDIT COMMITTEE

The Audit Committee of the Company consists of three members. Each member is an Independent Director, qualified in the field of accounting and finance, and experienced with financial institutions and large organizations. The members are as follows:

1. Mrs. Siripen Sitasuwan Chairperson
2. Mr. Tiraphot Vajrabhaya Member
3. Mr. Prinya Hom-anek Member

In this regards, Ms. Sirinthorn Phayaphrom, Vice President, Audit Department, is the secretary of the Audit Committee.

The Audit Committee has carried out the duties and responsibilities as assigned by the Company's Board of Directors, which are in line with the regulations of the SEC and the notifications of the SET and the BOT. The duties and responsibilities are specified in the Charter approved by the Company's Board of Directors.

In 2019, the Audit Committee held 15 meetings with management, high-ranking executives from related work functions, and the auditors. Of the total meetings, 12 were regular meetings and 3 were extraordinary meetings. The meetings were held to acknowledge and consider various related matters as follows:

- Financial Reports

The Committee reviewed quarterly financial statements, annual financial statements, and consolidated financial statements of the Company and its subsidiaries by conferring with the auditors, Chief Financial Officer, and the management of Accounting Department of the Company for ensuring that the financial statements were in accordance with the Generally Accepted Accounting Principles and the disclosed information was sufficient, complete, and reliable. The Committee also considered accounting policies and important changes. Moreover, the Committee arranged the meetings with the auditors without the management for conferring about independent work and opinion of the auditors. The auditors have reported all examined issues to the Audit Committee for consideration.

- Internal Control and Internal Audit

The Committee ensured that the Company has an efficient internal control system and efficient internal audit as well as appropriate anti-corruption measures. The Committee also ensured that the Company has whistle-blowing procedures and considers the procedures independently by protecting the confidentiality of a whistleblower to ensure the whistleblower does not get into trouble and the accused person is fairly treated. The Committee conferred with the internal auditors in strategizing and approving annual audit process plans, evaluating the sufficiency and suitability of the personnel, and independence of internal audit work process. The Committee monitored and evaluated the performance monthly including evaluation of staff knowledge and competency in order to develop knowledge and efficiency of auditing. The Committee also considered the BOT audit report and the report of the auditors in order to evaluate the adequacy of internal control system.

- Compliance with Rules and Regulations

The Committee closely monitored the enforcement of rules and regulations so as the Company may operate in accordance with the regulations of authorities such as the SEC, the SET, the OIC, and the BOT, in order to acknowledge changing regulations that have any effect to the Company's performance to be able to adjust, resolve, and closely monitor.

- Risk Management

The Audit Committee placed importance particularly on risk management because the Committee realized that changes in economic situations, political climates, and social issues have significant impacts to the Company's risk management directions. The Committee arranged the meetings with executives of risk management to acknowledge risk management report in all aspects. This was to ensure that the Company has a comprehensive risk management system that is substantial and sufficient.

- The Charter of the Audit Committee

The Committee ensured that the Charter of the Audit Committee is regularly revised at least once a year and approved the revision of the Charter of the Audit Department and ensured that they were up-to-date and most appropriate. The performance of the Audit Committee was also assessed and it was concluded that the Committee functioned in accordance with the Charter and yielded good and appropriate results that helped achieve good corporate governance.

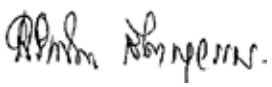
- Auditor

The Committee gave advice for selecting the auditors by considering from qualification, personal experience, independence, performance in the past, and the fairness in remuneration for the auditors in accordance with their responsibilities. The results were reported to the Company's Board of Directors for proposing to the Annual General Meeting of Shareholders for appointing the auditors and approving the audit fees.

- Related Party Transaction and Conflict of Interest

The Committee examined the related party transactions or transactions that may lead to a conflict of interest by holding the principles of rationale, transparency, and sufficiency of disclosure to related parties as reported by related departments before reporting to the Company's Board of Directors.

The Audit Committee independently acts on its duties with cautiousness and gives frankly opinion for the benefits of the Company with cooperation from executives and staff of the Company and without limitation in data. Finally, the Audit Committee is of the opinion that the financial reports were correctly prepared and the financial information was sufficiently and properly disclosed in accordance with the Generally Accepted Accounting Principle. The internal control system and internal audit are appropriate and efficient. As well, the Company's risk management system and risk control are efficient. The Company operates strictly abiding by the laws and regulations of the authorities. The external auditors are independent in carrying out their duties. In addition, related party transactions or transactions that may lead to a conflict of interest are reasonable and considered as normal business operations with sufficient disclosure.



(Mrs. Siripen Sitasuwan)
Chairperson of the Audit Committee

RESPONSIBILITIES OF THE BOARD OF DIRECTORS FOR FINANCIAL REPORT

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries, the separate financial statements of the Company as well as the financial information presented in this Annual Report. The aforementioned financial statements for the year ended 31 December 2019 were prepared in accordance with the financial reporting standards, not only consistently applying appropriate accounting policies but also exercising discretion and making estimates as deemed necessary, in a careful and rational manner. Moreover, adequate information which is useful to shareholders and investors has been disclosed in the notes to financial statements. Importantly, an independent certified public accountant has audited the financial statements, to which the auditor expresses an unqualified opinion.

The Board of Directors encourages both the Company and its subsidiaries to put principles of good corporate governance into practice. The objective is to ensure that the business operations of the Company and its subsidiaries are efficient, transparent, and reliable. In this regard, appropriate internal control systems and risk management systems have been put in place, ensuring that available information is correct and reasonably complete. In this connection, the Board of Directors has established the Audit Committee consisting of only Independent Directors. The Committee is responsible not only for maintenance of the quality of financial reports and internal control but also for disclosure of related party transactions and processes, ensuring that the disclosed information is complete, adequate, and appropriate. The opinions of the Audit Committee on the aforementioned matters are expressed in the Report of the Audit Committee accompanying this Annual Report.

The Board of Directors is of the opinion that the overall internal control systems of the Company and its subsidiaries are both adequate and appropriate. The systems build confidence and ensure that the consolidated financial statements of the Company and its subsidiaries as well as the separate financial statements of the Company for the year ended 31 December 2019 are reliable in line with financial reporting standards and are in compliance with the related laws and regulations.



(Mr. Banterng Tantivit)
Chairman



(Mr. Somjate Moosirilert)
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Thanachart Capital Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Thanachart Capital Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Thanachart Capital Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Thanachart Capital Public Company Limited and its subsidiaries and of Thanachart Capital Public Company Limited as at 31 December 2019, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matter

I draw attention to Notes 2 and 5 to the financial statements regarding the business restructuring and business merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited and the change in accounting policy on the measurement of buildings, from cost method to revaluation method, respectively. My opinion is not qualified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current year. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Allowances for doubtful accounts

As discussed in Note 12 to the consolidated financial statements, as at 31 December 2019 the Group had loans to customers of 62,328 million baht (accounting for 39% of total assets) and allowance for doubtful accounts amounting to 3,118 million baht, which are material amounts. The allowance for doubtful accounts is estimated based on criteria established by the Bank of Thailand and relies on various assumptions. Therefore, the management is required to exercise considerable judgment in determining the assumptions to be used. Because the allowance for doubtful accounts is material and estimated based on judgement, I addressed the adequacy of allowance for doubtful accounts as a key audit matter.

I gained an understanding of, assessed and tested on a sampling basis the internal controls relating to the calculation of allowances for doubtful accounts, the calculation of collateral value and the recording of allowance for doubtful accounts. I also assessed the methods applied by the Group in the determination and calculation of the allowance, and compared the Group's policy with regulatory requirements, and I tested certain controls over the computer-based controls relevant to the calculation of allowance for doubtful accounts.

Moreover, I tested on a sampling basis the allowance for doubtful accounts by reviewing the loan classification and checking the correctness of the collateral values used in the allowance calculation, and examined the allowance for doubtful accounts as at the period-end date by testing the completeness of the data used, and reviewing the assumptions and methods applied by the Group in calculating the allowance.

Recognition of interest income

For the year 2019, the Group recognised interest income on loans to customers amounting to 3,937 million baht (accounting for 25% of total income). The interest income was derived from a variety of loans provided to a large number of customers and each type of loan agreement had different conditions. Moreover, the recognition of interest income relies primarily on data processed by information systems and regulations require the Group to cease accrual of interest income for overdue loans. I therefore addressed the measurement and occurrence of interest income as a key audit matter.

The audit procedures I performed were to gain an understanding of, assess and test, on a sampling basis, the Group's internal controls relevant to loan origination and interest income recognition, including related computer-based controls. In addition, I applied a sampling method to select loan agreements to consider whether the recognition was consistent with the conditions of the relevant agreement, whether it was in compliance with the Group's accounting policy and whether recognition ceased in accordance with the regulatory requirements. I also performed analytical procedures on interest income and examined, on a sampling basis, material adjustments made through journal vouchers.

Insurance contract liabilities

As discussed in Note 25 to the consolidated financial statements, as at 31 December 2019, the Group has life policy reserves of 6,770 million baht and outstanding claims from insurance contracts of 1,880 million baht that are treated as part of the insurance / life insurance contract liabilities in the financial statements. Life reserves are the accumulated reserves for insurance policies in force from the inception of the insurance contracts to the end of the reporting period, and are calculated under an actuarial method which applies several assumptions that are best estimates of obligations under the insurance contracts at that time. Changes in these assumptions will affect the balance of life reserves. The loss reserves and outstanding claims are estimates of claims incurred and reported and claims incurred but not reported made by the management of the subsidiaries using actuarial methods and assumptions that are determined with reference to historical data. The assumptions require management to exercise judgment. In addition, the estimates of these reserves are dependent on the accuracy of the data related to the number, amounts and nature of both current and historical claims incurred. I therefore focused on the completeness of these reserves.

I assessed and tested the internal controls relevant to claims, loss adjustments, claims reserves and outstanding claims and life policy reserves by making enquiry of responsible executives, gaining an understanding of the assumptions used in the estimates made by the actuary. I also randomly selected data used by the actuary in calculating the life policy reserve and claims reserve, performed random tests on major claims to compare them with the accounting records, and compared historical claims data with the reserve estimates. In addition, I reviewed the actuarial report to assess whether it was consistent with the reserves recognised, assessed the assumptions and methods used in the calculation of reserves, tested the accuracy and completeness of historical data used by the actuary and compared the assumptions to those used in the prior year.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

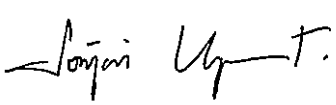
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Somjai Khunapasut
Certified Public Accountant (Thailand) No. 4499

EY Office Limited
Bangkok: 24 February 2020

STATEMENT OF FINANCIAL POSITION

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Assets					
Cash		2,970	11,021,897	-	-
Interbank and money market items - net	*8*	7,404,040	99,117,357	29,841	23,512
Derivatives assets	*9*	12,755	2,005,388	-	-
Investments - net	*10*	41,550,937	170,436,987	22,597,140	1,855,854
Investments in subsidiary and associated companies - net	*11*	45,420,712	3,026,903	71,416,280	33,166,944
Loans to customers and accrued interest receivables	*12*				
Loans to customers		62,327,676	820,771,229	743,814	1,466,959
Accrued interest receivables		11,259	656,970	2	2
Total loans to customers and accrued interest receivables		62,338,935	821,428,199	743,816	1,466,961
Less: Deferred revenue		(6,061,974)	(66,158,693)	-	(2,117)
Allowance for doubtful accounts	*13*	(3,117,517)	(24,144,379)	(27,977)	(86,371)
Revaluation allowance for debt restructuring		-	(603)	-	-
Net loans to customers and accrued interest receivables		53,159,444	731,124,524	715,839	1,378,473
Property foreclosed - net	*14*	3,128,013	4,822,435	1,605,814	851,814
Land, premises and equipment - net	*15*	301,038	8,042,888	77,785	38,623
Intangible assets - net	*16*	138,628	1,850,151	640	759
Goodwill		-	17,799,200	-	-
Deferred tax assets	*17*	809,047	779,113	-	-
Receivables from purchase and sale of securities	*18*	2,577,224	2,639,539	764,570	289,344
Asset classified as held for sale	*19*	3,423,074	-	-	-
Other assets - net	*20*	2,998,680	8,262,790	88,683	38,254
Total assets		160,926,562	1,060,929,172	97,296,592	37,643,577

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Liabilities and equity					
Deposits		-	751,916,956	-	-
Interbank and money market items	*21*	15,659,515	71,922,702	-	-
Liability payable on demand		-	1,163,165	-	-
Derivatives liabilities	*9*	46,515	2,097,019	-	-
Debts issued and borrowings	*22*	44,780,435	55,012,914	17,587,468	12,200,000
Provisions	*23*	468,225	3,914,644	52,329	28,683
Deferred tax liabilities	*17*	209,995	1,402,533	148,869	133,868
Accrued interest payables	*24*	270,194	2,276,928	100,649	89,756
Insurance contracts liabilities	*25*	13,095,578	14,061,571	-	-
Payables from purchase and sale of securities	*26*	948,244	1,324,840	193,902	192,451
Dividend payable	*27*	4,582,651	-	4,582,651	-
Other liabilities	*28*	6,806,457	17,917,637	656,866	315,569
Total liabilities		86,867,809	923,010,909	23,322,734	12,960,327

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2019

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2019	2018	2019	2018
Equity					
Share capital	*29*				
Registered, issued and paid-up					
13,156 preferred shares of Baht 10 each					
(2018: 13,216 preferred shares of Baht 10 each)		132	132	132	132
1,165,116,547 common shares of Baht 10 each					
(2018: 1,165,116,487 common shares of Baht 10 each)		11,651,165	11,651,165	11,651,165	11,651,165
		11,651,297	11,651,297	11,651,297	11,651,297
Premium on common share		2,065,645	2,065,645	2,065,645	2,065,645
Other components of equity	*30*	(2,540,472)	2,352,253	589,637	531,430
Retained earnings					
Appropriated - statutory reserve	*31*	1,277,830	1,277,830	1,277,830	1,277,830
- treasury share reserve		999,964	764,980	999,964	764,980
Unappropriated		53,378,669	48,388,381	58,389,449	9,157,048
Less: Treasury shares - common shares	*29*	(999,964)	(764,980)	(999,964)	(764,980)
Equity attributable to owners of the Company		65,832,969	65,735,406	73,973,858	24,683,250
Non-controlling interests		8,225,784	72,182,857	-	-
Total equity		74,058,753	137,918,263	73,973,858	24,683,250
Total liabilities and equity		160,926,562	1,060,929,172	97,296,592	37,643,577

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

STATEMENT OF COMPREHENSIVE INCOME

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Profit or loss					
Continuing operations					
Interest income	*33*	4,339,052	4,074,002	119,875	80,413
Interest expenses	*34*	(1,599,451)	(1,515,026)	(538,227)	(571,714)
Net interest income		2,739,601	2,558,976	(418,352)	(491,301)
Fees and service income		1,458,217	1,703,493	609	556
Fees and service expenses		(255,713)	(263,751)	(575)	(539)
Net fees and service income	*35*	1,202,504	1,439,742	34	17
Gains on trading and foreign exchange transactions	*36*	145,707	41,341	-	-
Gains on investments	*37*	513,526	423,097	53,837,128	109,417
Share of profit from investments accounted for under equity method		366,638	542,607	-	-
Gains on property foreclosed and other assets		221,627	368,905	440,257	220,122
Insurance/Life insurance income	*38*	7,982,593	7,891,387	-	-
Dividend income		181,467	260,963	3,630,726	3,594,276
Other operating income		822,886	662,306	51,639	124,466
Total operating income		14,176,549	14,189,324	57,541,432	3,556,997
Insurance/Life insurance expenses	*39*	(6,574,234)	(6,084,781)	-	-
Net operating income		7,602,315	8,104,543	57,541,432	3,556,997
Other operating expenses					
Employee's expenses		1,895,377	1,792,738	139,186	121,529
Directors' remuneration	*40*	69,772	58,504	46,569	39,674
Premises and equipment expenses		245,286	257,954	20,589	19,287
Taxes and duties		34,655	35,149	3,895	3,354
Other expenses		907,484	874,371	83,997	48,946
Total other operating expenses		3,152,574	3,018,716	294,236	232,790
Impairment loss of loans and debt securities (reverse)	*41*	(316,254)	301,649	(14,037)	7,780
Profit before income tax		4,765,995	4,784,178	57,261,233	3,316,427
Income tax	*17.2*	(1,366,653)	(926,901)	(141)	12
Profit for the year from continuing operations		3,399,342	3,857,277	57,261,092	3,316,439
Discontinued operations					
Profit for the year from discontinued operations		13,360,708	11,949,274	-	-
Total profit for the year		16,760,050	15,806,551	57,261,092	3,316,439

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Other comprehensive income	*42*				
Continuing operations					
Transactions that will be reclassified subsequently to profit or loss					
Gains (losses) on change in value of available-for-sale securities		379,514	(323,885)	34,473	(78,042)
Share of other comprehensive losses of associated companies		(64,689)	(93,732)	-	-
Income tax relating to components of other comprehensive income (loss)		27,766	69,663	(6,894)	15,608
		342,591	(347,954)	27,579	(62,434)
Transactions that will never be reclassified subsequently to profit or loss					
Surplus on revaluation of assets		88,852	-	39,830	-
Share of other comprehensive income (loss) of associated companies		246,604	(158)	-	-
Actuarial gains (losses) on defined benefit plan		(75,622)	2,782	(5,547)	(621)
Income tax relating to components of other comprehensive income (loss)		(14,039)	388	(7,966)	-
		245,795	3,012	26,317	(621)
Total other comprehensive income (loss) from continuing operations		588,386	(344,942)	53,896	(63,055)
Discontinued operations					
Total other comprehensive income (loss) from discontinued operations		2,996,555	(909,012)	-	-
Total other comprehensive income (loss)		3,584,941	(1,253,954)	53,896	(63,055)
Total comprehensive income					
Total comprehensive income from continuing operations		3,987,728	3,512,335	57,314,988	3,253,384
Total comprehensive income from discontinued operations		16,357,263	11,040,262	-	-
Total comprehensive income		20,344,991	14,552,597	57,314,988	3,253,384
Total profit attributable to:					
The Company					
Profit attributable from continuing operations		1,729,979	1,768,109	57,261,092	3,316,439
Profit attributable from discontinued operations		9,077,080	6,071,319	-	-
Total profit attributable to the Company		10,807,059	7,839,428	57,261,092	3,316,439
Non-controlling interests					
Profit attributable from continuing operations		1,669,363	2,089,168		
Profit attributable from discontinued operations		4,283,628	5,877,955		
Total profit attributable to non-controlling interests		5,952,991	7,967,123		
		16,760,050	15,806,551		

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

Thanachart Capital Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018 (Restated)	2019	2018
Total comprehensive income attributable to:					
The Company					
Comprehensive income attributable from continuing operations		2,108,033	1,534,875	57,314,988	3,253,384
Comprehensive income attributable from discontinued operations		10,495,185	5,608,096	-	-
Total comprehensive income attributable to the Company		12,603,218	7,142,971	57,314,988	3,253,384
Non-controlling interests					
Comprehensive income attributable from continuing operations		1,879,695	1,977,460		
Comprehensive income attributable from discontinued operations		5,862,078	5,432,166		
Total comprehensive income attributable to non-controlling interests		7,741,773	7,409,626		
		20,344,991	14,552,597		
Earnings per share of the Company	*43*				
Basic earnings per share (Baht per share)					
Profit from continuing operations		1.51	1.52	49.98	2.85
Profit from discontinued operations		7.92	5.22	-	-
		9.43	6.74	49.98	2.85
Diluted earnings per share (Baht per share)					
Profit from continuing operations		1.51	1.52	49.98	2.85
Profit from discontinued operations		7.92	5.22	-	-
		9.43	6.74	49.98	2.85

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

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements															
	Equity attributable to the Company's shareholders															
				Other components of equity												
	Issued and paid-up share capital		Premium	Share	Surplus from the change in the ownership	Amount by which the value of investment in subsidiary / associate	Revaluation	Revaluation	Share of other comprehensive income (loss) of	Share of surplus from the change in the ownership interests	Retained earnings					
											Appropriated					
	Preferred shares	Common shares	on common share	premium of a subsidiary	interests of investments	lower than attributable net book value	surplus on investments - net	surplus on assets	associated companies	in subsidiaries of an associate	Statutory reserve	Treasury shares reserve	Unappropriated	Treasury shares	Non-controlling interests	Total
Balance as at 1 January 2018	132	12,064,665	2,065,645	775,814	-	226,460	977,914	641,547	385,956	59,719	1,277,830	1,399,914	43,544,720	(1,399,914)	68,049,870	130,070,272
Cumulative effect from share capital reduction of an associated company	-	-	-	-	-	3,625	-	-	2,898	471	-	-	9,436	-	4,806	21,236
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	(2,679,798)	-	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	-	978	-	-	978
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(764,980)	-	(764,980)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	-	764,980	(764,980)	-	-	-
Share capital reduction from treasury shares cancellation	-	(413,500)	-	-	-	-	-	-	-	-	-	(1,399,914)	413,500	1,399,914	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(3,281,252)	(3,281,252)
Surplus from the change in the ownership interests in subsidiaries of an associate	-	-	-	-	-	-	-	-	-	(597)	-	-	-	-	(193)	(790)
Transfer to retained earnings	-	-	-	-	-	-	-	(20,665)	(2,229)	(455)	-	-	23,349	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	7,839,428	-	7,967,123	15,806,551
Other comprehensive income for the year (loss)	-	-	-	-	-	-	(626,454)	-	(71,751)	-	-	-	1,748	-	(557,497)	(1,253,954)
Balance as at 31 December 2018	132	11,651,165	2,065,645	775,814	-	230,085	351,460	620,882	314,874	59,138	1,277,830	764,980	48,388,381	(764,980)	72,182,857	137,918,263
Balance as at 1 January 2019	132	11,651,165	2,065,645	775,814	-	230,085	351,460	620,882	314,874	59,138	1,277,830	764,980	48,388,381	(764,980)	72,182,857	137,918,263
Dividend paid (Note 32)	-	-	-	-	-	-	-	-	-	-	-	-	(7,790,506)	-	-	(7,790,506)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	-	-	-	-	-	1,110	-	-	1,110
Cash payment for treasury shares	-	-	-	-	-	-	-	-	-	-	-	-	-	(234,984)	-	(234,984)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	-	-	-	-	-	234,984	(234,984)	-	-	-
Decrease in non - controlling interests of the subsidiaries from the increase in the ownership interest in subsidiaries	-	-	-	-	-	1,170	250,500	7,554	172,202	21,736	-	-	(294,709)	-	6,432,094	6,590,547
Surplus from the change in the ownership interests of investments	-	-	-	-	(4,639,664)	-	-	-	-	-	-	-	-	-	-	(4,639,664)
Surplus from the change in the ownership interests in subsidiaries of an associate	-	-	-	-	-	-	-	-	-	(64)	-	-	-	-	(5)	(69)
Transfer to retained earnings	-	-	-	-	-	-	-	(70,785)	(13,431)	-	-	-	84,216	-	-	-
Decrease from disposal subsidiaries company	-	-	-	(775,814)	-	-	-	(1,841,619)	-	-	-	-	2,617,433	-	(78,130,935)	(78,130,935)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	-	10,807,059	-	5,952,991	16,760,050
Other comprehensive income for the year (loss)	-	-	-	-	-	-	509,779	1,348,170	137,541	-	-	-	(199,331)	-	1,788,782	3,584,941
Balance as at 31 December 2019	132	11,651,165	2,065,645	-	(4,639,664)	231,255	1,111,739	64,202	611,186	80,810	1,277,830	999,964	53,378,669	(999,964)	8,225,784	74,058,753

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

STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Separate financial statements									
				Other components of equity		Retained earnings				
	Issued and paid-up share capital					Appropriated				
	Preferred shares	Common shares	Premium on common share	Revaluation surplus on investments - net	Revaluation surplus on assets	Statutory reserve	Treasury shares reserve	Unappropriated	Treasury shares	Total
Balance as at 1 January 2018	132	12,064,665	2,065,645	581,586	12,278	1,277,830	1,399,914	8,871,530	(1,399,914)	24,873,666
Dividend paid (Note 32)	-	-	-	-	-	-	-	(2,679,798)	-	(2,679,798)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	978	-	978
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(764,980)	(764,980)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	764,980	(764,980)	-	-
Share capital reduction from treasury shares cancellation	-	(413,500)	-	-	-	-	(1,399,914)	413,500	1,399,914	-
Profit for the year	-	-	-	-	-	-	-	3,316,439	-	3,316,439
Other comprehensive income for the year (loss)	-	-	-	(62,434)	-	-	-	(621)	-	(63,055)
Balance as at 31 December 2018	132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250
Balance as at 1 January 2019	132	11,651,165	2,065,645	519,152	12,278	1,277,830	764,980	9,157,048	(764,980)	24,683,250
Dividend paid (Note 32)	-	-	-	-	-	-	-	(7,790,506)	-	(7,790,506)
Reversal of dividend on shares held by shareholders who are not entitled to receive dividend	-	-	-	-	-	-	-	1,110	-	1,110
Cash payment for treasury shares	-	-	-	-	-	-	-	-	(234,984)	(234,984)
Transfer of retained earnings to treasury shares reserve	-	-	-	-	-	-	234,984	(234,984)	-	-
Transfer to retained earnings	-	-	-	-	(1,236)	-	-	1,236	-	-
Profit for the year	-	-	-	-	-	-	-	57,261,092	-	57,261,092
Other comprehensive income for the year (loss)	-	-	-	27,579	31,864	-	-	(5,547)	-	53,896
Balance as at 31 December 2019	132	11,651,165	2,065,645	546,731	42,906	1,277,830	999,964	58,389,449	(999,964)	73,973,858

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

STATEMENT OF CASH FLOWS

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit before income tax	23,464,638	18,411,025	57,261,233	3,316,427
Adjustments to reconcile profit before income tax				
to net cash received by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(366,638)	(542,607)	-	-
Depreciation and amortisation	84,342	1,472,395	7,040	7,530
Impairment loss of loans and debt securities (reverse)	(316,254)	4,784,661	(14,037)	7,780
Increase in provisions	122,721	759,900	18,099	2,174
Increase (decrease) in allowance for impairment of property foreclosed	343,628	(100,141)	(4,590)	(57,386)
Increase (decrease) in allowance for impairment of equipment/other assets	(1,732)	29,234	(969)	2,873
Loss from revaluation of buildings	1,678	-	-	-
Interest income and gain on assets transferred for debt settlement	(6,012)	(4,445)	-	-
Unrealised loss (gain) from change in value of investments/				
allowance for impairment of investments	(266,274)	199,593	-	-
Gain from disposal of investment in subsidiaries/an associated company	(4,663,620)	(37,890)	(53,647,405)	(24,875)
Unrealised loss on exchange	-	132,867	-	-
Gain on the capital returned from investment in a subsidiary	-	-	(28)	(58,084)
Loss (gain) on disposal of land, premises and equipment / intangible assets	10,989	(25,562)	(37)	(2,143)
Increase in accrued other income receivable	(180,140)	(468,415)	-	-
	18,227,326	24,610,615	3,619,306	3,194,296
Net interest income	(2,739,601)	(30,767,231)	418,352	491,301
Dividend income	(181,467)	(502,518)	(3,630,726)	(3,594,276)
Cash received from interest on operating activities	4,041,806	43,917,348	59,064	59,946
Cash paid for interest on operating activities	(362,494)	(13,682,204)	-	-
Cash paid for income tax	(984,679)	(1,548,867)	(8,254)	(5,579)
Income from operating activities before				
changes in operating assets and liabilities	18,000,891	22,027,143	457,742	145,688

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

STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities (continued)				
Decrease (increase) in operating assets				
Interbank and money market items	(68,888)	(3,132,910)	(6,330)	(1,165)
Derivatives assets	(8,712)	1,230,119	-	-
Investments in trading securities	(925,994)	612,945	-	-
Loans to customers	(2,468,972)	(53,452,323)	676,771	(658,792)
Property foreclosed	531,600	6,284,126	(747,370)	11,584
Receivables from purchase and sale of securities	(64,833)	487,242	289,344	(289,344)
Other assets	113,155	(872,896)	(46,275)	(2,591)
Increase (decrease) in operating liabilities				
Deposits	-	35,825,867	-	-
Interbank and money market items	(3,028,743)	(10,251,111)	-	-
Liability payable on demand	-	(825,491)	-	-
Derivatives liabilities	42,015	(1,444,263)	-	-
Payable from purchase and sales of securities	(10,688)	(1,126,178)	(192,451)	-
Insurance contract liabilities	(965,992)	(579,530)	-	-
Other liabilities	92,927	574,324	340,820	13,485
Net cash flows from (used in) operating activities	11,237,766	(4,642,936)	772,251	(781,135)
Cash flows from investing activities				
Decrease (increase) in investments in securities	(29,382,633)	6,390,741	(20,653,307)	853,701
Cash paid for purchase of investment in subsidiaries/associated companies	(70,249,755)	-	(70,249,755)	-
Cash received from disposal of investment in subsidiaries/an associated company	87,113,406	58,449	85,075,522	29,423
Cash received from capital return from subsidiaries	-	-	-	610,943
Cash received from interest	225,990	2,781,486	8,203	19,860
Cash received from dividend	393,888	752,903	3,630,726	3,594,276
Cash paid for purchase of premises and equipment / intangible assets	(104,807)	(479,571)	(5,655)	(757)
Cash received from disposal of land, premises and equipment / intangible assets	2,521	55,706	47	2,930
Net cash flows from (used in) investing activities	(12,001,390)	9,559,714	(2,194,219)	5,110,376

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

STATEMENT OF CASH FLOWS (CONTINUED)

Thanachart Capital Public Company Limited and its subsidiaries

Statement of cash flows (continued)

For the year ended 31 December 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from financing activities				
Cash received from debts issued and borrowings	18,956,837	17,620,202	8,943,851	3,100,000
Cash paid for debts issued and borrowings	(9,654,158)	(14,202,866)	(3,600,000)	(3,600,000)
Cash paid for interest expenses on debts issued and borrowings	(1,184,447)	(2,250,088)	(480,154)	(577,893)
Cash paid for dividend	(3,206,745)	(2,678,820)	(3,206,745)	(2,678,820)
Cash paid for treasury shares	(234,984)	(572,528)	(234,984)	(572,528)
Cash paid for dividend to non-controlling interests	(3,919,763)	(3,264,064)	-	-
Net cash flows from (used in) financing activities	756,740	(5,348,164)	1,421,968	(4,329,241)
Net decrease in cash	(6,884)	(431,386)	-	-
Cash at beginning of the year	9,854	11,453,283	-	-
Cash at end of the year	2,970	11,021,897	-	-
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers				
and investments in receivables purchased	807,593	6,126,696	-	-
Property foreclosed received from capital returned				
from a subsidiary company	-	-	2,040	98,110
Bad debt written-off	156,793	5,653,975	44,306	-
Payable from purchase of assets	2,161	83,612	39	-
Dividend Payable	4,582,651	-	4,582,651	-
Receivables from purchase and sale of subsidiaries	764,039	-	764,039	-
Payables from purchase of an associate	193,750	-	193,750	-

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

Thanachart Capital Public Company Limited and its subsidiaries
Notes to financial statements
For the year ended 31 December 2019

1. General information

Thanachart Capital Public Company Limited ("the Company") is incorporated as a public limited company and operated its business in Thailand. The Company is mainly engaged in investment holding and is the parent company of the Thanachart Group. The registered office of the Company is at 444, 16-17th Floor, MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok.

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business and others. (2018: All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries businesses include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others)

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

On 7 August 2019, the Board of Directors Meeting of the Company No. 9/2019 approved the business restructuring of the Company and Thanachart Bank Plc., ("TBANK"), the business merger plan between Thanachart Bank Plc. and TMB Bank Plc. and related action plans, including approval to enter into agreements, with the Board of Directors authorised to negotiate and make decisions on certain significant additional provisions. The Company signed such agreements on 8 August 2019.

On 23 September 2019, the Company held the Extraordinary Shareholders' Meeting No. 1/2019 in order for the Meeting to consider and approve important undertakings in relation to the business restructuring of the Company and TBANK and the business merger plan between TBANK and TMB Bank Public Company Limited. The undertakings approved were as follows:

1. TCAP's purchase of those portions of the ordinary shares that TBANK holds in subsidiaries and other companies that were offered to TCAP.

2. TCAP's purchase of those portions of ordinary shares that TBANK holds in subsidiaries and some other companies that were offered to the minority shareholders of TBANK, through the account "TCAP offering to the minority of TBANK", in order that the Company may offer such shares for sale to those minority shareholders.

3. TCAP's sale of all ordinary shares that it holds in TBANK to TMB Bank Public Company Limited ("TMB").

4. TCAP's purchase of the portion of the additional ordinary shares of TMB that were offered to the Company.

5. TCAP's purchase of the portion of the additional ordinary shares of TMB that were offered to the minority shareholders of TBANK through the account "TCAP offering to the minority of TBANK", in order that the Company may offer such shares for sale to those minority shareholders.

6. TCAP's purchase of the ordinary shares that Scotia Netherlands Holdings B.V holds in subsidiaries and certain other companies after the business restructuring of TCAP and TBANK.

On 3 - 4 December 2019, the Company proceeded with business restructuring as follows:

1. Purchased the ordinary shares of subsidiaries and other companies that Thanachart Bank Public Company Limited offered to shareholders in proportion to their shareholdings, in accordance with the business restructuring plan of the Thanachart Group.

2. Sold ordinary shares of TBANK to TMB Bank Plc.

3. Purchased additional shares of TMB Bank Plc. and

4. Purchased ordinary shares of subsidiaries and certain other companies from Scotia Netherlands Holding B.V. after the business restructuring of TBANK.

3. Basis of preparation of the financial statements

3.1 These financial statements for the year ended 31 December 2019 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and the principles stipulated by the Bank of Thailand ("BOT"). The presentation of the financial statements has been made in compliance with the BOT's Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 4 December 2015.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

3.2 Basis of preparation of the consolidated financial statements

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

	Nature of business	Percentage of holding by the Company		Percentage of holding by the subsidiaries	
		2019	2018	2019	2018
Subsidiaries directly held by the Company					
Thanachart Bank Plc.	Commercial bank	-	50.96	-	-
Thanachart Securities Plc.	Securities business	50.96	-	-	-
Thanachart Insurance Plc.	Non-life insurance	50.96	-	-	-
NFS Asset Management Co., Ltd.	Non-performing asset management	100.00	100.00	-	-
Max Asset Management Co., Ltd.	Non-performing asset management	83.44	83.44	-	-
NASSET Property Fund 6	In liquidation process	99.80	99.80	-	-
TS Asset Management Co., Ltd.	Non-performing asset management	99.96	-	-	-
MBK Life Assurance Plc.	Life insurance	51.00	51.00	-	-
TM Broker Co., Ltd.	Life insurance/non-life insurance broker	51.00	51.00	-	-
MT Service 2016 Co., Ltd.	Service	51.00	51.00	-	-
Thanachart SPV 1 Co., Ltd.	Holding	100.00	-	-	-
Thanachart SPV 2 Co., Ltd.	Holding	99.96	-	-	-
Subsidiaries indirectly held by the Company					
Thanachart Fund Management Co., Ltd.	Fund management	-	-	-	75.00
Thanachart Broker Co., Ltd.	Life insurance/non-life insurance broker	-	-	-	100.00
Thanachart Group Leasing Co., Ltd.	Hire purchase	-	-	100.00	100.00
Thanachart Management and Services Co., Ltd.	Services	-	-	100.00	100.00
Thanachart Training and Development Co., Ltd.	Training services	-	-	100.00	100.00
Ratchthani Leasing Plc.	Hire purchase and leasing business	-	-	55.47	65.18
Security Scib Services Co., Ltd.	Service	-	-	100.00	100.00
RTN Insurance Broker Co., Ltd.	Life insurance/non-life insurance broker	-	-	55.47	65.18

b) Total assets and net operating income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 31 December 2019 and 2018 and for the years then ended, after eliminating significant intercompany transactions, are as follows:

(Unit: Million Baht)

	Total assets		Net operating income for the years	
	2019	2018	2019	2018
Thanachart Bank Plc. (1)	-	973,716	32,449	33,137
MBK Life Assurance Plc.	8,280	9,287	(40)	112
Thanachart Insurance Plc.	15,025	13,695	2,365	3,326
Thanachart Securities Plc.	6,678	8,509	1,251	1,644
TS Asset Management Co., Ltd.	2,398	2,066	(261)	120
Ratchthani Leasing Plc.	50,407	47,124	2,937	2,899
Thanachart Fund Management Co., Ltd. (1)	-	630	1,698	1,820
NFS Asset Management Co., Ltd.	886	936	188	120

(1) Net operating income for the years ended 31 December 2019 and 2018 presented in discontinued operations.

c) The statement of comprehensive income for the year ended 31 December 2019 has included the operating results of Thanachart Bank Plc., Thanachart Fund Management Co., Ltd. and Thanachart Broker Co., Ltd. from 1 January 2019 to the date of disposal of investment. Such subsidiaries have net income from operations amounted to Baht 35,332 million and net profit amounted to Baht 13,361 million.

d) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

e) All subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

f) The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using the same significant accounting policies. In case where there are different accounting policies, the Company has adjusted the effect of these in the consolidated financial statements.

g) The outstanding balances and significant intercompany transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements. The investments in subsidiaries as recorded in the Company's and subsidiaries' books of accounts have been eliminated against equity of the subsidiaries.

h) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position.

3.3 The separate financial statements present investments in subsidiary and associated companies under the cost method.

4. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply TFRS 15 to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new and revised financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards except the following new standards which involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

Financial reporting standards related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries expect the adoption of these accounting standards to result in the following adjustment.

- Classification and measurement of investments in equity instruments of non-listed companies - The Company and subsidiaries are to measure investments in equity instruments of non-listed companies at fair value and to classify the investments as financial assets at fair value, through either profit or loss or through other comprehensive income. If the Company and subsidiaries elect to present subsequent changes in the fair value of the investment through other comprehensive income, the election is irrevocable.

- Classification and measurement of investments in available-for-sale equity securities - The Company and subsidiaries' available-for-sale investments in listed equity securities are measured at fair value through other comprehensive income. The Company and subsidiaries have decided to classify (some of) these investments as financial assets at fair value through profit or loss. The cumulative gain (or loss) on changes in the value of reclassified available-for-sale investments that were previously presented in other comprehensive income is to be reclassified to retained earnings.

- Recognition of credit losses - The Company and subsidiaries are to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Company and subsidiaries apply the simplified approach to consider impairment of trade receivables.

- Recognition of derivatives - The Company and subsidiaries are to initially recognise derivatives at their fair value on the contract date and subsequently measure them at fair value at the end of each reporting period. Changes in the fair value of derivatives are recognised in profit or loss.

The management of the Company and its subsidiaries expect the adoption of these accounting standard to be increase the brought forward retained earnings of 2020 only the portion that belongs to the Company in the consolidated financial statemen by approximately Baht 73 million (Separate financial statements: approximately Baht 59 million).

TFRS 16 Leases

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

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The Company and its subsidiaries expect implementation of this standard to involve recognition of the cumulative effect of initial adoption as an adjustment against retained earnings as at 1 January 2020, and not to involve retrospective adjustment of the prior year's financial statements presented for comparative purposes.

The management of the Company and its subsidiaries expect effect of the adoption of this accounting standards to the statement of financial position as at 1 January 2020 to be to increase the Company and its subsidiaries' assets by approximately Baht 454 million (separate financial statements: approximately Baht 79 million) and the Company and its subsidiaries' liabilities by approximately Baht 454 million (separate financial statements: approximately Baht 79 million).

5. Change in accounting policy relating to the valuation of buildings from cost method to revaluation method.

During the year, the Company and its subsidiaries reviewed and changed their accounting policy for recording the value of buildings from the cost method to the revaluation method, under which value is the fair value of the asset at the valuation date appraised by an independent professional appraiser.

In making the changes in accounting policy, the Company and its subsidiaries adopted TAS 8. This is considered to be a revaluation of assets in accordance with TAS 16 Property, Plant and Equipment, which does not require the change to be applied retroactively. Therefore, the Company and its subsidiaries have applied the change prospectively.

The amounts of adjustments affecting the statements of financial position as at 31 December 2019 and the statements of comprehensive income for the years then ended are as follows:

(Unit: Million Baht)

	31 December 2019	
	Consolidated financial statements	Separate financial statements
The statements of financial position:		
Land, premises and equipment - net increase	79	34
Investment in an associate increase	218	-
Deferred income tax liabilities increase	16	7
Retained earnings - unappropriated decrease	1	-
Increase in other components of equity	204	27
Increase in non-controlling interests of subsidiaries	78	-

(Unit: Million Baht)

	For the year ended 31 December 2019	
	Consolidated financial statements	Separate financial statements
The statements of comprehensive income:		
Profit or loss		
Share of profit from investments accounted for under equity method decrease	17	-
Premises and equipment expenses increase	5	1
Income tax decrease	1	-
Decrease in profit from discontinued operations	110	-
Decrease in profit attributable to the company	71	1
Decrease in non-controlling interests of subsidiaries	59	-
Other comprehensive income		
Surplus on revaluation of assets increase	84	35
Share of other comprehensive income of an associate increase	235	-
Income tax relating to components of other comprehensive income increases	17	7
Other comprehensive income of the discontinued operations increases	1,218	-
Other comprehensive income of the company increases	905	28
Other comprehensive income of non-controlling interests of subsidiaries increases	614	-
Earnings per share of the Company		
Basic earnings per share decrease (Baht per share)		
Profit from continued operations	0.014	-
Profit from discontinued operations	0.049	-
Diluted earnings per share decrease (Baht per share)		
Profit from continued operations	0.014	-
Profit from discontinued operations	0.049	-

6. Significant accounting policies

6.1 Revenue recognition

a) Interest and discounts on loans

Interest on loan is recognised as income on an accrual basis, based on the amount of principal outstanding. Interest on hire purchase and financial lease is recognised based on the effective interest method.

For loans on which principal or interest payments have been defaulted for more than three months past the due date, the Company and its subsidiaries cease accrual of interest income, and accrued interest already recorded is reversed from the Company and its subsidiaries' accounts. Interest is then recognised as income on a cash basis until settlement of such overdue balance has been received from the debtors.

Interest income on restructured loans is recognised as income on an accrual basis, with reference to the interest rate stipulated in the agreements, with the exception of interest on loans that are subject to monitoring for compliance with restructuring conditions, which the Company and its subsidiaries recognise as income on a cash basis until the receivable is able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

The Company and its subsidiaries recognise interest income on investments in purchased/transferred loans for which loan repayment is received during the year based on the effective yield rate of the portfolio multiplied by the new book value (acquisition cost) of the outstanding balances of receivables, to the extent that this is not greater than the amount received from such receivables. After the restructuring, interest income is recognised using the effective interest method, for those receivables from which loan repayment was received during the year.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred interest and taken up as income evenly throughout the term of the notes or loans or in proportion of debt repayment.

Interest income received in advance on hire purchase represents discounted on interest given to debtors by dealers, is recognised based on the effective interest method, in the same manner as interest income on hire purchase receivables.

b) Interest and dividends on investments

Interest on investments is recognised as income on an accrual basis based on the effective interest rate. Dividends are recognised as income when the right to receive the dividends is established.

c) Brokerage fee income

Brokerage fees on trading of securities and derivatives are recognised as income on the transaction date.

d) Interest on margin loans for purchase of securities

Interest on margin loans for purchases of securities is recognised as income over the term of the loans based on the amount of principal outstanding. The subsidiary company ceases accruing interest for certain loans that fall under the conditions set by the Securities and Exchange Commission ("SEC").

e) Gains (losses) on investments and derivatives

Gains (losses) on investments and derivatives are recognised as income/ expenses on the transaction date.

f) Fees and service income

Fees and service income are recognised on an accrual basis. When the Company and its subsidiaries provide loyalty programmes to customers, they apportion compensation received from such services based on the fair value of accumulated reward points and realise it as deferred revenue. This deferred revenue is recorded under "other liabilities" in the statement of financial position. The Company and its subsidiaries then realise it as revenue in profit or loss in the statement of comprehensive income when the customers claim a reward and the Company and its subsidiaries have fulfilled their commitment to provide such reward.

g) Insurance/life insurance premium income

Non-life insurance contract

Premium income consists of direct premium and reinsurance premium less premium of cancelled policies and premiums refunded to policy holders, and adjusted with unearned premium reserve.

Direct premium income is recognised on the date the insurance policy comes into effect. For long-term insurance policies with coverage periods of longer than 1 year, related premium is recorded as unearned items, and recognised as income over the coverage year.

Reinsurance premium income is recognised as income when the reinsurer places the reinsurance application or the statement of accounts.

Life insurance contract

Premium income is recognised as income on the date the insurance policy comes into effect, after deducting premium ceded and refunded. For renewal policy, premium income is recognised as income when the premium is dued, only if the policy is still in force at the year-end date.

6.2 Expenses recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commission and direct expenses charged on hire purchase/financial leases

Initial direct expenses at the inception of a hire purchase/financial lease contract (i.e. commission expenses and stamp duty expenses) are to be deferred and amortised using the effective interest method, with amortisation deducted from interest income throughout the contract period, in order to reflect the effective rate of return on the contracts.

Unearned income on hire purchase/financial leases is presented net of commission expenses and initial direct cost on the inception of the contracts.

c) Fees and service expenses

Fees and service expenses are recognised as expenses on an accrual basis.

6.3 Investments

Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss in the statements of comprehensive income.

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income in the statements of comprehensive income, and will be recognised in profit or loss when the securities are sold.

Investments in held-to-maturity debt securities are stated at amortised cost. The Company and its subsidiaries amortised premiums/discounts on debt securities by the effective rate method with the amortised/accreted amount is presented as an adjustment to the interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost net of allowance for impairment (if any).

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association, other markets, or yield rate of government bond adjusted by an appropriate risk factor, as the case may be. The fair value of unit trusts is determined from their net asset value.

The Company and its subsidiaries recognise loss on impairment (if any) of available-for-sale securities, held-to-maturity debt securities and general investments in profit or loss in the statements of comprehensive income.

In the event that the Company and its subsidiaries transfer investments to another category, the investments are valued at their fair values prevailing on the transfer date. Differences between the carrying amount of the investments and their fair value on that date are recorded as profit or loss or other comprehensive income in the statements of comprehensive income, depending on the type of investment being reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss in the statement of comprehensive income. In case of disposal partial of the investment, the carrying value per share used to calculate the cost of the portion sold is determined using the weighted average method.

6.4 Investments in receivables purchased and allowance for impairment

Investments in receivables purchased are presented at their acquisition cost net of allowance for impairment (if any). Loss on impairment is recognised as an expense in profit or loss in the statements of comprehensive income.

In case that the receivables purchased enter into debt restructuring agreements, they are transferred to loans to customers and presented at fair value. The fair value is determined based on the outstanding balance of investments as at the transfer date or as at the date of restructuring.

Allowance for impairment of investments in receivables purchased is determined based on the fair value, with reference to the collateral value.

6.5 Investments in subsidiary and associated companies

Investments in subsidiary and associated companies in the separate financial statements are accounted for under the cost method net of allowance for impairment (if any). Loss on impairment is recognised as expenses in profit or loss in the statements of comprehensive income.

Investments in associated companies in the consolidated financial statements are accounted for under the equity method. Under this method, investments are initially recorded at acquisition cost and are adjusted to reflect the attributable shares of the net income from the operations of the associated companies, in proportion to the investment.

6.6 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Unrecognised deferred income and discounts on loans are deducted from the loan balances.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase receivables and financial lease receivables net of unearned income, which is presented after netting commission expenses and initial direct costs on the inception of the contracts.

Securities and derivatives business receivables comprise the net balances of securities business receivables and derivatives business receivables. Securities business receivables comprise credit balance receivables (for which the securities purchased are used as collateral), securities borrowing and lending receivables and guarantee deposit receivables (which comprise cash placed as guarantee for borrowers of securities or Thailand Securities Depository) as well as other receivables, such as overdue amounts in cash accounts and receivables which are under legal proceedings, are undergoing restructuring, or are being settled in installments. The receivable balances of cash accounts are presented as “Receivables from purchase and sale of securities”.

6.7 Allowances for doubtful accounts

a) Allowance for doubtful accounts for loans

The Company and its subsidiary companies, that operate in banking and asset management businesses, provide allowance for doubtful accounts in accordance with the Notifications of the BOT and adjust these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral. Increase (decrease) in an allowance for doubtful accounts is recognised as an expense during the year.

For loans, excluding hire purchase receivable - personal consuming of the subsidiary operates in banking business, the Company and its subsidiary companies set provision for normal loans (including restructured receivables) and special mention loans at minimum rates of 1% and 2%, respectively, of the loan balances (excluding accrued interest receivable) net of collateral value. For non-performing loans, provision is set at a rate of 100% of the debt balance remaining after deducting the present value of expected future cash flows from debt collection or the present value of expected cash flows from collateral disposal, based on the use of a discount rate and assumptions as to the time needed to dispose of the collateral, in accordance with the BOT’s guideline. However, non-performing hire purchase receivables and financial lease receivables are treated as uncollateralised.

The subsidiary that operates in banking business sets provision for hire purchase receivable - personal consuming using the collective approach, which classifies groups of receivables having similar credit risk characteristics, and taking into account the historical loss of loans calculated based on the probability of default and a percentage of the loss given default. Furthermore, the subsidiary has set aside an additional provision by taking into consideration the potential additional loss arising from changes in economic circumstances that may impact certain borrowers' ability to pay. This methodology, its parameters and assumptions have been reviewed in detail and will be monitored on an ongoing basis for continued applicability.

b) Subsidiary engaged in securities business has provided an allowance for doubtful accounts based on a review of debtors' repayment capability, taking into consideration the risk of recovery and the value of collateral. An allowance is set aside for doubtful debts not fully covered by collateral and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notifications of the SEC.

c) Subsidiaries engaged in hire purchase and leasing businesses have provided allowance for doubtful accounts at percentages of the amount of principal outstanding net of unearned income, based on the number of months overdue (with reference to the classification of loans under the BOT's guidelines). Allowance for doubtful accounts is provided based on the loan balances after net of collateral value for receivables overdue no more than 3 months, while provided based on the loan balances without deducting collateral value for receivables overdue more than 3 months.

d) Allowance for doubtful accounts for other receivables is set up based on the amount of debts that may not be collectible, determined from a review of the current status of the receivable as at the financial reporting date.

e) The Company and its subsidiaries write off receivables when they determine that such receivables may not be collectible. Amounts written off as bad debts or bad debt recovery are deducted from or added to the allowance for doubtful accounts.

6.8 Troubled debt restructuring

In cases where the debt restructuring involves modifications of the terms of repayment, the fair value of the receivables after restructuring is based on the net present values of expected future cash flows, discounted by the market's minimum loan rate for credit to large customers prevailing at the restructuring date. The differences between the fair value of receivables as of the restructuring date and their previous book value is recorded as "Revaluation allowance for debt restructuring", and recognised as an expense in part of profit or loss in the statements of comprehensive income in the restructuring period. Such allowance is reviewed based on the net present value of future cash flows over the remaining period to maturity, recognising adjustments against impairment loss of loans account.

In cases where the troubled debt restructuring involves the transfer of assets or equity, the Company and its subsidiaries record the assets or equity interest received as a result of debt restructuring at their fair value (based on the value appraised by internal appraisers or external independent appraisers) providing this does not exceed the amount of principal legally claimable from the debtors (including interest of which recognition has ceased until the restructuring date). Any excess of the fair value of the assets over the book value is recognised as gain on restructuring or interest income in part of profit or loss in the statements of comprehensive income, as the case may be.

Losses arising from debt restructuring through waivers of part of principal or recorded accrued interest receivable are recognised as losses in part of profit or loss in the statements of comprehensive income when incurred.

6.9 Recognition and amortisation of customers' assets

Assets which customers have placed with the subsidiary company for securities trading, in term of cash accounts and credit balance accounts, including amounts which customers have placed as security for derivative trading, are recorded as assets and liabilities of the subsidiary company for internal control purpose. As at the reporting date, the subsidiary company eliminates those amounts which there are no guarantee obligations from both assets and liabilities and present only those assets which belong to the subsidiary company.

6.10 Property foreclosed

Property foreclosed is stated at the lower of cost (fair value with reference to appraisal value, providing this does not exceed the legally claimable amount of debt) or net realisable value, which is determined with reference to the latest appraisal value less estimated selling expenses, adjusts these in accordance with the BOT's guideline and taking into consideration the type and the nature of the assets.

Gains on disposal of property foreclosed are recognised as income in part of profit or loss in the statement of comprehensive income on the disposal date, unless the purchase is made with a loan. In such cases, gains are recognised in accordance with the BOT's guideline. Losses on disposal and impairment losses are recognised as expenses in part of profit or loss in the statement of comprehensive income.

6.11 Land, premises and equipment and depreciation

a) Land is stated at revalued amount less allowance for loss on impairment of assets (if any). No depreciation is provided on land. Buildings are stated at revalued amount less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their revalued amount on a straight-line basis over the following estimated useful lives:

Buildings and building improvement	5 - 50 years

Depreciation is included in determining income.

The Company and its subsidiaries initially record land at its cost on the acquisition date, and subsequently have it revalued by an independent professional appraiser, and state it at the revalued amount. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.

When an asset's carrying amount is decreased as a result of the revaluation, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

b) Assets under installation are stated at cost, and depreciation is not provided.

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

Furniture, fixtures and equipment	-	3 - 10	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

d) Land, premises and equipment are derecognised upon disposal or when no future economic benefits are expected from their use or disposal. Any gain or loss arising on disposal of these assets (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in profit or loss in the statement of comprehensive income.

e) The Company and its subsidiaries derecognise the revaluation surplus on an asset upon disposal or when no future economic benefits are expected from its use or disposal. The revaluation surplus remaining upon derecognition is transferred directly to retained earnings.

6.12 Intangible assets and amortisation

The Company and its subsidiaries initially recognised intangible assets acquired through business combination at fair value on the date of business acquisition while intangible assets acquired in other cases are initially measured at cost. Following the initial recognition, the intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over their economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense and losses on impairment are recognised as expenses in part of profit or loss in the statements of comprehensive income.

The intangible assets with finite useful lives have useful lives of approximately 3 - 10 years.

No amortisation for computer software under development.

6.13 Leasehold rights

Leasehold rights are stated at cost less accumulated amortisation. Leasehold rights are amortised on a straight-line basis over the lease periods and the amortisation amounts are recognised as expenses in part of profit or loss in the statements of comprehensive income.

6.14 Business combination and goodwill

Business combination accounted for under purchase method.

Goodwill is initially recorded at cost, which equals to the excess of the cost of business combination over the Company's portion in the fair value of the net assets acquired. Goodwill is carried at cost less any accumulated impairment losses (if any). Goodwill is tested for impairment annually or when circumstances indicate that the carrying value may be impaired.

6.15 Receivable from/payable to Clearing House

Receivable from/payable to Clearing House comprise the net balance receivable/ payable in respect of securities trades settled and derivatives business. These also include amounts pledged with Thailand Clearing House as security for derivatives trading.

6.16 Assets held for sale and discontinued operations

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

In the consolidated statements of comprehensive income of the reporting period and the prior comparable year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations and shown as profit for the year from discontinued operation in the line item next to profit for the year from continuing operations.

6.17 Securities purchased under resale agreements/securities sold under repurchase agreements

Subsidiary companies enter into agreements with private entities to purchase/sell securities whereby there is an agreement to resell/repurchase the securities at certain dates and at fixed price. Amounts paid for the securities purchased are presented as assets under the caption of “Interbank and money market items” or “Loans to customers”, depending on the counterparty, and the underlying securities are treated as collateral to such receivables. The securities sold under repurchase agreement at the amounts received are presented as liabilities under the caption of “Interbank and money market items” in the statements of financial position and the underlying securities are treated as collateral.

6.18 Classification of insurance contracts

Subsidiary companies classify insurance contracts and reinsurance contracts based on the nature of the contract. An insurance contract is one under which the insurer has accepted significant insurance risk from another party by agreeing to compensate the policyholder if a specified uncertain future event (the insured event) adversely affects the policyholder. Determination of whether a significant insurance risk has been accepted is based on comparison of the amount of benefit payable under the contract if an insured event occurs with the payment obligation if the insured event does not occur. If a contract does not meet these criteria, the subsidiary classifies it as an investment contract. Investment contracts are those contracts that transfer significant financial risk but not significant insurance risk. Financial risk is the risk arising from the change in interest rate risk, foreign exchange rate risk and securities prices.

In classifying insurance contracts subsidiary companies assess the significance of the insurance risk on the basis of individual contracts. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during the year, unless all rights and obligations are extinguished or expire. Investment contracts can, however, be reclassified as insurance contracts after inception if insurance risk becomes significant.

6.19 Premium receivables and allowance for doubtful accounts

Premium receivable from both direct and reinsurance is stated at its net realisable value. Subsidiary companies provide an allowance for doubtful accounts based on the estimated loss that may be incurred in the collection of the premium due, on the basis of collection experience and a review of current status of the premium receivable as at the end of reporting period. Increase (decrease) in allowance for doubtful account is recognised as expenses during the year.

6.20 Reinsurance assets and liabilities

a) Reinsurance assets represent amounts due from reinsurers (consisting of claims receivable and various other items receivable from reinsurers excluding reinsurance premium receivable less allowance for doubtful accounts), amounts deposited on reinsurance and insurance reserve refundable from reinsurers. Insurance reserve refundable from reinsurers is estimated based on the related reinsurance contract of premium reserve and loss reserve made in accordance with the law regarding insurance reserve calculation that has been reinsured.

b) Amounts due to reinsurers are stated at the outstanding balances payable to reinsurance and amounts withheld on reinsurance. Amounts due to reinsurers consist of reinsurance premiums and other items payable to reinsurers.

6.21 Premium reserve/life insurance premium reserve

Non-life insurance contract

Premium insurance reserve comprises unearned premium reserve and unexpired risks reserve.

a) Unearned premium reserve

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

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

Unearned reinsurance premiums reserve is calculated based on the proportion of premiums ceded, using the same method as that applied for direct insurance policies that transfer the insurance risk throughout the term of the insurance contract to a reinsurer.

b) Unexpired risks reserve

Unexpired risks reserve is the reserve for the future claims that may be incurred in respect of in-force policies. Unexpired risks reserve is set aside using an actuarial method, at the best estimate of the claims that are expected to be incurred during the remaining period of coverage, based on historical claims data.

At the end of each reporting date, the subsidiary compares the amounts of unexpired risks reserve with the unearned premium reserve, and if unexpired risks reserve is higher than unearned premium reserve, the difference is recognised as unexpired risks reserve in the financial statements.

Life insurance contract

Life insurance premium reserve represents the accumulated total liabilities for policies in force as at the financial statement date.

Subsidiaries determine life insurance premium reserve under long-term policies by using the gross premium valuation method (GPV). Calculation of life insurance premium reserve under GPV method is another type of actuarial method with main assumptions used relating to lapse rate or surrender rate, selling and administrative expenses, mortality and morbidity rate, discount rates and non-guaranteed dividend rate. This calculation method is in compliance with the bases stipulated in the notification of the Office of Insurance Commission ("OIC") regarding valuation of assets and liabilities of life insurance company.

6.22 Loss reserve and outstanding claims/Benefits payment to life policy

Non-life insurance contract

Outstanding claims are recorded at the actual amount to be paid. Loss reserve is recorded upon the receipt of the claims advice from the insured based on the number of claims notified by the insured and estimates made by a subsidiary's management. The estimated value of losses is limited to not more than the sum insured of the related insurance policies.

In addition, the subsidiaries set up additional reserve for losses incurred but not reported (IBNR) using an actuarial method based on a best estimate of claims which are expected to be paid in the future for losses occurring before or as at the reporting date, including both reported and unreported claims, and including claims handling expenses, after deducting salvage values and other recoverable values. Differences between the calculated claims reserves and the claims already recognised are recorded as incurred but not reported claims.

Life insurance contract

Benefits paid under life policies are provided for upon receipt of the claims advices from the insured or in accordance with the conditions of the policy.

6.23 Long-term leases

Leases that transfer substantially all the risks and rewards of ownership to the Company and its subsidiaries are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other payables, while the interest element is charged to profit or loss in the statement of comprehensive income over the lease period. Assets acquired under finance leases are depreciated over their estimated useful lives.

Leases of assets which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as expenses on a straight-line basis over the lease term.

6.24 Financial derivatives

The Company and its subsidiaries have entered into derivative financial instruments in order to manage risk of the Company and its subsidiaries and in response to customer needs.

Financial derivative contracts which were originated for trading purposes are recorded as off-balance items. Gains or losses arising from changes in the fair value of the contracts are recognised as part of profit or loss in the statement of comprehensive income. The fair values of the contracts are based on the quoted market prices. If the fair value of financial derivatives cannot be determined with reference to market price, it is determined using valuation techniques and models, in which the variables used, are derived from observable market factors, adjusted to reflect counterparty credit risk.

Other financial derivative contracts (forward foreign currency contracts, interest rate swap contracts and cross currency and interest rate swap contracts) which were not originated for trading purposes are recorded as off-balance items, and presented on an accrual basis. Foreign currency components are translated at the year-end exchange rate, in the same manner as the hedged items, with unrealised gains or losses on translation (if any) recognised as part of profit or loss in the statement of comprehensive income. Interest rate components are presented on an accrual basis, in the same manner as the hedged assets or liabilities, with gains or losses recorded to interest income and interest expense over the terms of the contracts. Receivables and payables under foreign exchange contracts are presented at the net amount in the statement of financial position.

6.25 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated company and individuals which directly or indirectly own a voting interest in the Company and its subsidiaries that give them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company's and its subsidiaries' operations.

6.26 Impairment of assets

At the end of each reporting date, the Company and its subsidiaries assess whether there is an indication that an asset may be impaired. The Company and its subsidiaries perform impairment review whenever events or changes in circumstances indicate that an asset may be impaired. Loss on impairment is recognised when the asset's recoverable amount is less than the book value. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Fair value less costs to sell reflects the amount that the Company and its subsidiaries could obtain at the financial reporting date from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

The Company and its subsidiaries recognise impairment losses as expenses in part of profit or loss in the statement of comprehensive income.

In assessing impairment of asset other than goodwill, if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss for assets other than goodwill is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined in case that no impairment loss been recognised for the asset in prior years. Such reversal is recognised in part of profit or loss in the statement of comprehensive income.

6.27 Structured notes

Structured notes are debentures which a subsidiary offered to customers, who are institutional investors or high net worth investors. The notes are issued under conditions approved by the Office of the Securities and Exchange Commission (SEC), and the underlying assets are securities listed on the Stock Exchange of Thailand.

The notes are recorded at amortised cost, adjusted by the discount on the notes. The discount is amortised by the effective rate method with the amortised amount presented as interest expenses in profit or loss.

Embedded derivatives are recorded as derivative assets at fair value and the changes in fair value are recorded in profit or loss. In determining the fair value, the subsidiary uses a valuation technique and theoretical model. The input to the model is derived from observable market conditions that include liquidity, dividend, interest rate, and the price and the volatility of the underlying asset.

6.28 Employee benefits

a) Short-term employee benefits

The Company and its subsidiaries recognised short-term employee benefits, such as salary, wages, bonuses, contributions to the social security fund, and vacation, as expenses when incurred.

b) Post-employment benefits (Defined contribution plans)

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

c) Post-employment benefits (Defined benefit plans)

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

6.29 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which are also the Company and its subsidiaries' functional currency. Items of each entity included in the consolidated financial statements of each entity are measured using the functional currency of that entity.

Foreign currency transactions are translated into Baht at the exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the reporting date.

Exchange gains and losses arising from trading and translation of foreign currencies are included in determining income.

6.30 Income tax

Income tax expense represents the sum of current income tax and deferred tax.

Current income tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and unused tax losses can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

6.31 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.32 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company and its subsidiaries use the quoted price in an active market to measure the fair value of a financial asset or liability, whenever such a price is available. If a quoted price in an active market is not available, the Company and its subsidiaries measures fair value using a generally accepted valuation technique, which includes analysis of the present value of cash flows and use of a theoretical valuation model.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices for the same assets or liabilities in an observable active market

Level 2 - Use of other inputs that are observable for the assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgments and estimates are as follows:

7.1 Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgment on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

7.2 Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables

Allowance for doubtful accounts for loans and allowance for impairment of investment in receivables are intended to adjust the value of loans for probable credit losses. The management uses the BOT's and SEC's regulations regarding the provision of allowance for doubtful accounts and judgments to estimate losses on outstanding loans when there is any doubt about the borrower's capability to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, probability of default, value of collateral and current economic conditions.

7.3 Allowance for impairment of investments in securities

The Company and its subsidiaries review an impairment of investments in securities when indication of impairment exists. The determination of what is indication of impairment requires the management's judgment.

7.4 Assessment of investment funds as structured entities

In determining whether the funds to which a subsidiary provides asset management services are structured entities, the management is required to use judgment, taking into consideration the voting rights and other similar rights afforded to other parties, including the rights to remove the subsidiary as fund manager, liquidate the funds, or redeem holdings in the funds, and determining whether such rights are the dominant factor when deciding who controls the funds.

7.5 Fair value of financial instruments

In determining the fair value of financial instruments, which are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk of counterparty, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value and disclosures of fair value hierarchy.

7.6 Allowance for impairment of property foreclosed

The Company and its subsidiaries assess allowance for impairment of property foreclosed when net realisable value falls below the book value. The management uses the BOT's regulation and judgment to estimate impairment losses, taking into consideration the latest appraisal value, the type and the nature of the assets.

7.7 Land, premises and equipment and depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and salvage values of the premises and equipment, and to review these estimated useful lives and salvage values when there are any changes.

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by the independent appraisers using the market approach for land and using the depreciated replacement cost approach, market approach and income approach for buildings. The valuation involves certain assumptions and estimates as described in Note 15 to the financial statements.

In addition, the management assesses whether there are indicators of the impairment of land, premises and equipment, and record impairment losses in the year when it is determined that the recoverable amounts are lower than the carrying amounts. This requires judgments in terms of forecasting future revenues and expenses relating to the assets subject to the review.

7.8 Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to exercise judgment as to the recoverable amount to be generated by the asset, using the discounted cash flows method, and including the selection of a suitable discount rate in order to determine the present value of that cash flow. The estimated cash flows may differ as a result of competitive forces, or changes in revenue trends, cost structures, and the discount rate, industry circumstances or related market conditions.

7.9 Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that future taxable profit will be available against which the temporary differences and unused tax losses can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

7.10 Finance lease/Operating lease

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

7.11 Unearned premium/Life insurance premium reserve

Unexpired risk reserve is calculated under an actuarial method, which reflects the best estimate of losses expected to be incurred over the remaining period of the insurance.

Life insurance premium reserve is calculated under an actuarial method, which reflects current assumptions or assumption established at inception of the contract. Such reserve requires the management to exercise judgment in order to reflect the best estimates at that time.

7.12 Loss reserve and outstanding claims

At the end of each reporting date, subsidiaries estimate loss reserves and outstanding claims in two parts; loss incurred for which the claims advice has been received from the insured, and loss incurred but not reported (IBNR). The IBNR reserve is calculated using an international standard actuarial method. The main assumptions underlying these techniques relate to historical claims experience, including development of estimates of paid and incurred losses, average costs per claim, and claim numbers. Such estimates require the management to exercise judgment in order to reflect the best estimates available at that time. Such estimates are forecasts of future outcomes, and actual result could differ.

7.13 Post-employment benefits under defined benefit plans

Obligations under the defined benefit plan are determined by using actuarial technique. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, and mortality rate, based on their best knowledge of current situation.

7.14 Litigation and contingent liabilities

The Company and its subsidiaries have contingent liabilities as a result of litigation and contingent liabilities as a result of transfer of business and transfer of non-performing assets. The management has used judgment to assess of the results of such transactions, and in case where they believe that there will be no losses, no provisions are recorded as at the end of the reporting period.

8. Interbank and money market items (assets)

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	6,634	-	6,634
Commercial banks	3,930	2,584	6,514	554	33,786	34,340
Specialised financial institutions	-	870	870	-	39,150	39,150
Other financial institutions	-	-	-	850	16,567	17,417
Total	3,930	3,454	7,384	8,038	89,503	97,541
Add: Accrued interest receivables	1	19	20	-	41	41
Less: Allowance for doubtful accounts	-	-	-	-	(161)	(161)
Total domestic items	3,931	3,473	7,404	8,038	89,383	97,421
Foreign						
US Dollar	-	-	-	1,307	30	1,337
Euro	-	-	-	70	-	70
Others	-	-	-	289	-	289
Total foreign items	-	-	-	1,666	30	1,696
Total	3,931	3,473	7,404	9,704	89,413	99,117

(Unit: Million Baht)

	Separate financial statements					
	2019			2018		
	At call	Term	Total	At call	Term	Total
Domestic						
Commercial banks	30	-	30	24	-	24
Total domestic items	30	-	30	24	-	24

9. Derivatives

As at 31 December 2019 and 2018, the notional amount and the fair value of trading derivatives, and the adjustments made on an accrual basis for hedging derivatives (banking book), were classified by type of risk as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Fair value/Adjustments on an accrual basis		Notional	Fair value/Adjustments on an accrual basis		Notional
Types of risk	Assets	Liabilities	amount*	Assets	Liabilities	amount*
Foreign exchange rate						
Derivatives for trading	-	-	-	460	527	78,516
Derivatives for banking book	-	-	-	2	-	137
Interest rate						
Derivatives for trading	-	-	-	1,144	1,128	282,096
Derivatives for banking book	-	-	-	-	-	21,530
Foreign exchange rate and interest rate						
Derivatives for trading	-	-	-	111	104	5,014
Derivatives for banking book	-	-	-	284	334	17,426
Others						
Derivatives for trading	13	47	3,651	4	4	1,216
Total	13	47	3,651	2,005	2,097	405,935

* Disclosed only in case that the subsidiaries have an obligation to pay

Derivatives for hedging (banking book) are obligations under contracts which are not held for trading, and are measured on an accrual basis. Gain (loss) on exchange at the end of the year is presented under derivatives assets/derivatives liabilities. Accrued interest receivables/payables per the contracts are recorded as accrued interest receivables under the caption of other assets or accrued interest payables, as the case maybe.

10. Investments

10.1 Classified by type of investments

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	1,701	1,705	13,330	13,346	-	-	-	-
Private debt securities	2,413	2,661	3,348	3,507	-	-	-	-
Domestic marketable equity securities	1,576	1,420	1,079	958	-	-	-	-
	5,690	5,786	17,757	17,811	-	-	-	-
Add: Allowance for change in value	96		54		-		-	
Net	5,786		17,811		-		-	
Available-for-sale securities								
Government and state enterprises securities	20,900	20,908	100,199	99,910	17,510	17,513	170	170
Private debt securities	6,179	6,257	23,725	23,702	150	151	320	321
Foreign debt securities	-	-	17,385	17,203	-	-	-	-
Domestic marketable equity securities	1,560	2,794	6,025	6,793	888	1,565	224	877
Unit trusts	3,235	3,238	74	68	3,235	3,238	71	66
	31,874	33,197	147,408	147,676	21,783	22,467	785	1,434
Add: Allowance for change in value	1,323		268		684		649	
Net	33,197		147,676		22,467		1,434	

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	2019		2018		2019		2018	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities	2,127	2,139	461	467	-	-	-	-
Private debt securities	-	-	220	247	-	-	-	-
Investment in receivables purchased	499	907	838	1,517	206	486	498	1,078
	2,626	3,046	1,519	2,231	206	486	498	1,078
Less: Allowance for impairment	(200)		(221)		(127)		(127)	
Net	2,426		1,298		79		371	
General investment								
Domestic non-marketable equity securities	167		3,684		76		76	
Foreign non-marketable equity securities	-		1		-		-	
	167		3,685		76		76	
Less: Allowance for impairment	(25)		(33)		(25)		(25)	
Net	142		3,652		51		51	
Total investments - net	41,551		170,437		22,597		1,856	

10.2 Investments in receivables purchased

Investments in receivables purchased are loans receivable purchased through bidding from local financial institutions. The outstanding balances of loans receivable as at 31 December 2019 and 2018 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Investments in receivables purchased	499	838	206	498
Less: Allowance for impairment	(200)	(221)	(127)	(127)
Investments in receivables purchased - net	299	617	79	371

	2019				2018			
	Number of debtors	Balance per agreement	Purchase price	Yield	Number of debtors	Balance per agreement	Purchase price	Yield
		Million Baht	Million Baht	Percent		Million Baht	Million Baht	Percent
Consolidated financial statements								
Total accumulated investments in receivables purchased	1,658	33,280	7,760	6.50 - 18.97	2,938	33,611	7,845	1.75 - 18.97
Outstanding investments in receivables purchased as at the end of the year	277	7,217	499		291	7,683	838	
Separate financial statements								
Total accumulated investments in receivables purchased	691	8,190	1,937	11.94 - 18.97	691	8,190	1,937	11.94 - 18.97
Outstanding investments in receivables purchased as at the end of the year	192	4,697	206		193	4,749	498	

During the years ended 31 December 2019 and 2018, the Company and its subsidiaries did not enter into any debt restructuring agreements with debtors.

Restructured receivables are transferred to the loans account on the debt restructuring agreement date, in accordance with the BOT's regulations. They are transferred at their book value, which is considered to be fair value. Therefore, as at 31 December 2019 and 2018, there were no outstanding restructured receivables in the investments in receivables purchased account.

10.3 Investments in companies having problems relating to financial position and operating results

As at 31 December 2019 and 2018, investments in securities of the Company and its subsidiaries included investments in companies having problems relating to financial position and operating results, which are summarised below.

	Consolidated financial statements							
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2019	2018	2019	2018	2019	2018	2019	2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	96	101	325	638	578	1,180	118	129

	Separate financial statements							
	Number of debtors		Cost		Fair value/ collateral value		Allowance for possible loss/impairment provided in the accounts	
	2019	2018	2019	2018	2019	2018	2019	2018
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
Investments in receivables purchased								
1. Companies which have loan settlement problems or have defaulted on the repayment	63	64	84	362	293	865	59	58

11. Investments in subsidiary and associated companies

11.1 Separate financial statements

As at 31 December 2019 and 2018, investments in subsidiary and associated companies in the separate financial statements stated under the cost method consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

	Separate financial statements							
	Paid-up share capital		Percentage of holding		Value of investment under the cost method		Dividend income for the years	
Company's name	2019	2018	2019	2018	2019	2018	2019	2018
Subsidiary companies								
Thanachart Bank Plc.	-	60,649	-	50.96	-	31,866	3,456	3,183
NFS Asset Management Co., Ltd.	175	175	100.00	100.00	175	175	-	56
MBK Life Assurance Plc.	700	700	51.00	51.00	460	460	-	-
Max Asset Management Co., Ltd.	40	40	83.44	83.44	33	33	-	179
NASSET Property Fund 6	121	121	99.80	99.80	4	6	-	-
MT Service 2016 Co., Ltd.	50	50	51.00	51.00	26	26	-	-
TM Broker Co., Ltd.	20	20	51.00	51.00	10	10	-	-
Thanachart Securities Plc.	3,000	-	50.96	-	1,771	-	-	-
Thanachart Insurance Plc.	4,930	-	50.96	-	2,697	-	-	-
TS Asset Management Co., Ltd.	2,000	-	99.96	-	2,333	-	-	-
Thanachart SPV 1 Co., Ltd.	13,704	-	100.00	-	13,704	-	-	-
Thanachart SPV 2 Co., Ltd.	3,634	-	99.96	-	4,108	-	-	-
Associated companies								
MBK Plc.	1,695	1,695	19.90	10.00	4,051	591	129	126
TMB Bank Plc.	91,541	-	20.11	-	42,044	-	-	-
Total investments in subsidiary and associated companies					71,416	33,167	3,585	3,544

In November and December 2019, the Company purchased investments in subsidiaries and an associated company from Thanachart Bank and Scotia Netherlands Holding B.V., and purchase the additional ordinary shares of TMB Bank resulting in changes in the Company's shareholdings, as follows:

Company's name	Amount	Value of investment under the cost method	Percentage of holding
	(Million Share)	(Million Baht)	(%)
Subsidiary companies			
Thanachart Securities Plc.	1,529	1,771	50.96
Thanachart Insurance Plc.	251	2,697	50.96
TS Asset Management Co., Ltd.	200	2,333	99.96
Thanachart SPV 1 Co., Ltd.	1,370	13,704	100.00
Thanachart SPV 2 Co., Ltd.	363	4,108	99.96
Associated companies			
MBK Plc.	168	3,460	19.90
TMB Bank Plc.	19,375	42,044	20.11

On 3 December 2019, the Company sold 3,091 million ordinary shares of Thanachart Bank Plc. to TMB Bank Plc. totaling Baht 85,599 million. The Company recorded a gain on disposal of Baht 53,647 million in the separate financial statements and Baht 4,664 million in the consolidated financial statements.

11.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit (loss) allocated to non-controlling interests during the years		Other comprehensive income (loss) allocated to non-controlling interests during the years	
	2019	2018	2019	2018	2019	2018	2019	2018
	(%)	(%)						
Thanachart Securities Plc.	49.04	49.04	1,717	236	64	288	(113)	24
Thanachart Insurance Plc.	49.04	49.04	2,610	2,628	368	511	(5)	(49)
MBK Life Assurance Plc.	49.00	49.00	541	598	(116)	(12)	59	(21)

11.3 Summarised financial information of subsidiaries that have material non-controlling interests based on amounts before inter-company elimination

Summarised information about financial position

(Unit: Million Baht)

	Thanachart Securities Plc.		Thanachart Insurance Plc.		MBK Life Assurance Plc.	
	2019	2018	2019	2018	2019	2018
Total assets	6,684	8,898	15,190	14,494	8,329	9,765
Total liabilities	3,182	5,826	9,868	8,735	7,225	8,545

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December					
	Thanachart Securities Plc.		Thanachart Insurance Plc.		MBK Life Assurance Plc.	
	2019	2018	2019	2018	2019	2018
Net operating income	2,839	1,611	2,901	2,292	(117)	96
Profit (loss) for the years	1,673	593	1,449	1,042	(237)	(25)
Other comprehensive income (loss)	(1,305)	49	(451)	(100)	121	(43)
Total comprehensive income (loss)	368	642	998	942	(116)	(68)

Summarised information about cash flow

(Unit: Million Baht)

	For the years ended 31 December					
	Thanachart Securities Plc.		Thanachart Insurance Plc.		MBK Life Assurance Plc.	
	2019	2018	2019	2018	2019	2018
Cash flow from (used in) operating activities	(315)	1,253	2,121	645	(1,594)	2,600
Cash flow from (used in) investing activities	254	98	(686)	(10)	1,592	(2,598)
Cash flow from (used in) financing activities	61	(1,389)	(1,435)	(750)	-	-
Net increase (decrease) in cash	-	(38)	-	(115)	(2)	2

11.4 Investment in associated companies in the consolidated financial statements

As at 31 December 2019 and 2018, investment in associated companies in the consolidated financial statements, which are recorded under the equity method, consists of investment in ordinary shares of the following companies which operate in Thailand:

(Unit: Million Baht)

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income during the years		Share of profit during the years		Share of surplus from the change in the ownership subsidiaries of an associate		Share of other comprehensive income during the years	
					Cost method [1]		Equity method									
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
TMB Bank Plc. (operating in banking business)	91,541	-	20.11	-	42,044	-	42,088	-	-	-	31	-	-	-	13	-
MBK Plc. (operating in property rental, hotel and services businesses)	1,695	1,695	19.90	19.90	855	855	3,333	3,027	256	251	336	543	-	(1)	169	(94)
Total investment in associated companies					42,899	855	45,421	3,027	256	251	367	543	-	(1)	182	(94)

(1) After deducting intergroup transactions.

The Company and its subsidiaries classified investment in MBK Plc. as investment in associated companies since the Company and its subsidiaries had significant influence in that company.

On 3 December 2019 the Company purchased 19,375 million additionally issued ordinary shares of TMB Plc. at a price of Baht 42,044 million. This represents an equity interest of 20.11 percent and the Company has therefore classified the investment in TMB Plc. as an investment in an associated company and recognised share of profit from investment accounted for under the equity method since the acquisition date.

11.5 Summarised financial information of associated companies

a) Summarised financial information of TMB Plc. as at 31 December 2019 and for the one-month period then ended and summarised financial information of MBK Plc. as at 30 September 2019 and 2018, and for the years then ended are as follows:

Summarised information about financial position

(Unit: Million Baht)

	TMB Bank Plc.	MBK Plc.	
	31 December 2019	30 September 2019 (1)	30 September 2018 (1)
Total assets	1,864,678	56,009	52,119
Total liabilities	(1,669,870)	(29,056)	(27,201)
Other equity items of associated companies	(31)	248	221
Net assets	194,777	27,201	25,139
Shareholding percentage (%)	20.11	19.90	19.90
Share of net assets	39,164	5,412	5,003
Elimination entries	-	(2,130)	(2,027)
Goodwill	2,924	51	51
Carrying amounts of associate based on equity method	42,088	3,333	3,027

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

Summarised information about comprehensive income

(Unit: Million Baht)

	TMB Bank Plc.	MBK Plc.	
	For the one-month period ended 31 December	For the years ended 30 September (1)	
	2019	2019	2018
Revenue	8,649	11,588	12,688
Profit for the period/years	153	1,849	3,020
Other comprehensive income period/ years	65	1,219	76
Total comprehensive income for the period/years	218	3,068	3,096

(1) Presents in the amount after adjustment for the effect of differences in accounting policies.

The share of profit from investment in MBK Plc. accounted for under the equity method was determined based on financial statements of MBK Plc. that were prepared for periods different from those of the Company, due to limited information available. However, they are financial statements prepared for the same length of time and based on the principle of consistency. Therefore, share of profit of the associate under the equity method for the year ended 31 December 2019 was determined based on financial statements that were prepared with reference to financial statements for the year ended 30 September 2019 that had been audited or reviewed by the associate's auditor and adjusted for the effect of differences in accounting policies by the Company's management. In addition, the Company's management considered that the income for the year ended 30 September 2019 is not materially different from the income for the year ended 31 December 2019.

b) Fair value of investment in associated companies

As at 31 December 2019 and 2018, the fair value of investment in associated companies which are listed on the Stock Exchange of Thailand is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
TMB Plc.	32,356	-	32,356	-
MBK Plc.	7,115	6,914	7,115	3,475

12. Loans to customers and accrued interest receivables

12.1 Classified by loan type

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Loans to customers				
Overdrafts	-	16,370	-	-
Loans	1,127	273,199	33	44
Notes receivables	7	38,397	711	1,374
Hire purchase receivables	57,248	486,636	-	48
Financial lease receivables	752	2,166	-	-
Others	-	181	-	-
Less: Deferred revenues	(6,062)	(66,158)	-	(2)
Total loans to customers net of deferred revenues	53,072	750,791	744	1,464
Add: Accrued interest receivables	11	657	-	-
Total loans to customers and accrued interest receivables net of deferred revenues	53,083	751,448	744	1,464
Less: Allowance for doubtful accounts				
1) BOT's minimum requirement provision				
- Individual approach	(3,075)	(8,564)	(28)	(86)
- Collective approach	-	(7,090)	-	-
2) Excess provision	(37)	(8,477)	-	-
Less: Revaluation allowance for debt restructuring	-	(1)	-	-
Loans to customers and accrued interest receivables - net	49,971	727,316	716	1,378
Securities business receivables				
Credit balances receivables	3,155	3,791	-	-
Other receivables	39	31	-	-
Total securities business receivables	3,194	3,822	-	-
Less: Allowance for doubtful accounts	(6)	(13)	-	-
Securities business receivables - net	3,188	3,809	-	-
Total loans to customers and accrued interest receivables - net	53,159	731,125	716	1,378

12.2 Debt restructuring

During the years 2019 and 2018, the Company and its subsidiaries (banking and asset management businesses) have entered into debt restructuring agreements as follows:

	Consolidated financial statements				
Type of restructuring	Number of debtors	Outstanding balances before restructuring [1]	Outstanding balances after restructuring [1]	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
2019					
Modification of repayment conditions	1,107	2,724	2,724		
Transfer of assets and/or modification of repayment conditions	10	64	64	Land and premise thereon and ownership of condominium units	77
Total	1,117	2,788	2,788		
2018					
Modification of repayment conditions	1,200	2,443	2,433		
Transfer of assets and/or modification of repayment conditions	6	72	72	Land, Land and premise thereon	84
Total	1,206	2,515	2,505		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest receivable)

Counting from the end of the years, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the years 2019 and 2018, are summarised below.

	Consolidated financial statements			
	2019		2018	
Periods	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	459	1,425	375	796
Due within the year	269	639	287	692
Less than 5 years	96	123	204	264
5 - 10 years	244	463	216	425
10 - 15 years	15	51	37	132
Over 15 years	34	87	87	196
Total	1,117	2,788	1,206	2,505

Supplemental information for the years 2019 and 2018 relating to restructured loans is as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019 [1]	2018	2019	2018
Interest income recognised in the statements of comprehensive income	462	667	7	1
Gain on debt settlement/assets transferred for debt settlement	211	128	-	64
Loss on debt restructuring (net of allowance for doubtful accounts as previously recorded)	-	9	-	-
Cash repayment from receivables	2,304	2,784	17	67
Property foreclosed received for debt settlement	80	93	-	-

(1) Include operating performance of Thanachart Bank Plc. which is presented in discontinued operating

As at 31 December 2019 and 2018, the Company and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables					
	Number of receivables		Outstanding balances		Outstanding balances, net of collateral	
	2019	2018	2019	2018	2019	2018
			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Capital Plc.	14	16	18	28	10	17
Thanachart Bank Plc.	-	6,430	-	7,829	-	1,532
TS Asset Management Co., Ltd.	4	190	40	1,926	-	1,180
Other subsidiaries	101	109	283	324	112	112

12.3 Hire purchase/financial lease receivables

As at 31 December 2019 and 2018, the Company and its subsidiaries, which are engaged in banking, hire purchases and financial leases businesses, have hire purchase and financial lease receivables. These mostly comprise hire purchase agreements or financial lease agreements for cars, trucks and motorcycles. The terms of the agreements are generally between 3 and 7 years and they carry interest at fixed rates stipulated in the agreements.

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2019			
	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	3,424	54,101	475	58,000
Less: Unearned finance income	(152)	(5,838)	(72)	(6,062)
Present value of minimum lease payments receivables	3,272	48,263	403	51,938
Allowance for doubtful accounts				(2,656)
Hire purchase/financial lease receivables - net				49,282

* Included non-performing receivables

(Unit: Million Baht)

	Consolidated financial statement as at 31 December 2018			
	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	116,735	324,322	47,745	488,802
Less: Unearned finance income	(21,223)	(41,495)	(3,438)	(66,156)
Present value of minimum lease payments receivables	95,512	282,827	44,307	422,646
Allowance for doubtful accounts				(10,538)
Hire purchase/financial lease receivables - net				412,108

* Included non-performing receivables

(Unit: Million Baht)

	Separate financial statement as at 31 December 2018			
	Amounts due under lease agreements			
	Less than 1 year*	1 - 5 years	Over 5 years	Total
Gross investment in the lease	48	-	-	48
Less: Unearned finance income	(2)	-	-	(2)
Present value of minimum lease payments receivables	46	-	-	46
Allowance for doubtful accounts				(46)
Hire purchase/financial lease receivables - net				-

* Included non-performing receivables

12.4 Hire purchase/financial lease receivables of subsidiaries classified by aging

As at 31 December 2019 and 2018, hire purchase and financial lease receivables balances of subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	2019	2018
Current or overdue not over 90 days	49,889	46,761
Overdue 91 - 365 days	937	831
Overdue more than 1 year	183	179
Debtors under legal actions	929	781
Total	51,938	48,552
Allowance for doubtful accounts provided in the accounts	2,656	2,521

13. Allowance for doubtful accounts

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance - beginning of the year	24,144	24,517	86	80
Increase (decrease) during the year	2,515	4,236	(14)	6
Bad debts recovery	1,677	1,045	-	-
Bad debts written-off	(5,411)	(5,654)	(44)	-
Decrease from sales of subsidiaries	(19,807)	-	-	-
Balance - end of the year	3,118	24,144	28	86

14. Property foreclosed

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
	Balance - beginning of the year	Additions	Disposals	Decrease from disposal of subsidiaries	Balance - end of the year
Assets transferred for settlement of debts					
Immovable assets					
External appraiser	3,092	223	(709)	(534)	2,072
Movable assets	618	7,552	(7,108)	(833)	229
Assets from purchase by bid on the open market					
Immovable assets					
External appraiser	2,473	1,082	(471)	(612)	2,472
Movable assets	-	16	-	(16)	-
Non-used branches					
External appraiser	331	129	(133)	(327)	-
Others					
Immovable assets					
External appraiser	8	-	80	-	88
Total property foreclosed	6,522	9,002	(8,341)	(2,322)	4,861
Less: Allowance for impairment	(1,700)	(1,413)	1,169	211	(1,733)
Property foreclosed - net	4,822	7,589	(7,172)	(2,111)	3,128

(Unit: Million Baht)

	Consolidated financial statements			
	2018			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	3,607	96	(611)	3,092
Movable assets	446	6,043	(5,871)	618
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	2,124	503	(154)	2,473
Non-used branches				
External appraiser	368	135	(172)	331
Others				
Immovable assets				
External appraiser	2	6	-	8
Total property foreclosed	6,547	6,783	(6,808)	6,522
Less: Allowance for impairment	(1,800)	(611)	711	(1,700)
Property foreclosed - net	4,747	6,172	(6,097)	4,822

(Unit: Million Baht)

	Separate financial statements			
	2019			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,045	11	(82)	974
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	817	819	(1)	1,635
Others				
Immovable assets				
External appraiser	241	2	-	243
Total property foreclosed	2,103	832	(83)	2,852
Less: Allowance for impairment	(1,251)	(78)	83	(1,246)
Property foreclosed - net	852	754	-	1,606

(Unit: Million Baht)

	Separate financial statements			
	2018			
	Balance - beginning of the year	Additions	Disposals	Balance - end of the year
Assets transferred for settlement of debts				
Immovable assets				
External appraiser	1,092	7	(54)	1,045
Movable assets	1	-	(1)	-
Assets from purchase by bid on the open market				
Immovable assets				
External appraiser	770	52	(5)	817
Others				
Immovable assets				
External appraiser	154	105	(18)	241
Total property foreclosed	2,017	164	(78)	2,103
Less: Allowance for impairment	(1,308)	(7)	64	(1,251)
Property foreclosed - net	709	157	(14)	852

15. Land, premises and equipment

(Unit: Million Baht)

	Consolidated financial statements					
	2019					
	Revaluation basis		Cost basis			
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
Cost/Revaluation						
1 January 2019	5,483	2,174	6,836	62	92	14,647
Additions	-	-	178	7	93	278
Appraisal increase	1,689	1,606	-	-	-	3,295
Appraisal decrease	(1)	(4)	-	-	-	(5)
Transfers accumulated depreciation to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	(115)	(46)	(184)	(11)	(147)	(503)
Decrease from disposal of subsidiaries	(7,009)	(2,770)	(6,286)	1	(35)	(16,099)
31 December 2019	47	163	544	59	3	816
Accumulated depreciation						
1 January 2019	-	870	5,612	43	-	6,525
Transfers accumulated depreciation to deduct cost	-	(797)	-	-	-	(797)
Transfers/disposals	-	(31)	(311)	(10)	-	(352)
Decrease from disposal of subsidiaries	-	(267)	(5,344)	1	-	(5,610)
Depreciation for the year	-	239	503	7	-	749
31 December 2019	-	14	460	41	-	515
Allowance for impairment						
1 January 2019	57	22	-	-	-	79
Decrease from disposal of subsidiaries	(57)	(22)	-	-	-	(79)
31 December 2019	-	-	-	-	-	-
Net book value						
31 December 2019	47	149	84	18	3	301
Depreciation charged for the year						51

(Unit: Million Baht)

	Consolidated financial statements					
	2018					
	Revaluation basis	Cost basis				
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
Cost/Revaluation						
1 January 2018	5,609	2,339	7,417	80	2	15,447
Additions	-	-	184	5	106	295
Transfers/disposals	(126)	(165)	(765)	(23)	(16)	(1,095)
31 December 2018	5,483	2,174	6,836	62	92	14,647
Accumulated depreciation						
1 January 2018	-	889	5,744	57	-	6,690
Transfers/disposals	-	(143)	(769)	(21)	-	(933)
Depreciation for the year	-	124	637	7	-	768
31 December 2018	-	870	5,612	43	-	6,525
Allowance for impairment						
1 January 2018	57	22	-	-	-	79
31 December 2018	57	22	-	-	-	79
Net book value						
31 December 2018	5,426	1,282	1,224	19	92	8,043
Depreciation charged for the year						768

(Unit: Million Baht)

	Separate financial statements					
	2019					
	Revaluation basis		Cost basis			
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
Cost/Revaluation						
1 January 2019	18	45	62	19	-	144
Additions	-	-	2	1	2	5
Appraisal increase	5	35	-	-	-	40
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(4)	-	(2)	(6)
31 December 2019	23	46	60	20	-	149
Accumulated depreciation						
1 January 2019	-	34	58	13	-	105
Transfers accumulated depreciation to deduct cost	-	(34)	-	-	-	(34)
Transfers/disposals	-	-	(6)	-	-	(6)
Depreciation for the year	-	2	2	2	-	6
31 December 2019	-	2	54	15	-	71
Allowance for impairment						
1 January 2019	-	-	-	-	-	-
31 December 2019	-	-	-	-	-	-
Net book value						
31 December 2019	23	44	6	5	-	78
Depreciation charged for the year						6

(Unit: Million Baht)

	Separate financial statements					
	2018					
	Revaluation basis	Cost basis				
	Land	Buildings and buildings improvement	Furniture, fixtures and equipment	Vehicles	Assets under installation	Total
Cost/Revaluation						
1 January 2018	18	45	62	33	-	158
Additions	-	-	1	-	-	1
Transfers/disposals	-	-	(1)	(14)	-	(15)
31 December 2018	18	45	62	19	-	144
Accumulated depreciation						
1 January 2018	-	32	56	25	-	113
Transfers/disposals	-	-	(1)	(14)	-	(15)
Depreciation for the year	-	2	3	2	-	7
31 December 2018	-	34	58	13	-	105
Allowance for impairment						
1 January 2018	-	-	-	-	-	-
31 December 2018	-	-	-	-	-	-
Net book value						
31 December 2018	18	11	4	6	-	39
Depreciation charged for the year						7

As at 31 December 2019 and 2018, the Company and its subsidiaries have building, office equipment and vehicles which have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment, amounting to approximately Baht 408 million and Baht 3,999 million, respectively (separate financial statements: Baht 62 million and Baht 63 million, respectively).

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of certain assets in 2018 on an asset-by-asset basis. The basis of the revaluation was as follows:

- Land were revalued using the market approach.
- Building were revalued using the depreciated replacement cost approach, market approach and income approach.

Had the land been carried in the financial statements on a historical cost basis, its net book value as of 31 December 2019 and 2018 would have been as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Land				
Cost	9	4,052	3	3
Allowance for impairment	-	(57)	-	-
Net book value	9	3,995	3	3
Building				
Cost	116	2,443	45	45
Accumulated depreciation	(46)	(1,139)	(35)	(34)
Allowance for impairment	-	(22)	-	-
Net book value	70	1,282	10	11

Key assumptions used in the valuation are summarised below.

	Consolidated financial statements	Separate financial statements	Result to fair value where as an increase in assumption value
Price per square wah (Baht)	6,500 - 51,000	51,000	Increase in fair value
Building price cost per square meter (Baht)	5,054 - 75,000	5,054 - 75,000	Increase in fair value

Surplus on revaluation of assets

Movements in surplus on revaluation of assets arising from revaluation of land and buildings of the Company and its subsidiaries during the year ended 31 December 2019 and 2018 are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Balance - beginning of the year	1,508	1,559	15	15
Increase during the year	3,286	-	40	-
Transfer out during the year	(197)	(51)	(1)	-
Decrease from sales of subsidiaries	(4,517)	-	-	-
Balance - end of the year	80	1,508	54	15

Surplus on revaluation of assets can neither be offset against deficit nor used for dividend distribution.

16. Intangible assets

(Unit: Million Baht)

	For the years ended 31 December 2019					
	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
Cost						
1 January 2019	4,100	3,365	7	195	7,667	9
Additions	-	70	-	206	276	-
Transfers/disposals	-	139	-	(135)	4	-
Decrease from disposal of subsidiaries	(4,100)	(3,272)	-	(238)	(7,610)	-
31 December 2019	-	302	7	28	337	9
Accumulated amortisation						
1 January 2019	3,739	2,040	7	-	5,786	8
Transfers/disposals	-	-	-	-	-	-
Decrease from disposal of subsidiaries	(3,980)	(2,185)	-	-	(6,165)	-
Amortisation for the year	241	336	-	-	577	-
31 December 2019	-	191	7	-	198	8
Allowance for impairment						
1 January 2019	-	31	-	-	31	-
Decrease from disposal of subsidiaries	-	(31)	-	-	(31)	-
31 December 2019	-	-	-	-	-	-
Net book value						
31 December 2019	-	111	-	28	139	1
Remaining amortisation year	0 years	0 - 10 years	-	-		0 - 9 years
Amortisation for the year					27	-

(Unit: Million Baht)

	For the years ended 31 December 2018					
	Consolidated financial statements					Separate financial statements
	Intangible assets from business combination	Computer software	Membership fees for Thailand Futures Exchange and others	Computer software under development	Total	Computer software
Cost						
1 January 2018	4,100	3,118	7	174	7,399	9
Additions	-	88	-	180	268	-
Transfers/disposals	-	159	-	(159)	-	-
31 December 2018	4,100	3,365	7	195	7,667	9
Accumulated amortisation						
1 January 2018	3,423	1,675	7	-	5,105	8
Amortisation for the year	316	365	-	-	681	-
31 December 2018	3,739	2,040	7	-	5,786	8
Allowance for impairment						
1 January 2018	-	31	-	-	31	-
31 December 2018	-	31	-	-	31	-
Net book value						
31 December 2018	361	1,294	-	195	1,850	1
Amortisation for the year					681	-

As at 31 December 2019 and 2018, the Company and its subsidiaries have computer software which have been fully amortised but are still in use with the gross carrying amount, before deducting accumulated amortisation and allowance for impairment, amounting to approximately Baht 108 million and Baht 552 million, respectively (separate financial statements: Baht 8 million and Baht 8 million, respectively).

17. Deferred tax assets/liabilities and income tax

17.1 Deferred tax assets/liabilities

As at 31 December 2019 and 2018, deferred tax assets/liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Deferred tax assets	809	779	-	-
Deferred tax liabilities	(210)	(1,402)	(149)	(134)
Net	599	(623)	(149)	(134)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Deferred tax assets		
Intercompany gain from disposal of assets	-	37
Non-accrual of interest income	-	71
Allowance for doubtful debts - general provision/other assets	506	1,069
Allowance for impairment of properties foreclosed	15	74
Employee benefits	73	542
Provisions	-	229
Accrued expenses	13	68
Insurance contract liabilities	343	309
Fees income received in advance	-	351
Late payment fee	-	171
Others	48	317
Deferred tax assets	998	3,238
Deferred tax liabilities		
Assets transferred as a result of business combination	-	(1,087)
Deferred commissions and direct expenses incurred at the initiation of hire purchase	(129)	(2,088)
Intangible assets	-	(72)
Unrealised gains on changes in value of available-for-sale securities	(163)	(189)
Others	(107)	(425)
Deferred tax liabilities	(399)	(3,861)
Net	599	(623)

(Unit: Million Baht)

	Separate financial statements	
	2019	2018
Deferred tax liabilities		
Unrealised gains on changes in value of available-for-sale securities	(137)	(130)
Others	(12)	(4)
Deferred tax liabilities	(149)	(134)

As at 31 December 2019 and 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 3,308 million and Baht 3,441 million, respectively (separate financial statements: Baht 2,562 million and Baht 2,937 million, respectively) on which deferred tax assets have not been recognised as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow full utilisation of the temporary differences and unused tax losses.

The unused tax losses amounting to Baht 1,392 million in the consolidated financial statements and Baht 1,027 million in the separate financial statement will expire by 2020 - 2024.

17.2 Income tax

Income tax expenses for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Current income tax:				
Corporate income tax charge for the year	1,481	924	-	-
Adjustment in respect of income tax from previous year	1	7	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(115)	(4)	-	-
Income tax expense reported in statements of comprehensive income	1,367	927	-	-

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Continued operations:				
Deferred tax relating to gain (loss) on changes in value of available-for-sale securities	(26)	(65)	7	(16)
Deferred tax relating to surplus of revaluation assets	18	-	8	-
Deferred tax relating to actuarial gain (loss) on defined benefit plan	(12)	-	-	-
Deferred tax relating to share of other comprehensive income of an associated company	6	(5)	-	-
	(14)	(70)	15	(16)

Reconciliations between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accounting profit before tax	4,766	4,784	57,261	3,316
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	953	957	11,452	663
Adjustment in respect of income tax from previous year	1	7	-	-
Effects of non-taxable revenue and non-deductible expenses - net	413	(37)	(723)	(663)
Effects of non-taxable revenue form gain from disposal of subsidiaries	-	-	(10,729)	-
Income tax expenses reported in statements of comprehensive income	1,367	927	-	-

18. Receivables from purchase and sale of securities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Receivables from purchase and sale of securities	2,577	2,640	765	289

19. Asset classified as held for sale

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Asset classified as held for sale	3,423	-	-	-

20. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accrued premium insurance income	673	520	-	-
Other receivables	86	1,816	6	112
VAT refundable	33	962	-	-
Other receivables - VAT paid in advance for customers	68	251	-	-
Deposits	29	248	4	3
Estimated insurance claims recoveries	243	259	-	-
Receivable from clearing house	-	64	-	-
Leasehold right	12	101	8	9
Prepaid corporate income tax	112	706	19	10
Deposits from derivative contracts	-	337	-	-
Prepaid expenses	391	483	10	7
Reinsurance assets	968	721	-	-
Accrued interest and dividend receivables	124	485	1	2
Investments held for minority shareholders	46	-	46	-
Others	300	1,834	-	2
Total	3,085	8,787	94	145
Less: Allowance for impairment	(86)	(524)	(5)	(107)
Other assets - net	2,999	8,263	89	38

21. Interbank and money market items (liabilities)

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	At call	Term	Total	At call	Term	Total
Domestic						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	413	-	413
Commercial banks	2,113	13,547	15,660	3,520	12,310	15,830
Specialised financial institutions	-	-	-	32	7,440	7,472
Other financial institutions	-	-	-	17,770	15,322	33,092
Total domestic items	2,113	13,547	15,660	21,735	35,072	56,807
Foreign						
US Dollar	-	-	-	177	13,921	14,098
Euro	-	-	-	1	-	1
Baht	-	-	-	485	532	1,017
Total foreign items	-	-	-	663	14,453	15,116
Total	2,113	13,547	15,660	22,398	49,525	71,923

As at 31 December 2019, interbank and money market items in the consolidated financial statements included loans of a subsidiary company amounting to Baht 1,840 million, consisting of (i) a loan of Baht 450 million, repayable in full within 3 years from the date of the loan drawdown and carrying interest at a fixed rate per annum, payable monthly, and (ii) a loan of Baht 1,390 million in the form of promissory notes, repayable at the date as specified in each promissory note, and carrying interest at fixed rates per annum, payable monthly. In addition, the subsidiary has to comply with the terms and conditions specified in the loan agreements, such as maintenance of a debt to equity ratio (2018: included loans of a subsidiary company amounting to Baht 2,690 million).

22. Debt issued and borrowings

As at 31 December 2019 and 2018, the balance of domestic debt issued and borrowings, stated in Baht, are as follows:

(Unit: Million Baht)

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2019	2018	2019	2018	2019	2018
				(Percent per annum)	(Baht)	(Thousand unit)	(Thousand unit)				
1	Subordinated instruments issued under Tier II	Year 2014	Year 2024	6.00	1,000	-	13,000	-	12,530	-	-
2	Subordinated instruments issued under Tier II	Year 2015	Year 2025	4.65	1,000	-	7,000	-	7,000	-	-
3	Unsubordinated debentures	Year 2012	Year 2022	4.60	1,000	3,000	3,000	3,000	3,000	3,000	3,000
4	Unsubordinated debentures	Year 2013	Year 2020	5.03	1,000	2,900	2,900	2,900	2,900	2,900	2,900
5	Unsubordinated debentures	Year 2013	Year 2023	4.85, 5.00	1,000	1,800	1,800	1,800	1,800	1,800	1,800
6	Unsubordinated debentures	Year 2013	Year 2025	4.95	1,000	900	900	900	900	900	900
7	Unsubordinated debentures	Year 2016	Year 2019	2.70, 2.88	1,000	-	1,700	-	1,400	-	-
8	Unsubordinated debentures	Year 2016	Year 2019	2.95, 3.00	1,000	-	1,735	-	1,735	-	-
9	Unsubordinated debentures	Year 2017	Year 2019	2.52	1,000	-	2,000	-	2,000	-	-
10	Unsubordinated debentures	Year 2017	Year 2019	1.75	1,000	-	500	-	500	-	500
11	Unsubordinated debentures	Year 2017	Year 2020	2.39 - 2.88	1,000	10,060	10,060	10,010	10,010	-	-
12	Unsubordinated debentures	Year 2017	Year 2020	2.58	1,000	70	70	70	70	-	-
13	Unsubordinated debentures	Year 2018	Year 2019	1.88	1,000	-	3,100	-	3,100	-	3,100
14	Unsubordinated debentures	Year 2018	Year 2020	2.28 - 2.80	1,000	3,865	3,865	3,815	3,815	-	-
15	Unsubordinated debentures	Year 2018	Year 2021	2.31, 2.70	1,000	1,970	1,970	1,970	1,970	-	-
16	Unsubordinated debentures	Year 2018	Year 2021	2.30, 2.50	1,000	1,110	1,110	1,110	1,110	-	-
17	Unsubordinated debentures	Year 2018	Year 2020	2.80	1,000	140	140	140	140	-	-

(Unit: Million Baht)

Instrument	Types of borrowings	Issue period	Year of maturity	Interest rate	Face value per unit	Issuance unit		Consolidated financial statements		Separate financial statements	
						2019	2018	2019	2018	2019	2018
				(Percent per annum)	(Baht)	(Thousand unit)	(Thousand unit)				
18	Unsubordinated debentures	Year 2019	Year 2021	2.65, 2.66	1,000	675	-	675	-	-	-
19	Unsubordinated debentures	Year 2019	Year 2022	2.94, 3.30	1,000	3,815	-	3,775	-	-	-
20	Unsubordinated debentures	Year 2019	Year 2021	2.57, 2.67, 2.68, 2.99	1,000	1,865	-	1,865	-	-	-
21	Unsubordinated debentures	Year 2019	Year 2022	2.96, 3.00, 3.10	1,000	1,995	-	1,995	-	-	-
22	Unsubordinated debentures	Year 2019	Year 2023	3.40	1,000	486	-	486	-	-	-
23	Unsubordinated debentures	Year 2019	Year 2024	3.50	1,000	594	-	594	-	-	-
24	Unsubordinated debentures	Year 2019	Year 2029	3.01	1,000	5,000	-	5,000	-	5,000	-
25	Structured notes		Year 2020					17	277	-	-
26	Promissory notes		At call	1.90, 5.65, 6.65				470	467	-	-
27	Promissory notes		Year 2020 - 2022	2.90, 3.30				201	289	-	-
28	Bill of Exchange	Year 2019	Year 2020	1.97, 2.00				3,987	-	3,987	-
	Total debt issued and borrowings							44,780	55,013	17,587	12,200

Instruments 1) and 2) are name-registered, Tier II capital, subordinated, unsecured instruments with no instrument holder's representative, paying interest quarterly. The instruments will be fully converted to ordinary shares of the issuer in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. Thanachart Bank has a call option to early redeem these instruments at par if the conditions specified are met. Instrument 1) had been early redeemed in the second quarter of 2019

Instruments 7), 9), 11), 14), 15), 20) and 21) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest semi-annually. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

Instruments 3) to 6), 10), 13) and 24) are name-registered, unsubordinated, unsecured debenture with no debentures holders' representative, paying interest semi-annually.

Instruments 8), 12), 16) to 19), 22) and 23) are name-registered, unsubordinated, unsecured debentures with no debenture holders' representative, paying interest quarterly. The subsidiary has to comply with the terms and conditions specified in the loan agreement, such as maintenance of a debt to equity ratio.

23. Provisions

(Unit: Million Baht)

	Consolidated financial statements				
	For the years ended 31 December 2019				
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
As at 1 January 2019	599	2,772	134	410	3,915
Increase during the year	32	1,427	38	627	2,124
Increase from the intercompany transfer	-	9	-	-	9
Decrease from actual utilised	(5)	(196)	(22)	(365)	(588)
Reversal of provisions	(10)	(147)	(21)	(280)	(458)
Decrease from disposal of subsidiaries	(616)	(3,397)	(129)	(392)	(4,534)
As at 31 December 2019	-	468	-	-	468

(Unit: Million Baht)

	Consolidated financial statements				
	For the years ended 31 December 2018				
	Loss from litigation	Employee benefits	Obligations from off-balance items	Others	Total
As at 1 January 2018	361	2,740	167	411	3,679
Increase during the year	272	191	3	689	1,155
Decrease from actual utilised	(28)	(146)	(12)	(335)	(521)
Reversal of provisions	(6)	(13)	(24)	(355)	(398)
As at 31 December 2018	599	2,772	134	410	3,915

(Unit: Million Baht)

	Separate financial statements
	For the year ended 31 December 2019
	Employee benefits
As at 1 January 2019	29
Increase during the year	17
Increase from the intercompany transfer	7
Reversal of provisions	(1)
As at 31 December 2019	52

(Unit: Million Baht)

	Separate financial statements
	For the year ended 31 December 2018
	Employee benefits
As at 1 January 2018	26
Increase during the year	3
As at 31 December 2018	29

Long-term employee benefits

Provision for long-term employee benefits, which are compensations on employees' retirement, are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Defined benefit obligation at the beginning of the year	2,510	2,378	29	26
Recognised in profit and loss:				
Current service cost	200	173	2	1
Interest cost	85	77	1	1
Past service costs and gains or losses arising from the payment of benefits	673	(55)	8	-
Recognised in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	4	(2)	(1)	-
- Financial assumptions changes	60	(8)	5	-
- Experience adjustments	397	6	1	1
Employee benefits increase from intercompany transfers	9	-	7	-
Decrease from disposal of subsidiaries	(3,396)	-	-	
Employee benefits paid during the year	(74)	(59)	-	-
Defined benefit obligation at the end of the year	468	2,510	52	29

As at 31 December 2019 and 2018, the Company and its subsidiaries expect to pay Baht 15 million and Baht 61 million, respectively in long-term employee benefits during the next one year (separate financial statements: Baht 1 million and nil, respectively).

The long-term employee benefit expenses, included in profit or loss for the years ended 31 December 2019 and 2018, can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Recognised in profit and loss:				
Current service cost	33	28	2	1
Interest cost	7	8	1	1
Past service costs and gains or losses arising from the payment of benefits	57	(5)	8	-
Total expense summarised in profit or loss	97	31	11	2
Recognised in other comprehensive income:				
Actuarial (gains) losses arising from				
- Demographic assumptions changes	4	2	(1)	-
- Financial assumptions changes	60	(3)	5	-
- Experience adjustments	12	(2)	1	1
Total expense recognised in other comprehensive income	76	(3)	5	1
Total expense recognised in total comprehensive income	173	28	16	3

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days' compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 81 million as a result. (separate financial statement: Baht 9 million). The Company and its subsidiaries reflect the effect of the change by recognising past service cost as expenses in statements of comprehensive income of the current year.

The principal actuarial assumptions used to calculate the defined benefit obligations are as follows:

(Percent per annum)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Discount rate	1.61 - 1.71	2.66 - 3.35	1.71	3.13
Future salary increase rate	5.00 - 5.38	5.00 - 5.36	5.00	5.00
Average staff turnover rate (depending on age)	0.00 - 100.00	0.00 - 50.00	0.33 - 26.58	0.00 - 25.39

The result of sensitivity analysis for significant assumptions that affect the increasing in present value of the long-term employee benefit obligation as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

		Consolidated financial statements		Separate financial statements	
	Change	2019	2018	2019	2018
Discount rate	Decrease 0.25%	12	64	1	1
Future salary increase rate	Increase 0.25%	12	62	1	1
Average staff turnover rate	Decrease 0.25%	11	56	1	1

As at 31 December 2019 and 2018, the weighted average durations of the liabilities for long-term employee benefit of the Company and its subsidiaries are 11, 13, 15, 19 and 26 years and 11, 14, 16 and 22 years, respectively (separate financial statements: 15 years and 16 years respectively).

24. Accrued interest payables

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Accrued interest payables	270	2,277	101	90

25. Insurance contract liabilities

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Insurance contract liabilities	Reinsurance assets	Net	Insurance contract liabilities	Reinsurance assets	Net
Life policy reserve	6,770	-	6,770	7,903	-	7,903
Loss reserves and outstanding claims	1,880	(251)	1,629	1,695	(158)	1,537
Unearned premium reserve	4,365	(718)	3,647	4,381	(564)	3,817
Unpaid policy benefits	13	-	13	7	-	7
Other liabilities under insurance policies	68	-	68	76	-	76
Total	13,096	(969)	12,127	14,062	(722)	13,340

Non-life insurance

Assumptions used in determining liabilities from insurance contracts

The assumptions used in determining liabilities from insurance contracts are set taking into consideration the model used to assess, the nature of the data, including actual experience up to the date the assessment is made. The analysis performed considers both internal and external factors that affect the pattern of experience, such as the underwriting process, the proportion of insurance, the process of claims handling, the reinsurance policy, economic trends and regulatory changes. In the event that historical loss data is insufficient to be a credible basis for the determination of the assumptions, industry information is used to ensure that this method is appropriate. In addition, the assumptions used in determining insurance liabilities should be consistent with the assumptions used in determining claims liabilities.

Sensitivity analysis

Sensitivity analysis is performed to analyse the risk that insurance liabilities will increase or decrease as a result of changes in the assumptions used in calculating those liabilities, which will impact claims liabilities both before reinsurance and after reinsurance. The risk may occur because the frequency and severity of the damage or loss adjustment claim expense may not be in line with expectations.

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase (decrease) on profit before tax	Increase (decrease) on equity
Ultimate loss ratio	Increase 2%	192	166	(166)	(133)
Loss adjustment expense	Increase 2%	13	13	(13)	(10)
Ultimate loss ratio	Decrease 2%	(182)	(155)	155	124
Loss adjustment expense	Decrease 2%	(13)	(13)	13	10

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
	Change in assumption	Change in gross liabilities	Change in net liabilities	Increase (decrease) on profit before tax	Increase (decrease) on equity
Ultimate loss ratio	Increase 2%	170	157	(157)	(126)
Loss adjustment expense	Increase 2%	12	12	(12)	(10)
Ultimate loss ratio	Decrease 2%	(169)	(156)	156	125
Loss adjustment expense	Decrease 2%	(12)	(12)	12	10

Life insurance

Assumptions used in the estimating life reserve for long-term contracts

Mortality rate

The assumptions are determined based on actual historical claims data of the subsidiary company, the industry mortality rate and TMO 2017. Assumptions are differentiated by the type of product, sex and age of the insured, the credibility of data, and the underwriting process. An increase in rates will lead to a larger number of claims, which will increase the long-term insurance policy reserves.

Related expenses

The assumptions are determined through analysis of actual expenses per the financial statements, taking into account both fixed expenses and variable expenses that relate to policy maintenance and adjusted appropriately for inflation. An increase in the level of expenses will result in an increase in the long-term insurance policy reserves.

Lapse and surrender rates

The subsidiary company determines the assumptions based on actual historical lapse and surrender rates of the subsidiary, taking into account the product type, distribution channel and the credibility of data, as well as industry data, in order to arrive at appropriate rates. An increase in lapse and surrender rates early in the life policy will tend to increase in expense, which will reduce profits for shareholders.

Discount rate

The subsidiary company determines the discount rates to be used in estimating the subsidiary company's future payment obligation to the insured using the risk-free rate as at the valuation date, which is the higher of the rate of the return on non-interest bearing Thai governments bonds at the valuation date and average rate of return on non-interest bearing Thai governments bonds at the end of each of the eight quarters following the valuation date. A decrease in the discount rate would result in an increase the long-term insurance policy reserve.

Sensitivity analysis

The result of sensitivity analysis for significant assumptions that affect the present value of the insurance contract liabilities as at 31 December 2019 and 2018 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
		Insurance contract liabilities		Effect to	
	Change	Gross reinsurance increase (decrease)	Net reinsurance increase (decrease)	Increase (decrease) on profit before tax	Increase (decrease) on equity
Mortality rate	Increase 10%	17	-	(17)	(14)
Expenses rate	Increase 10%	9	-	(9)	(7)
Lapse and surrender rates	Increase 10%	(26)	-	26	21
Discount rate	Increase 0.15%	(30)	-	30	24
Mortality rate	Decrease 10%	(17)	-	17	14
Expenses rate	Decrease 10%	(9)	-	9	7
Lapse and surrender rates	Decrease 10%	27	-	(27)	(22)
Discount rate	Decrease 0.15%	31	-	(31)	(25)

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
		Insurance contract liabilities		Effect to	
	Change	Gross reinsurance increase (decrease)	Net reinsurance increase (decrease)	Increase (decrease) on profit before tax	Increase (decrease) on equity
Mortality rate	Increase 10%	17	-	(17)	(14)
Expenses rate	Increase 10%	9	-	(9)	(7)
Lapse and surrender rates	Increase 10%	(18)	-	18	14
Discount rate	Increase 0.5%	(183)	-	183	147
Mortality rate	Decrease 10%	(18)	-	18	14
Expenses rate	Decrease 10%	(9)	-	9	7
Lapse and surrender rates	Decrease 10%	18	-	(18)	(14)
Discount rate	Decrease 0.1%	27	-	(27)	(22)

25.1 Life policy reserve

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Balance - beginning of the year	7,903	8,953
Insurance policy reserves increased from new policies and enforced policies	171	116
Insurance policy reserves decreased from benefit paid, lapse, surrender and others	(1,700)	(1,238)
Assumptions changes	260	(76)
Experience adjustments	136	148
Balance - end of the year	6,770	7,903

25.2 Loss reserves and outstanding claims

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Balance - beginning of the year	1,695	1,701
Claim expenses for the year	5,225	4,733
Change in loss reserves and outstanding in claims and assumption	465	280
Claim expenses paid during the year	(5,505)	(5,019)
Balance - end of the year	1,880	1,695

25.3 Unearned premium reserve

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Balance - beginning of the year	4,381	3,851
Premium written for the year	7,462	8,722
Premium earned during the current year	(7,478)	(8,192)
Balance - end of the year	4,365	4,381

25.4 Insurance/Life insurance risk

Non-life insurance

Insurance Risk

Insurance risk is the risk that the frequency and severity of losses may deviate from the assumptions used in determining the premium rate, reserve calculations and underwriting. Insurance risk can be divided into three types, depending on the source of the risk, and these consist of product development and pricing risk, underwriting risk and claims management risk.

A subsidiary has insurance risk management procedures covering risk identification, risk assessment using risk measurement indexes like the estimated ultimate combine ratio and claim management, as well as the monitoring and reporting of risk, in order to ensure that risk is appropriately reflected.

Life insurance

Insurance Risk

Insurance risk is the risk that actual claim and benefit payments under life policies will differ from a subsidiary's expectations because fluctuations in frequency, violence and the timing result cause them to deviate from the assumptions that were used in determining premium rate, insurance reserve calculation and the underwriting process. Insurance risk is classified into 3 categories based on the source of risk, as follows:

A) Product development and product pricing risk

Product development and product pricing risk are the risks that premiums will not be sufficient to pay losses and benefits to the insured because the related risk factors, which are mortality rate, morbidity rate, lapse and surrender rates, and investment return rate, deviate from assumptions that used to determine premium rates that may be not appropriate and consistent with the current environment and the occurrence of disasters, violent incidents which have resulted in many deaths and injuries.

In addition, the subsidiary company launches life insurance products which are whole life-ordinary product, endowment-ordinary product, term-ordinary product, group product and other product but the majority of the subsidiary 's products is endowment-ordinary product, so the subsidiary may have concentration risk in this product and high loss and underwriting cost in this product would be tend to reduce profits.

B) Underwriting risk

Underwriting risk is arising due to insufficient in underwriting process, no manuals or guidelines for determining underwriting process which are appropriate each risk factor and these are effect to incompleteness of risk assessment such as underwriting in high risk or underwriting which has premium not related to risk etc.

C) Claims management risk

Claim management risk is risk that the subsidiary company allocates insufficient long-term insurance policy reserves to cover its liabilities under insurance policies.

However, the subsidiary company manages the risk by designing new products that are competitive and meet customer needs, adjusting premium rates and conditions for underwriting processes so that they reflect the level of risk, and managing the amounts of short-term and long-term investments so that they are appropriate and in line with the situation in the money market and the capital market and the insurance maturity profile. It also reviews the correctness and appropriateness of the models used in the design of products, reviews the principles applied in the underwriting process to ensure they are current and consistent for each risk factor, review the reasonableness of the main assumptions used in estimating long-term insurance policy reserves and test the adequacy of the reserves by designing possible scenarios, such as changes in interest rates that would affect the discount rate, in order to ensure that the subsidiary company has adequate reserves to meet its obligations to its policyholders.

25.5 Unpaid policy benefits

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Death benefits	13	5
Surrender	-	1
Others	-	1
Total unpaid policy benefits	13	7

26. Payables from purchase and sale of securities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Payables from purchase and sale of securities	948	1,325	194	192

27. Dividend Payable

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Dividend Payable	4,583	-	4,583	-

28. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other payables	839	2,917	526	221
Suspense cash received from accounts receivable	103	2,045	-	-
Income received in advance	30	1,758	-	-
Corporate income tax payable	925	1,013	-	-
Accrued personnel expenses	365	2,267	70	70
Accrued contribution fee to the Financial Institutions Development Fund/Deposit Protection Agency	-	1,750	-	-
Accrued other expenses	602	2,158	2	4
Insurance premium received in advance	1,841	1,706	-	-
Payable to clearing house	1,054	795	-	-
Others	1,047	1,508	59	21
Total other liabilities	6,806	17,917	657	316

29. Share capital/Treasury stocks

During the year ended 31 December 2019, preferred shares converted 60 preferred shares to the Company's common shares. Therefore, as at 31 December 2019, 13,156 preferred shares remained unconverted. Each preferred share can convert to 1 common share. The conversion right is unconditional and does not expire.

As at 31 December 2019, the Company has 19,467,000 treasury shares valued at Baht 1,000 million that were repurchased during 8 August 2018 to 7 February 2019. Repurchase plan require that the treasury shares are to be sold within 3 years from the repurchase date.

30. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Share premium of a subsidiary	-	776	-	-
Surplus from the change in the ownership interests of investments	(4,640)	-	-	-
Amount by which the value of investment in subsidiary/associate lower than attributable net book value	231	230	-	-
Revaluation surplus on investments				
Available-for-sale securities				
Debt instruments	47	60	4	1
Equity instruments	1,240	988	682	653
Total	1,287	1,048	686	654
Revaluation deficit on investments				
Available-for-sale securities				
Debt instruments	(1)	(307)	-	-
Equity instruments	(24)	(297)	(2)	(5)
Total	(25)	(604)	(2)	(5)
Total revaluation surplus on investments	1,262	444	684	649
Less: The effect of deferred tax liabilities	(150)	(93)	(137)	(130)
Net revaluation surplus on investments	1,112	351	547	519
Revaluation surplus on assets	80	776	54	15
Less: The effect of deferred tax liabilities	(16)	(155)	(11)	(3)
Net revaluation surplus on assets	64	621	43	12
Share of other comprehensive income of associated companies	611	326	-	-
Less: The effect of deferred tax liabilities	-	(11)	-	-
Net share of other comprehensive income of associated companies	611	315	-	-
Share of surplus from the change in the ownership interests in subsidiaries of an associate	81	61	-	-
Less: The effect of deferred tax liabilities	-	(2)	-	-
Net share of surplus from the change in the ownership interests in subsidiaries of an associate	81	59	-	-
Total	(2,541)	2,352	590	531

31. Statutory reserve

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

As at 31 December 2019, the statutory reserve has fully been set aside.

32. Dividends

During the years ended 31 December 2019 and 2018, the Company has dividend payment as below.

Dividends	Approved by	Dividend payment	Dividend per share	Payment date
		Million Baht	Baht	
Special interim dividend of 2019	The Company's Board of Directors on 16 December 2019	4,583	4.00	16 January 2020
Interim dividend for the first half-year of 2019	The Company's Board of Directors on 19 September 2019	1,375	1.20	18 October 2019
Dividend for the second half-year of 2018	The Annual General Meeting of shareholders on 24 April 2019	1,833	1.60	17 May 2019
		7,791	6.80	
Interim dividend for the first half-year of 2018	The Company's Board of Directors on 24 September 2018	1,165	1.00	22 October 2018
Dividend for the second half-year of 2017	The Annual General Meeting of shareholders on 25 April 2018	1,515	1.30	17 May 2018
		2,680	2.30	

33. Interest income

Interest income for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interbank and money market items	148	139	2	6
Investments and trading transactions	121	149	-	-
Investments in debt securities	281	216	61	20
Loans to customers	250	368	57	54
Hire purchase and financial lease	3,539	3,202	-	-
Total interest income	4,339	4,074	120	80

34. Interest expenses

Interest expenses for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interbank and money market items	363	342	-	-
Debts issued and borrowings				
- Unsubordinated debentures/short-term debentures	1,156	1,140	491	569
- Others	66	21	44	-
Borrowings cost	14	12	3	3
Total interest expenses	1,599	1,515	538	572

35. Fees and service income

Fees and service income for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Fees and service income				
Brokerage fee from securities/derivatives	984	1,251	-	-
Hire purchase fee income	153	155	-	-
Insurance brokerage fee income	235	31	-	-
Others	86	267	1	1
Total fees and service income	1,458	1,704	1	1
Fees and service expenses	(256)	(264)	(1)	(1)
Net fees and service income	1,202	1,440	-	-

36. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Debt securities	99	(48)	-	-
Equity securities	(264)	(520)	-	-
Others	311	609	-	-
Total	146	41	-	-

37. Gains on investments

Gains on investments for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Gains on disposal of available-for-sale securities	99	86	1	6
Gain on the capital returned from subsidiaries	-	-	-	58
Gains on disposal of investment in subsidiaries /an associate company	59	23	53,647	25
Gains on debt settlement from investments in receivables purchased	196	314	166	20
Gains on sale investments in receivables purchased	23	-	23	-
Others	137	-	-	-
Total	514	423	53,837	109

38. Insurance/Life insurance income

Insurance/life insurance income for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Gross premium written	9,304	9,169
Less : Premium ceded to reinsurers	(1,491)	(1,031)
Net insurance premium income	7,813	8,138
Less: Unearned premium reserve increased (decreased) from previous year	169	(246)
Total	7,982	7,892

39. Insurance/Life insurance expenses

Insurance expenses for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements	
	2019	2018
Gross claim and loss adjustment expense	4,554	4,103
Less: Claims recovery from reinsurers	(824)	(398)
Benefit payments under life policies and claims	2,671	2,064
Less: Benefit payment under life policies and claims refundable from reinsurers	(52)	(27)
Commissions and brokerages expenses	1,437	1,426
Less: Refundable commissions and brokerages expenses from reinsurers	(405)	(291)
Other underwriting expense	(807)	(792)
Total	6,574	6,085

40. Directors' remuneration

Directors' remuneration represents the benefits paid to the directors of the Company and public subsidiary companies in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries and related benefits payable to directors who hold executive positions but including the payment of remuneration amounting to Baht 37 million (separate financial statement: Baht 30 million) to the Company's and its subsidiaries' directors, which were approved by the Annual General Meeting of Shareholders of the Company and its subsidiaries.

41. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the years ended 31 December 2019 and 2018 consisted of the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Impairment loss of loans (reversal)				
Loans to customers	(316)	300	(14)	6
Loss from impairment of investments in receivables purchased	-	2	-	2
Total	(316)	302	(14)	8

42. Components of other comprehensive income

Components of other comprehensive income for the years ended 31 December 2019 and 2018 are as the following:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Other comprehensive income from continuing operations				
Transactions that will be reclassified subsequently to profit or loss				
Available-for-sale securities:				
Unrealised gains (losses) during the year	478	(238)	35	(72)
Less: Reclassification of adjustment for realised gains/losses that included in profit or loss	(99)	(86)	(1)	(6)
	379	(324)	34	(78)
Share of other comprehensive income of associated companies	(65)	(94)	-	-
Other comprehensive income for the year (loss)	314	(418)	34	(78)
Impact from related income taxes:				
Income tax - gains (losses) on changes in value of available-for-sale securities	26	65	(7)	16
Income tax - other comprehensive loss of associated companies	2	5	-	-
Impact from related income taxes	28	70	(7)	16
	342	(348)	27	(62)
Transactions that will never be reclassified subsequently to profit or loss				
Surplus on revaluation of assets	89	-	40	-
Share of other comprehensive income of associated companies	247	-	-	-
Actuarial gains (losses) on defined benefit plan	(76)	3	(5)	(1)
Other comprehensive income for the year (loss)	260	3	35	(1)
Impact from related income taxes:				
Income tax - surplus on revaluation of assets	(18)	-	(8)	-
Income tax - share of other comprehensive income of associated companies	(8)	-	-	-
Income tax - actuarial gains (loss) on defined benefit plan	12	-	-	-
Impact from related income taxes	(14)	-	(8)	-
	246	3	27	(1)
Other comprehensive income from continuing operation (losses)	588	(345)	54	(63)
Other comprehensive income from discontinued operation				
Other comprehensive income (loss) from discontinued operation	3,819	(1,136)	-	-
Deferred tax - other comprehensive income from discontinued operation	(822)	227	-	-
Other comprehensive income from discontinued operation (loss)	2,997	(909)	-	-
Net other comprehensive income for the year	3,585	(1,254)	-	-

43. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of common shares issued during the year, netting of treasury shares held by the Company.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the total sum of the weighted average number of common shares outstanding during the year, netting of treasury shares held by the Company, plus the weighted average number of common shares that would be required to be issued to convert all potential common shares to common shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential common shares were issued.

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the years from continuing operations		Weighted average number of common shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht (Restated)	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	1,729,979	1,768,109	1,145,707	1,163,843	1.51	1.52
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	1,729,979	1,768,109	1,145,720	1,163,856	1.51	1.52

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the years discontinued operations		Weighted average number of common shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht (Restated)	Thousand shares	Thousand shares	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to the Company	9,077,080	6,071,319	1,145,707	1,163,843	7.92	5.22
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	9,077,080	6,071,319	1,145,720	1,163,856	7.92	5.22

	Separate financial statements					
	For the years ended 31 December					
	Profit for the years		Weighted average number of common shares		Earnings per share	
	2019	2018	2019	2018	2019	2018
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to the Company	57,261,092	3,316,439	1,145,707	1,163,843	49.98	2.85
Effect of dilutive securities						
Preferred shares convertible to common shares	-	-	13	13		
Diluted earnings per share						
Profit of common shareholders assuming conversion of dilutive securities	57,261,092	3,316,439	1,145,720	1,163,856	49.98	2.85

44. Provident fund

The Company, its subsidiaries and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Employees contributed to the fund monthly, at rates of 2 - 15 percent of their basic salaries, and the Company and its subsidiaries contributed to the fund at stipulated rates. The fund will be paid to the employees upon termination of employment in accordance with the fund rules. During the year 2019, the Company and its subsidiaries contributed Baht 64 million to the fund (separate financial statements: Baht 8 million) (2018: Baht 431 million in the consolidated financial statements and Baht 7 million in the separate financial statements).

45. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Company and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2019	2018	2019	2018	(For the year 2019)
Transactions occurred during the years					
Subsidiary companies					
Purchase of debt securities	-	-	29,162	743	At market price
Sales of debt securities	-	-	2,509	1,286	At market price
Sales of investment in subsidiaries (2019: gain Baht 53,647 million)	-	-	85,599	-	At the amount agreed under the contract
Investment in ordinary share of subsidiaries company	-	-	24,613	-	At the amount agreed under the contract
Capital returned from a subsidiary company (2019: gain Baht 0.03 million 2018: gain Baht 58 million)	-	-	2	709	At the net assets value
Interest income	-	-	51	59	At interest rate of 0.40 - 5.65 percent per annum
Dividend income	-	-	3,456	3,418	As declared
Rental and other service income	-	-	47	57	At the rate agreed under the contract
Other expenses	-	-	5	1	
Associated companies					
Investment in ordinary share of associated companies	-	-	45,504	-	At the amount agreed under the contract
Dividend income	-	-	129	126	As declared
Interest expenses	5	6	-	-	At interest rate of 3.40 percent per annum
Insurance premium/life insurance premium income	1	-	-	-	At the rate agreed under the contract
Other income	1	-	-	-	
Dividend paid	-	-	883	298	As declared
Other expenses	45	105	13	12	

Unit: Million Baht)

	For the years ended 31 December				
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2019	2018	2019	2018	(For the year 2019)
Transactions occurred during the years (continued)					
Related companies					
Purchase of debt securities	13,351	2,932	4,018	-	At market price
Sales of debt securities	2,962	1,231	700	-	At market price / the amount agreed under the contract
Purchase/sales of forward exchange contracts	-	20,305	-	-	At market price
Interest income	21	228	2	-	At interest rate of 0.35 - 0.80 percent per annum
Dividend income	58	90	42	42	As declared
Insurance premium/life insurance premium income	11	4	-	-	At the rate agreed under the contract
Other income	54	2	-	-	
Interest expenses	1	321	-	-	At interest rate of 3.40 percent per annum
Dividend payment	290	3,061	-	-	As declared
Project management expenses	27	41	13	11	At the contract price calculated by reference to estimated usage time
Other expenses	270	203	15	7	

The outstanding balances of the above transactions during the years ended 31 December 2019 and 2018 have been shown at the average balance at the end of each month as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Subsidiary companies				
Interbank and money market items (assets)	-	-	72	521
Loans to customers	-	-	899	964
Associated companies				
Interbank and money market items (assets)	-	-	2	-
Deposits	115	177	-	-
Debt issued and borrowings	82	95	-	-
Related companies				
Interbank and money market items (assets)	257	65	-	-
Loans to customers	5,636	5,757	-	-
Investment in debt securities	-	49	-	-
Deposits	1,296	1,721	-	-
Interbank and money market items (liabilities)	8,503	12,998	-	-

As at 31 December 2019 and 2018, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	2019							
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated companies								
MBK Plc.	-	-	11	-	-	52	520	-
TMB Plc.	9	-	438	-	-	-	194	-
Related companies								
Other related companies	3,208	200	307	-	172	735	63	-
	3,217	200	756	-	172	787	777	-

(Unit: Million Baht)

	Consolidated financial statements							
	2018							
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Associated company								
MBK Plc.	-	-	29	327	-	134	2	-
Related companies								
Other related companies	11	5,575	32	1,366	13,022	-	58	1,348
	11	5,575	61	1,693	13,022	134	60	1,348

(Unit: Million Baht)

	Separate financial statements							
	2019							
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies								
NFS Asset Management Co., Ltd.	-	442	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	260	-	-	-	-	-	-
TM Broker Co., Ltd.	-	1	-	-	-	-	-	-
Associated companies								
TMB Plc.	-	-	438	-	-	-	194	-
MBK Plc.	-	-	3	-	-	-	520	-
Related companies								
Thanachart Bank Plc.	30	-	118	-	-	-	1	-
	30	703	559	-	-	-	715	-

(Unit: Million Baht)

	Separate financial statements							
	2018							
	Assets			Liabilities				
	Interbank and money market items	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Subsidiary companies								
Thanachart Bank Plc.	23	-	200	-	-	-	3	-
Thanachart Securities Plc.	-	-	-	-	-	-	192	-
NFS Asset Management Co., Ltd.	-	702	-	-	-	-	-	-
Max Asset Management Co., Ltd.	-	663	-	-	-	-	-	-
TM Broker Co., Ltd.	-	2	-	-	-	-	-	-
Associated company								
MBK Plc.	-	-	3	-	-	-	-	-
	23	1,367	203	-	-	-	195	-

As at 31 December 2019 and 2018, the Company has loans to subsidiary companies as follows:

(Unit: Million Baht)

Company's name	Interest rate	Outstanding balances	
		2019	2018
	(For the year 2019)		
NFS Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	442	702
Max Asset Management Co., Ltd.	MLR of Thanachart Bank - 1%	260	663
TM Broker Co., Ltd.	MLR of Thanachart Bank - 1%	1	2
Total		703	1,367

As at 31 December 2019, the Company and its subsidiaries have investments amounting to Baht 1,706 million (Baht 1,520 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (2018: Baht 1,694 million in the consolidated financial statements and Baht 814 million in the separate financial statements).

As at 31 December 2019 and 2018, the Company and its subsidiaries have the following related parties transactions with executive employees of the Company and companies within Thanachart Group from management level up, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Loans to customers	6	103	-	-
Deposits	-	1,204	-	-

Directors and management's remuneration

During the years 2019 and 2018, the Company and its subsidiaries recorded the following benefits to their key management personnel, including directors:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Short-term employee benefits	821	771	114	103
Post-employment benefits	8	16	1	1
	829	787	115	104

46. Financial information classified by operating segment

46.1 Financial position and results of operations classified by business activity

The financial position as at 31 December 2019 and 2018, and the operating results for the years then ended, classified by domestic and foreign operations, are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2019			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	160,927	-	-	160,927
Interbank and money market items (assets)	7,404	-	-	7,404
Investments	41,551	-	-	41,551
Investment in associated companies	45,421	-	-	45,421
Loans to customers and accrued interest receivables	53,159	-	-	53,159
Interbank and money market items (liabilities)	15,660	-	-	15,660
Debt issued and borrowings	44,780	-	-	44,780

(Unit: Million Baht)

	Consolidated financial statements			
	2018			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	1,060,687	28,079	(27,837)	1,060,929
Interbank and money market items (assets)	112,886	14,068	(27,837)	99,117
Investments	156,491	13,946	-	170,437
Investment in an associated company	3,027	-	-	3,027
Loans to customers and accrued interest receivables	731,125	-	-	731,125
Deposits	751,917	-	-	751,917
Interbank and money market items (liabilities)	71,923	27,837	(27,837)	71,923
Debt issued and borrowings	55,013	-	-	55,013

(Unit: Million Baht)

	Consolidated financial statements			
	2019			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	4,339	-	-	4,339
Interest expenses	(1,599)	-	-	(1,599)
Net interest income	2,740	-	-	2,740
Net fees and service income	1,202	-	-	1,202
Net insurance/life insurance income	1,408	-	-	1,408
Other operating income	2,253	-	-	2,253
Other operating expenses	(3,153)	-	-	(3,153)
Impairment loss of loans and debt securities	316	-	-	316
Profit before income tax	4,766	-	-	4,766
Income tax	(1,367)	-	-	(1,367)
Profit from continuing operations	3,399	-	-	3,399
Profit from discontinued operations	13,361	-	-	13,361
Profit before non-controlling interests	16,760	-	-	16,760

(Unit: Million Baht)

	Consolidated financial statements			
	2018			
	Domestic operations	Foreign operations	Eliminations	Total
Interest income	4,074	-	-	4,074
Interest expenses	(1,515)	-	-	(1,515)
Net interest income	2,559	-	-	2,559
Net fees and service income	1,440	-	-	1,440
Net insurance/life insurance income	1,807	-	-	1,807
Other operating income	2,299	-	-	2,299
Other operating expenses	(3,019)	-	-	(3,019)
Impairment loss of loans and debt securities	(302)	-	-	(302)
Profit before income tax	4,784	-	-	4,784
Income tax	(927)	-	-	(927)
Profit from continuing operations	3,857	-	-	3,857
Profit from discontinued operations	11,949	-	-	11,949
Profit before non-controlling interests	15,806	-	-	15,806

46.2 Financial positions and results of operations classified by business type

The Company and its subsidiaries' operations involve 6 principal segments: (1) Company; (2) Banking business; (3) Asset management business; (4) Securities business; (5) Life insurance business; and (6) Non-life insurance business.

The chief operating decision maker reviews the operating results of each segment separately in order to make decisions on the allocation of resources to each operating segment and to assess performance. The Company and its subsidiaries measure segment performance based on net interest income generated by each segment with net interest income being interest income and interest expenses from external customers, net of interest income and interest expenses from inter-segment lending and borrowing with other business segment. For inter-segment borrowing, market interest rates are charged.

Financial information of the Company and its subsidiaries presented by operating segments are as follows:

(Unit: Million Baht)

	2019								
	The Company	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Discontinued operations	Eliminations	Consolidated
Net interest income	(418)	170	236	231	(17)	2,534	-	4	2,740
Other operating income	4,312	2,670	(346)	2,670	228	917	-	(5,588)	4,863
Other operating expenses	(294)	(754)	(135)	(1,097)	(132)	(792)	-	51	(3,153)
Impairment loss of loans and debt securities	14	-	-	-	516	(164)	-	(50)	316
Profit (loss) from continuing operations before income tax	3,614	2,086	(245)	1,804	595	2,495	-	(5,583)	4,766
Income tax	-	(413)	8	(355)	(177)	(503)	-	73	(1,367)
Profit from continuing operations	3,614	1,673	(237)	1,449	418	1,992	-	(5,510)	3,399
Profit from discontinued operations	-	-	-	-	-	-	13,361	-	13,361
Profit (losses) before non-controlling interests	3,614	1,673	(237)	1,449	418	1,992	13,361	(5,510)	16,760

(Unit: Million Baht)

	2018								
	The Company	Securities business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Discontinued operations	Eliminations	Consolidated
Net interest income	(491)	202	266	204	36	2,338	-	4	2,559
Other operating income	4,048	1,409	(170)	2,088	464	908	-	(3,201)	5,546
Other operating expenses	(233)	(882)	(138)	(998)	(116)	(713)	-	61	(3,019)
Impairment loss of loans and debt securities	(8)	-	-	-	17	(389)	-	78	(302)
Profit (loss) from continuing operations before income tax	3,316	729	(42)	1,294	401	2,144	-	(3,058)	4,784
Income tax	-	(136)	17	(252)	(110)	(411)	-	(35)	(927)
Profit from continuing operations	3,316	593	(25)	1,042	291	1,733	-	(3,093)	3,857
Profit from discontinued operations	-	-	-	-	-	-	11,949	-	11,949
Profit (losses) before non-controlling interests	3,316	593	(25)	1,042	291	1,733	11,949	(3,093)	15,806

The segment assets of the Company and its subsidiaries as at 31 December 2019 and 2018 are as follow:

(Unit: Million Baht)

	The Company	Banking business	Securities and Fund management business	Life insurance business	Non-life insurance business	Asset management business	Other businesses	Eliminations	Consolidated
Segment assets									
As at 31 December 2019	97,297	-	6,684	8,329	15,190	3,976	68,490	(39,039)	160,927
As at 31 December 2018	37,644	984,124	9,557	9,765	14,494	4,622	48,658	(47,935)	1,060,929

46.3 Major of principal customers

During the years 2019 and 2018, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

47. Encumbrance of assets

As at 31 December 2019 and 2018, the Company and its subsidiaries have the following encumbrance assets, presented at book value as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Interbank and money market items (assets)				
Placed at insurance registrar	1,550	1,850	-	-
Placed at court	1	2	-	-
Placed at the Office of Insurance Commission	4	4	-	-
Investment in securities				
Placed at insurance registrar	2,015	2,193	-	-
Placed under financial derivative contract	113	-	-	-
Placed at court	-	13	-	-
Placed for electricity usage	1	1	-	-
Property foreclosed				
Immovable assets subject to buyback options or first rights refusal	1	1	-	-
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	20	288	-	-
	3,705	4,352	-	-

48. Commitments and contingent liabilities

As at 31 December 2019 and 2018, significant commitments and contingent liabilities consisted of:

48.1 Commitments

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Aval to bills	-	303	-	-
Guarantees of loans	-	2,402	-	-
Liability under unmatured import bills	-	283	-	-
Letter of credits	-	759	-	-
Other obligations				
Committed (but not drawn) overdraft	-	22,341	-	-
Others	44	61,019	1	1
Total	44	87,107	1	1

In addition, the subsidiaries have commitments in respect of foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and gold futures contracts, as mentioned in Note 9 to the financial statements.

48.2 As at 31 December 2019, the Company and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental and services contracts, as follows:

(Unit: Million Baht)

	Consolidated financial statements	Separate financial statements
Year	Other companies	Other companies
2020	121	9
2021	58	1
2022 onward	188	1

In addition, the Company has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement and the Company still has an obligation in respect of the lease agreements to lease spaces and equipment with an associated company. These agreements have expired on 12 August 2019. However, as at 31 December 2019, the Company is still using these area and equipment and is on the process of contract renewal.

49. Contingent liabilities/litigation

As at 31 December 2019, the Company and its subsidiaries have contingent liabilities amounting to approximately Baht 216 million (separate financial statements: Baht 44 million) in respect of litigation. However, the Company and its subsidiaries' management have already made certain provisions for contingent losses, and for the remaining portion the management believes that no loss will result and therefore no liabilities are currently recorded.

50. Letter of guarantees

As at 31 December 2019, the Company had letter of guarantees issued by banks on behalf of the Company amounting approximately Baht 1 million, placed for electricity usage.

51. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity instruments of another enterprise.

51.1 Credit risk

Credit risk is the risk that the party to a financial instrument will fail to fulfill an obligation, causing the Company and its subsidiaries to incur a financial loss. The amount of maximum credit risk exposure is the carrying amount of the financial assets less provision for losses as stated in the statements of financial position and the risk of commitments from avals, guarantees of loans, other guarantees and derivative contracts.

The Company and its subsidiaries manage credit risk by the means of careful consideration of credit approval process, analysis of risk factors and the ability to service debt of customers, and a credit review process, which examines and reviews the quality of the loan portfolio so as to prevent and provide a remedy for problem loans in the future.

51.2 Market risk

Market risk is the risk that changes in interest rates, foreign exchange rates and securities prices may have an effect on the Company and its subsidiaries' foreign currency position and investment status. As such, market risk consists of interest rate risk, foreign exchange risk and equity/commodity position risk.

a) Interest rate risk

Interest rate risk is the risk that the value of financial instrument will fluctuate as a result of changes in market interest rates.

The Company and its subsidiaries manage the changes in interest rate risk by means of an appropriate structuring of holdings in assets and liabilities with different repricing dates, taking into account the direction of market interest rates, in order to generate a suitable yield while maintaining risk at acceptable levels. Such management is under the supervision of the Asset and Liabilities Management Committee.

As at 31 December 2019 and 2018, financial assets and liabilities classified by types of interest rate are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	2019			
Transactions	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	3	3
Interbank and money market items	3,809	3,454	121	7,384
Derivatives assets	-	-	13	13
Investments	499	33,320	6,538	40,357
Loans to customers[(1)]	4,043	52,195	28	56,266
Receivables from purchase and sale of securities	-	-	2,577	2,577
Financial liabilities				
Interbank and money market items	23	15,637	-	15,660
Derivatives liabilities	-	-	47	47
Debt issued and borrowings	51	44,729	-	44,780
Payables from purchase and sale of securities	-	-	948	948
Other liabilities - payable to clearing house	-	-	1,054	1,054

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Consolidated financial statements 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Cash	-	-	11,022	11,022
Interbank and money market items	1,351	90,382	7,504	99,237
Derivatives assets	-	-	2,005	2,005
Investments	838	158,662	10,869	170,369
Loans to customers[(1)]	213,812	540,541	260	754,613
Receivables from purchase and sale of securities	-	-	2,640	2,640
Other assets - receivable from clearing house	-	-	64	64
Financial liabilities				
Deposits	361,816	383,034	7,067	751,917
Interbank and money market items	17,924	52,695	1,304	71,923
Liability payable on demand	-	-	1,163	1,163
Derivatives liabilities	-	-	2,097	2,097
Debt issued and borrowings	137	54,876	-	55,013
Payables from purchase and sale of securities	-	-	1,325	1,325
Other liabilities - payable to clearing house	-	-	795	795

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements 2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items	18	-	12	30
Investments	206	17,660	4,199	22,065
Loans to customers[(1)]	714	28	2	744
Receivables from purchase and sale of securities	-	-	765	765
Financial liabilities				
Debt issued and borrowings	-	17,587	-	17,587
Payables from purchase and sale of securities	-	-	194	194

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements 2018 Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items	13	-	11	24
Investments	498	490	371	1,359
Loans to customers[(1)]	1,382	70	12	1,464
Receivables from purchase and sale of securities	-	-	289	289
Financial liabilities				
Debt issued and borrowings	-	12,200	-	12,200
Payables from purchase and sale of securities	-	-	192	192

(1) The outstanding balances of loans to customers which have floating interest rates or fixed interest rates include loans on which interest recognition is discontinued.

With respect to financial instruments that carry fixed interest rates, the periods from the financial statements date to the repricing or maturity date (whichever is the earlier) are presented below:

(Unit: Million Baht)

Transactions	Consolidated financial statements 2019 Repricing or maturity date At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	Weighted average interest rates
							Percent
Financial assets							
Interbank and money market items	-	820	2,332	302	-	3,454	1.20 - 1.76
Investments	-	15,656	11,922	4,617	1,125	33,320	1.14 - 2.06
Loans to customers	1,229	607	1,916	48,040	403	52,195	1.28 - 14.87
Financial liabilities							
Interbank and money market items	1,140	11,626	2,421	450	-	15,637	1.76 - 1.96
Debt issued and borrowings	418	6,965	11,525	19,921	5,900	44,729	0.20 - 3.68

(Unit: Million Baht)

Transactions	Consolidated financial statements 2018						
	Repricing or maturity date						Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
							Percent
Financial assets							
Interbank and money market items	850	86,032	3,500	-	-	90,382	1.38 - 2.50
Investments	-	59,520	14,105	79,353	5,684	158,662	1.23 - 3.88
Loans to customers	6,511	36,361	19,492	241,421	236,756	540,541	1.28 - 10.55
Financial liabilities							
Deposits	18	127,523	212,005	43,488	-	383,034	1.60
Interbank and money market items	920	38,257	11,281	1,749	488	52,695	1.88 - 1.95
Debt issued and borrowings	330	2,477	6,724	24,915	20,430	54,876	1.00 - 3.97

(Unit: Million Baht)

Transactions	Separate financial statements 2019						
	Repricing or maturity date						Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
							Percent
Financial assets							
Investments	-	10,895	6,725	40	-	17,660	1.16
Loans to customers	28	-	-	-	-	28	14.87
Financial liabilities							
Debt issued and borrowings	-	3,987	2,900	4,800	5,900	17,587	3.68

(Unit: Million Baht)

Transactions	Separate financial statements 2018						
	Repricing or maturity date						Weighted average interest rates
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Total	
							Percent
Financial assets							
Investments	-	170	130	190	-	490	2.88
Loans to customers	70	-	-	-	-	70	10.55
Financial liabilities							
Debt issued and borrowings	-	-	3,600	7,700	900	12,200	3.97

In addition, the average balances of the financial assets and liabilities of the Company and its subsidiaries generating revenues and expenses, calculated based on the average balances outstanding during the year, and the average interest rate for the years 2019 and 2018 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Average balances	Interest	Average rate	Average balances	Interest	Average rate
			(Percent)			(Percent)
Interest bearings financial assets						
Interbank and money market items	5,507	148	2.68	6,740	139	2.06
Investments and trading operations	4,592	121	2.64	5,280	149	2.83
Investments in debt securities	14,127	281	1.99	9,927	216	2.17
Loans to customers/hire purchase and financial lease	55,345	3,789	6.85	52,568	3,570	6.79
Interest bearings financial liabilities						
Interbank and money market items	18,599	363	1.95	18,808	342	1.82
Debt issued and borrowings	40,127	1,236	3.08	34,644	1,173	3.38

(Unit: Million Baht)

	Separate financial statements					
	2019			2018		
	Average balances	Interest	Average rate	Average balances	Interest	Average rate
			(Percent)			(Percent)
Interest bearings financial assets						
Interbank and money market items	64	2	3.52	512	6	1.09
Investments in debt securities	4,202	61	1.45	1,041	20	1.97
Loans to customers/hire purchase and financial lease	941	57	5.75	1,000	54	5.69
Interest bearings financial liabilities						
Debt issued and borrowings	14,381	538	3.74	12,715	572	4.50

b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the subsidiaries have foreign exchange transactions, it may be exposed to foreign exchange risk. However, the subsidiaries have a policy to mitigate this foreign exchange exposure through management of its net exchange position and operation in accordance with a risk management policy which has been approved by their Board of Directors and is in strict accordance with BOT guidelines.

The status of subsidiaries' foreign currency balances as at 31 December 2018 can be summarised as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign currency in the statements of financial position					
Cash	192	94	21	14	43
Interbank and money market items	1,337	70	79	29	181
Investments	17,386	-	-	-	-
Loans to customers and accrued interest receivable	10,103	51	30	1,377	10
Other assets	296	-	-	-	-
Total assets	29,314	215	130	1,420	234
Deposits	519	23	1	31	57
Interbank and money market items	14,098	1	-	-	-
Other liabilities	306	6	2	-	5
Total liabilities	14,923	30	3	31	62
Net	14,391	185	127	1,389	172
Foreign currency commitments					
Guarantees of loans	800	1	-	-	-
Liability under unmatured import bills	196	3	27	-	-
Letter of credits	609	48	18	-	3
Other commitments	544	5	-	-	-

In addition, subsidiaries have commitments from foreign currency exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts and other derivative contracts which have to pay or receive repayment in foreign currency that the subsidiaries made for trading transactions or hedging transactions (banking book) as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
	US Dollar	Euro	Yen	Australian Dollar	Others
Foreign exchange contracts					
- Bought	40,304	214	225	1	674
- Sold	37,035	348	346	1,378	828
Cross currency and interest rate swap contracts					
- Bought	2,378	-	-	-	-
- Sold	19,962	-	-	-	-
Interest rate swap contracts					
- Bought	66,154	-	-	-	-
- Sold	66,154	-	-	-	-

c) Equity position risk/commodity risk

Equity position risk/commodity risk is the risk that changes in the market prices of equity securities/commodity which will result in fluctuations in revenue and the value of financial assets.

The Company and its subsidiaries have a policy to manage market risk by setting manageable limits on transactions, such as position limit and loss limits. The Risk Control Unit, which is separated from front office and back office functions, is responsible for control of risk and reporting on compliance with the various limits to the Board of Directors, related business unit and related management, in order to facilitate responsive risk management, under the supervision of the Investment Portfolio Committee.

51.3 Liquidity risk

Liquidity risk is the risk that the Company and its subsidiaries will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Company and its subsidiaries incurring a financial loss.

The Company and its subsidiaries manage liquidity risk by means of appropriate structuring of short-term and long-term sources of capital. In addition, the Company and its subsidiaries have a policy to maintain liquidity to ensure that it has sufficient liquidity to meet both present and future requirements, under the supervision of the Asset and Liability Management Committee.

Counting from the financial position date, the periods to maturity of financial instruments held as at 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
Transactions	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash	3	-	-	-	3
Interbank and money market items	3,930	3,152	302	-	7,384
Derivatives assets	-	13	-	-	13
Investments	499	29,422	3,898	6,538	40,357
Loans to customers (1)	5,981	18,079	32,175	31	56,266
Receivables from purchase and sale of securities	-	2,577	-	-	2,577
Financial liabilities					
Interbank and money market items	2,113	13,097	450	-	15,660
Derivatives liabilities	-	47	-	-	47
Debt issued and borrowings	470	18,489	25,821	-	44,780
Payables from purchase and sale of securities	-	948	-	-	948
Other liabilities - payable to clearing house	-	1,054	-	-	1,054
Commitments					
Other commitments	1	-	43	-	44

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Consolidated financial statements				
	2018				
	At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Cash	11,022	-	-	-	11,022
Interbank and money market items	9,704	89,533	-	-	99,237
Derivatives assets	-	670	1,335	-	2,005
Investments	843	73,362	85,300	10,864	170,369
Loans to customers (1)	41,158	187,162	526,293	-	754,613
Receivables from purchase and sale of securities	-	2,640	-	-	2,640
Other assets - receivable from clearing house	-	64	-	-	64
Financial liabilities					
Deposits	364,735	342,845	44,337	-	751,917
Interbank and money market items	22,398	47,288	2,237	-	71,923
Liability payable on demand	1,163	-	-	-	1,163
Derivatives liabilities	-	703	1,394	-	2,097
Debt issued and borrowings	467	9,201	45,345	-	55,013
Payables from purchase and sale of securities	-	1,325	-	-	1,325
Other liabilities - payable to clearing house	-	795	-	-	795
Commitments					
Aval to bill	2	291	10	-	303
Guarantees of loans	87	2,315	-	-	2,402
Liability under unmatured import bills	57	226	-	-	283
Letter of credits	31	728	-	-	759
Other commitments	37,732	43,858	1,770	-	83,360

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements 2019 At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	30	-	-	-	30
Investments	206	17,620	40	4,199	22,065
Loans to customers (1)	735	2	7	-	744
Receivables from purchase and sale of securities	-	765	-	-	765
Financial liabilities					
Debt issued and borrowings	-	6,887	10,700	-	17,587
Payables from purchase and sale of securities	-	194	-	-	194
Commitments					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

(Unit: Million Baht)

Transactions	Separate financial statements 2018 At call	Less than 1 year	Over 1 year	Unspecified	Total
Financial assets					
Interbank and money market items	24	-	-	-	24
Investments	498	300	190	371	1,359
Loans to customers (1)	1,452	2	10	-	1,464
Receivables from purchase and sale of securities	-	289	-	-	289
Financial liabilities					
Debt issued and borrowings	-	3,600	8,600	-	12,200
Payables from purchase and sale of securities	-	192	-	-	192
Commitments					
Other commitments	1	-	-	-	1

(1) The outstanding balances of loans to customers at call included loans for which revenue recognition has been discontinued.

51.4 Fair value

As at 31 December 2019 and 2018, the Company and its subsidiaries had the financial assets and financial liabilities which presented based on fair value hierarchy as follows:

(Unit: Million Baht)

	Consolidated financial statements				
	2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Derivatives assets	13	13	13	-	-
Investments	38,983	38,983	4,214	34,769	-
Derivatives liabilities	47	47	47	-	-
Non-financial assets measured at fair value					
Land, premises and equipment - land and buildings	196	196	-	-	196
Financial assets and liabilities for which fair value are disclosed					
Cash	3	3	3	-	-
Interbank and money market items (assets)	7,404	7,404	3,931	3,473	-
Investments	2,568	3,579	-	2,139	1,440
Loans to customers	53,159	54,103	-	3,563	50,540
Receivables from purchase and sale of securities	2,577	2,577	-	2,577	-
Interbank and money market items (liabilities)	15,660	15,671	23	-	15,648
Debt issued and borrowings	44,780	45,590	-	45,590	-
Payables from purchase and sale of securities	948	948	-	948	-
Other liabilities - payable to clearing house	1,054	1,054	-	1,054	-

(Unit: Million Baht)

	Consolidated financial statements				
	2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Derivatives assets	1,719	1,719	-	1,719	-
Investments	165,487	165,487	7,751	157,736	-
Derivatives liabilities	1,763	1,763	2	1,761	-
Non-financial assets measured at fair value					
Land, premises and equipment - land	5,426	5,426	-	-	5,426
Financial assets and liabilities for which fair value are disclosed					
Cash	11,022	11,022	11,022	-	-
Interbank and money market items (assets)	99,117	99,117	8,851	64,095	26,171
Derivatives assets	286	315	-	315	-
Investments	4,950	11,048	-	714	10,334
Loans to customers	731,125	740,803	-	318,070	422,733
Receivables from purchase and sale of securities	2,640	2,640	-	2,640	-
Other assets - receivable from clearing house	64	64	-	64	-
Deposits	751,917	752,091	368,883	383,208	-
Interbank and money market items (liabilities)	71,923	71,923	19,227	33,275	19,421
Liability payable on demand	1,163	1,163	1,163	-	-
Derivatives liabilities	334	480	-	480	-
Debt issued and borrowings	55,013	55,835	-	55,835	-
Payables from purchase and sale of securities	1,325	1,325	-	1,325	-
Other liabilities - payable to clearing house	795	795	-	795	-

(Unit: Million Baht)

	Separate financial statements				
	2019				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Investments	22,467	22,467	1,565	20,902	-
Non-financial assets measured at fair value					
Land, premises and equipment - land and buildings	67	67	-	-	67
Financial assets and liabilities for which fair value are disclosed					
Interbank and money market items (assets)	30	30	30	-	-
Investments	130	743	-	-	743
Loans to customers	716	716	-	705	11
Receivables from purchase and sale of securities	765	765	-	765	-
Debt issued and borrowings	17,587	18,202	-	18,202	-
Payables from purchase and sale of securities	194	194	-	194	-

(Unit: Million Baht)

	Separate financial statements				
	2018				
	Book value	Fair value			
		Total	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value					
Investments	1,434	1,434	877	557	-
Non-financial assets measured at fair value					
Land, premises and equipment - land	18	18	-	-	18
Financial assets and liabilities for which fair value are disclosed					
Interbank and money market items (assets)	24	24	24	-	-
Investments	422	1,626	-	-	1,626
Loans to customers	1,378	1,378	-	1,366	12
Receivables from purchase and sale of securities	289	289	-	289	-
Debt issued and borrowings	12,200	12,747	-	12,747	-
Payables from purchase and sale of securities	192	192	-	192	-

Valuation techniques and inputs used for fair value measurement

Cash	-	The fair value is assumed to approximate its book value in the statement of financial position.
Interbank and money market items (assets)	-	The fair value is assumed to approximate their book value in the statement of financial position due to their short-term nature.
Derivatives	-	The fair value is based on quoted market prices. When there is no observable market price, the fair value is measured using a valuation technique that uses observable inputs such as interest rates and foreign exchange rates, obtained from reliable sources and adjusted to reflect counterparty credit risk, as mentioned in Note 6.24 to the financial statements.
Investments	-	The fair value of marketable securities is based on the latest bid price of the last working day of the year.
	-	The fair value of debt securities is determined using the yield rates quoted by the Thai Bond Market Association or on other markets.
	-	The fair value of unit trusts is determined from their net asset value, as mentioned in Note 6.3 to the financial statements.
	-	The fair value of investments in non-marketable equity securities is determined using common valuation techniques such as market approach, cost approach or income approach, as well as book value or adjusted book value.
	-	The fair value of investments in receivables is calculated based on the present value of future cash flows expected to be derived from the sale of collateral.
Loans to customers	-	The fair value of floating rate loans is assumed to approximate their book value, net of allowance for doubtful debt and revaluation allowance for debt restructuring.

Loans to customers (continued)	-	The fair value of fixed rate loans is determined by discounting the expected future cash flows at the interest rate of similar loans, net of allowance for doubtful debt and deferred revenue.
	-	The fair value of non-performing loans is assumed to approximate their book value, net of allowance for doubtful debt or to approximate the amount expected to be derived from their sale or to approximate the net present value of the cash flows expected to be derived from the sale of collateral.
Land, premises and equipment - land and buildings	-	The fair value of land is determined using market comparison approach which is used whereby the buying and selling prices for assets with similar characteristics are obtained.
	-	The fair value of buildings is determined using depreciated replacement cost approach, market comparison approach and income approach.
Receivables and payables from purchase and sale of securities	-	The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Receivable from and payable to clearing house	-	The fair value is assumed to approximate their book values in the statement of financial position due to their short-term nature.
Deposits	-	The fair value of payable on demand deposits, floating rate deposits or fixed rate deposits with no longer than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values.
	-	The fair value of fixed rate deposits with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the Thanachart Bank's interest rate for similar deposits.
Interbank and money market items (liabilities)	-	The fair value of interbank and money market items payable on demand, floating rate deposits, fixed rate deposits with not more than 1 year from the statement of financial position date remaining to maturity is assumed to approximate their book values.

Interbank and money market items (liabilities) (continued)	-	The fair value of fixed rate interbank and money market items with more than 1 year from the statement of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate of debt or the Thanachart Bank's announced interest rate for similar deposits.
Liabilities payable on demand	-	The fair value is assumed to approximate its book value in the statement of financial position due to its short-term nature.
Debt issued and borrowings	-	The fair value of floating rate or fixed rate debt issues and borrowings with not more than 1 year from the statement of financial position date remaining to maturity are assumed to approximate their book values.
	-	The fair value of fixed rate debt issues and borrowings with more than 1 year from the statements of financial position date remaining to maturity is determined by discounting the expected future cash flows at the market interest rate for similar debt.

During the current year, the Company and its subsidiaries did not transfer any items among fair value hierarchy levels.

51.5 Financial derivatives

The Company and its subsidiaries engage in financial derivatives activities as required in the normal course of their business to manage risk and to meet their clients' needs. These financial derivatives include foreign exchange contracts, cross currency and interest rate swap contracts, interest rate swap contracts, and commodity futures contracts.

The Company and its subsidiaries have set a policy and limit to mitigate related risk, and require risk reporting for the various types of risk, as a control over financial derivative activities. The Company and its subsidiaries manage the credit risk associated with financial derivatives on the basis of the credit limits granted to customers in general. The same credit approval process as used when granting loans to a customer is adopted for financial derivative customers, as a result, the Company and its subsidiaries are able to maintain overall risk at acceptable levels.

As at 31 December 2019 and 2018, the Company and its subsidiaries have financial derivatives for trading and hedging (banking book) as classified by their maturities as follows:

(Unit: Million Baht)

	Consolidated financial statements					
	2019			2018		
	Less than 1 year	Over 1 year	Total	Less than 1 year	Over 1 year	Total
Foreign exchange contracts						
- Bought	-	-	-	41,418	-	41,418
- Sold	-	-	-	39,935	-	39,935
Cross currency and interest rate swap contracts						
- Bought	-	-	-	276	2,102	2,378
- Sold	-	-	-	438	19,524	19,962
Interest rate swap contracts						
- Paid fixed interest rate	-	-	-	32,174	129,237	161,411
- Paid floating interest rate	-	-	-	33,349	108,866	142,215
- Received fixed interest rate	-	-	-	33,349	108,266	141,615
- Received floating interest rate	-	-	-	32,174	129,837	162,011
Future contracts						
- Bought	44	-	44	53	-	53
- Sold	991	-	991	876	-	876
Derivative warrant contracts						
- Sold	2,599	-	2,599	9	-	9
Other						
- Sold	17	-	17	278	-	278

52. Discontinued operations

On 3 December 2019, the Company sold the ordinary shares in Thanachart Bank Plc. and its subsidiaries, which had been recognised as investments in subsidiaries, to TMB Bank Plc. To comply with requirements of accounting standards, the Company presented the operating results of Thanachart Bank Plc. and its subsidiaries and gain on sales of such investments as "Profit for the year from discontinued operations" and "Other comprehensive income from discontinued operations" in the consolidated statement of comprehensive income for the year 2019 and that of 2018 for comparative purposes. The details are as follows:

(Unit: Million Baht)

	2019 (1)	2018
Statements of comprehensive income		
Profit or loss		
Interest income	41,200	42,854
Interest expenses	14,277	14,438
Net interest income	26,923	28,416
Fees and service income	8,688	9,444
Fees and service expenses	3,185	3,421
Net fees and service income	5,503	6,023
Gains on investments	667	36
Life insurance income	-	-
Dividend income	270	242
Other operating income	1,969	1,761
Total operating income	35,332	36,478
Life insurance expenses	-	-
Net operating income	35,332	36,478
Other operating expenses		
Employee's expenses	9,940	9,735
Premises and equipment expenses	2,191	2,371
Taxes and duties	622	698
Other expenses	4,490	5,564
Total other operating expenses	17,243	18,368
Bad debt, doubtful accounts and impairment losses	4,054	4,483
Profit before income tax	14,035	13,627
Income tax	5,338	1,678
Profit for the year	8,697	11,949
Gain from disposal of subsidiary companies	4,664	-
Profit for the year from discontinued operations	13,361	11,949

(1) Presents the operation results of Thanachart Bank Plc. and its subsidiary company from 1 January 2019 to the date of disposal of investment

(Unit: Million Baht)

	2019 (1)	2018
Statements of comprehensive income (continued)		
Other comprehensive income		
Transactions that will be reclassified subsequently to profit or loss		
Gains (losses) on change in value of available-for-sale securities	1,012	(1,137)
Income tax relating to components of other comprehensive income (loss)	(260)	227
	752	(910)
Transactions that will never be reclassified subsequently to profit or loss		
Revaluation surplus on assets	3,193	-
Actuarial gain (loss) on defined benefit plan	(386)	1
Income tax relating to components of other comprehensive (loss)	(562)	-
	2,245	1
Other comprehensive income (loss) from discontinued operations	2,997	(909)
Total comprehensive income	16,358	11,040

(1) Presents the operation results of Thanachart Bank Plc. and its subsidiary companies from 1 January 2019 to the date of disposal of investment.

Cash flow information of subsidiary companies under restructuring for the year ended 31 December 2019 and 2018 are as follows:

(Unit: Million Baht)

	2019 (1)	2018
Net cash flows used in operating activities	(43,554)	(6,805)
Net cash flows from investing activities	34,930	13,864
Net cash flows from (used in) financing activities	6,482	(7,492)
Net decrease in cash	(2,142)	(433)

(1) Presents the cash flow information of Thanachart Bank Plc. and its subsidiary companies from 1January 2019 to the date of disposal of investment.

53. Events after the reporting period

On 24 February 2020, the Board of Directors of the Company passed a resolution to propose the payment of a dividend of Baht 1.80 per share, or a total of Baht 2,058 million, to the ordinary and preference shareholders, to be considered by the Annual General Meeting of Shareholders.

54. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2020.

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ABBREVIATIONS

Thanachart Capital Public Company Limited	the Company
Thanachart Bank Public Company Limited	TBANK
Thanachart Securities Public Company Limited	TNS
Thanachart Fund Management Company Limited	TFUND
Thanachart Insurance Public Company Limited	TNI
MBK Life Assurance Public Company Limited	MBK LIFE
Thanachart Group Leasing Company Limited	TGL
Ratchthani Leasing Public Company Limited	THANI
RTN Insurance Broker Company Limited	RTN
NFS Asset Management Company Limited	NFS AMC
MAX Asset Management Company Limited	MAX AMC
TS Asset Management Company Limited	TS AMC
National Leasing Company Limited	NL
Thanachart Management and Services Company Limited	TMS
Thanachart Training and Development Company Limited	TTD
Thanachart Broker Company Limited	TBROKE
Security Scib Services Company Limited	SSV
TM Broker Company Limited	TM Broker
MT Service 2016 Company Limited	MTS
Thanachart SPV1 Company Limited	SPV1
Thanachart SPV2 Company Limited	SPV2
TMB Bank Public Company Limited	TMB
The Bank of Nova Scotia	Scotiabank
ING Bank N.V.	ING
Siam City Bank Public Company Limited	SCIB
MBK Public Company Limited	MBK
Prudential Life Assurance (Thailand) Public Company Limited	Prudential
Financial Institutions Development Fund	FIDF
The Bank of Thailand	BOT
The Securities and Exchange Commission, Thailand	SEC
The Stock Exchange of Thailand	SET
Office of the Insurance Commission	OIC
Anti-Money Laundering Office	AMLO
Office of the National Anti-Corruption Commission	Office of NACC
EY Office Limited	EY
The United State of America	USA
The Lao People's Democratic Republic	Lao PDR

ธนชาต
Thanachart

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