



SYNERGY

FOR
GROWTH

TMB

Make **THE** Difference

Annual Report 2019

TMB Bank Public Company Limited

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Vision >

TMB inspires people
to Make **THE** Difference

Mission >

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





Message from the Chairman of the Board of Directors

In 2019, businesses were faced with several global economic and social uncertainties; the Board of Directors is therefore committed to conducting business with prudence as well as exploring new business opportunities in order to build strong and sustainable growth. In 2019, TMB achieved another milestone which is the merger with Thanachart Bank. The Board of Directors agreed that this merger plan is a perfect match for both banks since they have different strengths that complement each other. TMB is a market leader in deposit and digital banking while Thanachart Bank is a market leader in retail lending, particularly the auto hire purchase, which ranked No.1 in the market. Thus, this integration will enhance the bank's financial services and improve financial products to serve our larger customer base.

In addition, this merger plan aligns with the government's national agenda to encourage the integration of commercial banks in order to enlarge bank scale and increase competitiveness on a regional level. Post-merger, TMB is double in size and well-positioned to play a critical role to the development of Thai economy and financial sector. As a result, credit rating agencies underpinned positive implications of the merged bank and elevated TMB's credit rating and score. Moody's Investor Service lifted the long-term foreign-currency deposit rating from Baa2 to Baa1 and the Baseline Credit Assessment, which reflects TMB's strength, from ba1 to baa3. Likewise, S&P Global changed TMB's outlook to "Positive" and affirmed its BBB- on TMB's Issuer Credit Rating. In addition, Fitch Ratings revised TMB's Support Rating Floor from BB+ to BBB- and upgraded its Support Rating to 2 from 3. Therefore, I believe that the merger will provide a solid foundation and create a better return to TMB's shareholders and Thai economy in the long-run.

Apart from building strong fundamentals for sustainable business growth, TMB is committed to maintaining good corporate governance and pursuing sustainable operations by complying with industry's best practices. As a result of this endeavor, TMB earned various awards throughout 2019 including ranking first place in the Fair Finance Thailand 2019, climbing up from the 9th place in 2018. Fair Finance Thailand is an index for assessing fair finance among Thai banks to create sustainable banking in Thailand. Furthermore, TMB has been included in the FTSE4Good index since 2015 and also on the list of Thailand Sustainability Investment (THSI) 2019 for two consecutive years.

In terms of social contribution, TMB aims to thrive alongside the development of Thai society. One of our social activities that we take pride in is the "FAI-FAH for Communities" project which essentially reflects TMB's philosophy: "Make **THE** Difference" by creating opportunities for youth to develop their life skills through creative learning and sharing of knowledge to bring about a better society. For over a decade, TMB's volunteers together with the participation of more than 50,000 children, completed more than 133 projects across the country. With such efforts and continued contribution to society, TMB proudly received the Best Bank for CSR Thailand Award 2019 from Asiamoney, Singapore.

Lastly, I would like to express my gratitude to all of our stakeholders for your continued support. To begin TMB's next chapter, I believe that together with the bank's competency, the endless effort and dedication of the management team and staff from both TMB and Thanachart Bank, we will Make **REAL** Change, creating better innovative products and services to improve the financial well-being of customers. Besides, TMB's sustainable growth and good corporate governance will yield the utmost benefits to our shareholders, staffs and the Thai society.



Mr. Prasong Poontanee
Chairman of the Board



Message from the Chief Executive Officer

At TMB, the management team and all employees have always adhered to the philosophy of “Make **THE** Difference”, where it is embedded in the way we think and work. Thus, with this philosophy in mind, we are constantly searching for ways for continuous improvement. We do not attach to past accomplishments, nor do we ignore any changes in the market. We always challenge ourselves with new initiatives and are eager to change and disrupt traditional banking norms. We are genuinely committed to make our customers “**Get MORE**”.

2019, A year of Continued Commitment to Make Our Customers “Get MORE”

Through 2019, TMB dedicated our efforts to bring the key concept of “**Get MORE with TMB**” into fruition. As a leading market pioneer, we continued to launch new-to-market products and services such as the TMB ABSOLUTE credit card and TMB Wealthy 3 Gens, to name a couple. The TMB ABSOLUTE credit card, for instance, is the first credit card in Thailand that waives 2.5% charge on foreign currency purchases. The TMB Wealthy 3 Gens is an insurance product that is designed to provide a solution for taxes and inheritance management since it could be inherited from generation to generation, which also serves as a long-term financial plan for customers’ children or even grandchildren. Concurrently, TMB has been consistently improving the features of its existing products and services to ensure that customers’ fast changing needs and lifestyles are met in a timely manner. We continue to uplift customer experience through simple and easy digital banking. This year, TMB WOW, a loyalty program that gives WOW points to customers when transacting via TMB TOUCH, successfully launched Pay with WOW, the newest feature that allows customers to easily redeem WOW points for real money through TMB ALL FREE Debit Card.

Moreover, 2019 marked a significant milestone for TMB with the successful execution of the merger transaction with Thanachart Bank, making it one of the largest banks in Thailand.

Synergy for Growth

The merger between TMB Bank and Thanachart Bank marked one of the most important collaboration in Thai banking history. The merger united two banks that have different but complementary strengths to each other. While TMB has a strong proposition of transactional banking excellence, Thanachart Bank has expertise in retail lending, particularly in the hire purchase business. The combined core strengths of both banks will truly create synergy for growth opportunities.

2019, therefore, was a challenging year for TMB given its internal mission of the merger transaction with Thanachart Bank and external factors ranging from unfavorable macro-economic environment, digital banking competition, to a changing landscape in the banking industry.

Consequently, TMB executed every step of the merger plan with careful thought and transparency. During the equity fund raising activities, we prioritized shareholders’ benefits as one of our top priorities. We also ensured that the employees of both banks are treated fairly and appropriately with care. At the same time, TMB operated prudently and focused on quality growth in order to cope with external factors. With close monitoring and improvement of asset quality, TMB was able to reduce the NPL ratio on bank-only basis down to 2.3% from 2.8% in the previous year and maintain a coverage ratio at 140% as targeted. As such, TMB is confident that the Bank’s financial position is solid, ready for economic uncertainties and has a strong foundation for the merger plan.

After the completion of Thanachart Bank’s shares purchase transaction on December 3, 2019, TMB’s operational scale has doubled in size, with a total asset of THB 1.9 trillion compared to THB 0.9 trillion in the previous year. Deposits grew to THB 1.4 trillion, from THB 0.6 trillion and loans rose to THB 1.4 trillion from THB 0.7 trillion. Customer base has now reached 10 million. Market position has become stronger with TMB holding a leading position in hire purchase market, no. 3 in mortgage lending and no. 5 in Credit Card business. In addition, the Bank has formed a partnership with Thanachart Fund as the 11th asset management, joining TMB open architecture platform and strengthening TMB’s mutual fund service.

Next chapter, Make **REAL** Change for a better financial well-being of the Thai people

All of the accomplishments in 2019 would have not been possible without the support from our customers, society and employees, as well as existing shareholders, local and foreign investors, who participated in the fund-raising through the exercise of TMB-T1 for newly issued shares and the issuance of debt instrument. I would like to express my sincerest gratitude to all of you who made 2019 an exceptional year for TMB.

I am confident that the new joint management team from TMB and Thanachart Bank led by Mr. Praphan Anupongongarch and I together with our employees will steer us successfully into the next chapter. We are enthusiastic about the integration roadmap and are well prepared for this change, knowing that this will bring out the greatest strengths of both banks which complement each other. More importantly, our services and products going forward will not only be just simple and easy, but will help increase awareness and understanding of financial literacy. Our aim is to Make **REAL** Change for a better financial well-being of the Thai people, continue to generate quality growth to our shareholders, maintain good corporate governance and be a good corporate citizenship as we have always been committed to.



Mr. Piti Tantakasem
Chief Executive Officer

SYNERGY FOR GROWTH >

The merger between TMB and Thanachart Bank emerged as the two banks foresaw potential synergies and growth opportunities that could arise from integrating both banks' different but complementary strengths. Such strategic rationale led to an agreement between the two, and a due diligence was conducted to deliberately assess the possibility and synergies of the merger. The 3 areas of synergies that were expected including balance sheet synergy, investment and cost synergy, and revenue synergy.

With the support from major shareholders of both banks, the Board of Directors' approvals, and the participation of shareholders and investors in the fund-raising activities, the deal was closed successfully. The successful merger marked an important change and a new chapter for both TMB and Thanachart Bank as the merger transaction resulted in the formation of one of the largest banks in Thailand. Our identity remains unchanged even though we have grown from a mid-sized bank to a large one. TMB is constantly challenging itself to pursue continuous improvements. We set our goal to make real change to benefit all of our stakeholders.

There are, however, still a lot of missions until both banks become a single entity in 2021. Both TMB and Thanachart Bank have developed an integration blueprint dedicated to ensure smooth business transition and synergy realization. From planning to execution, we have already proceeded with the integration plan by establishing a new board of directors and a management team in which this reflects the collaboration of both banks. The objective is to steer business in the same direction with the same vision and goal. Additionally, both banks have already announced the benchmark lending rate (M-Rate) calibration. TMB has also begun to adjust its loan structure to prepare liquidity for the hire purchase loan portfolio and reaffirmed its open architecture strategy by forming a partnership with Thanachart Fund. As one of our top priorities, TMB has prepared for Thanachart Bank's customer migration and planned to increase product coverage by offering cross-bank products to customers of both banks through our co-location branch strategy.

From the preparation measures that we have taken, both TMB and Thanachart Bank are confident that the execution of the integration mission in 2020 will successfully lead both banks into a new chapter. Moving forward, we will work collaboratively to improve the financial well-being for Thai people and drive the organization to be the most advocated bank in Thailand.





Marking the historical, unprecedented transformation under “Make **THE** Difference” philosophy

The integration of TMB and Thanachart Bank (TBANK) is a major remarkable step that will lead us toward the goal of becoming the leading bank in Thailand as our competitiveness rises to international level behind the complementary strengths from both banks. TMB has strength in deposit franchise and unique financial products and services. On the other hand, TBANK is the leader in the retail lending industry, ranked number 1 in Thailand's hire-purchase market. The new bank's capacity and efficiency, in terms of funding, human resources, marketing expertise, banking systems, cost management and technologies, have scaled up our products and services to the highest level. We are committed to deliver better financial well-being for all Thai people through our need-based products and services with simple & easy solutions in order for customers to “Get MORE” in every moment of their life with maximum satisfaction as align with TMB philosophy “Make **THE** Difference”, the foundation for the business to thrive with sustainable growth.

The synergy from combining strengths of TMB and Thanachart Bank >



The merging of 2 banks will be double the size with customer base to reach near 10 million customers, and its assets will reach 2 trillion Baht. The new bank will become the sixth largest commercial bank in Thailand and maintain the leading position of **no.1** in the auto-loans industry. In addition, it will rank the 3rd in home loan and rank the 5th in the credit card segment. Once the integration is completed, there were tremendous business opportunities to be happened. With doubled in size, our cost management and competitiveness will become more efficient and shift to another higher level. The new merged bank will also be able to invest more in new technologies and human resource development in order to deliver innovative financial products and services ensuring that customers will have better financial well-being and enjoy more benefits.

Uniquely combined the different yet complement strengths of TMB and TBANK, the management under the new organization will lead the new merged bank to higher level of stability and competitiveness, with high potential to continuously deliver new innovations to Thai banking industry that will benefit across all stakeholders from the customers, to partners, to investors and to employees. From the beginning of year 2020, TMB and TBANK will gradually integrate the businesses and will be operated under the same board of directors and management team. The integration is expected to be completed by 2021.

The more we grow, the “MORE” you will get >

We keep improving our products
and services for you and everyone



Being customer-centric as a core, TMB never stops developing new financial products and keep improving existing products and services, despite the challenge from constantly evolving banking market, so that customers can continue to use our products and services smoothly, seamlessly and always truly “Get MORE” with TMB.

Retail Banking >

TMB is fully committed to increase the capacity of our products so that they will serve customers' true needs at all points in their lives. We provide customers with better financial well-being and ensure that they get "MORE" when using TMB's primary banking products such as TMB ALL FREE, TMB NO FIXED, TMB TOUCH and TMB WOW loyalty program.

TMB ALL FREE

Transactional product which fulfill customers' daily spending, all free and more

- **Spending in Thailand** No fees charged for withdrawals, transferring, making payments and topping-up.
- **Spending abroad** No charge on foreign currency conversion risk 2.5% for foreign currency spending, low exchange rates, no extra charge
- **Shopping online** Free protection. Satisfaction guaranteed. Maximum cover of 5,000 Baht per transaction, but not exceeding 10,000 Baht per year
- **Maintaining your saving balance** Free insurance coverage at the value of 20 times of your savings balance. Up to Baht 3 million coverage with a minimum balance of Baht 5,000.

Customers who use TMB ALL FREE account on a regular basis and make at least 5 transactions a month will receive a better interest rate on a TMB NO FIXED account, from 1.1% to 1.6% (Rate as of December 31, 2019) from the very first Baht. Alternatively, customers can also receive a special interest rate discounted by an additional 3% of TMB Cash2Go Personal loan.



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TMB TOUCH

Simplify your life even more with TMB TOUCH

Financial needs never wait for anyone, especially in today's fast-moving digital world. They happen anywhere, anytime. TMB TOUCH is more than just a simple mobile banking application. It fulfils your banking needs in every life moment, covering five services.

- **Savings** : Transfer, pay or top-up anytime. Check balance and request a statement by yourself. Open an online account instantly without having to go to a branch. Freeze your debit card. Request a new card. Adjust the debit limit. Withdraw cash from an ATM without card.
- **Credit Card** : Apply for a credit card. Check your transactions. Freeze your card. Request a new card. Adjust the credit limit. Choose to pay with credit card installments at 0% interest from a minimum spending amount of Baht 1,000 via TMB So GooOD service.
- **Loans** : Apply and get approval for online personal loans.
- **Mutual Funds** : Open an account. Buy-redeem-exchange funds across various asset management firms. Check the market movement and your investment portfolio any time.
- **Insurance Plan** : Purchase life insurance, and health insurance by yourself and receive confirmation instantly. Check the details of your insurance policy anytime you wish.



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TMB WOW Use MORE, “WOW” MORE!

TMB WOW is a loyalty program where customers collect points in a form of gamification. When customers make transactions as specified by the bank, they receive reward points called “WOW”. More special points are awarded when customers complete special missions, and the points can be redeemed for prizes. Customers can even use these points as cash via Pay with WOW feature, which one WOW point is equal to 1 Baht. The WOW points can be used via Pay with WOW by activating this feature in TMB TOUCH and can be spent through TMB ALL FREE debit card. The WOW points will be credited as cash rewards equivalent to your debit card spending amount.



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TMB Experience

The first new concept branch that grant an opportunity to customer to engage and share their new experience of service. Customers can find the right financial needs either product or service that reflect themselves through Get to Know Yourself Test service, which will analyze customer data using automatic system.

New concept branch offers the service through Experience and Partner, letting the customers engage themselves with the bank from finding, knowing their financial needs, until complete their financial planning base on customers' needs and requirements in order to lead customers to achieve their financial goals faster and efficiently. Visiting TMB Experience will totally replace an old experience that customers have with the bank which will align with TMB core concept that we always emphasize “Get MORE with TMB”.

Currently TMB Experience has fully opened in 2 locations;
United Center Silom and Icon Siam

1. United Center Silom, G – 1st Floor
operating hours Mon – Fri from 10.30 – 19.30 hrs.
and Sat from 8.30 – 15.30 hrs.
2. Icon Siam, 5th Floor
operating hours Mon – Sun from 10.30 – 19.30 hrs.



TMB ADVISORY

Your Personal Financial Advisor

In today's ever changing and challenging financial landscape, TMB continuously strengthen 'TMB Advisory' platform by advancing capability of our advisors to have well – rounded expertise in investment and insurance. Beyond advisory, innovative financial solutions are lined up to truly meet demands of all customer segments.



TMB SMART PORT

นียบามใหม่ของการลงทุน...
เพิ่มโอกาสให้เป้าหมายเติบโตไม่สิ้นสุด

TMB SMART PORT
บริการจัดพอร์ตการลงทุนครบวงจร
ได้รับรางวัลนวัตกรรมบริการ
"Service Innovation of the Year - Thailand"
2019 Asian Banking & Finance Awards 2019

Investment: TMB has joined the "5 Steps towards Investment with Confidence" program, initiated by The Office of The Securities and Exchange Commission (SEC) to promote comprehensive investment advisory services for suitable investment's risk. In addition, leading position in innovation has affirmed from a world – class award that all leading financial institutes across Asia recognize, "TMB Smart Port", the complete investment portfolio management service, was named "The Service Innovation of the Year," an award winning from Asian Banking and Finance 2019. This award has affirmed TMB's leading position in financial innovation and its focus and commitment to Thais to achieve their financial goals.



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**“ปูทางชีวิต
ให้เค้าไปได้ไกลกว่า”**

ด้วยประกันชีวิต ทีเอ็มบี เวย์ลธ์ตี้ ทรี เจนส์



TMB Absolute Care
ประกันชีวิตและสุขภาพ ทีเอ็มบี แอลซิทู แอนด์

**ดูแลคนสำคัญได้มากกว่า
ด้วยประกันที่ดูแลมากกว่าสุขภาพคุณ**

ประกันสุขภาพ TMB Absolute Care
มากกว่าดูแล แคร่คุณทุกด้าน

Insurance: In 2019, TMB has introduced two new insurance products TMB Wealthy 3 Gens and TMB Absolute Care. TMB Wealthy 3 Gens offers more than just life insurance coverage as it helps customers to confidently secure their family's future. Customers can enjoy tax-free returns and longer-term financial planning, which helps to take care of their family members for the rest of their lives. TMB Absolute Care is a new generation of health insurance with one-of-a-kind comprehensive protection. It covers customer's physical health, mental health and also their family members with as high as Baht 100 million coverage worldwide. These products have proved that TMB truly cares about our customers, in not just one, but in all aspects of their life.



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TMB ABSOLUTE Visa Signature

One card for all lifestyles

“TMB ABSOLUTE Visa Signature,” a high-end credit card from TMB offering extensive benefits over other cards including:

- No 2.5% FX markup charge, the only card that offers you a cost-effective way of spending with the exemption of 2.5% charge on foreign currency purchases.
- Earn 2 TMB Rewards Plus points for every Baht 10 spent via online shopping (except spending or top-up via e-wallet, direct debit or bill payment, insurance premium payment through online channel).
- When shopping online and the items get lost or do not meet the specification, receive a full refund guaranteed up to Baht 5,000 per claim or Baht 10,000 per year.
- Receive free travel insurance coverage up to Baht 16 million both domestically and internationally when purchasing fares, tickets or tour packages with TMB ABSOLUTE Visa Signature
- Enjoy Airport Lounge (LoungeKey) access worldwide to over 1,100 locations for cardholder and companion 2 times per calendar year.
- Visa Concierge, a 24-hour worldwide emergency service in case of problems during travel abroad.



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ME SURE

- ✓ ซื้อง่ายผ่านแอปได้ 24 ชม.
- ✓ คุ้มครองทันที ไม่ต้องตรวจสุขภาพ
- ✓ ลดหย่อนภาษีได้



ME SURE with ME by TMB

Easy to buy and Get MORE

With our “Easy to Buy and Get MORE” proposition, ME SURE lets customers buy an insurance policy at anywhere, anytime via ME mobile application. Speed Savings 10/5 is ME SURE's first product through which customers gain a coverage as long as 10 years, but pay premium only for 5 years. It is available for purchase even on the last day of the year, and customers will be protected instantly. Speed Savings 10/5 is tax deductible. The product has won the Asian Banker Thailand Country Regional Awards 2019 in the category “Insurance Product of the Year”.



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SME Customers >

TMB has developed three business tools specifically for small and medium enterprises (SMEs). These digital solutions enable SMEs to operate and grow their businesses with more confidence.

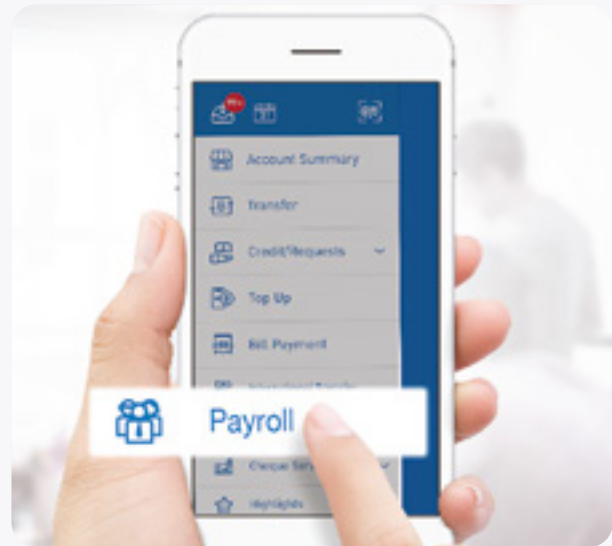
TMB Smart Payroll

Conveniently transfer employees' salaries to any bank accounts via TMB BIZ TOUCH mobile application

TMB Smart Payroll allows SMEs to transfer employees' salaries up to 50 transactions to any bank accounts. No fee is charged when making transactions together with TMB SME One Bank account. These transfers can be made any time via TMB BIZ TOUCH and will be clearly categorized as "salary" in bank statements, making it easier for SMEs to keep track of business financial records.



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TMB SME Smart BIZ Loans

Expand your business opportunity

Funding is a key success factor for SMEs. With TMB SME Smart Biz loan solutions for SMEs, business owners can turn their TMB SME ONE financial data into collateral, making it easier to apply for TMB loans via TMB BIZ TOUCH mobile application. To be eligible for this service, customers simply have to use TMB as their primary bank. They will be funded just in time to grab an opportunity.



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TMB SME Smart Care Insurance

As we care more, we earn more trust

TMB SME Smart Care is a group health insurance plan suitable for small businesses. Companies can easily purchase insurance coverage for a minimum of 5 employees with a monthly premium starting at approximately Baht 300 per employee. An option for monthly installments is available. The insurance plans cover inpatient-outpatient care and personal accidents, allowing business owners to take care of their employees like a family member.

Commercial Banking >

TMB is always on the customer's side and is more than a financial partner. We support customers' needs with a variety of financial solutions, which will enhance their businesses' growth and ensure their smooth operation throughout the value chain system.



Multi-Currency Account for Exporters in Thailand that manages up to six major currencies in one account

TMB corporate customers who open multi-currency account can manage up to six major currencies, comprising of Baht, US Dollar, Euro, Pound Sterling, Australian Dollar, and Japanese Yen in a single bank account. The unique features of this account include multi-currency fund transfers, currency conversion and e-statement that can be accessed conveniently, easily and fast via the hassle-free "TMB Business CLICK" Internet banking platform. The daily report will be sent to corporate customers end of day. TMB Multi-Currency Account customers can also earn deposit interest from foreign currency funds in this account.



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TMB Payroll Plus All-in-one Digital Employee Engagement Solution

Another best-in-class solutions, which has been designed for small, medium, and large corporate customers to attain higher operational efficiency and employee engagement. The solution consists of four key features, with its main Payroll Function, which can help corporate customers effectively manage employees' payroll for salaries, allowances or wages with unlimited number of transactions via 'TMB Business CLICK' online banking platform.

PLUS 1 : Employee Benefits – Privileges for employees who has TMB account. Enjoy "All Free" benefits (withdraw/transfer/payment) nationwide when using "TMB ALL FREE" account and special interest rate for saving account, Cash2GO loan, and Personal Accidental and Life Insurance for individual investment and family assurance.

PLUS 2 : Group Insurance – Special price with monthly payment plan that organization to better engage with their employees through Personal Accidental and Life Insurance at value for money with monthly payment option.

PLUS 3 : Digital HRM Management that helps facilitate both organization & its employees.

PLUS 4 : Provident Fund that professionally managed by Professional Team to help maximize return for organization's employees retirement savings.



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Digital Wallet

A new financial solution that enhances the efficiency of businesses and operation management for Corporates and their dealers & suppliers

Digital Wallet is a new financial solution that connects payment systems between the corporates and their business partners to help increase efficiency of making financial transactions and exchange of information between parties simpler, convenient and accurate. "Digital Wallet for Corporate Use" has been used in agriculture industry in the form of actual card and mobile application replacing paper documents when making financial transactions. For example, a large corporate who traditionally issued many cheques to pay their small suppliers can replace cheque with disbursements via Digital Wallet. Another example is that the Digital Wallet can replace good receipt form where paper is no longer necessary which will result in improved efficiency and cost savings.

FAI-FAH BY TMB

The Synergy that Inspire YOUTH & COMMUNITY to Make **THE** Difference for the Sustainable Communities ➤

'FAI-FAH', the core Corporate Social Responsibility program with the strategic intention to embrace Make **THE** Difference philosophy. FAI-FAH strategic focus are on the two pillars;
I) FAI-FAH for YOUTH and II) FAI-FAH for COMMUNITY with the purpose of sustainable giving to kids & communities.



FAI-FAH for YOUTH

The concept of FAI-FAH has been initiated by TMB since 2009 through the creation of the 1st youth learning center. This is to reach out children aged between 12-17 from under privileged families living around the center and give them the opportunity to learn Art & Life skills for free.

Today, there are five FAI-FAH learning centers: FAI-FAH Pradiphat, FAI-FAH Pracha-Uthit, FAI-FAH Chan, FAI-FAH Bangkok Noi and FAI-FAH Samutprakarn, which has recently been launched in mid-July 2019 and located outside the Bangkok metropolitan area.

As we approached the 10th year of FAI-FAH's CSR Program in 2019, apart from the youth learning centers, TMB has launched the "Beauty of Ordinary Kids" campaign, inviting everyone to appreciate a child ordinary. The campaign reflects TMB's belief that children do not have to be trained to be extraordinary. We instead aim to provide the opportunities to underprivileged kids to unleash their potentials, encourage them to simply be ordinary, realize their potentials and fulfill their dreams. Be inspired. Be happy. Be ready to pay forward and Make **THE** Difference to others in the future.

Besides, TMB has engaged the public to support FAI-FAH program by launching the Charity Art Auction under the concept of "The Mastery that Inspires the Ordinary". It is TMB's intention not to benefit financially from the artwork in the bank's collection, but rather to use the proceeds of the auction for youth who long for opportunities. Fifteen masterpieces displayed in the auction belonged to renowned national painting artists. Five additional paintings were created by talented FAI-FAH kids, using what they have learned from the FAI-FAH center and giving back to society. The proceeds from this Charity Art Auction goes TMB Foundation to support the charitable activities specifically in the FAI-FAH programs; inspiring and empowering our community children to be the Ordinary.

FAI-FAH for COMMUNITY

In 2019, TMB still committed to encourage and engage TMB employees across the nation to Make **THE** Difference to Communities. TMB volunteers worked closely together with community residents for 3 months providing them expertise and knowhow based on their real community needs. With the volunteering synergy from all branches including Retail Advisory and Sales Network (ASN), Business Banking (BB), Small Enterprise Banking (SE) and headquarters commitment & engagement from TMB volunteers, 40 community projects have been successfully delivered to communities nationwide. All together more than 50,000 people in the communities have been directly and indirectly affected by our projects.



“FAI-FAH, the core CSR program by TMB, is committed to synergize with key stakeholders across sectors to create the ripple effect that will make our kids and communities better in a sustainable way reflecting our philosophy of TMB Make **THE Difference.”**



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TMB | ING PARKRUN 2019

You can...Make **THE** Difference >



TMB | ING PARKRUN is the annual event that is #GoodForHeart. It is not only good for the hearts of the children who are undergoing the treatments, but also for participating runners and donors as well.



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TMB | ING PARKRUN 2019

TMB has partnered with ING Bank to host the TMB | ING PARKRUN, a walk-run and mini-marathon charity event, for the last 10 years. It is the event originated from TMB's belief in "the power of change" behind our 'You can...Make **THE** Difference' philosophy. This event is for runners to create tangible and meaningful change with every step they taken, not just for themselves but also for their community as well.

TMB | ING PARKRUN 2019 took place at three parks in the heart of Bangkok, which are Chatuchak Park, Her Majesty Queen Sirikit Park, and Vachirabenjatas Park. With increasingly received positive feedback year after year from walkers and runners, in 2018 TMB decided to introduce a Virtual Park Run for participants to walk or run at any park, at any place and at any time. Virtual Park Run participants also receive a "finisher" medal after completing the event, exactly like those who participated at the three parks.

The objective of 2019 TMB | ING PARKRUN event remained the same for the last 6 years. All the proceeds went to the Cardiac Children Foundation of Thailand under the patronage of Her Royal Highness Princess Galyani Vadhana Kromma Luang Naradhiwas Rajanagarindra, supporting surgery costs for children who have cardiac conditions. This year, we raised more than 10 million Baht from charitable contributions and selling tickets, saving 297 children who were born with heart conditions and are waiting for surgery. In the past 6 years, the TMB | ING PARKRUN has saved more than 1,500 children who had cardiac conditions.



Awards 2019



1. Thailand Top Company Awards 2019

Category **Customer Focus Award**
By University of the Thai Chamber of Commerce and ARIIP Public Co., Ltd.

2. The Asset Triple A Digital Awards 2018

Category **Digital Bank of The Year 2018**
By Asset Publishing and Research Limited

3. The Asset Triple A Digital Awards 2018

Category **TMB TOUCH : Most Innovative Fintech Collaboration "In-app Message Campaigns"**
By Asset Publishing and Research Limited

4. The Asset Triple A Digital Awards 2018

Category **Punboon.org – Giving Society : Most Innovative Emerging Digital Technologies Project**
By Asset Publishing and Research Limited

5. The Asset Triple A Digital Awards 2018

Category **TMB WOW : Most Innovative Gamification Project**
By Asset Publishing and Research Limited

6. The Asian Banker Thailand Country Awards 2019

Category **1. ME by TMB : Business Model of The Year**
2. ME by TMB : Insurance Product of The Year (Life)
3. ME by TMB : Best Mobile Initiative, Application or Programme
By The Asian Banker

7. Asian Banking & Finance : Retail Banking Award 2019

Category **TMB Smart Port : Service Innovation of the Year**
By Asian Banking & Finance Magazine

8. The Asian Banker Thailand Country Awards 2019

Category **TMB Analytics : Best Innovation Centre by Financial Institution**
By The Asian Banker

9. Green Bond Awards 2019

Category **Green Bond Pioneer Awards (New Countries Taking Green Bonds Global)**
By International Finance Corporation (IFC)

10. The Asiamoney Awards 2019

Category **Best Bank for CSR Thailand**
By Asiamoney

11. Drive Award 2019

Category **Financials**
By MBA Chula Alumni Association

12. SET Award 2019

Category **Thailand Sustainability Investment (THSI)**
By The Stock Exchange of Thailand (SET)

13. Thailand's Most Social Power Brand 2019

Category **Bank & Financial : Bank**
By BrandAge X WISESIGHT Magazine



Operational scale and customer base doubled in size after a successful merger with Thanachart Bank in 2019

Assets grew from THB 0.9 trillion in 2018 to

1.9
THB
TRILLION

Deposits grew from THB 0.6 trillion to

1.4
THB
TRILLION

Loans rose from THB 0.7 trillion to

1.4
THB
TRILLION

Customer base has now reached

10
MILLION

The addition of Hire Purchase loans allowed the merged bank to address customers' needs more holistically

- The addition of Hire Purchase loans would allow the merged bank to address customers' needs more holistically
- With Hire Purchase representing 29% of total loans, the merged bank's loan portfolio has become retail-led, more diversified and less concentration risk.

29%

Hire Purchase portfolio to total loans



Mutual fund open architecture strategy remained a key focus of the merged bank

- Re-affirmed and continued to strengthen mutual fund strategy which is one of non-interest income engine by forming a partnership with Thanachart Fund as the 11th fund, joining TMB open architecture platform.

Invest with

11

**Asset Managements
at TMB**

For future growth, the merged bank maintained prudent risk management and strong capital position

- Emphasized on prudent risk management to reduce weak loans and built readiness for IFRS 9 implementation.
- Maintained strong capital position with higher CAR and Tier I ratios at 18.95% and 14.62% post-merger.

CAR Ratio

18.9 %

Tier 1 Ratio

14.6 %

Historical Financial Performance

TMB consolidated TBANK's financial performance results into the group's financial statement. The statement of profit and loss was combined TBANK's results for the period of 4-31 December 2019 (28 days) and the statement of financial position was fully integrated TBANK's financial position as of 31 Dec 2019.

Consolidated financial statements

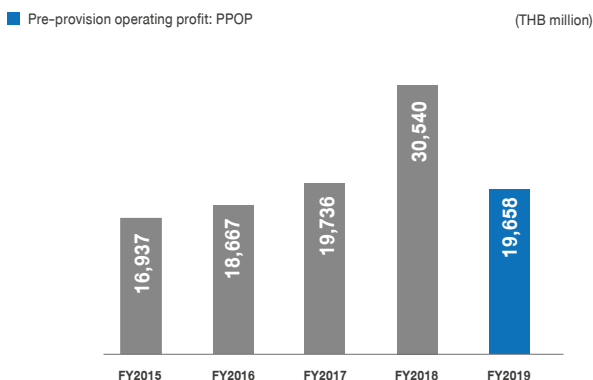
(Unit: THB million)

Selected statements of profit or loss and other comprehensive income items	FY2019	FY2018	FY2017	FY2016	FY2015
Interest income	39,837	35,128	34,713	35,631	36,430
Interest expenses	12,972	10,632	9,979	10,870	13,210
Net interest income	26,865	24,497	24,734	24,761	23,220
Net fees and service income and other operating income	12,956	23,545	12,705	10,462	10,230
Total operating income	39,821	48,042	37,439	35,223	33,450
Other operating expenses	20,674	17,475	17,792	16,589	16,467
Impairment loss on loans and debt securities	10,337	16,100	8,915	8,649	5,479
Income tax	1,588	2,866	2,004	1,740	2,153
Profit for the year	7,222	11,601	8,728	8,244	9,351
Equity holders of the Bank	7,222	11,601	8,687	8,226	9,333
Non-controlling interest	-	-	41	18	18
Total other comprehensive income for the year, net of income tax	1,287	-48	164	1,596	37
Total comprehensive income for the year	8,509	11,554	8,892	9,841	9,389
Basic earnings per share (THB/Share)	0.1485	0.2646	0.1982	0.1879	0.2134

Selected statements of financial position items

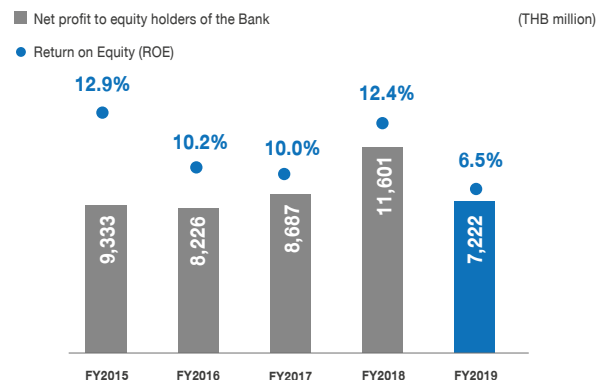
Loans to customers and accrued interest receivables	1,394,108	687,015	644,342	594,356	581,844
Total assets	1,858,190	891,713	843,872	797,316	838,937
Deposits	1,398,112	649,568	611,430	598,948	644,694
Total liabilities	1,663,379	792,934	754,016	713,468	762,339
Total equity	194,811	98,779	89,856	83,848	76,598
Equity attributable to equity holders of the Bank	194,777	98,779	89,856	83,723	76,491
Non-controlling interest	35	-	-	125	107

Income generation ability



Note: Consolidated financial statements, 2018 results included gain from selling 65% of TMBAM shares

Profitability



Note: Consolidated financial statements, 2018 results included gain from selling 65% of TMBAM shares

Consolidated financial statements

Key financial ratios	FY2019	FY2018	FY2017	FY2016	FY2015
Profitability					
Return on equity (ROE)	6.5%	12.4%	10.0%	10.2%	12.9%
Return on assets (ROA)	0.7%	1.4%	1.1%	1.0%	1.1%
Cost to income ratio ^{1/}	50.6%	36.4%	47.3%	46.9%	49.2%
Net interest margin (NIM)	2.81%	2.94%	3.13%	3.17%	3.02%
Liquidity					
Loan to deposit (LDR) ^{2/}	100%	106%	105%	99%	90%
Current and saving accounts to total deposits (CASA) ^{3/}	70%	88%	86%	80%	73%
Capital adequacy					
Tier I ratio (Tier I)	14.6%	13.5%	13.3%	12.9%	11.3%
Capital adequacy ratio (CAR)	18.9%	17.3%	17.4%	18.3%	16.7%
Asset quality					
NPL ratio	2.35%	2.76%	2.35%	2.53%	2.99%
NPL coverage ratio	120%	152%	143%	143%	142%
Others					
Book value per share (BVPS)	2.02	2.25	2.05	1.91	1.75
Number of employees (Bank-only)	8,135	8,373	8,547	8,980	9,270
Number of branches (Bank-only)	401	416	431	452	450
Number of ATMs and ADMs (Bank-only)	2,793	2,891	2,841	2,783	2,796

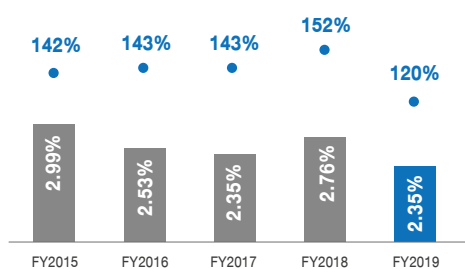
Note: ^{1/} Excluded extra ordinary items and credit related items

^{2/} Excluded interbank and money market items

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

Asset quality

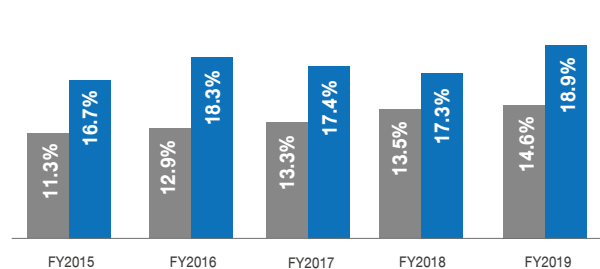
■ NPL ratio
● Coverage ratio



Note: Consolidated financial statements

Capital adequacy

■ Tier I ratio
■ Capital adequacy ratio (CAR)



Note: Consolidated financial statements

Board of Directors >



1. Mr. Prasong Pootaneat

- Chairman of the Board

2. Mr. Suphadej Poonpipat

- Vice Chairman of the Board
- Vice Chairman of the Board of Executive Directors

3. General Nattaphon Narkphanit

- Director

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

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

5. Mr. Singha Nikornpun

- Independent Director
- Chairman of the Audit Committee

6. Mr. Teeranun Srihong

- Independent Director
- Chairman of the Risk Oversight Committee
- Chairman of the IT Oversight Committee
- Member of the Nomination Remuneration and Corporate Governance Committee



7. Mr. Chumpol Rimsakorn

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

8. Mr. Yokporn Tantisawetrat

- Director
- Member of the Risk Oversight Committee
- Member of the Credit Committee

9. Mr. Praisun Wongsmith

- Independent Director
- Member of the Audit Committee

10. Mr. Somjate Moosirilert

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

11. Mr. Prinya Hom-anek

- Independent Director
- Member of the Audit Committee
- Member of the Risk Oversight Committee
- Member of the IT Oversight Committee

12. Mr. Michal Jan Szczurek

- Director
- Member of the Board of Executive Directors
- Member of the IT Oversight Committee

13. Mr. Piti Tantakasem

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



Mr. Prasong Poontaneat

60 years old

Chairman of the Board*

Date of Appointment : June 20, 2018

Education and Training Course

- Ph.D. in Public Administration, Management for Development College Thaksin University
- Master of Business Administration (Organization Management) Dhurakij Pundit University
- Bachelor of Laws, Sukhothai Thammathirat Open University
- Bachelor of Business Administration in Accounting Rajamangala University of Technology
- National Defence College Program, Thailand National Defence College
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- The Executive Program in Energy Literacy for a Sustainable Future Thailand Energy Academy
- Top Administrator Program, Interior College, Prince Damrong Rajanupab Institute of Research and Development
- Senior Police Officers Course, Police College
- Director Certification Program, Thai Institute of Directors Association
- Cyber Resilience Awareness, IFRS 9 Implication and Readiness Inside Information and Data Privacy, Branding and NPS Update and Sustainability Training, TMB Bank Plc.

Positions in Non-Listed Companies

- 2018 - Present
- Permanent Secretary of Ministry of Finance and ex-officio director as Permanent Secretary of Ministry of Finance
- 2012 - Present
- Member of University Council, Mahasarakham University

Work Experience

- 2014 - 2018
- Director-General, Revenue Department
- 2012 - 2014
- Chairman, Export-Import Bank of Thailand (EXIM Bank)
 - Vice President, Committee on Financial Institution Development Fund
- 2011 - 2014
- Director General, State Enterprise Policy Office, Ministry of Finance
- 2012 - 2012
- Chairman, Erawan Hotel Plc.

Positions in Other Listed Companies

- 2014 - Present
- Chairman, Airports of Thailand Plc.
- 2012 - Present
- Director, Bangchak Corporation Plc.

* Mr. Prasong Poontaneat acted as Chairman until December 31, 2019, Mr. Ekniti Nitithanprapas was appointed as Chairman, effective from February 13, 2020

Mr. Suphadej Poonpipat

69 years old



Vice Chairman of the Board

- Vice Chairman of the Board of Executive Directors

Date of Appointment : December 3, 2019

Education and Training Course

- Master of Science, University of Wisconsin, USA
- Bachelor of Business Administration and Accounting, Chulalongkorn University
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- Role of the Compensation Committee, Role of the Chairman Program, Financial Institutions Governance Program, and Director Accreditation Program Thai Institute of Directors Association
- Thailand in the New Global Landscape, Thanachart Training and Development Co., Ltd. collaboration with Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Anti Corruption for Executives 1/2014, Development of Anti-Corruption Standard of Thailand 2017 and Block Chain Technology 2018, Thanachart Bank Plc.

Positions in Other Listed Companies

MBK Plc.

2018 - Present

- Chairman of the Executive Committee

2015 - Present

- Chairman of the Compensation and Nomination Committee

2006 - Present

- Vice Chairman

Patum Rice Mill and Granary Plc.

2016 - Present

- Chairman of the Good Corporate Governance Committee

2012 - Present

- Chairman

Thanachart Capital Plc.

2007 - Present

- Vice Chairman and Chairman of the Executive Committee

2006 - Present

- Director

Positions in Non-Listed Companies

Thanachart Insurance Plc.

2019 - Present

- Vice Chairman

2005 - Present

- Chairman of the Executive Committee

Thanachart Bank Plc.

Dec 2019 - Present

- Vice Chairman of the Executive Committee

Data as of January 1, 2020

2016 - Present

- Member of the Succession Committee

2005 - Present

- Vice Chairman

2014 - Present

- Chairman, MBK Life Assurance Plc.

2006 - Present

- Director, Siam Piwat Holding Co., Ltd.

2005 - Present

- Director, MBK Resort Plc.

2004 - Present

- Director, Siam Piwat Co., Ltd.

Work Experience

2015 - 2019

- Chairman, DMS Property Investment Private Co., Ltd.

Thanachart Capital Plc.

2014 - 2019

- Chairman, Thanachart Insurance Plc.

2005 - 2019

- Chairman of the Executive Committee, Thanachart Bank Plc.

Thanachart Capital Plc.

2013 - 2018

- Chairman of the Risk Management Committee

2010 - 2018

- Chief Executive Officer

2007 - 2018

- Director, Royal Orchid Hotel (Thailand) Plc.

2007 - 2018

- Director, Thai Royal Orchid Real Estate Co., Ltd.

MBK Plc.

2003 - 2018

- Vice Chairman of the Executive Committee

2002 - 2015

- Member of the Compensation and Nomination Committee

2011 - 2017

- Chairman of the Executive Committee, Patum Rice Mill and Granary Plc.

2011 - 2015

- Director, DMS Property Investment Private Co., Ltd.

2003 - 2015

- Director, Plan Estate Co., Ltd.



General Nattaphon Narkphanit

58 years old

Director

Date of Appointment : May 30, 2019

Education and Training Course

- Bachelor of Science, Chulachomklao Royal Military Academy
- National Defence College Program, Thailand National Defence College
- Officer Basic Course 74, Infantry School
- Officer Advance Course 52, Infantry School
- Army Command and General Staff College, Course 71
- Asia Pacific Security Course, USA
- English Courses for Executives, Army Training Command
- Cyber Resilience Leadership, Bank of Thailand
- Bangkok Sustainable Banking Forum 2019, Bank of Thailand

Work Experience

- 2016 - 2019
 - Member of the National Legislative Assembly
- 2017 - 2018
 - Chief of Staff, Royal Thai Army
- 2016 - 2017
 - Deputy Chief of Staff, Royal Thai Army
- 2015 - 2016
 - Director of Operations
- 2014 - 2014
 - Director of Policy and Planning Office

Positions in Other Listed Companies

Jun 2019 - Present

- Independent Director and Member of Corporate Governance Committee IRPC Plc.

Positions in Non-Listed Companies

Dec 2019 - Present

- Director, Thanachart Bank Plc.

2018 - Present

- Deputy Commander in Chief, Royal Thai Army

2018 - Present

- Deputy Director of Internal Security Operations Command

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

69 years old



Director

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

Date of Appointment : December 28, 2007

Education and Training Course

- Master of Business Administration (Accounting & International Finance), Columbia University, New York, USA
- Advanced Automatics, Ecole Nationale de l'Aéronautique et de l'Espace Toulouse, France
- Ingénieur Civil Electricien Mécanicien, Université Libre de Bruxelles Brussels, Belgium
- Military Service, Belgian Army
- Directors Refresher Program, ING Vysya Bank Ltd. India
- Strategic Board Master Class, Thai Institute of Directors Association
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness, IFRS 9 Implication and Readiness, Inside Information and Data Privacy Branding and NPS Update, and Sustainability Training, TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Dec 2019 - Present

- Director, Chairman of the Board of Executive Directors, and Chairman of the Nomination, Remuneration and Corporate Governance Committee Thanachart Bank Plc.

2019 - Present

- Board member, OBOR Capital Co., Ltd.

2018 - Present

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

2014 - Present

- Board member, Armstrong Asset Management (Singapore)
- Board member, The Blue Circle (Singapore)
- Board member, Sport Sevens (Singapore)

2013 - Present

- Board member, PCMA Houlder Pte. Ltd.
- Board member, PCMI Insurance Brokers Pte. Ltd.

2011 - Present

- Board member, Eurofin Asia (Singapore)

Work Experience

2008 - Dec 2019

- Member of the Nomination, Remuneration and Corporate Governance Committee TMB Bank Plc.

2013 - 2016

- Board member, Capstone Partners (Asia)

2011 - 2015

- International Advisory Board member, Pacific Star (Singapore)

2006 - 2012

- Director, ING Mauritius

2006 - 2011

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

2006 - 2009

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

2004 - 2006

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

2003 - 2004

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

1999 - 2003

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



Mr. Singha Nikornpun

65 years old

Independent Director

- Chairman of the Audit Committee

Date of Appointment : January 10, 2014

Education and Training Course

- Master of Science (Human Relations and Management), Abilene Christian University, Dallas, Texas, USA
- Bachelor of Economics (Money and Banking), Kasetsart University
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- Politics and Governance in Democratic Systems for Executives King Prajadhipok's Institute
- Advanced Management for Bankers, Wharton School of the University of Pennsylvania, USA
- Strategic Board Master Class, Successful Formulation & Execution the Strategy, Ethical Leadership Program, Risk Management Committee Program Director Certification Program Update, Role of the Chairman Program Advanced Audit Committee Program, Anti-Corruption for Executive Program Financial Institutions Governance Program, Role of the Compensation Committee, and Director Certification Program, Thai Institute of Directors Association
- Audit Committee Forum: TFRS 15: Ready for the Challenges, Cyber Security - Advances to the more complex level, and Intelligent Automation for Internal Audit KPMG in Thailand
- Business Sustainability in Digital Trend, EY Company Limited
- Cyber Resilience Leadership, Bangkok FinTech Fair 2019 under the concept Collaboration for the Future of Finance, and Bangkok Sustainable Banking Forum 2019, Bank of Thailand
- Project to build good governance capital market in honor at HM the King: SEC
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness IFRS 9 Implication and Readiness, Inside Information and Data Privacy Branding and NPS Update, and Sustainability Training, TMB Bank Plc.

Positions in Other Listed Companies

- 2018 - Present
 - Vice Chairman, Chairman of the Audit Committee, and Member of the Compensation and Nomination Committee, IFS Capital (Thailand) Plc.
- 2013 - Present
 - Independent Director, Member of the Audit Committee, and Member of the Risk Management Committee, IFS Capital (Thailand) Plc.
- 2012 - Present
 - Independent Director and Member of the Audit Committee, Tirathai Plc.

Positions in Non-Listed Companies

- Jan 2020- Present
 - Independent Director and Chairman of the Audit Committee, Thanachart Bank Plc.
- 2016 - Present
 - Director, Thanakorn Vegetable Oil Products Co., Ltd.
- 2014 - Present
 - Independent Director, Chairman of the Audit Committee, and Vice Chairman The Thai Bond Market Association (ThaiBMA)
- 2013 - Present
 - Member of Advisory Committee, Member of Audit Sub-Committee, and Chairman of Risk Sub-Committee, Thailand Professional Qualification Institute (Public Organization)
- 2006 - Present
 - Senior Advisor, Association of Provident Fund

Work Experience

- 2015 - 2018
 - Independent Director and Chairman of the Audit Committee, Floyd Plc.
- 2008 - 2012
 - President, Deposit Protection Agency
- 2005 - 2011
 - Independent Director and Chairman of the Audit Committee, Thai Bond Market Association (ThaiBMA)
- 2006 - 2008
 - Chairman, GPF Property Management Co., Ltd.
 - Director, Thai Prosperity Advisory Co., Ltd.
 - Chairman, Fitch Ratings Co., Ltd.
- 2004 - 2008
 - Director, Saha Thai Steel Pipe Plc.
- 2003 - 2008
 - Chairman, Thai Administration Services Co., Ltd.

Mr. Teeranun Srihong

54 years old



Independent Director

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

Date of Appointment : December 17, 2019

Education and Training Course

- Master of Business Administration, University of Michigan - Ann Arbor, USA
- Bachelor of Engineering (Computer), Chulalongkorn University
- The Joint State - Private Sector Course, Thailand National Defence College
- Advanced Management Program (AMP), Harvard Business School, USA
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- The Executive Program in Energy Literacy for a Sustainable Future Thailand Energy Academy
- Director Accreditation Program and Director Certification Program Thai Institute of Directors Association
- Thailand Sustainable Banking 2018, Bank of Thailand
- Thailand Insurance Leadership Program, Office of Insurance Commission (OIC)

Positions in Other Listed Companies

2019 - Present

- Independent Director, S&P Syndicate Plc.
- Startup Investment Committee, Bangchak Corporation Plc.

2017 - Present

- Advisor, Sansiri Plc.

Positions in Non-Listed Companies

Jan 2020 - Present

- Independent Director, Chairman of the Risk Oversight Committee, Chairman of the IT Oversight Committee, and Member of the Nomination Remuneration and Corporate Governance Committee, Thanachart Bank Plc.

2019 - Present

- Executive Director, Phuket Deep Sea Port Co., Ltd.
- Experts and Chairman of sub-committee of Risk Management, Pension Fund

2018 - Present

- Chairman, Thailand Management Association
- Director, Committee to Drive Policy Implementation to Use Big Data Data Center and Cloud Computing
- Director, The Mall Group Co., Ltd.
- Director, The Mall Shopping Complex Co., Ltd.
- Chairman, Thai Ackro Exchange Co., Ltd.
- Director, Arcel Capital Co., Ltd.

- Director, BKT Holding Co., Ltd.

- Director, Northern Railway Park Co. Ltd.

2017 - Present

- Director and Managing Director, Celar Consulting Co., Ltd.
- Director, The Committee of Mobilizing Reform according to the Thailand 4.0 Agenda

Work Experience

2019 - 2019

- Chairman of the Risk Management Committee, Thanachart Capital Plc.

2018 - 2019

- Director and Member of the Risk Management Committee, Thanachart Capital Plc.
- Director, Advance Power Conversion Co., Ltd.
- Chairman, Sub-committee on Digital Strategy for Capital Market The Securities and Exchange Commission (SEC)

2017 - 2019

- Director and Member of the Executive Committee, Thanachart Insurance Plc.
- Advisor, The Securities and Exchange Commission, Thailand (SEC)

2017 - 2018

- Qualified Director of Economics, The National Digital Economy and Society Commission
- Chairman, Digital Economy Promotion Agency, The Government Complex
- Director and Member of the Executive Committee, Enter Solution Co., Ltd.
- Advisor, Bangchak Corporation Plc.

2014 - 2018

- Vice Chairman, Thailand Management Association

2016 - 2017

- Chairman, Kasikorn Business - Technology Group Co., Ltd.
- Director, Beacon Venture Capital Co., Ltd.

2013 - 2017

- Director and Managing Director, Kasikornbank Plc.
- Director, Muang Thai Group Holding Co., Ltd.

2003 - 2017

- Member of the Risk Management Committee, Kasikornbank Plc.

2014 - 2016

- Chairman, Kasikorn Leasing Co., Ltd.

2013 - 2016

- Chairman, Kasikorn Securities Plc.



Mr. Chumpol Rimsakorn

59 years old

Director

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

Date of Appointment : April 7, 2017

Education and Training Course

- Master of Public and Private Management Program, National Institute of Development Administration
- Bachelor of Law, Ramkhamhaeng University
- National Defence College Program, Thailand National Defence College
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- The Executive Program in Energy Literacy for a Sustainable Future Thailand Energy Academy
- Inspector General Program, The Prime Minister's Office
- Senior Executive Program, Office of the Civil Service Commission
- Advance Master Management, National Institute of Development Administration
- Good Governance for Directors and Executives of State Enterprises and Public Organization King Prajadhipok's Institute
- IT Governance and Cyber Resilience Program, Director Certification Program Financial Statement for Directors, Role of Chairman Program, and Advanced Audit Committee Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness IFRS 9 Implication and Readiness, Inside Information and Data Privacy Branding and NPS Update, and Sustainability Training, TMB Bank Plc.

Positions in Other Listed Companies

2019 - Present

- Member of the Enterprise Risk Management, PTT Plc.

2018 - Present

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

Positions in Non-Listed Companies

Dec 2019 - Present

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

2018 - Present

- Director, Don Muang Tollway Plc.
- Chairman, Vayupak 1 Mutual Fund Investment Committee
- Chairman, the Queen Sirikit National Convention Center Supervisory Committee
- Chairman, Public Service Obligation Committee
- Chairman, Performance Assessment Committee
- Board Member, Vayupak Mutual Fund Supervisory Committee
- Board Member, Thailand Future Fund Steering Committee

2015 - Present

- Deputy Permanent Secretary, Ministry of Finance

Work Experience

2016 - 2018

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

2014 - 2018

- Director, Thailand Tobacco Monopoly

2017 - 2018

- Chairman, Public Debt Restructuring and Domestic Bond Market Development Fund
- Board Member, National Health Security Committee
- Board Member, Emergency Medicine Committee
- Board Member, National Metrology Committee

2015 - 2017

- Director, Thailand Post Co., Ltd

2015 - 2015

- Director, Thailand Privilege Card Co., Ltd.

2014 - 2015

- Chief Information Officer (CIO), Ministry of Finance
- Inspector General, Ministry of Finance

Mr. Yokporn Tantisawetrat

64 years old



Director

- Member of the Risk Oversight Committee
- Member of the Credit Committee

Date of Appointment : June 1, 2015

Education and Training Course

- Master of Economics, Thammasat University
- Bachelor of Economics, Chulalongkorn University
- National Defence College Program, Thailand National Defence College
- Advanced Management Program (AMP), Harvard Business School, USA
- Advanced Bank Management Program, Wharton School of the University of Pennsylvania, USA
- Advanced Bank Management Program, Asian Institute of Management
- IT Governance and Cyber Resilience Program, Advanced Audit Committee Program, Director Certification Program, Risk Management Program for Corporate Leaders, and Director Accreditation Program Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand
- Project to build good governance capital market in honor at HM the King, SEC
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness, IFRS 9 Implication and Readiness, Recovery Planning, Inside Information and Data Privacy, Branding and NPS Update, and Sustainability Training TMB Bank Plc.

Positions in Other Listed Companies

2016 - Present

- Independent Director, AP (Thailand) Plc.

2015 - Present

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

Positions in Non-Listed Companies

Dec 2019 - Present

- Director, Member of the Credit Committee, and Member of the Risk Oversight Committee Thanachart Bank Plc.

2016 - Present

- Director, Kirloskar Brothers (Thailand) Limited
- Experts and Chairman of the Audit Committee, Office of the Securities Exchange Commission (SEC)

Work Experience

2015 - 2019

- Member of Board of Executive Directors, TMB Bank Plc.

2016 - 2017

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

2008 - 2015

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

2014 - 2015

- Vice Chairman, Vina Siam Bank, Vietnam

2011 - 2015

- Director, SCB Securities Co., Ltd.

2011 - 2014

- Director, VinaSiam Bank, Vietnam

2008 - 2011

- Chairman of the Board, SCB Securities Co., Ltd.
- Director, TRIS Corporation Co., Ltd.

2005 - 2011

- Director, TRIS Rating Co., Ltd.



Mr. Praisun Wongsomith

60 years old

Independent Director

- Member of the Audit Committee

Date of Appointment : February 12, 2016

Education and Training Course

- Master of Science (Economics), Oklahoma State University, USA
- Bachelor of Science in Business Administration (Economics/Finance), Oklahoma State University, USA
- Advanced Security Management Program, Thailand National Defence College
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- The Leadership Grid Appreciation Workshop, Grid Teamwork Limited
- IT Governance and Cyber Resilience Program, Ethical Leadership Program
- Advanced Audit Committee Program, Boards that Make a Difference, Role of Chairman Program, Director Certification Program, and Director Associate Program, Thai Institute of Directors Association
- Business Sustainability in Digital Trend, EY Company Limited
- Bangkok Sustainable Banking Forum 2018, Bank of Thailand
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness IFRS 9 Implication and Readiness, Inside Information and Data Privacy Branding and NPS Update, and Sustainability Training, TMB Bank Plc.

Work Experience

2017 - 2019

- Director, Islamic Bank Asset Management Ltd. (IAM)
- Director, Industrial Estate Authority of Thailand (IEAT)

2016 - 2018

- Director, CAT Telecom Plc.

2016 - 2017

- Advisor to the Minister, Ministry of Industry

2014 - 2016

- Managing Director, SCMB Co., Ltd.

2012 - 2016

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

2015 - 2016

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

2014 - 2015

- Independent Director and Member of the Audit Committee, Thantawan Industry Plc.
- Chairman of Sub-Committee on Monitoring and Administration on NPL, SME Bank

Positions in Other Listed Companies

2018 - Present

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

2015 - Present

- Chairman of the Board and Independent Director, Thantawan Industry Plc.

Positions in Non-Listed Companies

Dec 2019 - Present

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

2018 - Present

- Independent Director and Chairman of the Audit Committee, Jakpaison Estate Plc.
- Director, P Advisory Co., Ltd.

2012 - Present

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

Mr. Somjate Moosirilert

64 years old



Director

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

Date of Appointment : December 3, 2019

Education and Training Course

- Master of Management, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Business Administration, Thammasat University
- Senior Executive Program Certificate, Capital Market Academe (CMA)
- Role of the Chairman Program and Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association
- The Program for Senior Executives on Justice Administration Judicial Training Institute, Courts of Justice
- TLCA Leadership Development Program (LDP), Thai Listed Company Association, The Stock Exchange of Thailand
- Thailand Sustainable Banking 2018, Bank of Thailand
- Anti-Corruption for Executives 1/2014 and Development of Anti-Corruption Standard of Thailand 2017, Thanachart Bank Public Company Limited

Positions in Other Listed Companies

Thanachart Capital Plc.

2019 - Present

- Chief Executive Officer

2013 - Present

- Member of the Risk Oversight Committee

2009 - Present

- Director and Member of the Executive Committee

Positions in Non-Listed Companies

Thanachart Bank Plc.

Dec 2019 - Present

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

2019 - Present

- Director, Thanachart SPV 1 Co., Ltd.
- Director, Thanachart SPV 2 Co., Ltd.

2017 - Present

- Vice Chairman, Thai Listed Company Association

Thanachart Fund Management Co., Ltd.

2013 - Present

- Chairman

2011 - Present

- Chairman of the Executive Committee

Data as of January 1, 2020

Thanachart Securities Plc.

2013 - Present

- Chairman of the Executive Committee

2009 - Present

- Chairman

2009 - Present

- Advisor Board, Association of Thai Securities Companies

Work Experience

The Thai Bankers' Association

2018 - 2018

- Director

2016 - 2018

- Advisor

Thanachart Insurance Plc.

2014 - 2018

- Vice Chairman

2013 - 2018

- Vice Chairman of the Executive Committee

2010 - 2018

- Director and Member of the Executive Committee

Thanachart Bank Plc.

2012 - 2018

- Chairman of the Risk Management Committee

2011 - 2018

- Chief Executive Officer and President

2009 - 2018

- Director and Member of the Executive Committee

2011 - 2018

- Chairman and Chairman of the Executive Committee, TS Asset Management Co., Ltd.

2010 - 2018

- Senior Executive Vice President, Thanachart Capital Plc.

Thai Listed Company Association

2015 - 2017

- Vice Chairman Advisor

2011 - 2015

- Director and Vice Chairman

2014 - 2016

- Member of the Steering Committee, Sasin Graduate Institute of Business Administration of Chulalongkorn University



Mr. Prinya Hom-anek

50 years old

Independent Director

- Member of the Audit Committee
- Member of the Risk Oversight Committee
- Member of the IT Oversight Committee

Date of Appointment : December 17, 2019

Education and Training Course

- Honorary Doctorate Degree of Science, Rajamangala University of Technology Suvarnabhumi
- Master of Business Administration, Assumption University
- Bachelor of Engineering (Electrical Engineering), Chulalongkorn University
- Director Certification Program, Thai Institute of Directors Association
- Certified Information System Security Professional (CISSP) International Information System Security Certification Consortium
- Certified Information System Auditor (CISA) and Certified in the Governance of Enterprise IT, ISACA
- Certified Fraud Examiner (CFE), Association of Certified Fraud Examiners

Work Experience

- 2019 - 2019
 - Member of the Risk Oversight Committee, Thanachart Capital Plc.
- 2018 - 2019
 - Independent Director and Member of the Audit Committee, Thanachart Capital Plc.
- 2015 - 2016
 - Qualified Committee, Anti-Money Laundering Office (AMLO)
- 2003 - 014
 - Managing Director, ACIS Professional Center Company Limited

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Jan 2020 - Present

- Independent Director, Member of the Audit Committee, Member of the Risk Oversight Committee, and Member of the IT Oversight Committee, Thanachart Bank Plc.

2018 - Present

- Director and Member of the Executive Committee
Intelligent Data Analytic Co., Ltd.

2017 - Present

- Director and Secretary, Thailand Information Security Association (TISA)
- Trainer, Thai Institute of Directors Association

2015 - Present

- Director and Member of the Executive Committee, Cybertron Co., Ltd.
- Advisor, Boonrawd Trading Co., Ltd.

2003 - Present

- Chairman and Member of the Executive Committee,
ACIS Professional Center Co., Ltd.

Mr. Michal Jan Szczurek

48 years old



Director

- Member of the Board of Executive Directors
- Member of the IT Oversight Committee

Date of Appointment : December 17, 2019

Education and Training Course

- Master of Economics,
Warsaw University, Poland
- Bachelor of Economics,
Columbia University, New York, USA
- General Management Programme (GMP),
European Center for Executive Development (CEDEP)

Positions in Other Listed Companies

- Member of Supervisory Board,
ING Bank Slaski S.A.

Positions in Non-Listed Companies

Dec 2019 - Present

- Director, Member of the Board of Executive,
and Directors Member of the IT Oversight Committee,
Thanachart Bank Plc.

2019 - Present

- Head of Challengers and Growth Markets,
Asia (Executive) ING Bank N.V.
Hong Kong Branch

Work Experience

2012 - 2019

- Chief Executive Officer (Executive),
ING Bank N.V., Bucharest Branch

2009 - 2012

- Chief Retail Banking Officer (Executive),
TMB Bank Plc.

2004 - 2009

- Head of Retail (Executive), ING Bank N.V.,
ING Bank Slaski S.A.



Mr. Piti Tantasem

49 years old

Director and Chief Executive Officer

- Member of the Board of Executive Directors
- Member of the Risk Oversight Committee
- Member of the Credit Committee
- Member of the IT Oversight Committee

Date of Appointment : January 1, 2018

Education and Training Course

- Doctor of Philosophy (Ph.D.), Business Administration, Bangkok University in Collaboration with The University of Nebraska-Lincoln, USA
- Master of Business Administration, The University of North Carolina at Chapel Hill, USA
- Bachelor of Engineering (Industrial Engineering), Chulalongkorn University
- Senior Executive Program Certificate, Capital Market Academy (CMA)
- The Executive Program in Energy Literacy for a Sustainable Future, Thailand Energy Academy
- Chartered Financial Analyst, CFA Institute
- Financial Derivatives, EuroMoney Training
- Executive Education: Building Leading Customer-Centric Organization
- Director Certification Program, Boards that Make a Difference, and Anti-Corruption for Executive Program, Thai Institute of Directors Association
- Bangkok Sustainable Banking Forum 2018 and Bangkok Sustainable Banking Forum 2019, Bank of Thailand
- Cyber Resilience Leadership Seminar, Cyber Resilience Awareness IFRS 9 Implication and Readiness, Recovery Planning, Inside Information and Data Privacy, Branding and NPS Update, and Sustainability Training TMB Bank Plc.

Positions in Other Listed Companies

- None -

Positions in Non-Listed Companies

Dec 2019 - Present

- Director, Member of the Board of Executive Directors, Member of the Credit Committee, Member of the Risk Oversight Committee, and Member of the IT Oversight Committee, Thanachart Bank Plc.

2009 - Present

- Director, National ITMX Co., Ltd.

1996 - Present

- Director, Tiwana Co., Ltd.

Work Experience

PTT Exploration and Production Plc.

2017 - 2017

- Member of the Nomination Committee

2016 - 2017

- Chairman of the Nomination Committee

2015 - 2017

- Member of the Risk Management Committee

2014 - 2017

- Independent Director

2014 - 2017

- Member of the Corporate Governance Committee

TMB Bank Plc.

2017 - 2017

- Chief Financial Officer

2008 - 2017

- Chief Wholesale Banking Officer

2016 - 2017

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

2016 - 2017

- Senior Expert Committee, Senior Expert Committee in Organizational Psychology on the Committee of the Public Sector Development Commission

State Railway of Thailand (SRT)

2017 - 2017

- Chairman of Sub-committee, Financial and Accounting Sub-committee

2017 - 2017

- Director

2016 - 2017

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

2014 - 2016

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

2011 - 2015

- Director, TRIS Corporation Limited and TRIS Rating Co., Ltd.

CHIEF OFFICERS



Mr. Piti Tantakasem

Age 49 Years

Chief Executive Officer



Mr. Praphan Anupongongarch

Age 56 Years

President

Education

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

Work Experience

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

Education

- Master of Business Administration (MBA)
National Institute of Development Administration
- Bachelor of Business Administration (Marketing)
Sukhothai Thammathirat Open University
- Bachelor of Science (Mathematics)
King Mongkut's Institute of Technology Thonburi

Work Experience

- Jan 2020 – present
President
TMB Bank Plc.
- 2019 – Dec 2019
Chief Executive Officer and President
Thanachart Bank Plc.
- 2014 – 2018
Executive Vice President
Automotive Lending, Thanachart Bank Plc.
- 2010 – 2014
Executive Vice President
Secured Lending and Deposits
Thanachart Bank Plc.



Mrs. Marie Ramlie

Age 46 Years

Chief Retail Innovation Officer



Mr. Anuwat Luengtaweekul

Age 56 Years

Chief Retail Banking Officer



Mr. Pompert Rasanon

Age 55 Years

Chief Automotive Lending Officer

Education

- Master of Law, Tax & Business Law, Law School
Universite De Droit Nancy II, France
- Bachelor of Arts, European Business
Middlesex University, UK

Work Experience

- Jan 2020 – present
Chief Retail Innovation Officer
TMB Bank Plc.
- Aug – Dec 2019
Chief Retail Banking Officer
TMB Bank Plc.
- 2013 – Jul 2019
Head of Retail Products
TMB Bank Plc.
- 2011– 2013
Vice President
ING Direct – Retail Banking (France)

Education

- Master of Business Administration (MBA)
Rangsit University
- Bachelor of Science (Accounting)
Kasetsart University

Work Experience

- Jan 2020 – present
Chief Retail Banking Officer
TMB Bank Plc.
- 2018 – 2019
Executive Vice President
Retail and Small Business Banking
Thanachart Bank Plc.
- 2017 – 2018
Executive Vice President
Retail and Small Business Distribution
Thanachart Bank Plc.
- 2009 – 2017
Executive Vice President
Chief Financial Officer
Thanachart Bank Plc.

Education

- Master of Business Administration (MBA)
Phranakorn Rajabhat University
- Bachelor of Business Administration
Ramkhamhaeng University

Work Experience

- Jan 2020 – present
Chief Automotive Lending Officer
TMB Bank Plc.
- 2019 – Dec 2019
Executive Vice President
Automotive Lending
Thanachart Bank Plc.
- 2015 – 2018
Executive Vice President
Sales Network-Automotive Lending
Thanachart Bank Plc.
- 2015 – 2015
Senior Vice President
Sales Network-Automotive Lending
Thanachart Bank Plc.



Mr. Senathip Sripaipan

Age 48 Years

Chief Commercial Banking Officer



Mr. Johannes Franciscus Grisel

Age 60 Years

Chief Risk Officer



Mrs. Prapasiri Kositthanakorn

Age 55 Years

Chief Financial Officer

Education

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

Work Experience

- Jan 2020 – present
Chief Commercial Banking Officer
TMB Bank Plc.
- 2017 – 2019
Chief Wholesale Banking Officer
TMB Bank Plc.
- 2012 – 2017
Managing Director, S Ventures Co., Ltd.
- 2007 – 2017
Managing Director, Business Navigator Consulting
- 2005 – 2006
Senior Consultant, Bain & Company (Southeast Asia)

Education

- Master of Business Administration (MBA)
Nyenrode University
The Netherlands
- Bachelor of Business Administration
Hogeschool Nyenrode
The Netherlands

Work Experience

- 2018 – Present
Chief Risk Officer
TMB Bank Plc.
- 2017 – 2018
Chief Operation Officer – Risk
ING Bank N.V., Amsterdam
The Netherlands
- 2015 – 2018
Non-Executive Board Member
TMB Bank Plc.
- 2016 – 2017
Head of Corporate Operational Risk Management
ING Bank N.V., Amsterdam
The Netherlands

Education

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

Work Experience

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



Mr. Markus Dolenga

Age 49 Years

Chief Technology and
Operating Officer

Mrs. Vijitra Thumpothong

Age 57 Years

Chief People Officer

Mrs. Kanchana Rojvatunyu

Age 54 Years

Chief Marketing Officer

Education

- Business Diploma, Industrie- und Handelskammer, Germany

Work Experience

- Jan 2020 – present
Chief Technology and Operating Officer
TMB Bank Plc.
- May – Dec 2019
Chief Operating Officer
TMB Bank Plc.
- 2016 – 2019
COO Asia, Middle East and India
Jardine Lloyd Thompson Asia
- 2013 – 2015
COO Asia Pacific, Managing Director
Marsh (Singapore) Insurance Brokers Pte Ltd

Education

- Master of Accounting, Thammasat University
- Bachelor of Accounting, Thammasat University

Work Experience

- Jan 2020 – present
Chief People Officer
TMB Bank Plc.
- 2018 – 2019
Executive Vice President
Chief Human Resources Officer
Thanachart Bank Plc.
- 2011 – 2017
Executive Vice President
Chief Auditor, Thanachart Bank Plc.
- 2007 – 2011
First Senior Vice President
Internal Audit Division Head
Siam Commercial Bank PCL

Education

- Master of Business Administration (MBA)
Sasin Graduate Institute of Business Administration
of Chulalongkorn University
- Master of Science, Asian Institute of Technology
- Bachelor of Science (Physics), Kasetsart University

Work Experience

- Jan 2020 – present
Chief Marketing Officer
TMB Bank Plc.
- 2017 – 2019
Head of Corporate Branding and
Communication, TMB Bank Plc.
- 2014 – 2016
Head of Branding and Marketing
Siam Commercial Bank PCL
- 2008 – 2014
Head of Retail Marketing
TMB Bank Plc.

Management Team

Chief Executive Officer	
Mr. Sunthorn Ruckpanich	Head of Audit
Mr. Vikran Paovarojkit	Head of Special Advisory Banking Services
Mr. Thanawat Veerachayapornkul	Head of Special Advisory Banking Services -SE
Mr. Suttichai Tiranuchit	Head of Special Advisory Banking Services -Wholesale
Mr. Naris Aruksakunwong	Head of Strategy
Mr. Naris Sathapholdeja	Head of TMB Analytics
Chief Risk Officer	
Miss Luiza Karolina Rosinska	Head of Credit Risk Intelligence
Mr. Prawin Khurawat	Head of Corporate Operational Risk Management
Mr. Varoon Kanjanapoo	Head of Compliance
Mrs. Chirdprapa Chaladsoontornvatee	Head of Credit Restructuring Underwriting
Mrs. Suvannee Kam	Head of Legal
Mr. Ekanat Kieatinapasin	Head of Corporate Credit Underwriting
Mr. Kridchawat Nopsuntia	Head of Small Enterprise and Retail Credit Underwriting
Mr. Woraboon Chinwatanakit	Head of Market Risk Management
Chief Financial Officer	
Mr. Andrew Kent Jan	Head of Balance Sheet Management
Miss Arwiwan Tangtrongchit	Financial Controller
Miss Somkid Preechasammakul	Head of Finance Business Partner
Chief Technology and Operating Officer	
Mr. Sutthikan Rungsrithong	Head of Information Technology
Mrs. Rattana Arkachaisri	Head of Operations and Services
Mr. Boonsong Teachakidatikul	Head of Digital eBanking Service Solution
Miss Dounghan Saenim	Head of IT Management
Mr. Sahachai Limamphai	Head of Digital Experience Solution
Chief Commercial Banking Officer	
Mr. Yongyoot Luangrattanamart	Head of Investment Banking
Mr. Rachakorn Chayapirad	Head of Commercial Channel and Digital Innovation
Mr. Pirapong Nithikraiwt	Head of Commercial Credit Product
Miss Sukanya Treesanaejit	Head of Small SME Customer Relationship Management
Mr. Saranya Phuphatana	Head of Global Market and Transaction Banking
Mr. Weerachai Amornrat-Tana	Head of Military, Public Sector and Non Profit Organization Relationship Management
Mr. Prompong Pattanateeradej	Head of SME Credit Product
Mr. Alexander Nondh Langfeldt	Head of Commercial Banking Customer Relationship Management
Mrs. Jullada Sukitjavanich	Head of Commercial Banking Segment
Mr. O-Larn Sukalavanij	Head of Business Banking Customer Relationship Management

Mrs. Chantachuen Khaomali	Head of Corporate Banking Customer Relationship Management
Mrs. Kanokporn Jootar	Head of Domestic Transaction Banking
Miss Busarat Bencharongkul	Head of Global Markets and International Transaction Banking Sales
Chief Retail Banking Officer	
Mr. Maximilian Hempel	Head of TMB Contact Center
Mr. Yuenyong Songsiridej	Head of Wealth Banking
Mr. Jakrpant Jarutirasarn	Head of Small Business Relationship Management
Miss Nantawan Suri	Head of Retail Omni Channel Strategy and Experience
Mrs. Pachana Rujirek	Head of Retail Advisory and Sales Network
Mr. Peerapatana Ketboonchoo	Head of Retail Channel Strategy and Sales Management
Chief Retail Innovation Officer	
Mr. Robert Mihai Anghel	Head of Digital
Mr. Jaray Jianthanakanon	Head of Retail Lending Products
Mrs. Kidakarn Chudsuwan	Head of Mutual Funds Products
Mr. Chavamon Vinijtrongjit	Head of Bancassurance Products
Mrs. Natthawan Apiratanapimolchai	Head of Retail Segment
Dr. Benjarong Suwankiri	Head of ME by TMB
Mr. Pathrawut Supsavaipol	Head of Customer Segment Affluent
Chief Integration Officer	
Miss Waranee Wanrat	Head of Integration Office

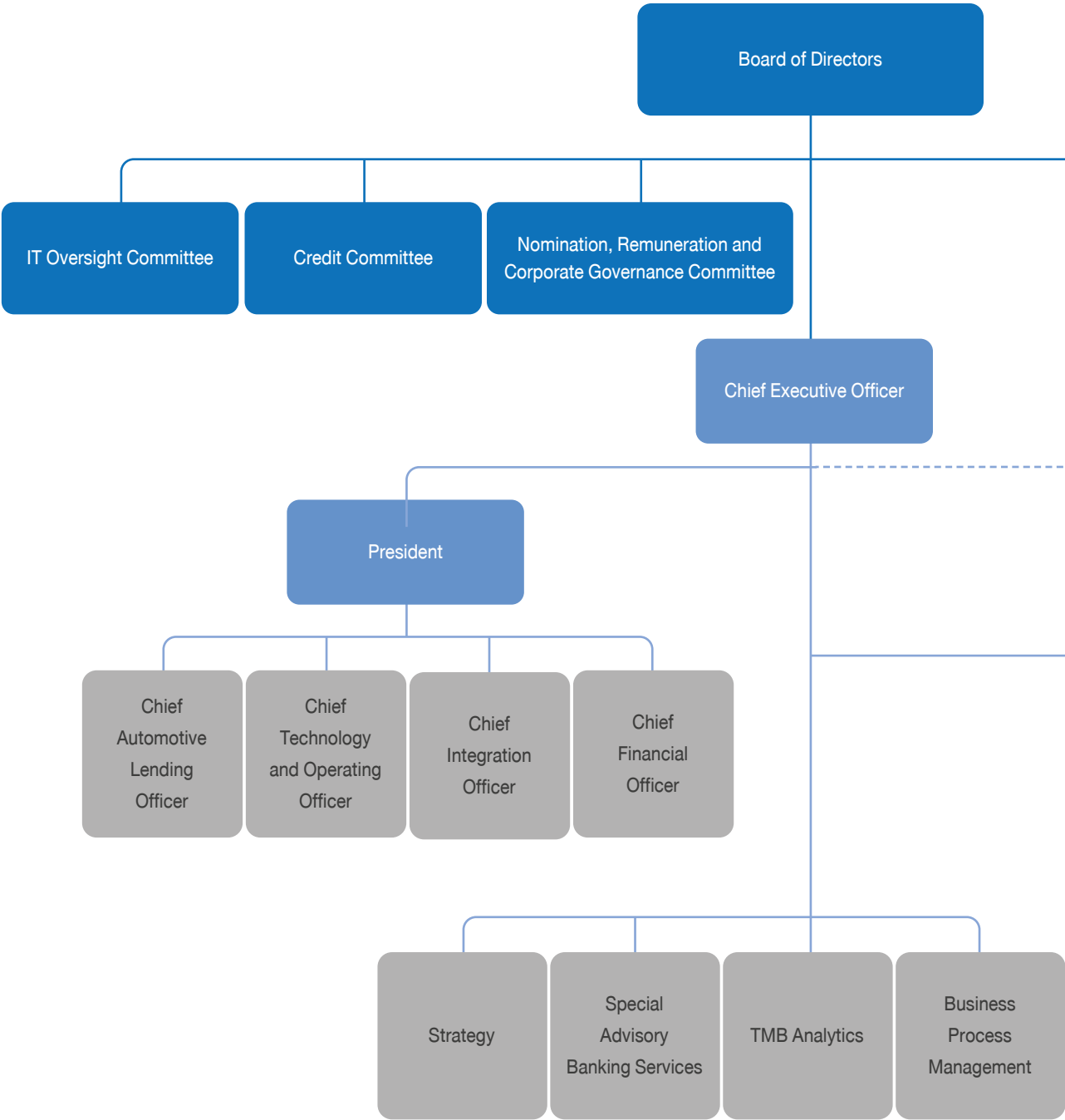
Data as of January 1, 2020

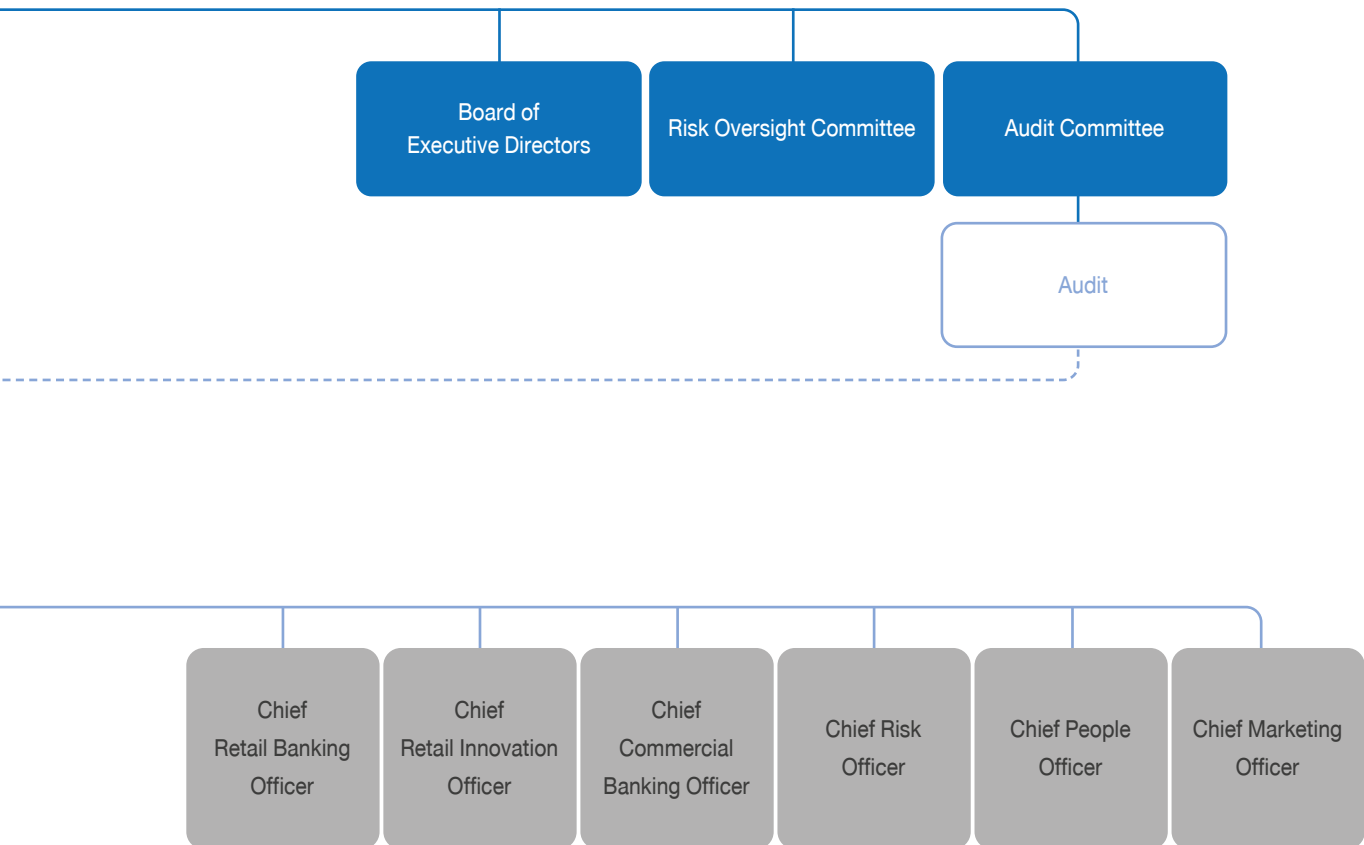


Details of executive officers could be found in the Bank's website www.tmbbank.com in "About TMB" or scan the QR Code.

Organization Chart

Data as of January 1, 2020





Thai Economy and Banking Industry

Thai Economy in 2019

In 2019, Thai economy faced several ongoing challenges including global economic slowdown, prolonged trade war and heightened financial market volatility. This resulted in decelerating growth in several economic activities. With clearer sign of global slowdown, heightened pressure from US-China trade war as well as continuing Thai baht appreciation, Thai merchandise exports in the first six months contracted 2.9%, particularly the exports to China which contracted 10% from the previous year. Electronics was the mostly affected manufacturing sector due to being parts of China's supply chain. Likewise, Thai tourism sector was impacted by global economic slowdown, reflected by the growth of inbound tourists remaining at only 0.7%. This was a consequence of slow recovery of Chinese tourists after the boat accident in Phuket in the second half of 2018. For domestic economy, there were signals of declining growth momentums especially in private investment, both capital investment and construction. However, private consumption continuously expands due to the supporting factors of growing farm incomes, expanding durable consumption and government's stimulus measures in the second quarter. These factors helped shoring up Thailand's GDP in the first half to be at 2.7%.

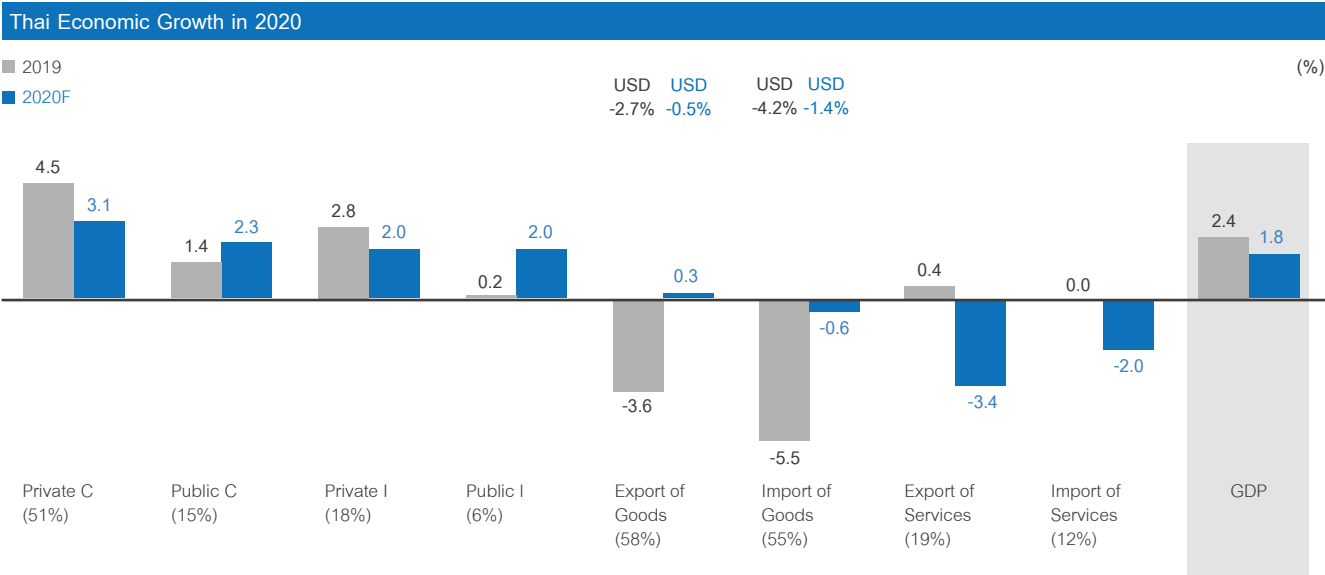
In the second half of the year, the US-China trade dispute became more intensified due to tax retaliation that resulted in additional tariff on \$300 billion worth of exported Chinese goods to the US from July 2018 to August 2019, posing widely negative impacts on China's supply chains. In November 2019, Thai exports of goods contracted 7.4%, hitting the lowest point in the past 3 years. For 2019, the values of merchandise exports were worth 264 billion dollar or decreased by 2.7%, while exports to China contracted 4%. The continuing contraction in goods exports clearly posed negative impact on domestic economy. Private investment decelerated both in manufacturing and construction, associating with low budget disbursement in the fourth quarter at only 4% due to the prolonged delay in 2020 government budget bill. Private consumption which gained temporary supports from government stimulus measures remained as a significant economic growth driver. This was reflected by the expansion in non-durables and services. In addition, tourism sector recovered due to the rebound of Chinese tourists, leading to the total inbound tourists of 39.8 million persons or rose by 3.9% in 2019. Due to merchandise exports contraction and domestic slowdown, the launch of government stimulus package in the fourth quarter together with the rebound of foreign tourists in the second half of the year however could not compensate all the negative impacts. Thai economy accordingly grew at slower pace at only 2.4%, hitting the record low in the last 5 year. For financial sector, the monetary policy committee decided to cut rate 2 times, in August and November 2019, resulting in the policy rate moving down from 1.75% to be at 1.25% due to a clearer signal of economic decline. The annual average of Thai baht was at 31.05 baht per dollar, appreciated by 3.9% from the previous year because of strong fundamentals of current account surplus and continuing capital inflows from abroad according to the perception of Thai baht as safe haven.

Economic Outlook for 2020

In 2020, Thai economy is projected to consistently encounter headwinds from both external and internal sides with stronger impacts. This will lead to slower momentums in each growth driver. For external side, global economy is forecasted to recover with slower pace, reflecting in the IMF's global economic growth outlook at 3.4% which is even though higher from the previous year but mainly due to the lower base effect in the growth of emerging markets. For developed economies including US eurozone and Japan, as well as Chinese economy will expand at a slower pace. Regarding trade war between US and China, though there is a better signal from the agreement in the first phase of trade deal, the uncertainties however remain in future negotiations. This will result in most of the imported goods from China to the US consistently facing high tariff rates. In addition, the COVID-19 outbreak, originating in China to many countries at the beginning of this year, has led to the launch of Chinese government's several restricted controlling measures so as to prevent further spreading of the virus e.g. transportation lockdown in several Chinese towns with high risks and bans of Chinese outbound tours. These incidents are estimated to pose severe impacts on Thai tourism sector and the recovery of Thai merchandise exports. TMB Analytics therefore projects Thai merchandise exports in dollar term to contract 0.5% in 2020. Meanwhile, the estimated foreign tourist numbers of 2020 are at 38.7 million persons, contracting 2.8% from previous year.

Domestic economic activities also tend to be weaker in most aspects. Private consumption will be affected by decelerating rate of durables consumption and severe drought which is seemed to be at the same degree impact as the incident in 2005 and to pose negative impacts on farm incomes. Public investment is expected to decline with a great extent particularly in the first half of 2020 due to the delayed government budget bill; however, the budget is expected to be disbursed in the second quarter. Coupling with prolonged infrastructure investments in the EEC project which are accounting for 30% of annual government budget, these factors are expected to result in a decline in public expenditures of more than 60 billion dollars. Private investment is also forecasted to expand by only 2.0% in line with low capital utilization and fragile exports recovery. Due to stronger headwinds, Thailand's government has launched some economic stimulus packages such as farmers' income guarantee schemes, soft loans by government's special financial institutions as well as tax measures. These public stimulus programs are however evaluated not being able to offset all negative impacts on Thai economy. TMB Analytics accordingly forecasts that Thai economy's growth in 2020 will decelerate to be at 1.8%.

Regarding financial market, the Monetary policy committee decided to cut the policy rate further to the record low from 1.25% to 1.0% in February 2020. TMB Analytics views that the rate will remain at 1% till the end of the year in order to support Thailand's economic recovery. For Thai baht, it is projected to be in a depreciation trend, moving between 31.0 to 31.7 baht per dollar, due to heightened risks in Thai economy, less current account surplus and the US dollar's appreciating trend.



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



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

Thai Commercial Banks in 2019

Commercial banks had weaker growth as loan expansion deaccelerated from the slowdown economy. Credit expanded at a slower pace than deposits. This caused L/D ratio to decrease from 98.3% to 96.5%. Liquidity in Thai banking system at year-end stood at THB 3.8 trillion, growing from THB 3.4 trillion from the same period last year. Total assets of domestically registered commercial banks rose 6.2% to THB 18.4 trillion.

Commercial banks' total loans in 2019, stood at THB 13.5 trillion, expanding by 2%. Consumer loans in all portfolios, although growing at slower rates, are main contributors. Large corporate loan growth contracted at 1.5% due to global economic slowdown and debt repayment, mostly in services, commerce, and manufacturing. Overall Small and Medium Enterprises (SME) loan contracted 0.3%.

MLR of the five largest commercial banks were averaged at 6.08% at the end of 2019, dropping from the previous year from rate cuts in which BOT lowered the policy rate from 1.75% to 1.25% at the end of December 2019. Commercial banks lowered their lending rates to mitigate the interest burden of their customers especially for SMEs, who were impacted the most from the slowdown. As a result, the spread between MLR and 12-month time deposit rate dropped to 478 basis points.

In 2019, commercial banks' deposits grew 4.2% from last year to THB 14.3 trillion mainly from time deposits. Consequently, the share of current and saving deposits was reduced to 60% from 63% of total deposit last year. Five largest banks' average time deposit interest rates dropped following decreases in the policy rate, while the average current and saving deposit interest rates remained stable.

Total NPLs (gross NPLs) of commercial banks as of December 2019 increased from THB 443 billion to THB 465 billion from the same period last year. NPL ratio increased by 4 basis point and remained elevated at 2.98%. It was largely driven by NPLs from SMEs loans, especially in manufacturing and commerce businesses as a result of global economic slowdown. Retail's NPL ratio rose to 2.9%. The largest increase was from mortgage and hire purchase loans due to lower debt repayment power affected by the economic slowdown.

The net profit of commercial banks registered in Thailand stood at THB 254 billion in 2019, increased by THB 61 billion or 52% from last year due to gains from investments. Interest income increased 4.7% from loan expansion. Fee and service income declined slightly by 1% from money transfer and commission fees.

Trend of Commercial Banks in 2020

Loan and Deposit Trend

The commercial banking industry in 2020 is expected to decline in line with decelerating economic growth. This is due to lower private consumption, which is attributed to severe drought, tepid growth in private investment because of production decline and prolonged public investment spending, as well as weaker tourism which is negatively affected by the outbreak of COVID-19. The widespread outbreak moreover poses an adverse impact on tourist-related services, wholesale and retails as well as the export-oriented productions being a part of supply chain of those affected countries.

Corporate loan tends to grow in alignment with demands for working capital, particularly those in construction sector who need capital for public-related infrastructure project. Loan for SMEs however decelerate from the previous year, though with continuing demands for working capital the same as corporates. This is because weaker credit quality causes the bank to be more cautious in loan approval especially for those SMEs, which are normally affected by declined household income and decelerate economic growth with greater impact degree than corporate.

Consumer loan, credit card and personal loan are estimated to be lower this year. Even though with continuing households' demands for liquidity during declining income, the credit standard however is tightened amid concerns over households' debt serviceability. In addition, the growth of mortgage loan and car loan decelerate after a sharp rise in previous year.

Deposits are likely to decelerate partly because of income declining in line with economic conditions and changes in financial management plans of those depositors to give more weight on financial products with higher returns than term deposit which offers lower interest rate particularly after policy rate cuts at the end of 2019. Additionally, the decline in loan growth together with prevailing high liquidity will not lead to intense deposit competition.

Ongoing challenges in banking business in 2020

1. Digital Banking

Banks will continue investment in digital infrastructure since it helps reducing operating costs and providing greater opportunity of wider customer reach. Moreover, big data extracted from digital platform can be applied for business's strategic planning, creating new products that can satisfy customer's needs with prompt response as well as enhancing more efficiency in risk management. The recent introduction of banking API (Application Programming Interface), the digital platform connecting two separate online application, does help encouraging the system developers to create, develop and test new financial products and services on online portal together with the bank. This is for example, the connection of online insurance service portal to the bank's online application does offer the customers of both the insurance company and the bank to achieve insurance services more easily, and for the service providers to be able to reach a wider customer base. The banking API thus greater enhance building ecosystem of the digital economy.

2. National Digital ID (NDID) platform

National Digital ID is a new online cross-bank identity verification which offers a new choice that the customers do not have to present him/herself right at the bank. In other way, they can however request the original bank, which their identification process with the bank had been already once done, to send the identification data to a new bank instead (Authentication). This will significantly cut the numbers of related documents and redundant working process, especially between the banks. Accordingly, it will reduce operating cost and provide more convenient financial services for people and businesses in a timely manner and with global-standard safety. This thus helps enhancing the ease of doing business in Thailand in another way. In the first phase, the verification platform will be applied only in opening bank accounts and loan approval. Later, in the second phase, it is expected to be wider used in opening portfolio account, mutual fund and insurance services for those foreigners as well as corporate.

3. e-Marketplace Platform

Commercial banks and financial institutions are prone to expand their roles as online platform service providers whose the platform will be a place for exchanging goods and services as well as full digital payment service (e-Marketplace Platform). This is in order to respond to the change in customers' behaviors in online shopping. The BOT has already approved the guideline for the bank and financial institutions engaging in e-marketplace since 2019.

4. National e-Payment

National e-payment is a national agenda so as to promote standardized and modern electronic payment system that will help cutting transaction costs in the economy. Thai commercial banks are therefore expected to continue promoting Prompt Payment (PromptPay) services, EDC usage and expanding QR code payment. In most recent period, Thai government has already utilized more e-Payment platform for tax rebating and cash transferring in welfare scheme for Thais through Prompt Payment system. Moreover, the stock exchange of Thailand has introduced the initiated payment system for capital market, supporting the payments in security transactions between investors and asset management firms. This can satisfy the condition that the original account and the destination ones are in different bank as well as help reducing the systemic risk in payment system. In longer run, there will be further service launched for wider ranges of transactions such as dividend payment for stockholders and security orders payment in mutual fund.

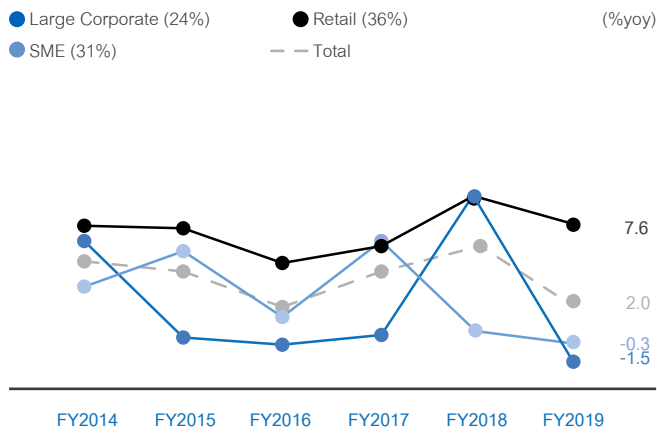
5. Fintech

Fund raising through venture capital supports the setups of Fintech firms, which their figures have rose sharply with the capacity of wider service offering ranging from money transfer, payment, investment to insurance services. Incorporating new technology, this enable banks to satisfy their customers' financial service needs with new products in a timely manner. Looking forwards, the cooperation between bank and Fintech firms will accordingly be prominent. This would result in bringing together the strength of bank in wide customers base and Fintech firm in advance technology capacity to offer better financial services for customers with more efficiency.

6. Regional Partnership

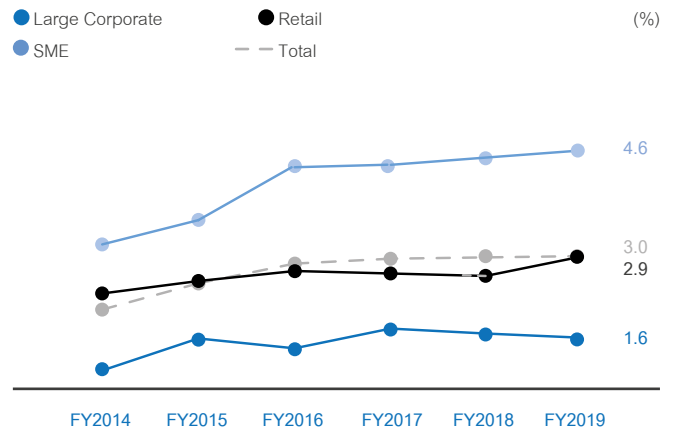
Partnership building among ASEAN banks through the establishment of QABs (Qualified ASEAN Banks) along with the guideline of financial services liberalization will help reducing obstacles for Thai commercial banks in doing business in the region and for those Thai business sectors to gain more easy access in trade and investment within the region.

Banking Industry: Loan Growth



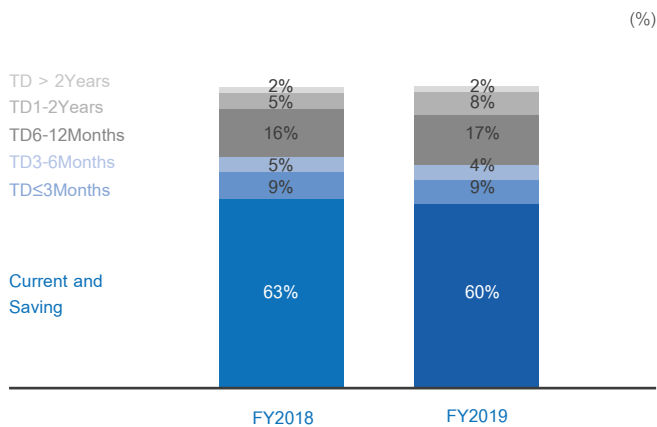
Source: Bank of Thailand

Banking Industry: NPL Ratio



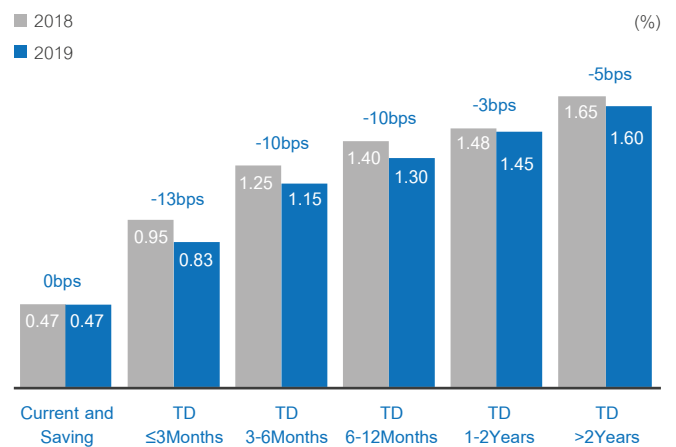
Source: Bank of Thailand

Banking Industry: Composition of Deposits by Maturity



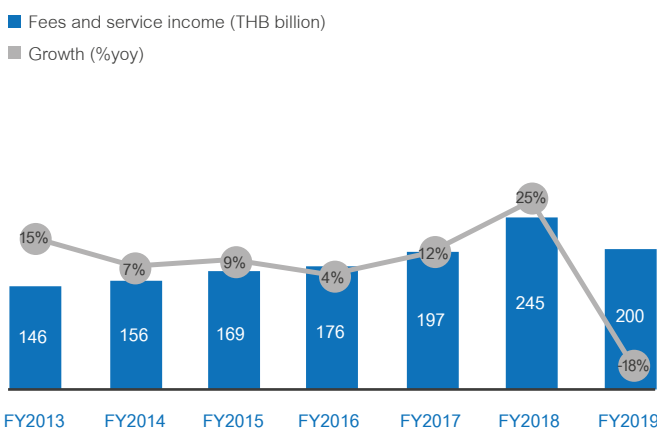
Source: Bank of Thailand

Banking Industry: Composition of Deposit by Interest Rate



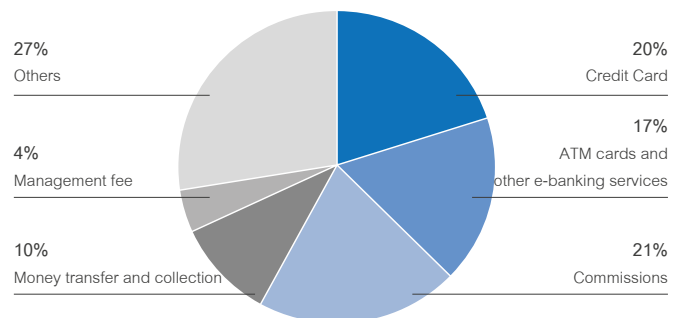
*Average from 5 largest commercial banks' rates
Source: CEIC

Banking Industry: Fee Income



Source: Bank of Thailand

Banking Industry: Fee Income Structure



Source: Bank of Thailand

Strategy and Business

Brand Aspiration

TMB empowers customers to make the most of their lives

Our Brand

Make **THE** Difference

Rooted in core brand DNAs:

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

How We Plan to Deliver – TMB Strategic Intents

Customer Centricity

TMB places emphasis on the customer at a center of business operation by gathering and analysing customer's behaviour in order to develop financial products and services to meet their needs and provide better customer experience. Moreover, TMB also measures customer satisfactory to continuously improve the Bank's products and services.

Build Deposit and Transactional Banking Products Excellence

TMB has used Deposit-led strategy to differentiate customer value proposition in deposit products and transactional banking services. With this strategy, TMB can deepen relationship with customers and understand customers better which will result in TMB becoming main bank of customers.

Build Sustainable and Recurring Non-Interest Income

TMB continued to emphasize on building sustainable non-interest income capability. Building non-interest income capability allows the Bank to effectively manage capital because of the minimal capital requirement compare to credit-related income, for example, bancassurance products and mutual fund products. Moreover, non-interest income will help ensure sustainable bottom line through business cycles. TMB applied business model of distributor and open architecture by searching for suitable business partners and best products to be on the Bank's shelf. This is to ensure the best offering to customers.

Continue Leading in Auto Loan and Lending Products

After the merger, the Bank can leverage strength of TBANK's auto loan to further expand the business and fulfill customer's lending needs. With completed product suites, this enhances the ability to cope with the change in market environment and competition to maintain leadership position.

Optimize Capital Utilization and Liquidity Management

TMB is strongly committed to delivering the level of profit expected by investors and has set the target to earn same level ROE with top bank performers within the next 3-5 years. To achieve this, the Bank has focused on selectively growing balance sheet to generate incremental return.

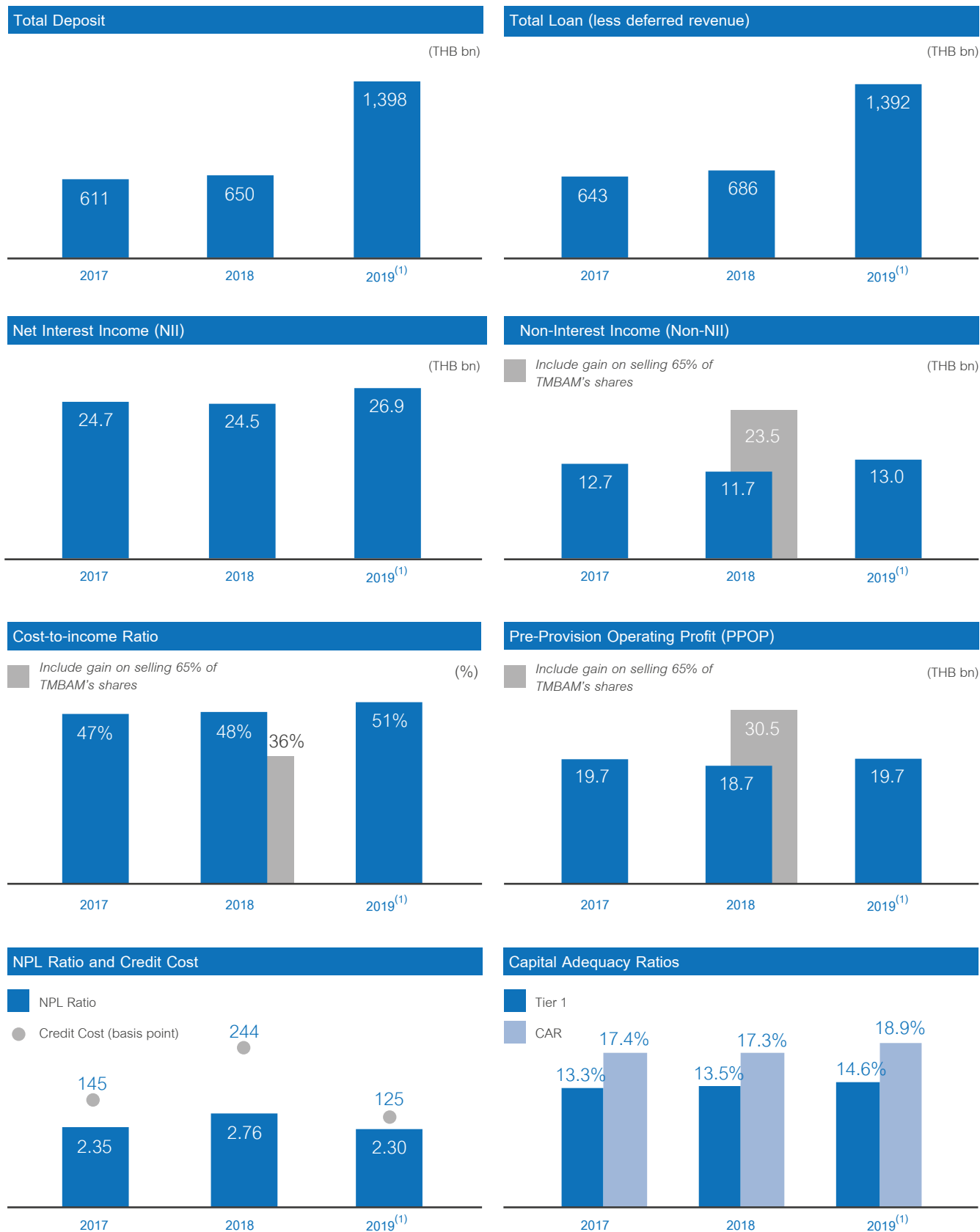
Enhance Digital Capability and Solutions

The current financial transaction is continuously growing in the digital channel due to the shift in customer's behaviour and rapid technological development. To be prompt in these changes, TMB has continually invested in IT infrastructure, cyber security and customer data privacy system, as well as developing staff's competencies, corporate culture in alignment to the digital era and digitalizing business processes to speed up product development cycle and enhance better customer experience.

Capture Synergy Realization

With the merger, the Bank sees 3 potential synergy areas that the Bank can capture and create opportunities to generate future income – Balance sheet synergy, Investment & cost synergy and Revenue synergy. The integration blueprint has been developed to ensure the synergy realization and smooth business transition.

Key Performance Indicators



⁽¹⁾ Consolidated financial statements, included TBANK's P&L 4-31 Dec 2019 / TBANK's financial position as of 31 Dec 2019

TMB Accelerated Growth Journey

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

Stage	Key Highlights	Result
1. Strengthen the foundation 2008 – 2009	<ul style="list-style-type: none"> • Reorganization • End-to-end process improvement • HR transformation • Raised service standards • Enhanced risk management 	<ul style="list-style-type: none"> • Improved overall asset quality • Achieved top quartile employee engagement
2. Acquire good customers 2010 – 2011	<ul style="list-style-type: none"> • Customer base expansion in SME and retail banking • Service and operational excellence • Products and services that match with customers' needs • Physical channel optimization • Brand enhancement 	<ul style="list-style-type: none"> • Successfully grew customer base through improvement of quality services and products which matched with customers' needs • Branch renovation and relocation • Launch of Make THE Difference
3. Differentiate and deepen share of wallet 2012 – 2014	<ul style="list-style-type: none"> • Transactional banking excellence and branded customer experience • Leveraged transactional relationship with customers to offer the right products that answer customers' needs • Better quality of assets (larger proportion of SME lending) • Introduced integrated channel with focus on digital transformation 	<ul style="list-style-type: none"> • Successful release of flagship transactional products • Cross-selling based on customer understanding at industry and segment level • Optimization of loan portfolio • Offer best-in-class E-Channels
4. Induce a game change and enter into new business 2015 – 2018	<ul style="list-style-type: none"> • Focused on building the right digital platform that address customer needs and lifestyles to empower them to make the most of their lives • Developed employee capability and restructure organization to allow the employees to work at their full potential • Potentially entered into new businesses that suit customer needs • Built Data analytic capability to leverage on data enrichment to be able to offer right products and services to the customers at better efficiency 	<ul style="list-style-type: none"> • Infrastructure readiness for digital platform to serve National E-Payment • Prepared IT capability to ensure digital channels stability • Reduced employee corporate layer down from 6 to 5 to improve agility • Introduced customer data roadmap to improve in data completeness, quality and enrichment • Formed a partnership with Eastspring Investments (Singapore) from a deal to sell 65% stake in TMBAM
5. Sustain growth momentum 2019 onwards	<ul style="list-style-type: none"> • Introduce new way of work and revamp key process to ensure simple and easy banking experiences • Complete merger transaction with TBANK to enhance scale and competitiveness • Prepare and execute integration plan and synergy realization 	<ul style="list-style-type: none"> • "Agile way of work" to shorten product launch process and build collaboration that would ultimately improve efficiency • Enhanced business capability thru better networks and new product development • Completed product suites for investment and lending products • Expanded customer base up to 10mn customers

Overview of 2019 Business Operation

In 2019, the Bank's business units consisted of 1) Wholesale Banking 2) SME Banking and 3) Retail Banking. The summary of each business unit's operation in 2019 is described as below.

1) Wholesale Banking Customers

In 2019, Wholesale Banking continuously expanded financial services for corporate customers especially key target industries such as Fast-moving consumer goods (FMCG), Construction and Automotive.

TMB successfully developed various digital-based transactional banking and supply chain solutions for target customer groups. For instance, we developed solutions for farmers which benefits our corporate clients with large agricultural contract farming as well as farmers. We aim to deliver digital banking service to serve our customers' need. We successfully developed digital payment platform such as PromptPay, Bill Payment, PayAlert and Request-to-pay. We have also substantially grown number of on-line users and transactions among wholesale banking customers via TMB Business Click and TMB Business Touch, the Bank's digital channels. We adapt customer centric strategy and continue to develop our digital product features and solutions to suit our customers' sophisticated needs.

TMB became the first bank in Thailand to launch Multi-Currency Account (MCA) for exporters. It gives an unprecedented convenience to corporate customers to manage six currencies in a single bank account. Unique features of our MCA include foreign currency fund transfer, currency conversion and single view of e-statement, all via our "TMB Business Click" online banking system.

2) SME Banking

TMB SME continues to grow as a main transactional bank for our customers through simple & easy, need-based transactional and credit solutions via attractive customer value proposition and multiple channels including branch network, ATM, and digital channel known as TMB Business Touch. Our effort is well-rewarded, as seen from significant growth of TMB SME One Bank since 2018 and TMB Business Touch which has become the most admirable channel for transactional activity among TMB SME customers.

At the same time, TMB also provide superior experience. We adopted market industry information with in-dept customer data analysis for credit approval process resulting in prompt delivery of sufficient credit facilities to our customer, along with cooperation with Thai Credit Guarantee (TCG) to provide credit guarantee. These provide our SMEs can access to source of fund to grow their business. Moreover, TMB developed online service "Online Loan Request" which makes it easier for customers to access to source of fund.

TMB continued to leverage on new technologies to enhance our "TMB Biz Touch" features to provide better digital experience to our SME customers. We provide a more convenient ways includes Call Me Now. Our call centre "Call back within 5 minutes" of request submission sending business and credit needs via TMB Biz Touch or through our website to serve customers' need and business growth in digital era.

3) Retail Banking

Both make **THE** Difference brand philosophy and customer centricity continued to be the main reasons behind our growth. While we continued to remain focused in deposit-led strategy, 2019 was a pivotal year for us as we continued our commitment to understand more about our customers and both of their complex journeys and behaviors in this rapid-changing world. We continued to put our core focus on and managed in a sustained effort in driving the quality main bank status amongst new and existing customers. We continued enthusiastically in matching the needs of our customers through many of our need-based leading flagship products and services which include but not limited to **TMB All Free** – country's best transactional product which offers many great benefits at free of charge covering all-purpose one can possibly enjoy or use in a daily life whether it is banking transaction, personal accident protection, online guarantee purchase, or overseas travel, **TMB Wave** – wearable contactless payment device which helps customers maximize their convenience when making payments, **TMB No Fixed** – flexible savings which offers high rate and even higher when using TMB All Free regularly, **TMB WOW** – The Asian Banking & Finance Award Winner for Thailand's most disruptive loyalty program has also launched **Pay with WOW** earlier this year, the newest feature that allows customers to use WOW as real money through TMB All Free Debit Card, **TMB TOUCH** – our mobile banking app which allows customers to fulfill their financial needs upon clicks, **TMB Advisory** – a new wealth management service platform which offers complimentary consultations through personal financial advisors over interests of investment and protection as well as **ME by TMB Group Products** – high rate digital savings by ME Save, unlimited money transfer and transactional deposit by ME Move and life insurance by ME Sure. As of 2019, we are proud to have nearly 3 million retail customers who are currently active and consistently bank with us.

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

Business Operation Plan for 2020

For 2020, the Bank has changed its business unit in accordance with the merger plan with Thanachart Bank. The new structure consists of 1) Commercial Banking to serve both corporate customers and SME customers 2) Retail Innovation and 3) Automotive Lending. The business intent and 2020 plan of each business unit are as follows.

1) Commercial Banking

Our Intent

- TMB remains committed to be customers' most advocated operating bank, together with being an advisor that helps unleash potential and maximize business values for commercial customers through value-added products and services.
- In 2020, TMB has adjusted strategies to be in line with the merger plan by focusing on extending the expertise of targeted industries and develop products/services that truly reflect the needs of customers to assist customers to build sustainability into their growth and competitiveness.

Plans for 2020

- **Leader in supply chain connectedness:** TMB continues to develop Supply Chain Financing and offer holistic solutions that meet specific customer needs to strengthen leadership position in supply chain. We are working with strategic partners who specialize in each industry to create a differentiation in supply chain to provide superior value to customers as well as creating an ecosystem for small and medium-sized customers to join and expand their business network for sustainable growth.
- **Expert in international financial:** TMB continues to develop products and services for importers and exporters. We strive to not limit ourselves to be a financial service provider but to advise and offer full range of services needed to support and increase competitiveness for exporters.
- **Integrated digital transactional banking:** TMB will continue to develop holistic products and transaction services through digital channels including digital financial management and employee-engagement solution. We collaborate with selective partners to develop and deliver customized value propositions to customers while integrating alternative data from partners (Information-Based Lending) to give small business better access to financial source.
- **Portfolio optimization:** TMB continues to drive sustainable growth by focusing on effective portfolio management and long-term revenue management including increasing the average customer lifetime value. We will continue to aggressively expand quality customer base especially small and mid-sized customer. In addition, we will also more focus on credit quality by emphasizing on good-quality asset acquisition and comprehensive process monitoring to mitigate the risk of non-performing loans (NPLs).
- **Enhance people's capabilities:** TMB will continue to enhance people's capabilities toward becoming a value-added advisor through offering professional advice with customization upon different industries.

2) Retail Innovative

Our Intent

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

Plans for 2020

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

3) Automotive Lending

Our Intent

- Maintain leadership in Automotive Lending Business by delivering over expected experiences throughout the customers' journey; from applying loan, services during the lending period until customer closes account via online channel. Meanwhile propose essential products such as car insurance and loan protection via Omni channel throughout the customers' lending period.
- Set up Automotive Lending Ecosystem by using digital platform.

Plans for 2020

- Continue using Sales Network and Branch channels while adding online channel to cope with changes in customer behavior from digital platform and also enhance system and service for better and faster services for business partners (OEM, Dealers and Tents).
- Provide meaningful need-based products and services through personalization at the right time to match the needs of our customers.
- Strengthen customer experience management framework to deliver the best customer experience.

Risk Management and Key Risk Factors >

1. Risk Management

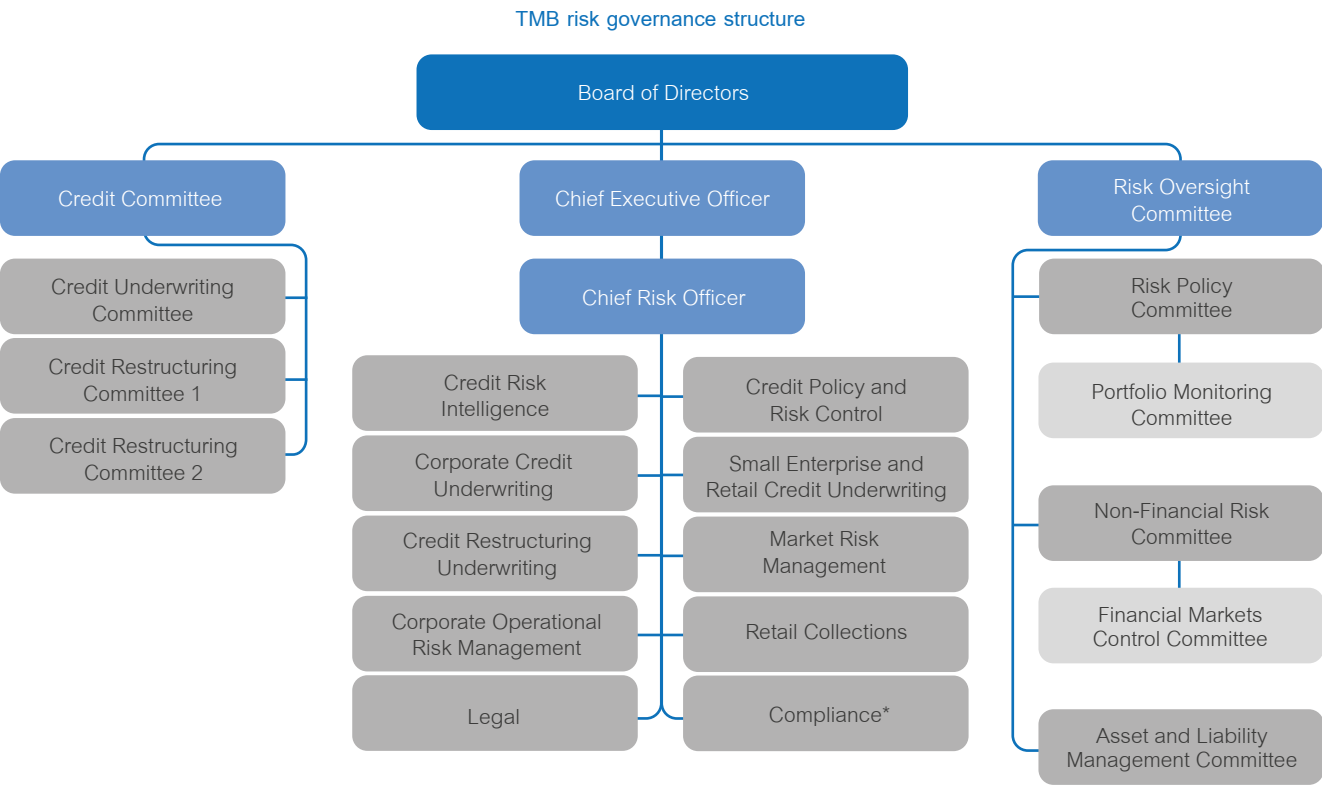
1.1 Overview of TMB's risk management

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

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

1.2 Risk governance structure

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



*Also report directly to Audit Committee
As of December 31, 2019

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

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

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

The ROC Dashboard combines key insights from all risk areas into one to ensure that ROC can perform its activities. It measures the soundness of risk environment and culture.

1.3 Risk management process

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

- 1) **Risk Identification:** TMB classifies risks which are arising in daily business activities into 6 key risk areas: Credit Risk, Market Risk (including but not limit to Foreign Exchange Risk and Interest Rate Risk), Liquidity Risk, Non-Financial Risk, Strategic Risk and Reputational Risk.
- 2) **Risk Assessment & Measurement:** TMB uses different methods and tools to measure various risk types in both quantitative and qualitative measures. In addition, TMB also conducts Stress Testing to measure quality and resilience of the Bank's portfolio and the Bank's tolerance to stress event scenarios.
- 3) **Risk Monitoring and Control:** TMB controls, mitigates and monitors risks by setting key risk indicators, as well as risk appetite at the bank-wide level, portfolio level, product level, and other levels as may be appropriate.
- 4) **Risk Reporting & Communication:** Status of various risk types as well as actions taken / to be taken are reported to relevant parties / committees and top management on a regular basis. The risk reports cover product level, portfolio level, functional level, and the bank-wide level.

Three lines of Defense:

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

2. Key risk factors

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

2.1 Credit risk

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

TMB's credit risk management objective is to maximize the Bank's risk-adjusted return by maintaining credit risk exposure within acceptable levels and build a sustainable competitive advantage by integrating risk management into business activities and strategic planning.

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

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

2.1.1 Credit risk factors

Credit quality

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

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

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

Impairment in value of physical collateral

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

Credit concentration

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

2.1.2 Credit-related policy

Classification and provisioning policies

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

Policy on provision for off-balance sheet items

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

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

In addition to regulatory provision, TMB also set asides IBNR provision for off-balance sheet items on behalf of customers classified as Pass (P) and Special Mention (SM) to provide a further cushion for expected losses as a result of future events.

Non-Performing Loan (NPL) and Potential Impaired Loan (PIL) Management

The Bank is aware that the management of the Non-Performing Loan (NPL) and Potential Impaired Loans (PIL) will impact to the overall bank performance. To ensure prudence, the Bank set up a Special Advisory Banking Services (SABS) team (the 1st line of Defense) which together with the Credit Restructuring Underwriting (the 2nd line of Defense) work together towards the objective of SABS to prevent the NPL based on the principle of proactive advisory and fast track measures to restructure underperforming loans and convert to normal loan, with the objective of Credit Underwriting to ensure quality of debt restructuring at all stages and accuracy of loan classification. SABS will take care of debtors who start to be delinquent on the term loans and fall in "Early Warning Sign (EWS)" or having significant deterioration in risk profile. Especially, the debtors who are classified as Special Mention (SM) require close monitoring. To be more efficient, SABS Manager will co-ordinate/negotiate with debtors to identify debtors' problems and to set appropriate solutions based on nature of the problem. For example, in case of short term liquidity problem, the bank may consider term extension, restructuring loan facility, and etc. In case of long term problem such as higher competition or lower sale, the bank may consider long-term restructuring (troubled debt restructuring, TDR) based on debt service ability.

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

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

2.2 Market risk

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

The Bank controls the actual market risk exposures by setting limits within the Bank's risk appetite approved by the Board of Directors.

The significant market risks are as follows:

2.2.1 Foreign Exchange Risk

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

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

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

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

2.2.2 Interest rate risk

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

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

2.3 Liquidity risk

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

The Balance Sheet Management (BSM) is the unit of the Bank responsible for overall liquidity management and Capital Markets is responsible for day-to-day liquidity management. Balance Sheet Management is also responsible for liquidity risk measurement, and reporting the performance of the liquidity management to the ALCO. The Market Risk Management is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has a liquidity risk management policy, which is reviewed at least once a year, or when necessary, to ensure that it is appropriate with the prevailing environment.

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

Most of the Bank's funding was mainly from deposits. The Bank's ongoing quality deposit strategy seeks to further strengthen its financial position and operating results in order to boost depositors' and customers' confidence. Meanwhile, priority is also given to liquidity risk management by

maintaining the level of liquid assets, keeping abreast of risk levels on a daily and monthly basis, setting risk indicators limits, and taking proactive steps to contain risks at an acceptable level. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

2.4 Non-financial risk

Non-Financial risk is defined as the risk of financial impact and non-financial impact e.g. legal or regulatory sanctions, or reputational damage due to inadequate or failing internal processes, people and systems, a failure to comply with laws, regulations and standards, or external incidents.

TMB adopts the Basic Indicator Approach (BIA) by using gross income as a proxy in the calculation of value equivalent to operational risk-weighted asset (RWA).

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

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

Under "the Three Lines of Defense" principle, Business and Support Units (BU/SUs) as the 1st Line of Defense, are primarily responsible and accountable for their own operational risk management and control. Business Operational Risk Management (BORM) is the function under BU/SUs with joint reporting line to CORM.

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

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

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

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

The Bank used several tools and processes to manage the operational risk such as Risk & Control Self-Assessment (RCSA), Risk Appetite Statement (RAS), Key Risk Indicators (KRI), Incident Management, Action Tracking, Product and Service Approval Process (PSAP), Outsourcing Risk Management, Business Continuity Plan and Disaster Recovery Plan (BCP / DRP), and Key Control Testing (KCT).

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

The RAS is determined based on strategy, objectives and historical incident data. The RAS contains a set of quantitative and qualitative statements. The Quantitative statements are measurable and are informed by the strategic priorities of the organization. The Qualitative expressions of non-financial Risk Appetite describe the acceptable and unacceptable attitudes and behaviors of the organization as a whole. The process of measuring, monitoring and reporting of RAS are made through non-financial risk dashboard (NFRD) on an ongoing basis which aims to promote pro-active risk management response. In case the Bank moves towards or beyond the tolerance level, the responsible units will highlight the issue during NFRD reporting on the Bank Non- Financial Risk Committee (BNFRC), the Risk Oversight Committee (ROC), and the Board of Director (BOD), management and staff are expected to take actions to bring down to its tolerance level.

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

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

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

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

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

2.5 Reputational Risk

Reputational risk is defined as the risk of possible damage to the Bank's reputation from any association, action or inaction which could be perceived by stakeholders to be in appropriate, unethical or non-compliance with laws and regulations.

The bank-wide reputational risk is to be identified and assessed on a yearly basis including the mitigating actions to reduce risk level to be within the Bank's risk appetite. In addition, reputational risk is to be considered when identify and assess the Bank's key risks during RCSA process.

2.6 Strategic risk

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

TMB's vision is, "TMB inspires people to Make **THE** Difference". In order to achieve this vision, TMB developed a 5-year rolling strategic plan focusing on a Deposit-Led Strategy and Transactional Banking Excellence. This will create a strong foundation for sustainable growth whilst TMB builds towards achieving market leadership. In addition, the post-merger integration with Thanachart Bank will also be the strategic priorities on TMB going forward.

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

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

3. External risk factors

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

3.1 Risk from economic condition

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

3.2 Risk from material changes in regulations

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

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

In the year 2019, the Regulators who regulated Financial Institutions have issued guidelines including several regulations for the Financial Institutions. The summary of the significant regulations are as follows:

The Bank of Thailand (BOT)

BOT issued additional regulations related to personal loan under supervision that covers the loan with auto's plate license registration as loan guarantee. This is to support the group of based people to be able to get into the loan with reasonable cost and be treated more fairly by the business. BOT has pushed to improve in replacing the Debit cards and ATM cards from the magnetic cards type to be chip cards type in order to raise up the security in doing financial transaction, to have better cyber risk prevention. The target date to complete changing these cards will be by the end of 2019. BOT has issued the notification of Know Your Customer (KYC) for opening the deposit accounts by Financial Institutions. As the opening of deposit account with the Financial Institution is the significant transactions and is the starting point of the customers to use the financial service in the Financial Institution system. The rules includes 2 important processes which are 1) Customer Identification and 2) Customer Verification. This is for the Financial Institution to have efficient KYC process. The Financial Institutions can provide the account opening service for both Face-to-Face and Non Face-to-Face with the customers. The Financial Institutions can verify the customer's identification through the normal process or digital verification eg. via National Digital ID Platform (NDID Platform). In addition, BOT has set the standard of Thai QR Code for payment and money transfer for both locally and internationally, and the relevant key risk management. For the part of Capital, BOT has issued the regulation to align with Financial Reporting Standard no. 9 Re: Financial instrument (TFRS9).

In term of the Foreign Exchange regulations, BOT has revised the measures to prevent Thai baht speculation in order to reduce the fluctuation of Thai baht currency from the speculation by reducing the outstanding balance limit of Baht for non-resident (NR) account for both Non-resident Baht Account (NRBA) and Non-resident Baht Account for Securities (NRBS) at the end of each day from 300 million baht to 200 million baht per NR and revised the regulation to support the capital flow out and reduce the pressure of the Thai baht value by permitting the exporters whose income lower than 200,000 US dollars per export bill to be able to deposit their money in foreign country without limitation period. This also liberalized the retail investors to invest in foreign securities within the limit of 200,000 US dollars instead of passing through the local agents or required to have the assets as per specific condition.

The Securities and Exchange Commission (SEC)

SEC has issued guidelines on e-KYC in technology using for KYC (Know Your Customer) before start providing the service to customer by specifying the detailed process and methods in getting the information to identify the customers or the real beneficiary i.e. Identity proofing, Authentication, Client Due Diligence, Ongoing/Enhanced KYC, IT Risk Management and Data Management and Record Retention. There has also issued the regulation related to customer's complaint management including the report submission to SEC and board of director or the assigned committee for acknowledgement within the specific timeline. Issuance of the circulation to provide understanding of sales advisory of Unit Link product in order to be confident that the bank can sell Unit Link product and proposed the proper funds aligned with Unit Link features without any risk to customers as well as properly prepare and use the Unit Link sale sheet during the sales process and be more careful

in providing the service to the vulnerable customers. SEC has issued the operating guidelines in contacting and providing service to the customers with special care need in order to make sure that the vulnerable customers received the completed information and understand the details condition and risk of getting this service.

The Office of Insurance Commission (OIC)

OIC has issued additional notification related to the application, the approval and requesting for renewal of license as life insurance broker and non-life insurance broker. The applicants must be trained in the subject of life insurance / non-life insurance according to OIC requirement or pass the examination related life insurance / non-life insurance according to OIC's guidance. The applicants must not be a Designated Person according to Counter-Terrorism and Proliferation of Weapon of Mass Destruction Financing Law.

3.3 Emerging risk

Digital disruption

While innovation and digitization provide financial institutions with new growth opportunities, banks can be impacted by the lack of preparation for new technologies and financial innovation. The implications and risks that come with digital finance and innovation also include information security and financial fraud, to name a few. These innovations can significantly disrupt the entire value chain of traditional financial business and the bank's business model, products and services. Thus, TMB implemented the Digital Transformation program consisting of the development of digital branding, agile organization, IT infrastructure, data analytics, and searching for right digital partnership in order to enhance competitive advantage by keeping up with the pace of a digital driven era. TMB proactively analyzes and identifies potential risks and opportunities associated with the innovation of digital and fintech and new technologies such as big data and machine learning to find effective countermeasures that better serve value added solutions to our customers.

Cybersecurity and customer data privacy

Cybercrime remains as a threat to individuals, corporations in general, and to financial institutions as well. Banks are expecting to be impacted by these attacks more frequently and intensely worldwide, affecting reputation, stakeholders' trust, and license to operate.

In 2019, TMB continues to develop its cybercrime resilience by establishing policies and minimum standards related to IT security and resilience, data leakage prevention and cybersecurity. In addition, the Board of Directors also oversees the information security/cyber security strategy and effectiveness of the implementation. TMB also actively engages with regulators and collaborates with financial industry to strengthen cybercrime resilience.

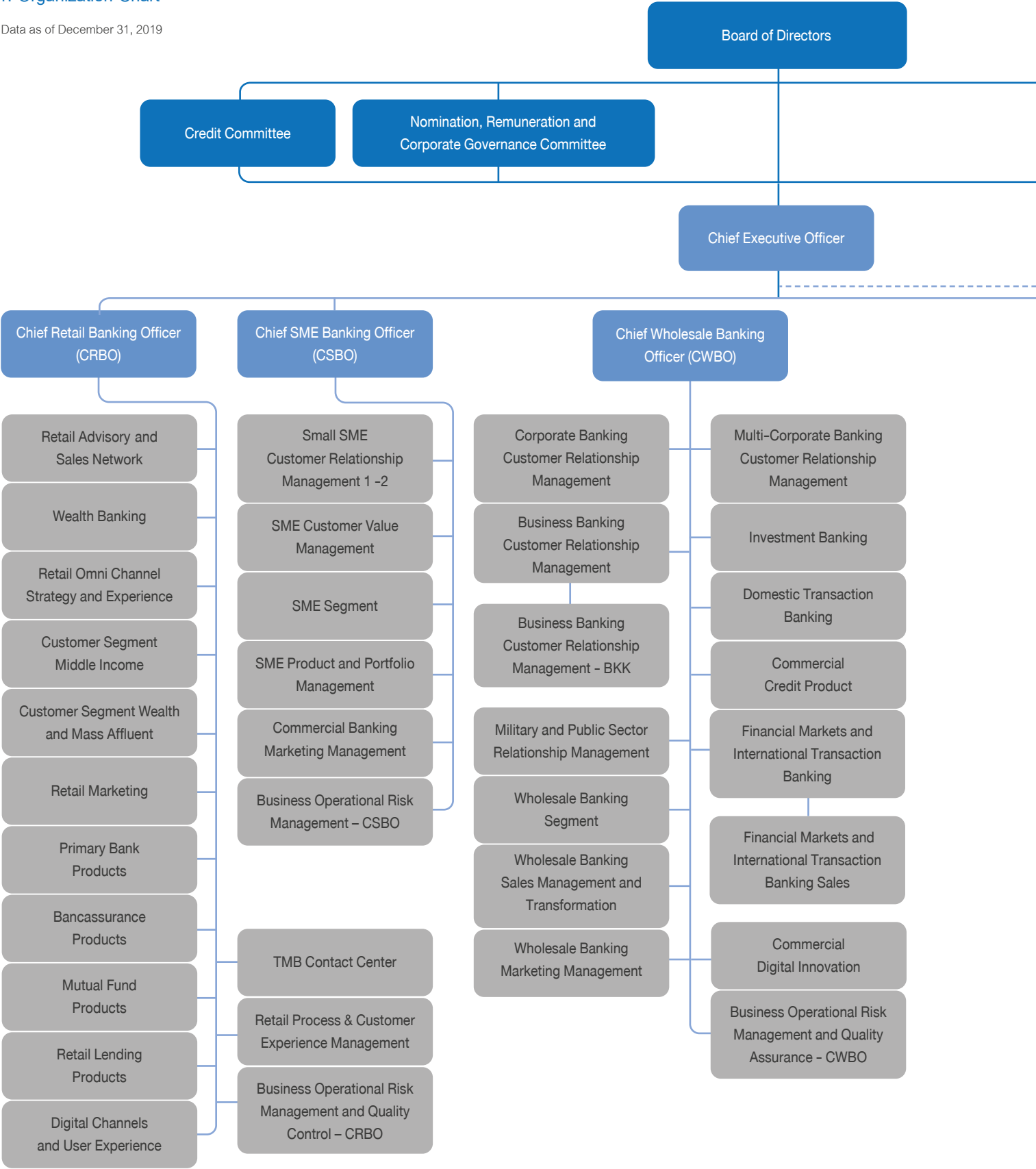
Climate change

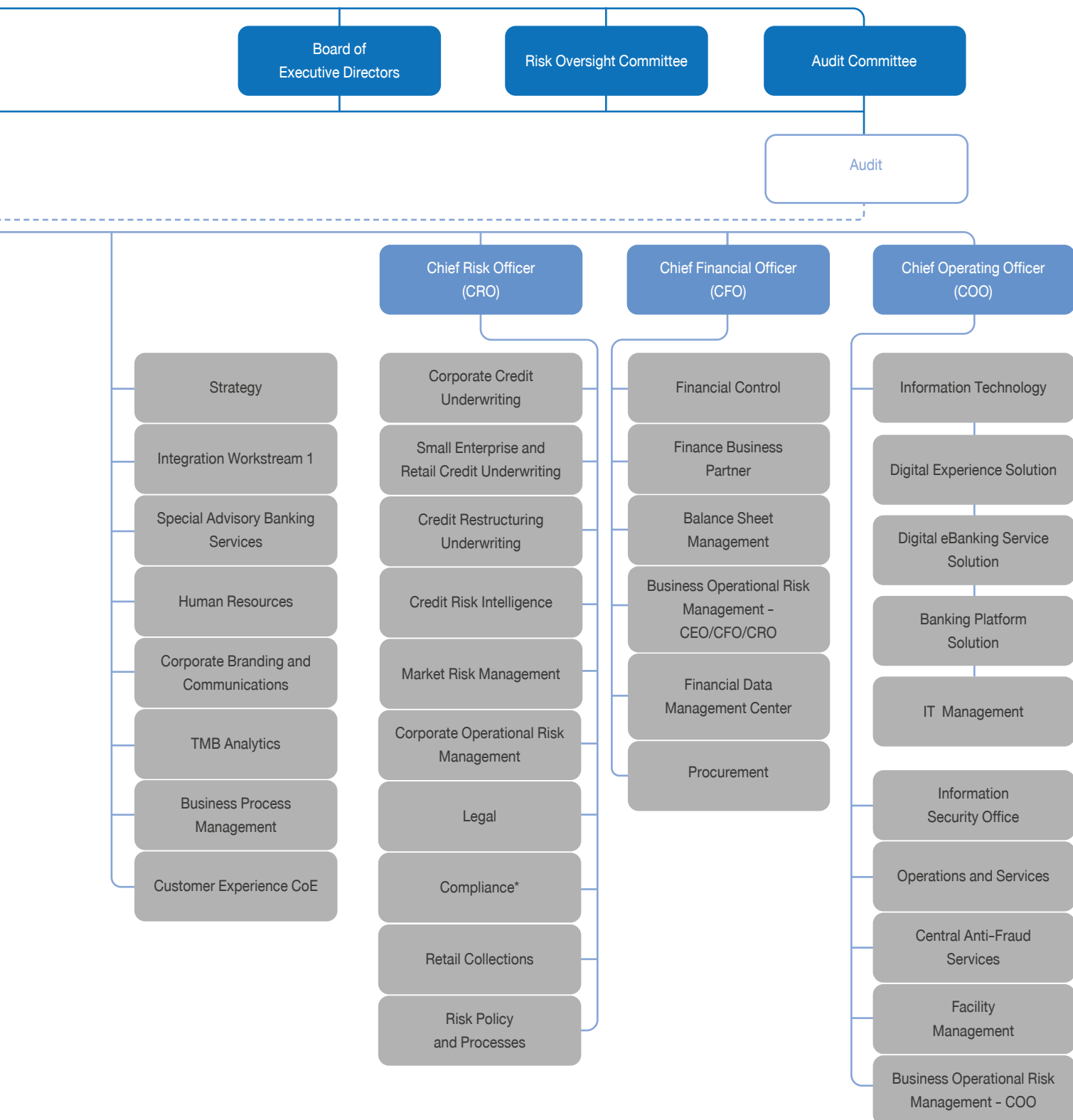
TMB recognizes that the environmental risks from climate change could result in indirect financial risks. Financing to irresponsible borrowers will not only be a significant source of immediate reputational risk but will also undermine long-term sustainability in both asset value and profitability of the Bank. TMB believes that banks play an important role in addressing climate-change issues and facilitating the transition to a low-carbon economy through financial products and services. TMB integrated the Environmental and Social Responsibility (ESR) policy into the approval process of all credit and commercial loans. This is to ensure that the Bank pays extra attention to the responsibilities that arise from environmental impacts. In addition, TMB is the first Thai commercial bank to issue Green Bond with International Financial Corporate (IFC) to exclusively finance climate projects, particularly renewable energy and energy efficiency, which is in line with TMB's green lending expansion plan.

Management Structure >

1. Organization Chart

Data as of December 31, 2019





* Also directly report to Audit Committee.

2. Board of Directors

The Board of Directors as of December 31, 2019 consisted of 13 members, 8 holding non-executive director positions, 4 independent directors, and 1 holding executive director position.

Name	Position	Date of Appointment	Term of Office (Year-Month)
1. Mr. Prasong Pootaneat ¹	• Chairman of the Board	June 20, 2018	1 Year 6 months
2. Mr. Suphadej Poonpipat	• Vice Chairman of the Board • Vice Chairman of Board of Executive Directors	December 3, 2019	1 month
3. General Nattaphon Nakphanit ²	• Director	May 30, 2019	7 months
4. Mr. Philippe G.J.E.O. Damas	• Director • Chairman of the Board of Executive Directors • Chairman of the Nomination, Remuneration and Corporate Governance Committee	December 28, 2007	12 years
5. Mr. Singha Nikornpun	• Independent Director • Chairman of the Audit Committee	January 10, 2014	5 years
6. Mr. Teeranun Srihong	• Independent director • Chairman of the Risk Oversight Committee • Chairman of the IT Oversight Committee • Member of the Nomination, Remuneration and Corporate Governance Committee	December 17, 2019	0.5 months
7. Mr. Chumpol Rimsakorn	• Director • Chairman of the Credit Committee • Member of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee	April 7, 2017	2 year 9 months
8. Mr.Yokporn Tantisawetrat	• Director • Member of the Risk Oversight Committee • Member of the Credit Committee	June 1, 2015	4 years 7 months
9. Mr. Praisun Wongsmith	• Independent director • Member of the Audit Committee	February 12, 2016	3 years 11 months
10. Mr. Somjate Moosirilert	• Director • Member of the Board of Executive Directors • Member of the Nomination, Remuneration and Corporate Governance Committee	December 3, 2019	1 month
11. Mr. Michal Jan Szczurek	• Director • Member of the Board of Executive Directors • Member of the IT Oversight Committee	December 17, 2019	0.5 month
12. Mr. Prinya Hom-anek	• Independent director • Member of the Audit Committee • Member of the Risk Oversight Committee • Member of the IT Oversight Committee	December 17, 2019	0.5 month

Name	Position	Date of Appointment	Term of Office (Year-Month)
13. Mr. Piti Tantakasem	<ul style="list-style-type: none"> • Director • Member of the Board of Executive Directors • Member of the Risk Oversight Committee • Member of Credit Committee • Member of the IT Oversight Committee • Chief Executive Officer 	January 1, 2018	2 years

Remark:

⁽¹⁾ Mr. Prasong Poontaneat resigned from chairman of Board of Director effective on January 1, 2020. Mr. Ekniti Nitithanprapas was appointed as a director and chairman to replace Mr. Prasong Poontaneat effective from 13 February 2020

Average term of office for every director in Board of Directors is 2 Years 6 months

Mr. Naris Aruksakunwong* is Secretary to the Board.

*Mr. Kriangkrai Phurivitvattana was appointed to replace Mr. Naris Aruksakunwong who was the secretary to the Board until January 31, 2020.

Mr. Kriangkrai Phurivitvattana was appointed as the Secretary to the Board since February 1, 2020.

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

Amendment of Director Authorized to Sign to Bind the Bank

Mr. Piti Tantakasem, Chief Executive Officer is authorized to sign with the Bank's seal affixed.

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

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

Function of the Board

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

1. Strategy and Policy

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

2. Compliance

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

3. Organization

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

3. Executives

As of December 31, 2019, the Bank's executives as defined by the Bank and align with definition of SEC are comprised of 26 persons as follows:

No	Name-Surname	Position
1	Mr. Piti Tantakasem	Chief Executive Officer
2	Mr. Senathip Sripaipan	Chief Wholesale Banking Officer
3	Ms. Marie Ramlie ⁽¹⁾	Chief Retail Banking Officer Acting Chief SME Banking Officer
4	Mr. Johannes Franciscus Grisel	Chief Risk Officer
5	Mrs. Prapasiri Kositthanakorn	Chief Financial Officer
6	Mr. Markus Dolenga ⁽²⁾	Chief Operating Officer
7	Ms. Arwiwan Tangtrongchit	Head of Financial Controller
8	Ms. Somkid Preechasammakul	Head of Finance Business Partner
9	Ms. Pimolwan Puarattana-Aroonkorn	Head of Finance Business Partner - Commercial
10	Mr. Thawatchai Trongnamsukij	Head of Finance Business Partner - CRO
11	Mrs. Jitrawadee Srivichit	Head of Finance Business Partner - Retail
12	Ms. Preediorn Klungnark ⁽³⁾	Head of Financial Business Partner - CEO, CFO
13	Mr. Mate Kanokpibool	Head of Financial Payment and Control
14	Mr. Andrew Kent Jan	Head of Balance Sheet Management
15	Mrs. Kwanhatai Sukhumtammarat	Head of Financial Data Maintenance and Processing
16	Mr. Chalermchai Paisithmongkol	Head of Central Treasury
17	Mrs. Voraluck Chokchaitam	Head of Asset Liability and Capital Management
18	Ms. Waree Thanmongkolswad	Head of Financial Regulatory Management
19	Mrs. Suphavadee Wuthithien	Head of Regulatory Analysis - BoT Reporting
20	Mrs. Kamolmarn Staworn	Head of Regulatory Analysis - Financial Reporting
21	Ms. Veeraya Mahakhan	Head of Financial Reporting Services
22	Mrs. Patcharee Leelarasamee	Head of Balance Sheet Analytics
23	Mr. Prayut Boonlerd ⁽⁴⁾	Head of Accounting Control
24	Ms. Rochana Ratant-Ubol ⁽⁵⁾	Head of Accounting Operation
25	Ms. Siriphon Rattanaumphawan ⁽⁶⁾	Head of Financial Governance and Policy
26	Ms. Maline Laoitthi	Head of Financial Data Management Center

Remark:

- (1) was appointed as Chief Retail Banking Officer since August 1, 2019 and was appointed as Acting Chief SME Banking Officer since August 1, 2019 until December 31, 2019
- (2) was appointed as Chief Operating Officer since May 1, 2019
- (3) was appointed as Head of Financial Business Partner-CEO, CFO since June 1, 2019
- (4) was appointed as Head of Accounting Control since August 16, 2019
- (5) was appointed as Head of Accounting Operation since August 26, 2019
- (6) was appointed as Head of Financial Governance and Policy since August 16, 2019

4. Company Secretary

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

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

The Company Secretary has roles and responsibilities as follows:

1. For the Bank

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

2. For the Board

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

3. For the Shareholders

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

5. Board of Directors' Meeting

In 2019, details of the meeting attendance of the Board of Directors and board committee members are as follows:

Name	Board of Directors	Board of Executive Directors	Audit Committee	Nomination, Remuneration Corporate Governance Committee	Risk Oversight Committee	Credit Committee
Total no. of meetings in 2019	17	24	15	13	12	21
1. Mr. Prasong Poonaneat ⁽¹⁾	16/17	-	-	-	-	-
2. Mr. Suphadej Poonpipat ⁽²⁾	2/2	1/1	-	-	-	-
3. General Apirat Kongsompong ⁽³⁾	3/5	-	-	-	-	-
4. General Nattaphon Nakphanit ⁽⁴⁾	10/11	-	-	-	-	-
5. Mr. Philippe G.J.E.O. Damas ⁽⁵⁾	16/17	23/24	-	13/13	-	-
6. Mr. Singha Nikornpun ⁽⁶⁾	17/17	-	15/15	-	-	-
7. Mr. Siripong Sombutsiri ⁽⁷⁾	15/16	-	-	11/12	10/11	-
8. Mr. Prinya Hom-anek ⁽⁸⁾	1/1	-	-	-	1/1	-
9. Ms. Catherine Low Peck Cheng ⁽⁹⁾	11/15	-	-	-	9/11	16/16
10. Mr. Teeranun Srihong ⁽¹⁰⁾	1/1	-	-	1/1	1/1	-
11. Mr. Chumpol Rimsakorn	17/17	24/24	-	13/13	-	21/21
12. Mr. Vaughn Nigel Richtor ⁽¹¹⁾	10/15	20/23	-	-	-	-
13. Mr. Michal Jan Szczurek ⁽¹²⁾	1/1	1/1	-	-	-	-
14. Mr. Yokporn Tantisawetrat ⁽¹³⁾	17/17	23/23	-	-	12/12	20/21
15. Mr. Christopher John King ⁽¹⁴⁾	14/16	-	12/14	11/12	-	-
16. Mr. Praisun Wongsmith	16/17	-	13/15	-	-	-
17. Mr. Somjate Moosirilert ⁽¹⁵⁾	2/2	1/1	-	1/1	-	-
18. Mr. Piti Tantasem	17/17	24/24	-	-	11/12	17/21
Average of meeting attendance (%)	92%	98%	91%	97%	96%	92%

Remarks:

- ⁽¹⁾ Mr. Prasong Poontaneat resigned from director and chairman with effective date January 1, 2020.
- The Board of Directors meetings no. 7/2562 joined the meetings through Conference call.
- ⁽²⁾ Mr. Suphadej Poonpipat was appointed as director effective from December 3, 2019.
- ⁽³⁾ General Apirat Kongsompong resigned from director with effective date May 3, 2019.
- The Board of Directors meetings special session no. 1/2562 joined the meetings through Conference call.
- ⁽⁴⁾ General Nattaphon Nakphanit was appointed as a director to replace General Apirat Kongsompong effective from May 30, 2019
- The Board of Directors meetings no. 8/2562, 10/2562 joined the meetings through Conference call.
- ⁽⁵⁾ Mr. Philippe G.J.E.O. Damas is a director who does not have residence in Thailand.
- The Board of Executive Directors meetings no. 1/2562, 3/2562, 5/2562, 7/2562, 9/2562, 11/2562 Mr. Philippe G.J.E.O. Damas joined the meetings through Skype for business system.
- ⁽⁶⁾ Mr. Singha Nikompun
- The Board of Directors meetings special session no. 6/2562 joined the meetings through Skype for business system.
- ⁽⁷⁾ Mr. Siripong Sombutsiri resigned from independent director with effective date December 16, 2019.
- The Board of Directors meetings special session no. 6/2562 joined the meetings through Skype for business system.
- ⁽⁸⁾ Mr. Prinya Hom-anek was appointed as independent director to replace Mr. Siripong Sombutsiri effective from December 17, 2019.
- ⁽⁹⁾ Ms. Catherine Low Peck Cheng resigned from director with effective date December 3, 2019. Ms. Catherine Low Peck Cheng is a director who does not have residence in Thailand.
- The Credit Committee meetings no. 2/2562, 4/2562, 6/2562, 9/2562, 11/2562, 13/2562 Ms. Catherine Low Peck Cheng joined the meetings through Skype for business system.
- ⁽¹⁰⁾ Mr. Teeranun Srihong was appointed as a director to replace Ms. Catherine Low Peck Cheng effective from December 17, 2019.
- ⁽¹¹⁾ Mr. Vaughn Nigel Richtor resigned from director with effective date December 3, 2019. Mr. Vaughn Nigel Richtor is a director who does not have residence in Thailand.
- The Board of Directors meetings special session no. 1/2562, 4/2562 joined the meetings through Skype for business system.
 - The Board of Executive Directors meetings no. 1/2562, 4/2562, 5/2562, 9/2562, 11/2562, 16/2562, 19/2562, Special session no. 1/2562, 2/2562, 3/2562, 4/2562.
- Mr. Vaughn Nigel Richtor joined the meetings through Skype for business system.
- ⁽¹²⁾ Mr. Michal Jan Szczurek was appointed as a director to replace Mr. Vaughn Nigel Richtor effective from December 17, 2019.
- ⁽¹³⁾ Mr. Yokporn Tantisawetrat
- The Board of Directors meetings special session no. 5/2562 joined the meetings through Skype for business system.
- ⁽¹⁴⁾ Mr. Christopher John King resigned from independent director with effective date December 16, 2019.
- The Board of Directors meetings special session no. 3/2562, 4/2562, 5/2562 joined the meetings through Skype for business system.
 - The Audit Committee meetings special session no. 2/2562, 3/2562, No.10/2562 joined the meetings through Skype for business system.
 - The Nomination, Remuneration and Corporate Governance Committee Meetings Special session no. 1/2562, 2/2562 Mr. Christopher John King joined the meetings through Skype for business system.
- ⁽¹⁵⁾ Mr. Somjate Moosirilert was appointed as director effective from December 3, 2019.

6. Remuneration for directors and executives

6.1 Remuneration for directors

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

In addition, directors' remuneration must be sufficient and attractive to nominate qualified directors and retain directors who has knowledge and capability to perform their duty and dedicate themselves to contribute to the Bank.

The Nomination, Remuneration and Corporate Governance Committee has reviewed the directors' remuneration on an annual basis, and then propose to the Board for endorsement and also put it in agenda of the Annual General Meeting of Shareholders for approval annually.

Directors' remuneration criteria

1. Monthly fee consists of

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

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

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

Cash remuneration by committee is as follows;

		Remuneration (baht)		
		Retaining Fee (Per Year)	Committee Fee (Per Year)	Attendance Fee (Per Meeting)
Board of Directors	Chairman	1,800,000	1,800,000	40,000
	Vice Chairman*	420,000	420,000	35,000
	Member	384,000	384,000	30,000
Board of Executive Directors	Chairman	1,440,000	1,440,000	40,000
	Vice Chairman*	420,000	420,000	35,000
	Member*	384,000	384,000	30,000
Audit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Nomination, Remuneration and Corporate Governance Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Risk Management Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
Credit Committee	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600
IT Oversight Committee*	Chairman	696,000	696,000	32,400
	Member	374,400	374,400	24,600

Remarks:

*The Board of Directors meetings no. 1/2563 has approved the revision of the remuneration rate for the vice chairman of Board of Director, vice chairman and member of Board of Executive Director, and chairman and member of IT Oversight committee with effective in January 2020.

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

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

In 2019, the Annual General Meeting of Shareholders has approved the distribution of directors' bonus at the rate 0.5 percent of dividend paid among the directors for 2017 operational performance and the Board be granted the authority to set up detail of the allocation. In this regard, the director who is the Bank's executive and the representative directors who are the executives of ING Bank N.V. will not receive the directors' bonus.

In 2019, the directors received remuneration for serving on the Board of Directors and other committees in a total amount of THB 32,675,000 and directors' bonus amount of THB 15,347,828.15 The details are as follows:

Name of director	Details
1. Mr. Rungson Sriworasat ⁽¹⁾ (Until May 31, 2018)	Receiving THB 920,869.70 for directors' bonus.
2. Mr. Prasong Poontaneat ^{(1) (2)} (Since June 20, 2018)	Receiving THB 4,240,000 for serving as Chairman of the Board of Directors. Receiving THB 1,289,217.57 for directors' bonus.
3. Mr. Suphadej Poonpipat ⁽³⁾	Receiving THB 193,600 for serving on the Board of Directors and as Member of the Board of Executive Directors.
4. General Chalermchai Sitthisad ⁽¹⁾ (Until October 31, 2018)	Receiving THB 1,105,043.63 for directors' bonus.
5. General Apirat Kongsompong ^{(1) (4)} (Since November 14, 2018 until May 3, 2019)	Receiving THB 378,000 for serving on the Board of Directors. Receiving THB 245,565.25 for directors' bonus.
6. General Nattaphon Nakphanit ⁽⁵⁾ (Since May 30, 2019)	Receiving THB 748,000 for serving on the Board of Directors
7. Mr. Philippe G.J.E.O. Damas ⁽⁶⁾	Receiving THB 5,392,800 for serving on the Board of Directors and as Chairman of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,473,391.50 for directors' bonus.
8. Mr. Singha Nikompun	Receiving THB 2,772,000 for serving on the Board of Directors and as Chairman of the Audit Committee. Receiving THB 1,473,391.50 for directors' bonus.
9. Mr. Siripong Sombatsiri ⁽¹⁾ (Until December 16, 2019)	Receiving THB 3,137,800 for serving on the Board of Directors and as Chairman of the Nomination, Remuneration and Corporate Governance Committee, and Member of the Risk Oversight Committee. Receiving THB 1,473,391.50 for directors' bonus.
10. Mr. Prinya Hom-anek ⁽⁷⁾ (Since December 17, 2019)	Receiving THB 117,800 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Risk Oversight Committee.
11. Mr. Chumpol Rimsakorn	Receiving THB 4,831,800 for serving on the Board of Directors and as Chairman of the Credit Committee, Member of the Board of Executive Directors and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,473,391.50 for directors' bonus.
12. Mr. Praisun Wongsmith	Receiving THB 1,942,200 for serving on the Board of Directors and as Member of the Audit Committee. Receiving THB 1,473,391.50 for directors' bonus.
13. Mr. Yokporn Tantisawetrat	Receiving THB 3,954,000 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Credit Committee and Member of the Risk Oversight Committee. Receiving THB 1,473,391.50 for directors' bonus.

Name of director	Details
14. Mr. Christopher John King ⁽¹⁾ (Until December 16, 2019)	Receiving THB 2,439,400 for serving on the Board of Directors and as Member of the Audit Committee and Member of the Nomination, Remuneration and Corporate Governance Committee. Receiving THB 1,473,391.50 for directors' bonus.
15. Mr. Vaughn Nigel Richtor ⁽¹⁾ (Until December 3, 2019)	Receiving THB 2,101,600 for serving on the Board of Directors and as Member of the Board of Executive Directors. Receiving THB 1,473,391.50 for directors' bonus.
16. Ms. Catherine Low Peck Cheng ⁽¹⁾ (Until December 3, 2019)	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
17. Mr. Teeranun Srihong ⁽⁸⁾ (Since December 17, 2019)	Receiving THB 176,600 for serving on the Board of Directors and as Chairman of the Risk Oversight Committee, Member of the Nomination, Remuneration and Corporate Governance Committee.
18. Mr. Somjate Moosirilert ⁽⁹⁾	Receiving THB 249,400 for serving on the Board of Directors and as Member of the Board of Executive Directors, Member of the Nomination, Remuneration and Corporate Governance Committee.
19. Mr. Michal Jan Szczurek ⁽¹⁰⁾	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of ING Bank N.V.
20. Mr. Piti Tantakasem	Not entitled to receive the monetary remuneration and directors' bonus as per the criteria of the Bank.

Remarks:

⁽¹⁾ Not currently board member

⁽²⁾ Mr. Prasong Poonaneat was appointed as a director and chairman to replace Mr. Rungson Sriworasat effective from June 20, 2018 and resigned from director and chairman effective from January 1, 2020.

⁽³⁾ Mr. Suphadej Poonpipat was appointed as a director effective from December 3, 2019.

⁽⁴⁾ General Apirat Kongsompong was appointed as a director to replace General Chalermchai Sitthisad effective from November 14, 2018 and resigned from director effective from May 3, 2019.

⁽⁵⁾ General Nattaphon Nakphanit was appointed as a director to replace General Apirat Kongsompong effective from May 30, 2019.

⁽⁶⁾ Mr. Phillippe G.J.E.O. Damas was appointed as a chairman of NRCC to replace Mr. Siripong Sombatsiri effective from December 17, 2019.

⁽⁷⁾ Mr. Prinya Hom-anek was appointed as an independent director to replace Mr. Siripong Sombatsiri effective from December 17, 2019.

⁽⁸⁾ Mr. Teeranun Srihong was appointed as an independent director to replace Ms. Catherine Low Peck Cheng effective from December 17, 2019.

⁽⁹⁾ Mr. Somjate Moosirilert was appointed as director effective from December 3, 2019.

⁽¹⁰⁾ Mr. Michal Jan Szczurek was appointed as a director to replace Mr. Vaughn Nigel Richtor effective from December 17, 2019.

Other remuneration and benefits

No other benefits

6.2 Remuneration for Executive Officers

During the fiscal year ended December 31, 2019, the Bank's 26 executives as defined by the Bank and align with definition of SEC received remuneration in a total amount of THB 252 million, consisting of salary, bonus, provident fund and other benefits. ("executives as defined by the Bank and align with definition of SEC" refer to manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance department and staff who may know the financial information before public.)

7. Personnel

7.1 Number of Employees

As of December 31, 2019, the Bank has a total number of 8,135 employees

The Bank's employees broken down by group as follows

Group	2019 No. of employees (persons)
Chief Executive Officer	473
Chief Wholesale Banking Officer	715
Chief SME Banking Officer	493
Chief Retail Banking Officer	4,610
Chief Risk Officer	410
Chief Financial Officer	172
Chief Operating Officer	1,262
Total	8,135

Staff's total number during the past three years

Bank's employees	As of December 31, 2019	As of December 31, 2018	As of December 31, 2017
Total number	8,135 persons	8,373 persons	8,547 persons

7.2 Key labor disputes

as of December 31, 2019

Type of case	No. of cases	Status
1. Lawsuit brought by the Bank against employees	1	
1.1 Violated Employment Contract	1	
- Case not yet finalized	1	Cases are under the Court's proceedings.
- Case finalized	-	
2. Lawsuit brought by employees against the Bank	21	
2.1 Unfair termination of employment	20	
- Case not yet finalized	5	Cases are under the Court's proceedings.
- Case finalized	15	
2.2 Request for adjust the performance evaluation	1	
- Cannot yet finalized	1	Cases are under the Court's proceedings.
- Case finalized	-	

Staff's compensation

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

Total compensation and types of compensation for employees

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

In 2019, total compensation for the employees given in the forms of salary, cost of living allowance, other allowance that related to work, variable pay by performance and others accounted for THB 8,015 million.

Other subsidies

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

Provident fund

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

Other welfares and fringe benefits

- **Medical care:** The Bank provides medical services to staff through health insurance company with efficient and convenient service standards and cover dental treatment. The Bank also provides annual health checkup for all levels of staffs in term of health preventive care. Since 2016 the medical check-up program was properly provided by considering the range of ages and risk opportunity that might occur from work environment in some functions. The Bank also provides in-house medical clinic at the Head Office and its office at AIA Capital Center Building with specialized physicians to give medical treatment and health consultancy, with a few beds for sick staffs and initial medical care during the work hours.
- **Group life insurance, severe diseases insurance, personal accident insurance, and medical financial support for accident from work:** The Bank provides options for staffs to choose the health insurance program to suit with their needs. These insurance programs are aimed at strengthening the employees' security while working with the Bank. The insurance is also covered 24 hours for both working hours and over time. Including the preparation of life insurance to staffs who work in areas including four most risky southern provinces namely Yala, Pattani, Narathiwat and Songkhla, as well as the medical financial support in case of accident that might be occurred from work.
- **Welfare loans:** The Bank has been providing staff welfare loans that are referred to processes and product which are provided to customers, as well as encourage employees to adhere to the financial discipline. Besides, emergency loan is provided to ease staff's difficulty.
- **Employee activities:** The Bank supports a wide range of clubs and activities for employees based on their own interests. These allow employees to relax and enjoy recreational activities together, creating work life balance and happiness in the workplace.
- **Canteen:** The Bank has provided the canteen at its Head Office where employees can enjoy quality food and drinks in a low price and nice environment.
- **Fitness:** The Bank supports and provides a fitness facility at head office; this will help to improve their health and well-being and promote a healthy workplace.
- **Recreation:** The Bank provides the facilities for employee's convenience during the break, this will allow the employee to recharge and perform more efficiently.

Human Resources Development with the Business Plan Alignment

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

Corporate Governance

1. Corporate Governance Policy

The Board of Directors is well aware of the importance and benefits of good Corporate Governance and thereby set out the Corporate Governance Policy as written guideline since 2006. The Corporate Governance Policy has also been posted on the Bank's website for information of the Bank's employees and for public. The Board of Directors has ensured strict and on-going compliance by the employees.

Since 2017, Board of Directors has reviewed the Bank Corporate Governance Policy and applied SEC's Corporate Governance Code for Listed Companies 2017. SEC Corporate Governance Code is revised base on 2012 SET Good Corporate Governance of the listed company, the key updated areas are related to the Board of Director's responsibilities in each business flow as well as new changes factors align with Corporate Governance Code for Listed Companies. In this regard, the Bank business to be comply with the good corporate governance and international standard, proper conduct the Bank business with efficiency, integrity, absence of fraud and corruption, transparency and accountability to enhance confidence of shareholders, investors, stakeholders, society and all related parties.

In 2019, Bank's Corporate Governance Policy has been considered to be revised comply with SEC's Corporate Governance Code by applying SEC's Corporate Governance Code for Listed Companies 2017, and aligning to the updated banking industry code of conduct, aiming at its coverage align with the change in corporate governance development (Detail is indicated in topic "Other Corporate Governance Practice") to ensure that the policy is aligned with the international standard and best practice as following.

Part 1 Rights of shareholders

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

Annual General Meeting of Shareholders

The Bank has policy to encourage all groups of shareholders including minority shareholders, institutional shareholders, and foreign shareholders to attend the annual general meeting of shareholders. In 2019, the Annual General Meeting of Shareholders was held at 14.00 hrs. on Friday, April 12, 2019, at the Auditorium, 7th Floor, TMB Head Office, 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok. The date, time and venue of the Annual General Meeting of Shareholders were set taking into account mainly the convenience of the shareholders. The meeting procedures conformed to the good corporate governance principles as summarized below:

Before the Meeting Date

For the 2019 Annual General Meeting of Shareholders, the shareholders were informed of the date and agenda of the meeting via SET's communication system on March 8, 2019 or 35 days prior to the meeting date. The Bank also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Bank's website (www.tmbbank.com) in the section "Investor Relations" under the title of "Annual General Meeting of Shareholders" on March 8, 2019 or 35 days prior to the meeting date to enable the shareholders to have sufficient time to study the information. The Bank also assigned its registrar, Thailand Securities Depository Co., Ltd. (TSD), to deliver the said documents in printed copies to the shareholders 21 days before the meeting date, which was align with policy and longer than the legal requirement.

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

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

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

On the Meeting Date

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

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

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

The vote casting and vote counting were undertaken openly and transparently. Weerawong, Chinnavat and Partners Ltd., external legal consultant represented by Miss Rapeeporn Suanjampa, and volunteers for shareholders, namely Mr. Phakanit Jansawang and Mrs. Anchalee Vajraphai, were invited to be inspectors of the voting method, collection of ballots, counting and the voting results on all agenda items. The Company Secretary announced the voting result of all agenda items.

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

After the Meeting

After the meeting, resolutions of the meeting were disclosed via the SET system on Friday, April 12, 2019, at 20.34 hrs. with voting details, i.e. approved, disapproved and abstain, of each agenda item. Minutes of the meeting which contained complete details including attendance record of the directors, clarification on key items, summary of questions, answers and comments during the meeting were submitted to the SET and related agencies within 14 days after the meeting date, and posted on the Bank's website (www.tmbbank.com), both Thai and English version, for verification by the shareholders. The Bank also arranged systematic filing for the minutes of the shareholders' meeting.

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

Part 2 Equitable Treatment of Shareholders

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

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

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

Rights to profit sharing

The Bank allocates profit to its shareholders in form of dividend payment also interim dividend payment, taking into account sustainable long-term growth built upon the Bank's full potential and capability. The dividend payment is also in line with the capital adequacy, reserve allocation and conditions of relevant laws, timeframe of dividend and interim dividend payment as well as the detail of dividend payment and dividend amount was disclosed for the shareholders acknowledgement via SET system.

Rights to regularly and timely obtain adequate information on business performance

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

Rights to attend the shareholders' meeting

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

Right to vote at the shareholders' meeting

At each meeting of shareholders, the Bank specifies that the rights to vote shall be accordance with the amount of shares held by the shareholders, with one share equivalent to one vote. The vote counting will be carried out openly and accurately. The majority votes will be considered as the resolution except for special resolutions of certain cases set forth by the laws requiring the votes of at least three-fourths of the votes of all the shareholders attending the meeting and having the rights to vote. With regards to the voting method, the shareholders can vote to agree, not agree, or abstain from on each agenda in the voting card.

The Bank collects the voting cards from the shareholders on every agenda item that needs to be voted for resolution. The shareholders shall be requested to mark the voting cards, according to their own opinions, indicating whether to not approve or abstain on each agenda.

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

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

The Bank allows the shareholders to propose agenda items and nominate persons to be elected as directors in advance, as well as allows the shareholder to propose Question for AGM in advance. The shareholders must comply with criteria specified by the Bank. At the 2019 Annual General Meeting of Shareholders, the Bank allowed the minority shareholders to propose agenda items and nominate persons to be elected as directors 3 months in advance, prior to the ending date of the fiscal year or from October 1 onwards. Details, procedures and methods of the proposal and nomination were provided on the Bank's website (www.tmbbank.com) in "Investor Relations" section under the title of "Propose Agenda, Director Nominees, and Question for AGM by Minority" and to notify via the SET system.

Right to appoint directors individually and determine directors' remuneration

At every Annual General Meeting of Shareholders, one-third of the total number of the directors of the Bank shall retire. The Bank has set an agenda item concerning election of the Bank's directors. The shareholders are allowed to vote for election of individual directors. The shareholders have the right to choose the person(s) that they deem having proper qualifications to perform duties as directors so as to safeguard the shareholders' interests. This will enable the Bank to have directors from diversified fields to represent the shareholders. Detail of qualified person such as name, age, education, experience, position in other listed companies, type of directorship, number of attendants, tenor of directorship etc. would be disclosed for the shareholders' consideration via the invitation letter for such agenda.

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

Right to appoint Auditors and determine audit fees

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

Part 3 Role of Stakeholders

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

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

In 2019, the Bank reviewed the laid down relevant policies in 17 areas for all stakeholders as follows:

Policy for Shareholders

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

The Bank's guidelines for shareholders

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

Policy for Employees

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

The Bank's guidelines for employees

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

The Bank has the internal procedures which align with the human right principal and Audit Committee has the regular report for oversight on thus relevant control procedures. Detail of Human right policy was disclosed via the Bank's website (www.tmbbank.com).

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

In addition, the Bank continuously develops employees' capability by offering development programs for all levels of employees. In order to prepare the employee's readiness for the business goal and strategy, the bank provide the internal training course such as the market conduct, data security etc. Training program are classified many parts such as bank's business, professional area, and leadership & co-working through classroom training, digital training (E-Learning) and external training. In addition, the Bank places importance on Anti- Corruption, the Bank provides training programs on policy and guideline of Anti-Corruption for employees by setting of classroom training for new employees and providing of digital training (E-Learning) for employees on yearly basis as the mandatory training course of the Bank.

Policy for Customers

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

The Bank's guidelines for customers

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

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

The Asian Banker Thailand Award 2019 announced that the Bank received Best Innovation Centre by Financial Institution Award as a result of implementing of AI for the system processing in order to deliver the individual customer's good understanding and experience.

In addition, the Bank has in place the work unit in charge of providing consultation on products, services, solutions to problems, and receiving customer complaints. This assures the customers of the Bank's confidentiality policy and that their information is treated as strictly confidential without disclosure or misuse for personal benefits. The policy and procedure as well as the customer's information security system and the market conduct policy which align with the business plan and current technology.

Policy for Business Partners

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

The Bank's guidelines for business partners:

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

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

The Bank's guidelines for selection partners:

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

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

Policy for Creditors

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

The Bank's guidelines for creditors:

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

Policy for Competitors

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

The Bank's guidelines for competitors:

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

Policy for Investors

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

The Bank's guidelines for investors:

See more details in "Disclosure and Transparency".

Policy for Government Agencies

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

Policy on Social and Environmental Responsibility

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

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

Policy on Compliance with International Human Rights Principle

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

The Bank's guidelines for non-violation of human rights

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

Policy on Non-Violation Against Intellectual Property Rights or Copyrights

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

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

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

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

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

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

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

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

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

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

Policy on Whistle Blowing or Complaints

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

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

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

The Bank's guidelines on Whistle Blowing or Complaints:

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

Policy on Management of Conflict of Interest

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

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

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

The Bank's guidelines on Manage conflict of interest:

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

Policy on Internal Control

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

Business Ethics and Code of Conduct

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

Anti-Corruption Policy

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

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

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

See more details in "Anti-Corruption".

The Bank's guidelines on anti-corruption:

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

Part 4 Disclosure and Transparency

Disclosure

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

Investor Relations

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

The Bank has established Investor Relations unit to correspond and communicate with investors, securities analytics, etc. as well as to provide them with accurate and complete information of the Bank, both financial and general information, in a timely manner and in accordance with the relevant laws or regulations. This is to support the decision-making, create confidence and enhance good image of the Bank.

The Bank's Investor Relations could be contacted at Floor 28, TMB Head Office Tel. 02-242-3475, Fax. 02-299-1211, website: <http://www.tmbbank.com/ir> or by email: ir.tmb@tmbbank.com. Besides, the Bank's shareholder services can be contacted at Company Secretariate Office* (*The name of business unit is revised to Corporate Counselor starting from January 1, 2020) Floor 28 at TMB Head Office, Tel. 02-299-2729 Fax. 02-299-2758.

In 2019, the Bank provided information to analysts and investors on regular basis and also arranged extra activities related to the merger deal such as fund-raising activities. The IR activities in 2019 can be summarized in the table below:

Types of meeting	Number of meetings	Number of companies	Number of investors
One-on-one meeting	18	23	38
Conference Calls	11	11	14
Analyst Meeting and Group meeting	7	340	396
Live Webcast	6	142	174
Investor Conference and Non-Deal Roadshow	61	316	409
Total	103	832	1,031

The Bank's website

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

The Board of Directors' Responsibility for Financial Report

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

Protection against abuse of inside information

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

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

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

Part 5 Responsibilities of the Board of Directors

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

Composition of the Board of Directors

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

The Board of Directors consists of 13 directors who have knowledge, experience, professional skill, and expertise in diversified fields as follows:

- 1) 4 Independent Directors, 1 independent director is under nomination process, (one-third of the total number of directors)*
- 2) 8 Non-Executive Directors
- 3) Executive Director

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

*According to Securities and Exchange Commission Requirement

Board Meeting

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

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

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

In 2019 Directors in Board of Directors had attend the meeting by average at 92% of the total meetings arranged during the year, in the meeting all directors had participated and provided the useful recommendation for the bank business.

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

Non-executive directors and independent directors shall arrange meeting without presence of the executive directors to consider and discuss important issues. Normally the meeting shall be arranged after the Board of Director's meeting. The meeting among the independent director, and meeting among the non-executive director was arranged in July 23, 2019.

In addition, the meeting between Audit Committee Chairman and Risk Oversight Committee Chairman for discussion the efficiency of the risk management was also arranged on May 21, 2019.

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

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

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

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

Terms of Directorship

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

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

Role Assumption of Directorship in Other Companies

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

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

Remark * included TMB i.e. TMB and other four listed companies.

Assumption of Position in Other Companies by Chief Executive Officer

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

Roles and Responsibilities of Chairman of the Board of Directors

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

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

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

Roles and Responsibilities of Chief Executive Officer

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

Directors' Remuneration

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

Directors' Bonus

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

Directors' Performance Assessment

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

Assessment's Criteria

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

Assessment's Process

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

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

Assessment's Method

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

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

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

Enhancement of Directors' Training and Performance

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

In addition, the training course for directors shall be arranged with the alignment with the bank's strategy and directors such as IT Risk & Cyber security. Bank encourage the directors to attend the seminar on Cyber Resilience arranged by Bank of Thailand during 2019 for better understanding with respect to IT Governance.

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

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

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

Currently, 5 of the existing directors had joined DCP program, 1 director joined DAP program and 3 directors joined both DCP and DAP. Furthermore, the Bank also provides internal training for directors to enhance knowledge about to the Bank's business, risk management, IT and director's responsibilities.

New Director Orientation

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

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

Executive Succession Plan

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

Board of Directors

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

Principles of Corporate Governance of the Bank

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

2. Board Committees

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

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

The board committees comprise of:

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

(1) The Board of Executive Directors

As of December 31, 2019, the Board of Executive Directors was composed of 6 members as below, the Board of Executive Directors' meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Board of Executive Directors:

Name	Position	Note
Mr. Philippe G.J.E.O. Damas	Chairman	Non-Executive Director
Mr. Suphadej Poonpipat ⁽¹⁾	Vice chairman	Non-Executive Director
Mr. Somjate Moosirilert ⁽²⁾	Committee Member	Non-Executive Director
Mr. Chumpol Rimsakorn	Committee Member	Non-Executive Director
Mr. Michal Jan Szczurek ⁽³⁾	Committee Member	Non-Executive Director
Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)

Remark:

⁽¹⁾ Mr. Suphadej Poonpipat was appointed to be director effective on 3 December 2019.

⁽²⁾ Mr. Somjate Moosirilert was appointed to be director effective on 3 December 2019.

⁽³⁾ Mr. Michal Jan Szczurek was appointed as director to replace Mr. Vaughn Nigel Richtor effective on 17 December 2019. Mr. Vaughn Nigel Richtor resigned from director with effective on December 3, 2019.

Mr. Naris Aruksakunwong* is Secretary to the Board of Executive Directors.

*Mr. Kiangkrai Phurivitvattana was appointed to replace Mr. Naris Aruksakunwong who was the secretary to the Board of Executive Directors until January 31, 2020.

Mr. Kiangkrai Phurivitvattana was appointed as the Board of Executive Directors since February 1, 2020.

The scope of responsibilities is as follows:

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

(2) The Audit Committee

As of December 31, 2019, the Audit Committee comprised of 3 members whose qualifications must conform to the Securities and Exchange Commission's requirements as below, the Audit Committee's meeting is usually held once a month or as deemed necessary and instructed by the Chairman of the Audit Committee.:

Name	Position	Note
Mr. Singha Nikornpun	Chairman	Independent Director
Mr. Praisun Wongsmith	Committee Member	Independent Director
Mr. Prinya Hom-aneek ⁽¹⁾	Committee Member	Independent Director

Remark:

⁽¹⁾ Mr. Prinya Hom-aneek was appointed as director to replace Mr. Christopher John King effective on 17 December 2019.

Mr. Christopher John King resigned from director with effective on December 16, 2019.

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

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

Mr. Sunthorn Ruckpanich is Secretary to the Audit Committee.

The scope of responsibilities is as follows:

1. To review the Bank's financial statements to ensure accuracy and adequacy.
2. To review and ensure that the Bank has suitable and efficient internal control system and internal audit and reviewing to ascertain that internal audit function is independent. Hiring, transferring, removal of Head of Audit shall be concurred by Audit Committee before submission to Nomination Remuneration and Corporate Governance (NRCC) for endorsement and Board of Directors for approval respectively.
3. To evaluate the efficiency and effectiveness of the performance of Head of Audit.
4. To evaluate the efficiency and effectiveness of the performance of Head of Compliance.
5. To review and approve the Annual Audit Plan of Internal Audit.
6. To review to ensure compliance with the laws and regulations imposed by the BoT, SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
7. To select, nominate and recommend remuneration of the Bank's external auditor by taking into account credibility, adequacy of resources, experience and independence including recommend dismissal of the external auditor. The Audit Committee shall meet with the external auditor without the members of executive management being present as often as it determines but at least once a year.
8. To approve audit-related and other services engagements with the Bank's external auditor.
9. To review connected transaction or transaction that may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and regulation and that transactions are entered with reasonableness for the benefit to the Bank.
10. To prepare audit committee report, signed by the chairman of the Audit Committee, and disclose it in an annual report of the Bank.
The report should at least contain the following information;
 - The Audit Committee's opinion regarding the accuracy, completeness and integrity of the Bank's financial statements.
 - The Audit Committee's opinion regarding adequacy of the Bank's internal controls.
 - The Audit Committee's opinion regarding compliance with applicable laws and regulations.
 - The Audit Committee's opinion regarding suitability of the Bank's external auditor.
 - The Audit Committee's opinion regarding transaction that may lead to conflict of interest.
 - The number of the meeting held during the year and number of each member's attendance.
 - Overall opinion on the discharge of Audit Committee's duties according to its charter.
 - Other information, within the scope of the roles and responsibilities of Audit Committee, which is deemed to be necessary for share holders and general investors.

11. To commence investigation without delay upon being informed by external auditor of suspicious circumstance and report to SEC and external auditor the preliminary result within 30 days. The committee also is to report to the Board of Directors so that the Board can rectify the issues within the timeline specified by Audit Committee on the following findings or suspected transactions or actions:

- Conflict of interest;
- Fraud, possible fraud, or significant deficiency of internal control;
- Breaching of the applicable laws and regulations.

In case where the Board of Directors or executive management fail to rectify the issues within the specified timeline, Audit Committee shall report to BOT, SEC and SET, and ensure disclosure in the Bank's annual report.

12. To perform appropriate action upon being informed of suspicious circumstance by internal staff and/or external parties including whistleblowers.
13. To review the appropriateness of corrective measures and actions taken by management in response to the reports or instructions from BOT, SEC and SET and any other relevant regulators.
14. To review the accuracy and reliability of the financial statements of the Bank's subsidiaries, and to review compliance with the policies, processes and standards set by the Bank for its subsidiaries, including those related to internal controls and audit.
15. To perform any other duties as delegated by the Board of Directors and agreed by the Audit Committee.
16. To perform other duties as required by law.

(3) The Nomination, Remuneration and Corporate Governance Committee

As of December 31, 2019, the Nomination, Remuneration and Corporate Governance Committee comprised of 4 directors not holding executive position as below, the meeting of this Committee is usually held once a month or as deemed necessary and instructed by the Chairman of the Nomination, Remuneration and Corporate Governance Committee.:

Name	Position	Note
Mr. Philippe G.J.E.O. Damas ⁽¹⁾	Chairman	Non-Executive Director
Mr. Somjate Moosirilert ⁽²⁾	Committee Member	Non-Executive Director
Mr. Chumpol Rimsakorn	Committee Member	Non-Executive Director
Mr. Teeranun Srihong ⁽³⁾	Committee Member	Independent Director

Remarks:

⁽¹⁾ Mr. Philippe G.J.E.O. Damas was appointed as chairman to replace Mr.Siripong Sombutsiri with effective on December 17, 2019

⁽²⁾ Mr. Somjate Moosirilert was appointed as director effective on December 4, 2019.

⁽³⁾ Mr. Teeranun Srihong was appointed as director effective on December 17, 2019.

Ms. Jitlada Sirachadapong* is secretary to the Nomination, Remuneration and Corporate Governance Committee.

*Ms. Vijitra Thumpothong was appointed to be secretary to the Nomination, Remuneration and Corporate Governance Committee to replace Ms. Jitlada Sirachadapong since January 21, 2020.

The scope of responsibilities is as follows:

Nomination

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

Remuneration

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

Corporate Governance

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

Other Responsibilities

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

(4) The Risk Oversight Committee

As of December 31, 2019, the Risk Oversight Committee comprised of 5 members, the meeting of this Committee is usually held monthly or as deemed necessary and instructed by the Chairman of the Risk Oversight Committee as follows:

Name	Position	Note
Mr. Teeranun Srihong ⁽¹⁾	Chairman	Independent Director
Mr. Prinya Hom-anek ⁽²⁾	Committee Member	Independent Director
Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director
Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)
Mr. Johannes Franciscus Grisel	Committee Member	Executive Director (Chief Risk Officer)

Remarks:

⁽¹⁾ Mr. Teeranun Srihong was appointed as director to replace Ms. Catherine Low Peck Cheng with effective on 17 December 2019.

⁽²⁾ Mr. Prinya Hom-anek was appointed as director to replace Mr. Siripong Sombatsiri with effective on 17 December 2019.

Mr. Verawat Komutanont perform the duty of Secretary to the Risk Oversight Committee.

The scope of responsibilities is as follows:

1. To propose to the Board a framework and policies for risk governance and overall risk management, including major risks such as credit risks, market risks, liquidity risks, operational risks, strategic and reputational risks, etc.
 - 1.1 To advise the Board on appropriate risk related policies, appetite, tolerance and strategy for the Bank and its business units including authority or the delegation of authority to approve credit.
 - 1.2 To recommend the risk and concentration levels for approval by the Board, in alignment with the Board's risk appetite.
 - 1.3 To approve significant policies and framework that govern the management of risks, including risk governance matters, and which have been delegated to ROC by the Board.
 - 1.4 Supervise capital and liquidity management strategy in alignment with the Board's risk appetite.
 - 1.5 Ensure and regularly review appropriate Technology, Information and cyber risk governance, policy, and appetite that meet international standards.
 - 1.6 Regularly monitor Technology, Information and cyber risk against appetite as a part of overall risk oversight.
2. To formulate strategies that are consistent with the risk management policy and which can assess, monitor, and ensure that the financial institution's risks are at appropriate levels.
 - 2.1 To approve the supplemental risk limits as defined in the relevant policies and frameworks.
 - 2.2 To review the adequacy of the Bank's risk management policy and systems, and the effectiveness of policy and systems implementation in terms of identifying, measuring, aggregating, controlling and reporting these risks by top management and Chief Risk Officer.
 - 2.3 To review and monitor all risks and risk management practices, including internal control and compliance processes and systems.
3. To approve the appointment, review of committee structure and composition, and roles and duties of the management – level risk management committees.
4. To report the risk management performance and all risk management matters and measures to the Board, and to the Audit Committee for any improvements needed to ensure the effectiveness of the policy implementation including progress of implementation on risk culture.
5. To advise on the development and maintenance of a supportive culture, in relation to the management of risk, appropriately embedded through procedures, training and leadership actions so that all employees are alert to the wider impact of their actions on the Bank and its business units.
6. To advise on the alignment of compensation structures in relation to the management of risk, within the Board's risk appetite.
7. Appointment, transfer, removal of CRO and performance appraisal of CRO's performance shall be concurred by Risk Oversight Committee.
8. To perform other duties as delegated by the Board of Directors or regulatory requirements.

(5) The Credit Committee

As of December 31, 2019, the Credit Committee composed of 4 members. The Credit Committee's meeting is usually held twice a month or as deemed necessary and instructed by the Chairman of the Credit Committee.

Name	Position	Note
Mr. Chumpol Rimsakorn	Chairman	Non-Executive Director
Mr. Yokporn Tantisawetrat	Committee Member	Non-Executive Director
Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)
Mr. Johannes Franciscus Grisel	Committee Member	Management (Chief Risk Officer)

Mr. Ekanut Kieatnapasin is secretary to the Credit Committee.

The scope of responsibilities is as follows:

1. To approve followings:
 - 1.1 Credits
 - 1.2 Credit restructuring
 - 1.3 NPL write-off
 - 1.4 NPA acquisition, NPA sales and NPA write-off which exceed the management's approval authority and are NOT related parties or group limits NOT exceeding the Single Lending Limit (SLL).
2. To review specific credit proposals for related parties or in which group limits exceed the SLL prior to submission to the Board for approval.
3. To review the credit decisions of the most senior executive credit committees.
4. To approve credit and related risks for transactional investments or underwriting commitments which exceed the management's approval authority.
5. To perform other duties as delegated by the Board of Directors or regulatory requirements.

(6) The IT Oversight Committee

The Board of Director meeting No. 11/ 2019 dated December 18, 2019 approved the IT Oversight Committee with effective January 2020.

The IT Oversight Committee comprised of 4 members, the meeting of this Committee is scheduled quarterly or as deemed necessary and instructed by the Chairman of the IT Oversight Committee as follows:

Name	Position	Note
Mr. Teeranun Srihong	Chairman	Independent Director
Mr. Prinya Hom-aneek	Committee Member	Independent Director
Mr. Michal Jan Szczurek	Committee Member	Non-Executive Director
Mr. Piti Tantakasem	Committee Member	Executive Director (Chief Executive Officer)

Mr. Sutthikan Rungsrithong is Secretary to IT Oversight Committee.

Board of Director meeting No. 2/2020 dated February 20, 2020 approved the scope of responsibilities of the IT Oversight Committee with effective February 2020 as below.

The scope of responsibilities is as follows:

1. Oversight IT Strategy, IT Management and IT Operations by
 - Review IT strategy at least annually to ensure:
 - The alignment of IT strategy and Bank's strategic direction.
 - IT infrastructure is flexible, reliable, and scalable to support the business changes including new technology adoptions.
 - The readiness or maturity level of Information Technology including capabilities to manage and mitigate IT and cybersecurity risks.
 - Monitor the progress of strategic and high-risk IT-related projects.
2. Oversight IT Risk Management of both normal and crisis situation by
 - Review IT Risk Management Policy at least annually.
 - Oversight operating model and organization structure according to three lines of defense principle.
 - Monitor risk levels, effectiveness of IT risk management and significant factors/ issues as well as rectification actions.
3. Oversight IT investment and expenditures budget to ensure the alignment with Bank's strategy.
4. Oversight development programs for staffs to have sufficient knowledge on Information Technology and IT Risk awareness.
5. Perform other duties as regulatory requirements.

(6) Other committees of Management Level

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

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

1. Chief Executive Committee (CEC)

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

2. Risk Policy Committee (RPC)

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

3. Non – Financial Risk Committee (NFRC)

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

4. Credit Underwriting Committee (CUC)

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

5. Credit Restructuring Committee (CRC)

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

6. Asset and Liability Management Committee (ALCO)

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

7. Digital Strategy Committee

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

8. Human Resource Committee (HRC)

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

9. The Disciplinary Action Committee (DAC)

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

10. Customer Experience Management (CXM)

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

11. Safety, Occupational Health and Work Environment Committee

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

12. Anti-Fraud Steering Committee

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

3. Recruitment of Directors and Top Executive Officers

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

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

Independent director and director nomination criteria

1) Recruitment of Independent Director

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

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

Qualification of Independent Directors

1. Not hold shares in excess of 0.5 percent of total voting shares of the Bank, or the Bank's parent company, subsidiary, associated company, major shareholder, or any person with controlling power over the Bank, whilst the number of shares held by any related person of that independent director must also be counted.
2. Not be and have not been a director participating in management role, an employee, an officer, an advisor who receives regular salary, or a person having controlling power over the Bank, the Bank's parent company, subsidiary, associated company, subsidiary at the same level, or major shareholder, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

3. Not be a person who having relationship either through bloodline or legal registration as the father, mother, spouse, sibling and child, as well as the spouse of a child of other directors, executives, major shareholders, a person having controlling power, or a person to be nominated as the director and executive or that who has controlling power over the Bank or its subsidiary.
4. Have no or have had no any business relationship with the Bank or its parent company, subsidiary, associated company, major shareholder, or person having controlling power over the Bank, in a manner that may prevent his/her due and independent use of discretion. The independent director shall not be and have not been a shareholder in material respect or a person who has controlling power over the person with business relationship with the Bank, its parent company, subsidiary, associated company, major shareholder, or a person having controlling power over the Bank, unless such independent director has not been a person referred to above for at least two years prior to the date of his/her appointment.

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

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

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

2) Recruitment of Non-Executive Directors

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

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

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

3) Appointment of member of the Board Committees

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

4) Recruitment of Executive

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

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

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

Performance Appraisal of the Chief Executive Officer

Nomination, Remuneration and Corporate Governance Committee has been assigned to appraise the CEO's performance as well as year-end 2019 in area of profitability, cost efficiency, ability to generate future income, risk management, digital transformation, people's culture, and sustainability.

4. Subsidiaries Supervision

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

4.1 Mechanism for Supervision

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

1. Accounting Policy

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

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

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

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

3. Anti-Corruption Policy

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

4. Risk Management Policy

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

5. Compliance Policy

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

6. Corporate Communication Policy

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

7. Audit Policy

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

4.2 Representative Director Appointment

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

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

4.3 Duty of Representative Directors

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

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

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

5. Control on Use of Inside Information

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

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

5.1 Policy and procedure on insider information

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

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

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

Guidelines to prevent inside information the Bank imposed punishment for employees' disciplinary misconduct regarding business code of conduct and ethics to ensure the management and the staff perform duties with transparency and based on professional code of conduct and treat all stakeholders fairly, which is in line with the Securities and Exchange Commission Act regarding the use of inside information. The Bank prohibited the executives and staffs who have permanent or occasionally potential access to the Bank's inside information to trading securities until 24 hours after disclosure information to public. The executives and staffs shall not disclose the Bank's inside information to any of their family members and/or other persons even though the staffs and/or their family members do not sell/buy the securities and/or do not gain any benefit in any form and to prevent for personal benefits and whatsoever or the others' benefits. Moreover, if there is any event that may have an effect to The Bank's securities price. Bank will set the additional period to prohibit relevant covered person regarding to trading The Bank securities.

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

5.2 Penalty measures

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

6. Auditor's Remuneration

6.1 Audit fees

The Bank and its subsidiaries paid audit fees to:

- The Bank and its subsidiaries' auditor in the previous accounting year amounting to THB 14,490,000.
- Payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year amounting to THB 458,370.

6.2 Non-audit fees

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

- The Bank and its subsidiaries' auditor in the previous accounting year totaling THB 1,650,000 together with future payment due to incomplete work in the previous accounting year totaling THB 875,000.
- Payment to the respective audit company including individuals or entities related to the Bank's auditor and the respective audit company in the previous accounting year THB 4,860,000 together with future payment due to incomplete work in the previous accounting year totaling THB 9,960,000.

The above disclosure of auditor's remuneration excludes auditor's remuneration of Thanachart Bank Public Company Limited which became a subsidiary of TMB on December 3, 2019. However, TBANK disclosed the auditor's remuneration through the TBANK's 56-1 and annual report for the year 2019.

7. Other Corporate Governance Practices

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

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

In 2019, Board of director and sub-committees considered their role and responsibility to align with the regulations and the bank environment which the significant areas of implementation consist of:

Good corporate governance for listed company	The Bank implementation
<p>Board of director's role and responsibility</p> <p>Principle 1: role of Board of director as leadership including the customer treatment according to market conduct</p> <p>Principle 2: set up the organization objective and target for sustainability</p> <p>Principle 3: efficiency Board of Director</p> <p>Principle 4: nominate and develop the executive and human resource</p> <p>Principle 5: support the innovation and conduct responsible business</p>	<p>According to principle 1 – 5 the bank added the new implementation in the following areas.</p> <ul style="list-style-type: none">• Disclose human right policy via TMB Website• Arrange the training course for directors to align with skill matrix, the bank encourage the directors to participate the training course including the seminar arranged by Bank of Thailand during 2019 with respect to Cyber Resilience, such course aim for providing more understanding on IT Governance to directors.• Monitor the number of director's meeting attendance during 2019• Arrange the meeting between Audit Committee, Risk Oversight Committee, and Independent directors.

Good corporate governance for listed company	The Bank implementation
<p>Principle 6: oversee for proper risk management and internal control</p> <p>Principle 7: soundness of financial information disclosure</p>	<p>According to principle 6 – 7 the bank has implemented the following areas.</p> <p>The bank's board committees reviewed their role and responsibility to incorporate the entire risk and emerging risk management, information technology risk, customers' information risk, and risk management culture as well as the relationship between the risk taker and the risk management functions in the bank and the financial business group. (see item 2 Board Committee-(4) The Risk Oversight Committee)</p>
Principle 8: Support on the shareholder's communication and participation	The bank has set up the process for allowing the minor shareholder to submit the question regarding the annual general meeting via the bank's available channel. (https://www.tmbbank.com/ir/share_meetings/agenda)

In 2019, the directors have attended the additional training courses and seminar as follows:

Directors	Courses
1. Mr. Prasong Poontaneat	<ul style="list-style-type: none"> • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
2. General Nattaphon Nakphanit	<ul style="list-style-type: none"> • Cyber Resilience for director, BoT • Bangkok Sustainable Banking Forum 2019, BoT
3. Mr. Philippe G.J.E.O. Damas	<ul style="list-style-type: none"> • Strategic Board Master Class, IOD • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
4. Mr. Singha Nikornpun	<ul style="list-style-type: none"> • Cyber Resilience for Director, BoT • Bangkok FinTech Fair 2019 under the concept Collaboration for the Future of Finance, BoT • Bangkok Sustainable Banking Forum 2019, BoT • Project to build good governance capital market in honor at HM the King, SEC • Audit Committee Forum: Intelligent Automation for Internal Audit, KPMG in Thailand • Business Sustainability in Digital Trend, EY Co., Ltd. • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
5. Mr. Teeranun Srihong	<ul style="list-style-type: none"> • Thailand Insurance Leadership Program, OIC

Directors	Courses
6. Mr. Chumpol Rimsakorn	<ul style="list-style-type: none"> • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
7. Mr.Yokporn Tantisawetrat	<ul style="list-style-type: none"> • Project to build good governance capital market in honor at HM the King, SEC • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Recovery Planning, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
8. Mr. Praisun Wongsomith	<ul style="list-style-type: none"> • Business Sustainability in Digital Trend, EY Co., Ltd. • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB
9. Mr. Piti Tantakasem	<ul style="list-style-type: none"> • Bangkok Sustainable Banking Forum 2019, BoT • Cyber Resilience Awareness, TMB • IFRS 9 Implication and Readiness, TMB • Recovery Planning, TMB • Inside Information and Data Privacy, TMB • Branding and NPS Update, TMB • Sustainability Training, TMB

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

Corporate Social Responsibility

Policy and Direction towards Social Responsibility

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

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

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

1. Fair Trade Practice

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

2. Anti-Corruption

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

3. Human Rights

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

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

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

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

4. Fair Labor Treatment

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

5. Responsibility to Customers

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

The Bank also places importance on responsibility on all service operation processes (end-to-end process), which is the basic right of the customer. This also support the business's sustainability growth. The Bank raise the higher standard on 9 market conduct management systems:

- (1) Corporate culture and roles and responsibilities of board of directors and senior management
- (2) Product development and client segmentation
- (3) Remuneration scheme
- (4) Sales process
- (5) Communication and training
- (6) Data privacy
- (7) Problem and complaint handling
- (8) 3 lines of defense
- (9) Operation and business continuity

6. Environmental

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

7. Social Development and Community Management

TMB values the importance of community & social development in the way that align with sustainability principles for several ways. The Bank always encourages employee to participate in community improvement projects through FAI-FAH programs by TMB Foundation in order to enhance opportunities and to drive the social responsibility mindset for sustainable change under philosophy “Make THE Difference”. The Bank also encourage the employees to develop their knowledge and skill and set the internal project for creating on new product development and providing better customer’s experience.

8. Innovations and Distribution of Innovations

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

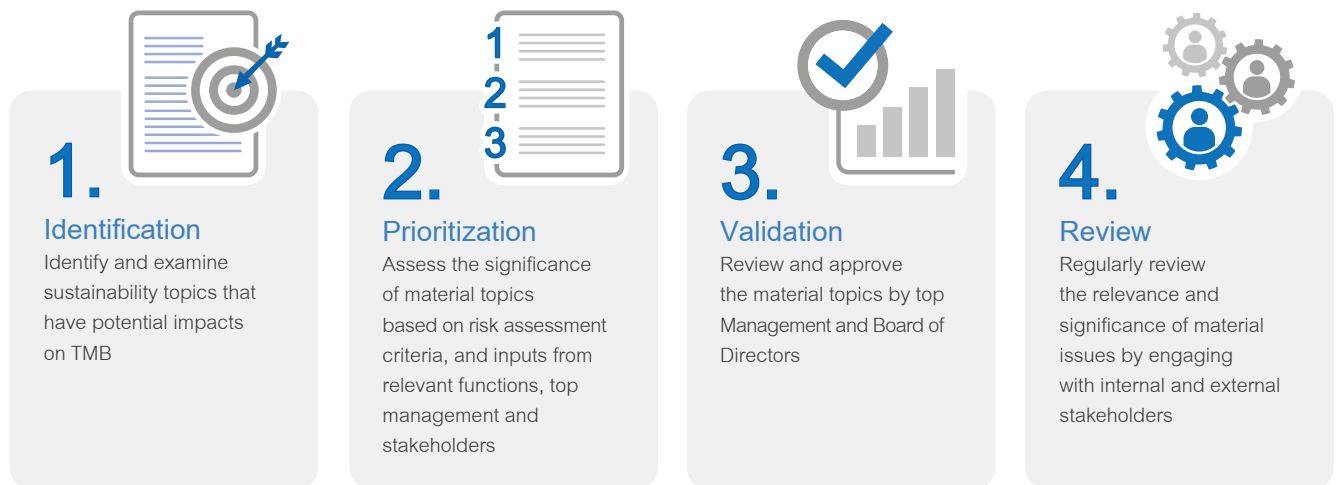
From the 8 principles mentioned above can be summarized with the Bank’s stakeholders in table as follows:

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

Materiality

TMB conducted materiality assessment to identify and prioritize sustainability topics that are important to the Bank and stakeholders in 2019.

Materiality Assessment Process



Following the 4 steps of materiality assessment, 12 material topics were identified.

1. Customer experience
2. Digital transformation
3. Data privacy and protection
4. IT system and cybersecurity
5. Corporate governance
6. Market conduct
7. Risk management
8. Talent attraction and retention
9. Financial literacy and inclusion
10. Responsible lending
11. Climate change risk and opportunity
12. Our environmental impact



Detail of projects could be found in Sustainability Report on the Bank's website www.tmbbank.com/sustainability or scan the QR Code.

Bank's Securities and Shareholders

Bank's securities

Bank's capital

As of December 31, 2019, the Bank's registered capital was THB 100,912,374,754.35 of which THB 91,541,386,661 was paid up, comprising Ordinary shares 96,359,354,380 shares at par value of THB 0.95/share.

Thai Trust Fund

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

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

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

As of 11 December 2019, the latest share register closing date, Thai NVDR Co., Ltd. issued NVDRs with the Bank shares as reference asset amounting to 5,403,394,082 shares or 5.61% of the Bank's issued and paid-up ordinary shares. However, the issuance of NVDR securities does not fall within the realm of the Bank's control. Investors may check the information on NVDR shares from website of the SET at www.set.or.th/nvdr.

Dividend payment policy

The Bank's policy

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

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

Policy of subsidiary companies

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

Major Shareholders

The list of the 10 largest shareholders at the latest share register closing date on 11 December 2019 is shown as below.

Major shareholders	Number of ordinary shares	%
1. ING Bank N.V.	22,190,033,791	23.03
2. THANACHART CAPITAL PUBLIC COMPANY LIMITED	19,375,000,040	20.11
3. MINISTRY OF FINANCE	11,364,282,005	11.79
4. VAYUPAK FUND 1*	9,578,979,415	9.94
5. SCOTIA NETHERLANDS HOLDINGS B.V.	5,723,611,111	5.94
6. THAI NVDR	5,403,394,082	5.61
7. SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	1,316,959,544	1.37
8. GIC PRIVATE LIMITED	933,133,292	0.97
9. MILITARY GROUP **	784,612,673	0.81
10. STATE STREET EUROPE LIMITED	667,690,561	0.69

* Current unit holders of Vayupak Fund 1 are Ministry of Finance and may also consist of other government units.

** Included Royal Thai Army, Thai Navy, Thai Air Force, Military Units and RTA Entertainment Plc.

Source: Information of the latest share register closing date on December 11, 2019 prepared by Thailand Securities Depository Co., Ltd. Investors may look for the list of major shareholders from www.tmbbank.com on Investor relations webpage.

Shareholder risk

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

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



Investors may look for the list of major shareholders from TMB Website at www.tmbbank.com on Investor Relation webpage or scan the following QR code.

Other Related Information and Affecting Factors

Related Transaction

Transaction with related parties which occurred during the year

Related party disclosures, which comprised of definitions and characteristics of relationship, pricing policy, related parties transactions with key management and other related parties, outstanding balances with related parties, senior management personnel compensation, other benefits payable to the senior management personnel, were disclosed in notes to financial statements for the year ended December 31, 2019.

Measures or procedures to approve the making of related transactions

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

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

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

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

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

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

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

Legal disputes

On December 31, 2019 TMB does not have an unsettled legal dispute which has the potential to negatively impact its assets, as the claimed amount is worth over 5% of net equity according to financial statements of bank.

Transactions with relating to investment

In 2019, the Bank imposed the regulatory fine from BOT and SEC as detailed below.

Regulators	2015-2018	2019
	Amount (Baht)	Amount (Baht)
The Bank of Thailand	The Bank of Thailand has fined the bank according to the Financial Institutions' Businesses Act B.E.2551 total amount of 4,903,125 Baht which is categorized to:- <ul style="list-style-type: none">• Section 60: amount of 2,128,125 Baht• Section 71: amount of 2,775,000 Baht	None
The Securities and Exchange Commission	The Securities and Exchange Commission has fined the bank according to section 113 of the Securities and Exchanges Act B.E.2535 amount of 832,000 Baht.	The Securities and Exchange Commission has fined the bank according to section 113 of the Securities and Exchanges Act B.E.2535 amount of 4,254,000 Baht.

Internal Control

Opinion of the Board of Directors on Internal Control and Risk Management

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

The Board of Directors meeting no. 2/2563 held on 20 February 2020, attended by members represented in the Audit Committee, has reviewed the report on the Bank's internal control assessment proposed by Head of Audit. Internal auditors conducted the assessment based on the Internal Control Core Components; Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring.

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

Gate Keepers

Head of Internal Audit

The Board of Directors has appointed Mr. Sunthorn Rukpanich to hold position of Head of Audit.
(See profile of Head of Audit in attachment 1)

Head of Compliance

The Board of Directors has appointed Mr. Varoon Kanjanapoo to hold position of Head of Compliance.
(See profile of Head of Compliance in attachment 1)

Statement of the Audit Committee

In 2019, the Bank's Audit Committee, served fully by 3 independent directors who were not the Bank's executives or employees of any kind, carried out its responsibilities, within its given authority and in accordance with the guidelines set out by the Stock Exchange of Thailand and the Bank of Thailand. Major areas of responsibilities can be summarized as follows.

1. Review the Bank's financial statements to ensure accuracy and adequacy.
2. Review and ensure adequate and efficient internal control.
3. Review connected transaction or transaction which may lead to conflict of interest to ensure transactions are conducted and disclosed in compliance with the law and SET regulation and that transactions are entered with reasonableness for the benefit to the Bank.
4. Review to ensure compliance with the laws and regulations imposed by the SEC, SET and other relevant regulators including compliance report prepared by the Bank's Compliance unit.
5. Select and propose to the Board of Directors and Shareholder meetings the appointment including propose dismissal of Bank's external auditor and annual audit fee. In addition, the Committee is responsible for approving other non-audit-related engagements with the Bank's external auditor.
6. Closely supervise the Bank's internal audit function including approving internal audit plans and assessing audit performance to ensure sufficient audit resources and that all auditing activities were independently and effectively conducted in accordance with the regulatory requirements.
7. Review and follow up on observations of regulators, and external and internal auditors to ensure appropriate response actions.

The Audit Committee held 15 meetings in 2019, and the attendance record of each committee member is reported in the Shareholding and Management section in the Annual Report. Overall, the Audit Committee gained full co-operation from the Management as well as full access to all information relevant to the Bank's operations, necessary for them to discharge their responsibilities. Relevant executive officers were invited to attend and clarify issues in the meetings. The Audit Committee made inquiries and took into account clarifications from the Management and the external auditor as to the accuracy and adequacy of the financial statements and the sufficient disclosure of information. The Audit Committee is of the opinion in agreement with external auditor that the Bank's financial reports fairly present accurate and reliable information in material aspects in compliance with generally accepted accounting principles. In addition, any transactions which may cause conflict of interest were reviewed to verify they were reasonable and appropriate, most of them being found to be in the normal course of business or supporting normal course of business conducted on an arm's length basis. Furthermore, the Audit Committee has assessed the performance, independence of external auditor and also periodically changes of the external auditor has been made appropriately and compliance with the regulatory requirement. The Audit Committee agreed to propose the Board of Directors to seek shareholders' meeting approval on the appointment and remuneration of the independent auditors of KPMG to be the Bank's independent auditors for the year 2020.

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



(Mr. Singha Nikompun)
Chairman of Audit Committee

Report of the Nomination, Remuneration and Corporate Governance Committee

The Nomination, Remuneration and Corporate Governance Committee (“NRCC”) was appointed by the Board of Directors comprising four committee members - two independent directors and two non-executive directors. In this regard, the Chairman of the NRCC is an independent director.

In 2019, the NRCC carried out its responsibility's duties within the scope of authority given by the Board of Directors, holding 13 meetings. Each member attended meetings and performed their duties on important matters as follows:

Nomination

1. Screening and nominating duly qualified candidates for appointment as the Bank's directors to replace directors who resigned before completion of tenure, retiring directors who declined to accept re-election, and directors who retired by rotation, as well as considering and endorsement of adding number of Bank's directors from currently 12 members to 14 members and nomination of persons to be elected as the Bank's directors for the merged bank in order to process the entire business transfer after merger smoothly according to the integration plan regarding merger of TMB and TBANK. This process was referred to the nomination process before submission to the Board of Directors, or to the shareholder meeting for approval as the agenda in the annual general shareholder's or the extraordinary general shareholder's meeting where required. The NRCC shall consider and nominate persons who are professionals in diversified fields (via skill matrix) with proper qualifications as prescribed in the law, the Bank's Articles of Association, and notification of government agencies as well as knowledge, capability, expertise, and experience in order to be in line with the Bank's direction and business strategy. In addition, the nominated persons must be able to dedicate time for the optimum benefits of the Bank.
2. Consideration and endorsement of the appointment of members of Board committees, namely, the Board of Executive Directors, the Audit Committee, the Nomination, Remuneration and Corporate Governance Committee, the Risk Oversight Committee and the Credit Committee, to ensure that each Board Committee comprises directors who have appropriate qualifications and there are sufficient number of committee members to ensure effective performance of duties in compliance with the Charter of each Board committee and the Bank's strategy and business direction prior to submission to the Board of Directors for approval.
3. Screening and recruitment of person with proper qualification to be appointed as senior executives before submission to the Board of Directors for appointment. The NRCC shall consider and recruit persons who have knowledge, capability, and proper experience in diversified fields so as to contribute, support, and push forward achievement of the Bank's strategic direction and business goals.
4. Consideration of the framework with respect to employee's recruitment and promotion and principle or basis for staff compensation, also managements and employees' benefits, without discrimination of gender, personal status, or economic or social standing, and suggest the human resource management strategic to align with the bank direction.
5. Consideration and approval of the succession plans for the positions of the chief executive officer and other key management position to ensure that the Bank has an appropriate process for planning and identifying and selecting appropriate persons as successors to important positions in the Bank.

Remuneration

6. Consideration and review of the remuneration of the number of the Board of Directors and each of Board committees before submission to the Board of Directors for consideration and further submission to the shareholder's meeting for approval. In doing so, the NRCC will consider directors' remuneration based on their fiduciary duty and consistent with the accountability and responsibility of the directors as well as considering the peer's remuneration rate in the banking industry.
7. Consideration of directors' bonus before submission to the Board of Director for consideration and further submission to the shareholder's meeting for approval. In doing so, directors' bonus shall be consistent with performance of duty based on the scope of their assigned and shall be consistent with performance of the Bank.
8. Arranging for the performance assessment of the chief executive officer. Each assessment was conducted against predetermined short-term and long-term targets including the sustainability matters and performance criteria. The NRCC also considers and recommends the compensation and proper benefit scheme for senior executives, prior to submission thereof to the Board of Directors for approval where required. In doing so, consideration of compensation takes into account the scope of the assigned duties and responsibilities as well as the general economic situation and relevant industry benchmarks.

Corporate Governance

9. Consideration of the Corporate Governance Policy, Board of Director and Board Committees Structure, Charter of Board of Director and each Board committee and the revision of the existing board of director's performance assessment by applying the cross assessment method and referring skill matrix as the tool for consideration in the process of director nomination that align with corporate governance where requires to meet best practice and Corporate Governance Regulation applicable to the current business environment in which the Bank operates and make recommendations there to the Board of Directors.
10. Reviewing the Bank's business operations for compliance with principles of good corporate governance, align with the international human right principles, as well as oversight the establishment on the appropriate corporate KPI in sustainability development area, efficiency, absence of corruption, transparency and auditability, and to ensure that required information is fairly and completely disclosed and that communication be duly made to all employees regarding the Bank's policy on anti-corruption and its code of conduct so as to enhance confidence of all stakeholders.
11. Arranging the performance assessment of the Board of Directors, the Board committees, and individual Board and Board committee members included cross assessment as well as propose result and recommendations to the Board of Directors for acknowledgement. In this regard, the recommendations of the NRCC are aimed at increasing the overall efficiency of the Board of Directors' and Board committees.
12. Regularly review the Bank's operations to ensure compliance with regulatory requirements as well as best practices on corporate governance and sustainability.
13. Consideration and approval on the basis for preparing the NRCC report to disclose in the annual report.

The NRCC fully perform duties assigned by the Board of Directors carefully and with transparency for appropriate benefit of the stakeholders.



Mr. Philippe G.J.E.O. Damas
Chairman of the Nomination, Remuneration and Corporate Governance Committee

Report of the Board of Directors' Responsibility for Financial Reports >

The Board of Directors is responsible for the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries, and all financial information appearing in the Annual Report. The financial statements for the year ended 31 December 2019 have been prepared in accordance with Thai Financial Reporting Standards with appropriate accounting policies applied on a conservative and consistent basis. Judgement and estimates where required have been applied with careful and reasonable considerations, with adequate material information disclosures made available in the notes to the financial statements that is useful to all shareholders and investors. These financial statements have been audited by independent auditors who have given their unqualified opinions.

The Board of Directors has also adopted and maintained appropriate and effective risk management, internal control, internal audit and compliance, whereby the Bank can assure financial records are accurate, complete and protections are appropriate for the Bank's assets. These controls also serve as preventive measures against any significant operational risk of the Bank. The Board of Directors has appointed the Audit Committee comprising entirely of independent directors responsible for the quality of the Bank's financial reporting, the internal control systems as well as complete and appropriate disclosure of connected transactions. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors is of the view that the Bank has maintained an effective internal control system which provides an adequate and appropriate level of protection, and therefore can assure the reliability of the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries as of 31 December 2019 to be correct, complete, and accurate according to Thai Financial Reporting Standards, related laws and regulations.



Mr.Piti Tantakasem
Chief Executive Officer



Mr.Ekniti Nitithanprapas
Chairman of the Board

Management Discussion and Analysis

2019 Key events of merger between TMB and TBANK

8 August 2019: TMB entered into the Sale and Purchase Agreement for Shares in Thanachart Bank (the SPA) with TCAP and BNS. Under the SPA, TMB agreed to acquire 6,062,438,397 shares in TBANK, accounting for approximately 99.96% of the total shares, which are held by TCAP and BNS. In addition to the purchase of TBANK shares from two major shareholders, TMB further purchased the remaining 2,423,773 shares, accounting for approximately 0.04% of the total issued shares from other minority shareholders of TBANK.

23 September 2019: The extraordinary general meeting of shareholders (the EGM 1/2019) was held on 23 September 2019 in accordance with the board resolution relating to the acquisition of shares in TBANK. At the meeting, shareholder's resolution was approved the merger of TMB and TBANK, the issuance of newly issued shares to accommodate the exercise of TSRs allocated to its existing shareholders and offering of its newly issued shares to all TBANK existing shareholders on a preferential public offering basis (PPO).

Total capital raising was approximately THB137.3 billion which essentially came from (1) equity financing of THB92.6 billion via the issuance of TSR (Transferable Subscription Rights) to TMB's existing shareholders with an exercise price at THB1.40 per share and offered newly issued share to new investors and (2) debt financing of THB44.7 billion via issuance of subordinate debenture, Additional Tier I instrument and senior EUR bond.

28 November 2019: The extraordinary general meeting of shareholders (the EGM 2/2019) was held on 28 November 2019 with reference to the shares acquisition in TBANK and the acceptance of the entire business transfer from TBANK.

3 December 2019: TMB completed the acquisition of 6,062,438,397 shares, accounting for 99.96% of the total outstanding shares in TBANK from TCAP and BNS. On the same date, TMB has concurrently issued and offered a total of 25,113,805,279 new shares at the price of THB2.16 per share which equals to 1.1 times of TMB book value per share derived from TMB's consolidated financial statement as of 30 September 2019 and the financial information in relation to its net profit from the end date of its latest financial statements to the 31 October 2019 plus accounting adjustment to TCAP and BNS. In conclusion, TMB successfully acquired 6,062,438,397 shares, accounting for 99.96% of total shares in TBANK from TCAP and BNS in total amount of THB168 billion.

As a result, TBANK is currently a subsidiary of TMB. The entire business transfer from TBANK to TMB is expected to complete in 2021. Consequently, the Bank has consolidated TBANK's operating results for 28 days on profit & loss statement (P&L) and 12 months on financial position after the acquisition into the consolidated financial statements of the Bank.

27 December 2019: TMB has announced the completion of the sale by TBANK of shares in Thanachart Fund (TFUND) to Prudential with regards to the agreement which signed on 30 September 2019. According to the agreement, TBANK sold a first lot consisting of 25.1% of TFUND (out of its 75% holding) whereas GSB sold all of its 25% of TFUND to Prudential. The total value of TFUND transaction is expected to be not less than THB8.4 billion. TBANK's sale of TFUND shares was in accordance to the merger plan. Currently, TMB holds a 35% stake in TMBAM Eastspring. After having purchased Thanachart Bank's shares, TMB will hold a 49.9% of TFUND indirectly. Going forward, 49.9% of TFUND will represent in balance sheet as investment in associate and in income statement as profit sharing from associated company. Both TMB and Eastspring have planned to merge TMBAM Eastspring and TFUND in 2021. Within 5 years, TMB has option to sell its entire stake in the new company to Prudential in order to re-affirm its commitment toward mutual funds open architecture strategy.

In terms of shareholding structure, major shareholders currently consist of ING Bank N.V. 23.03%, Thanachart Capital PCL 20.11%, Ministry of Finance 11.79% and VAYUPAK FUND1 9.94% (Current unit holders of Vayupak Fund 1 are Ministry of Finance and may also consist of other government units) and BNS 5.94% on book closed date 11 December 2019.

Executive summary

In 2019, assets, deposits and loans doubled in size due largely to consolidation with TBANK. Throughout the year, TMB remained prudent in operating business and setting provision as well as continuously improved portfolio quality. The Bank continued to proactively write off NPLs to limit future downside risks. As a result, NPL ratio reduced from the previous year while Coverage ratio was maintained as target. Capital position was also strong to support future growth.

Deposit base expanded to THB 1,398 billion, led by the consolidation with TBANK while TMB's flagship products still grew: Overall, deposit expanded 115.2% YTD to THB1,398 billion as of December 2019. The substantial growth was led by a consolidating financial statement with TBANK while transactional deposit and non-transactional deposit also grew on track. TMB's retail flagship product continued its positive momentum, supported by TMB All Free +9.2% YTD, ME Save +7.2% YTD and TMB No-Fixed +4.4% YTD growth. Consequently, total deposit on bank-only rose at moderate pace at 2.1% YTD. Post-merger with TBANK, TMB aims to optimize deposit mix by replacing TD of Merged Bank with No-Fixed deposit and other investment products. TMB also focuses on deposit-led strategy and continue to deliver better customer experience.

Doubled in size of loan contributed by fully integrating TBANK's loans: As of December 2019, total loan totaled THB1,392 billion, significantly grew by 103.0% YTD. The notable increase was mainly from integrating TBANK's loans after merger especially in hire purchase segment. After consolidated with TBANK, the loan mix has changed and shift towards retail loans which accounted for 56% of total loan from 31% as of December 2018. While commercial loans reduced to 44% from 68% of total loans. On bank-only basis, mortgage loans remained the key driver and registered 10.9% YTD growth while commercial loans still slowed down which contracted by 8.2% YTD. The decrease was in line with Bank's strategy in preparation for balance sheets optimization after merger.

10% growth in NII was driven by interest income from HP loans while Non-NII contracted as there was gain from TMBAM in the previous year: TMB reported 12M19 net interest income of THB26,865 million, rose by 9.7% YoY. Key driver was due to the recognition of interest income on hire purchase into TMB account despite NIM declining to 2.81% in 2019. NIM reduction was due mainly to high end-balance of balance sheet with 28 days profit and loss of TBANK together with a marginal decline in yield on loan owing to interest rate cuts. Meanwhile, Non-NII dropped YoY largely by TMB's TMBAM one-time profit booked in 2018 and slowing mutual fund and bancassurance fees. Operating income, therefore, recorded at THB39,821 million, decreased by 17.1% in 2019. If excluded one-time gain on TMBAM, Non-NII registered 10.8% growth.

If excluded gain on investment from TMBAM, PPOP increased 5.2%: Total operating income declined by 17.1% YoY while operating expense rose by 18.3% YoY, largely from higher operating expense on TMB and the recognition of TBANK's expenses as subsidiary company. As a result, PPOP for the 12-month decreased by 35.6% YoY to THB19,658 million. However, PPOP excluding gain on investment from the sales of TMBAM rose 5.2% from the same period last year.

Asset quality remained in line with target: To mitigate and limit downside risk, prudent risk and asset quality management has been one of the Bank's priorities. TMB remained prudent in setting provision while TBANK set higher provision for conservation risk alignment. In total, the Bank set aside provision of THB10.3 billion in 2019, of which THB1.4 billion coming from provision of TBANK. Meanwhile the Bank has continued to proactively write off NPLs of THB4.0 billion in this quarter leading to bank-only NPL ratio reduced to 2.33% from 2.76% in the previous year. Coverage ratio on bank-only was maintained at 140%, still in target. In term of consolidated figures, NPL ratio was at 2.35% and coverage ratio remained high at 120%.

After provision, TMB reported THB7,222 million of net profit. The figure decreased by 37.7% YoY and represented a return on equity (ROE) of 6.5%.

Discussion of Operating Performance

After the close of TBANK's share purchase transaction on Dec 3, 2019, TMB consolidated TBANK's financial performance results into the group's financial statement. The statement of financial position was fully integrated as of 31 Dec 2019 while the statement of profit and loss was combined for the period of 4-31 December 2019 (28 days). Details of 2019 financial results including income structure and the discussion of operating performance are as follows.

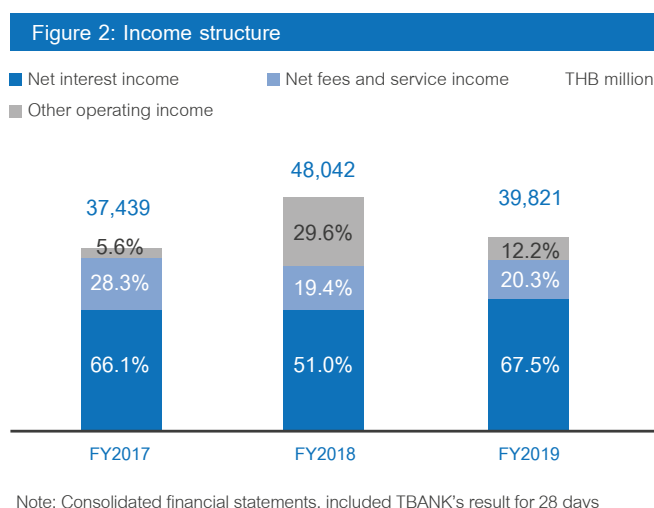
Figure 1: Selected statement of comprehensive income			
(THB million)	FY2019	FY2018	% YoY
Interest income	39,837	35,128	13.4%
Interest expenses	12,972	10,632	22.0%
Net interest income	26,865	24,497	9.7%
Fees and service income	11,343	12,764	-11.1%
Fees and service expenses	3,245	3,426	-5.3%
Net fees and service income	8,098	9,338	-13.3%
Other operating income	4,858	14,208	-65.8%
Non-interest income	12,956	23,545	-45.0%
Total operating income	39,821	48,042	-17.1%
Total other operating expenses	20,674	17,475	18.3%
Impairment loss on loans and debt securities	10,337	16,100	-35.8%
Profit before income tax expense	8,810	14,467	-39.1%
Income tax expense	1,588	2,866	-44.6%
Profit for the period	7,222	11,601	-37.7%
Profit to non-controlling interest of subsidiaries	0	0	N/A
Profit to equity holders of the Bank	7,222	11,601	-37.7%
Other comprehensive income	1,287	-48	N/A
Total comprehensive income	8,509	11,554	-26.4%
Basic earnings per share (THB/share)	0.1485	0.2646	-43.9%

Note: Consolidated financial statements, included TBANK's result for 28 days

On December 3, 2019, the Bank has acquired shares in TBANK, as a result, TBANK is currently a subsidiary of the Bank. If the acquisition had occurred on 1 January 2019, management estimates that consolidated profit for the year would have increased by approximately Baht 10,000 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019. The consolidated profit is estimated by not include profit or loss which is relevant to business restructuring of acquired subsidiary.

Income structure

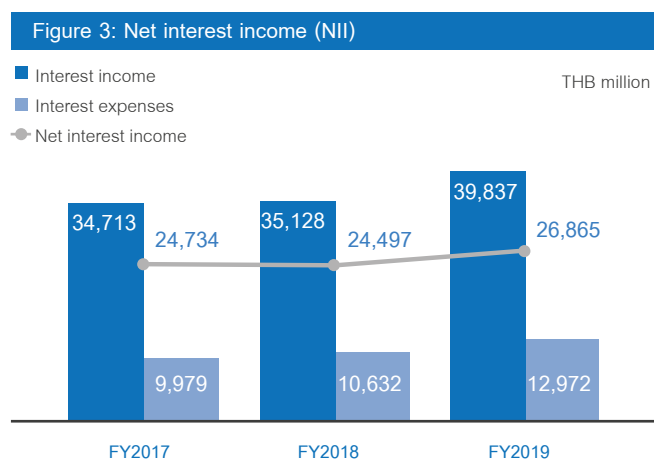
In 2019, TMB generated THB39,821 million of total operating income which decreased 17.1% from last year since in 2018 the Bank recognized gain from the sales of 65% stake in TMBAM. Net interest income and net fee income are the core revenue stream of the Bank. Net interest income (NII) was the largest portion and accounted for 67.5% of total operating income. This followed by net fees and service income (20.3%) and other operating income (12.2%).



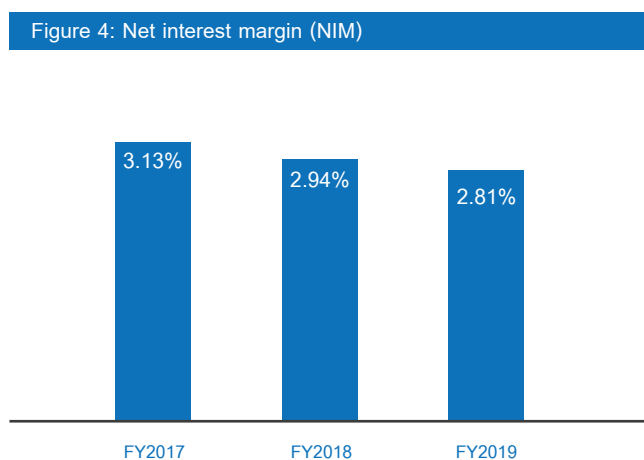
Net interest income (NII) and net interest margin (NIM)

As of year ended 2019, TMB generated NII of THB26,865 million, rose 9.7% from the same period last year, due mainly to recognition of TBANK interest income from auto loan for 28 days. Details are as follows.

- **Interest income** increased by 13.4% YoY to THB39,837 million. The rise was essentially because of the recognition of interest on hire purchase of THB1,823 million from the consolidation of TBANK and average loan balance growth despite lower earning asset yield.
- **Interest expenses** increased by 22.0% YoY to THB12,972 million, resulting from an increase in issued debt and borrowing according to the Bank's fund-raising plan for the merger deal, together with higher deposit volume.
- **Net interest margin (NIM)** lowered by 13 bps to 2.81%. The reduction in NIM was mostly from an increase in earning assets while the Bank was able to recognize only 28 days on P&L from the consolidation of TBANK. Moreover, loan yield marginally decreased due partly to interest rate cuts during the year.



Note: Consolidated financial statements, included TBANK's result for 28 days



Note: Consolidated financial statements, included TBANK's result for 28 days

Figure 5: Net interest income (NII)

(THB million)	FY2019	FY2018	% YoY
Interest income	39,837	35,128	13.4%
Interest on interbank and money market items	1,965	1,761	11.6%
Investments and trading transactions	131	56	134.0%
Investments in debt securities	1,555	1,220	27.5%
Interest on loans	34,334	32,082	7.0%
Interest on hire purchase and financial lease	1,823	0	N/A
Others	30	10	201.1%
Interest expenses	12,972	10,632	22.0%
Interest on deposits	6,896	5,627	22.6%
Interest on interbank and money market items	781	686	13.9%
Contributions to the Deposit Protection Agency	3,371	2,965	13.7%
Interest on debt issued and borrowings	1,900	1,278	48.7%
Borrowing fee	22	15	42.8%
Others	2	61	-97.5%
Net interest income (NII)	26,865	24,497	9.7%

Note: Consolidated financial statements, included TBANK's result for 28 days

Non-interest income (Non-NII) and Non-interest expenses

Non-interest income (Non-NII): Non-NII consists of net fees and service income and other operating income. In 2019, TMB reported THB12,956 million of Non-NII which dropped 45.0% YoY. It was due primarily to the recognition of gain from TMBAM deal in 2018 and lower net fees and service income from Bancassurance and mutual fund sales. Key items are as follows.

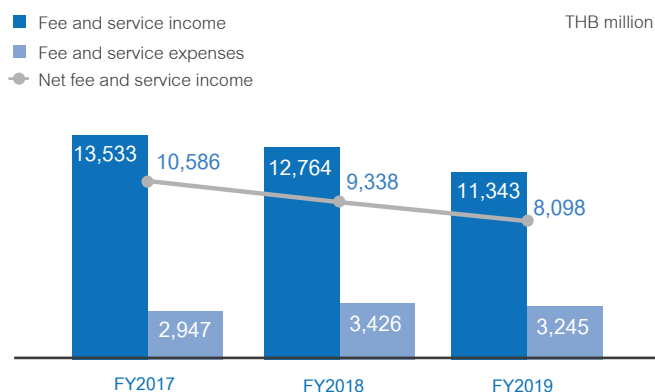
- Net fees and service income decreased by 13.3% YoY to THB8,098 million. The reduction was due owing to slowing mutual fund and bancassurance fees, offsetting with higher net fee income from auto loan business from TBANK.
- Gain on trading and foreign exchange transactions relatively stable YoY to THB1,528 million.
- Share of profit from investment using equity method was recorded at THB324 million, consisted of the recognition 35% in TMBAM stake and profit sharing from 49.9% holding in TFUND as associated company.

Non-interest expenses: Non-interest expenses amounted to THB20,674 million, an increase of 18.3%YoY from last year. Key factors are as follows.

- Personnel expenses grew by 17.4% YoY to THB9,629 million which largely came from the one-time expense related to employee retirement benefit due to the new Labour Protection Act booked in 1Q19, and the recognition of HR expenses of TBANK of 28 days.
- Premises and equipment expenses rose by 4.9% YoY to THB3,598 million.
- Other expenses rose by 33.2% YoY to THB6,042 million, resulting from higher expense from accelerating litigation process, advisory fee related to the M&A transaction and computer software amortization.

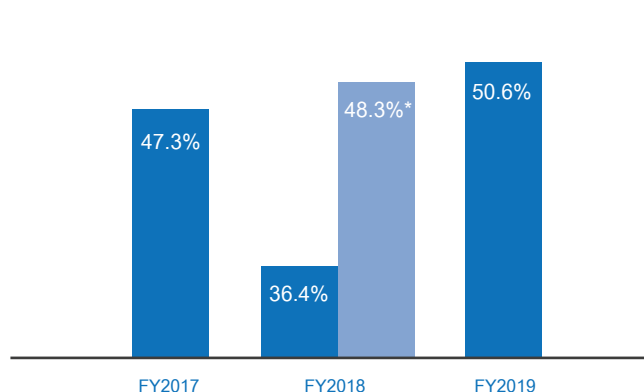
Cost to income ratio was at 50.6%, compared with 48.3% (exclude gain from TMBAM) in the same period last year, mostly from one-time expenses such as employee retirement benefit adjustment and M&A advisory fee. Going forward, TMB will continue to enhance operational efficiency and improve income generation capabilities to reduce cost to income ratio further.

Figure 6: Net fees and service income



Note: Consolidated financial statements, included TBANK's result for 28 days

Figure 7: Cost to income ratio



Note: Consolidated financial statements, included TBANK's result for 28 days

* If excluded gain on sale of TMBAM stake, cost to income ratio was 48.3%

Figure 8: Non-interest income (Non-NII)

(THB million)	FY2019	FY2018	% YoY
Fees and service income	11,343	12,764	-11.1%
Acceptances, aval and guarantees	362	484	-25.1%
Others	10,981	12,280	-10.6%
Fees and service expenses	3,245	3,426	-5.3%
Net fees and service income	8,098	9,338	-13.3%
Gains (losses) on tradings and foreign exchange transactions	1,528	1,529	-0.1%
Gains (losses) on financial instrument designated at fair value	-22	-11	N/A
Gains (losses) on investments	1,956	11,963	-83.6%
Share of profit from investment using equity method	324	64	407.3%
Gains on sale of assets	417	70	499.5%
Dividend income	26	19	37.4%
Others	629	574	9.6%
Non-interest income	12,956	23,545	-45.0%

Note: Consolidated financial statements, included TBANK's result for 28 days

Figure 9: Non-interest expenses

(THB million)	FY2019	FY2018	% YoY
Employee expenses	9,629	8,198	17.4%
Directors' remuneration	48	44	9.1%
Premises and equipment expenses	3,598	3,431	4.9%
Taxes and duties	1,358	1,264	7.4%
Other expenses	6,042	4,538	33.2%
Non-interest expenses	20,674	17,475	18.3%

Note: Consolidated financial statements, included TBANK's result for 28 days

Pre-provision operating profit (PPOP)

As a result of revenue generation and operating expenses mentioned earlier, the Bank posted THB19,658 million, decreased by 35.6% YoY. If excluded one-time gain from selling TMBAM, PPOP grew by 5.2% YoY.

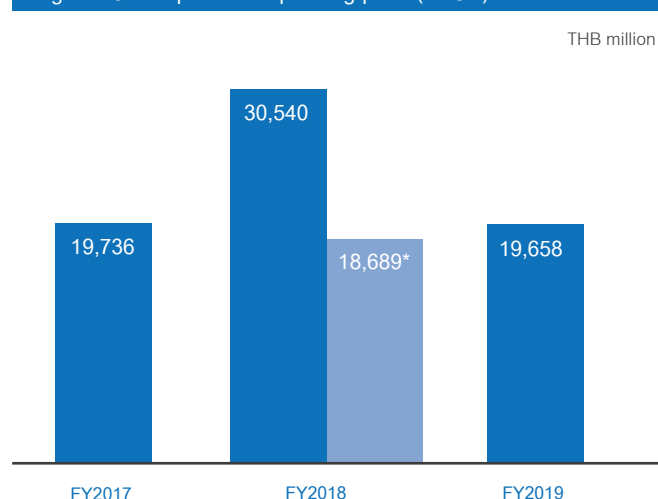
Impairment loss on loans and debt securities

TMB remained prudent in its operation and asset quality management. In 2019, impairment loss on loans and securities was THB10,337 million, compared to THB16,100 million in the same period last year. The total provision of THB10.3 billion in 2019 included TBANK's provision of THB1.4 billion. This is to strengthen balance sheet position and prudently set a risk alignment of the Combined Bank. For coverage ratio on consolidated basis, after combined with TBANK's coverage ratio of 102%, the ratio reduced to 120% as of 31 December 2019, compared with 152% as of December 2018. However, coverage ratio on bank-only basis stood at 140% as of December 2019, still in line with target.

Net profit to equity holders of the Bank

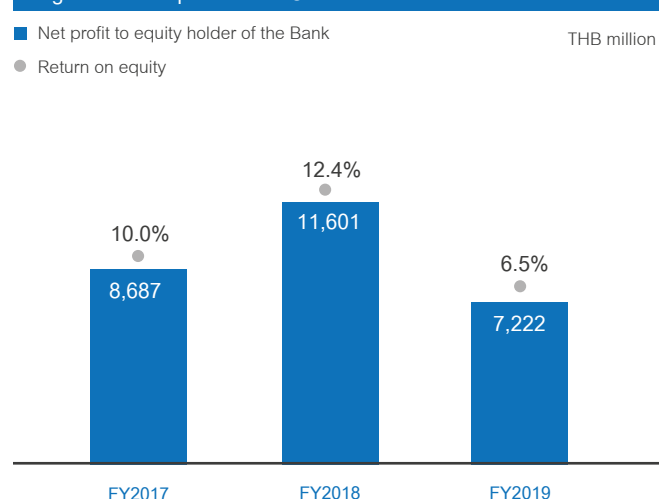
After the provision and tax, net profit to equity holders of the Bank was THB7,222 million, dropped by 37.7% when compared to the same period last year. The Bank generated ROE of 6.5%.

Figure 10: Pre-provision operating profit (PPOP)



Note: Consolidated financial statements, included TBANK's result for 28 days
* PPOP excluded gain on sales of TMBAM

Figure 11: Net profit and ROE



Note: Consolidated financial statements, included TBANK's result for 28 days

Discussion of Financial Position

TMB aims to maintain strong financial position as it is a foundation for quality and sustainable growth in the long run. The Bank continued to expand and diversify its deposit and loan base in order to avoid concentration risk. Asset quality was closely monitored. During the time of slow economic cycle, the Bank accelerated NPL resolution through proactive write-off. This was to limit future downside risks and to keep balance sheet clean. Liquidity was also well-managed, and capital was ensured at strong level. Key areas of 2019 financial position are as follows.

Figure 12: Selected financial position (Consolidated)			
(THB million)	Dec-19	Dec-18	%YTD
Cash	23,853	15,234	56.6%
Interbank and money market items, net	236,311	113,522	108.2%
Derivative assets	10,399	7,916	31.4%
Investments	175,218	78,054	124.5%
Loans to customers (Less deferred revenue)	1,392,225	685,707	103.0%
Accrued interest receivables	1,883	1,308	43.9%
Less allowance for doubtful accounts & revaluation allowance for debt restructuring	45,477	32,975	37.9%
Loans and Allowance - net	1,348,630	654,040	106.2%
Properties for sale, net	4,810	2,614	84.0%
Premises and equipment, net	23,642	11,876	99.1%
Goodwill and other intangible assets, net	22,363	2,592	762.7%
Deferred tax assets	1,496	401	273.1%
Other receivables, net	4,969	1,251	297.1%
Other assets, net	6,499	4,212	54.3%
Total Assets	1,858,190	891,713	108.4%
Deposits	1,398,112	649,568	115.2%
Interbank and money market items	86,626	64,267	34.8%
Debts issued and borrowings, net	108,835	35,124	209.9%
Deferred revenue	18,186	17,594	3.4%
Other liabilities	51,619	26,382	95.7%
Total Liabilities	1,663,379	792,934	109.8%
Equity attributable to equity holders of the Bank	194,777	98,779	97.2%
Total equity	194,811	98,779	97.2%
Total liabilities and equity	1,858,190	891,713	108.4%

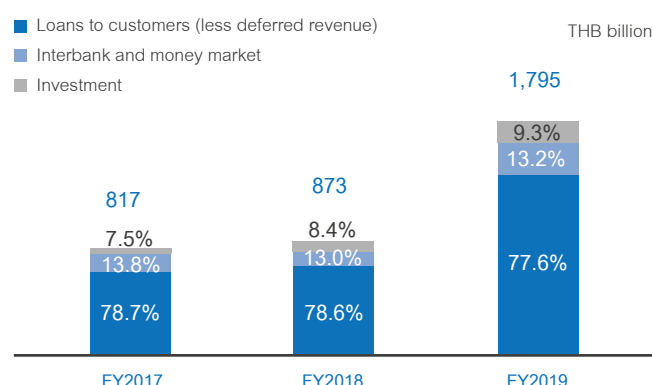
Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Assets and asset quality management

As of 31 December 2019, total assets on consolidated basis amounted to THB1,858,190 million, an increase of 108.4% from December 18 (YTD). The significant increase was mainly resulted from a full year consolidation of TBANK's total assets of THB1,016 billion into account.

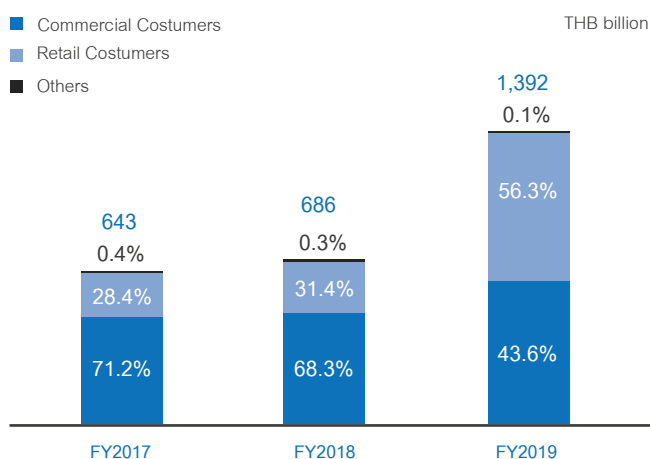
Earning assets which consists of loans to customers, interbank and money market items and investment, was THB1,794,801 million, a 105.7% increase YTD. Loans to customers was the largest portion of earnings assets, accounting for 77.6% as of Dec-19. This followed by interbank and money market items of 13.2% and investment of 9.3%.

Figure 13: Composition of earning assets



Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Figure 14: Total loan breakdown by segment



Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Loans to customers: TMB recorded total loans to customers (less deferred revenue) on consolidated basis of THB 1,392,225 million, increased 103.0% YTD. The significant change contributed to integrating loans from TBANK amount of THB722 billion into the Bank's consolidated account.

In terms of loan breakdown by customer segments, the loan mix changed after the merger and shifted towards retail loans accounted for 56.3% of total loans from 31.4% as of December 2018. On the other hand, commercial lending reduced to 43.6% from 68.3% as of December 2018.

In terms of key products, 28.8% of total loan was hire purchase; followed by mortgage of 21.6%, term loan of 20.1%, working capital (OD) of 15.3%, trade finance of 5.7%, unsecured & credit card of 4.8% and others 3.7%.

Performing loans (Consolidated basis) was recorded at THB1,354,479 million which grew by 104.0% YTD, coming from fully consolidating TBANK's performing loan and growth in TMB's mortgage loans.

- Retail lending on consolidated robustly grew by 264.1% YTD. The notable increase was largely contributed by an aggregate of THB544 billion retail loans from TBANK, driven by hire purchase segment. Retail lending on bank-only continued to grow further by 11.4% YTD, primarily attributed to 10.9% YTD growth in mortgage loans.
- In terms of commercial lending on consolidated, it rose by 29.6% YTD, mainly attributed to TBANK's commercial loans amounting to THB97 billion. However, commercial lending on bank-only remained soften. Large corporate segment (MB and CB loans) contracted by and 10.7% YTD while SMEs, Medium size SME (BB) and Small SME (SE) declined by and 4.9% YTD as the Bank continued to de-risk SME loan portfolio. The decrease in large corporate loan was in line with the Bank's strategy to prepare for balance sheets optimization after merger.

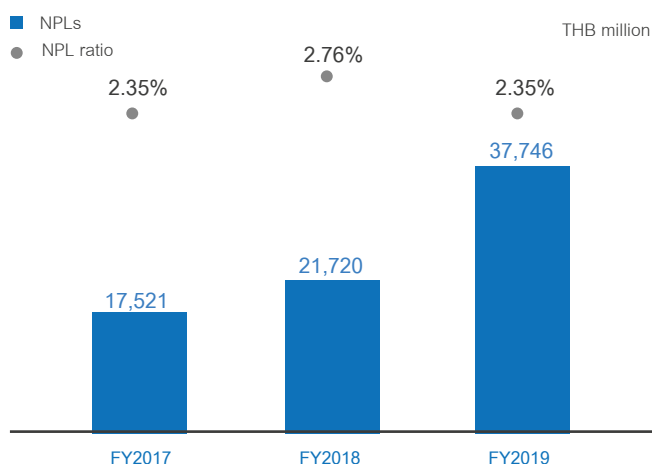
Non-performing loans (NPLs): The Bank has put priority on asset quality monitoring and continued to manage NPLs with prudence. As of 31 December 2019, non-performing loans (NPLs) on consolidated basis was reported at THB37,746 million which increased from THB21,720 million as of end-December 2018 due to the consolidation with TBANK. While NPLs on bank-only basis amounted to THB18,150 million dropped THB21,674 million compared to the year-ended 2018. As the Bank continued to proactively resolve NPLs through write-off to reduce future downside risks and keep balance sheet clean. For 2019, TMB made THB15.0 billion of write-off.

NPL ratio on consolidated basis was recorded at 2.35%, compared with 2.76% at the end of 2018. Meanwhile, NPL ratio on bank-only basis stayed at 2.33% when compared with 2.76% as of 31 December 2018.

Allowance for loan losses: As of 31 December 2019, the Bank and its subsidiaries reported the allowance for doubtful accounts and revaluation allowance for debt restructuring of THB45,477 million, which rose by 37.9% YTD as a result of consolidation of TBANK of which the allowance for loan losses represented THB20 billion.

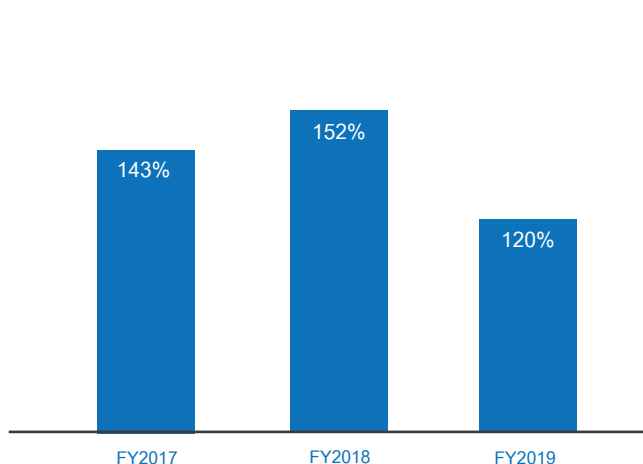
The ratio of allowance for loan loss to NPLs or coverage ratio was maintained at 140% on the bank-only basis. The coverage ratio was still in target range. On consolidated basis, coverage ratio was recorded at 120%. TMB consistently maintained coverage ratio at prudent level.

Figure 15: NPLs and NPL ratio



Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Figure 16: Coverage ratio



Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Properties for sale: As of 31 December 2019, net properties for sale increased to THB4,810 million. The properties for sales to asset ratio was at 0.26%, less than 0.29% as of 2018, which remained low and still in line with business plan.

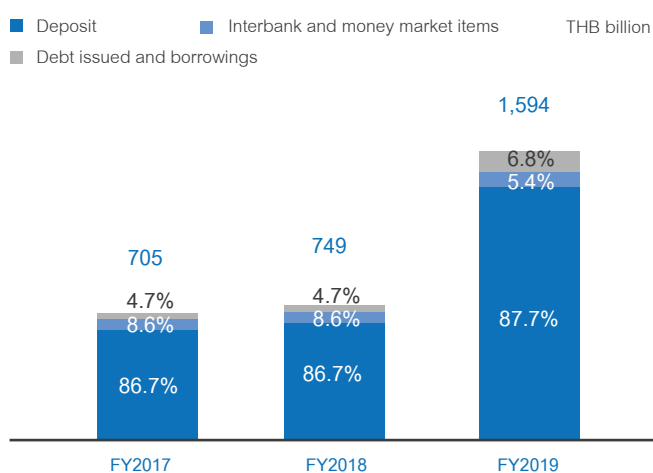
Goodwill and other intangible assets: As of 31 December 2019, goodwill and other intangible assets reported at THB22,363 million or rose by 762.7% YTD. Such a significant increase mainly because there were goodwill and intangible assets, arising from the acquisition of shares in TBANK. In details, the Bank booked goodwill of THB14 billion and identified car dealer relationship of THB4 billion as other intangible assets.

Liability and liquidity management

As of 31 December 2019, total liabilities on consolidated basis was reported at THB1,663,379 million which increased by 109.8% YTD.

Deposits was the largest composition of interest-bearing liabilities. As of 31 December 2019, deposits represented 87.7% of interest-bearing liabilities. This followed by debt issued and borrowings of 6.8% and interbank and money market items of 5.4%.

Figure 17: Composition of interest-bearing liabilities



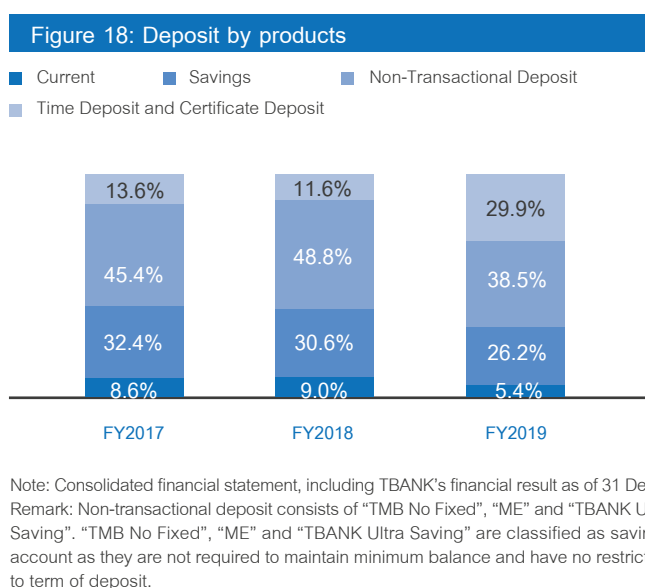
Note: Consolidated financial statements, including TBANK's financial result as of 31 Dec 19

Deposit: As of 31 December 2019, the Bank and its subsidiaries reported total deposits on consolidated basis of THB1,398,112 million, increased by 115.2% YTD. The increase was mainly attributed from consolidating financial statement with TBANK which had deposits amounting THB735 billion while TMB retail flagship products continue to grow further.

The Bank has continued to expand non-transactional deposits and transactional deposits. Overall, it grew on track. Non-transactional deposit grew by 69.8% YTD mainly attributable to the inflow of TBANK's saving deposit while TMB No-Fixed continued to show its growth by 4.4% YTD. ME Save posted 7.2% YTD growth. Another flagship retail transactional deposit product, namely TMB All Free, continued its growth momentum and expanded further by 9.2% YTD. Similarly, time Deposit (TD) robustly grew by 456.2% YTD, mainly from the inflow of TD and certificate deposit of TBANK.

In terms of deposit structure after merger, overall, the ratio of non-transactional deposit to total deposit was reported at 38.5% while transactional deposit (CASA-excluded No-Fixed, ME and Ultra Saving) accounted for 31.6%, Time Deposit and Certificate Deposit accounted for 29.9% respectively.

Still, retail deposit remained the largest portion of total deposits which help mitigate liquidity risk from large corporate concentration. Moreover, Deposit-led strategy will remain a key focus of TMB, post-merger with TBANK. As the Bank pursues balance sheet optimization strategy, it aims to expand retail deposits base along with strategic plan to replace its TD with No-Fixed and convert TD to investment products.



Interbank and money market: Net interbank and money market item increased by 34.8% YTD to THB86,626 million, due to the consolidation of TBANK.

Borrowings: As of 31 December 2019, total borrowings of the Bank and its subsidiaries recorded at THB108,835 million, rose 209.9% YTD. The increase was mostly from TBANK's borrowings of THB31 billion and TMB's debt issuance to support the acquisition activity of TBANK which comprised of additional tier 2 sub-debt of THB30 billion, senior EUR bond of approximately THB17 billion and Additional Tier 1 of approximately THB12 billion, offsetting with buy-back and the early redemption of additional tier 2 sub-debt of THB15 billion.

In terms of borrowing structure, 50.1% was sub-debts. This followed by long-term borrowing of 49.8% and BE of 0.1%.

Liquidity: TMB has a strong liquidity position and has maintained high proportion of liquid and low-risk assets. As of 31 December 2019, on consolidated basis, total liquid assets represented 18.9% of the total assets. The liquid assets consisted cash (1.3%), interbank & money market items (12.7%) and short-term investment (4.9%).

In terms of loan to deposit ratio (LDR), the ratio, on consolidated basis was at 99.6%, decreased from 105.6% as of December 2018, respectively.

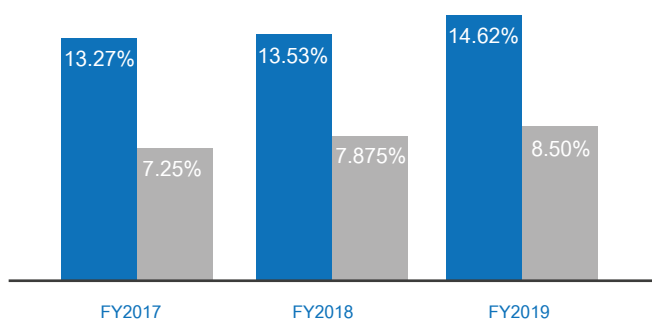
Shareholder equity and Capital adequacy

Shareholder equity: As of 31 December 2019, the consolidated equity was THB194,811 million which rose by 97.2% YTD from the year end of 2018 due to the Bank's equity fund raising for TBANK acquisition.

Capital adequacy: The Bank maintained high capital ratios under Basel III. As of 31 December 2019, Capital Adequacy Ratio (CAR) on consolidated basis was at 18.95% while CET1 stayed at 13.62% and Tier 1 ratio was at 14.62%. Such levels were well above the Bank of Thailand's minimum requirement (including conservation buffer) of 11.0%, 7.0% and 8.5% of CAR, CET 1 and Tier 1 capital ratio, respectively.

Figure 19: Tier 1 and BOT's minimum requirement

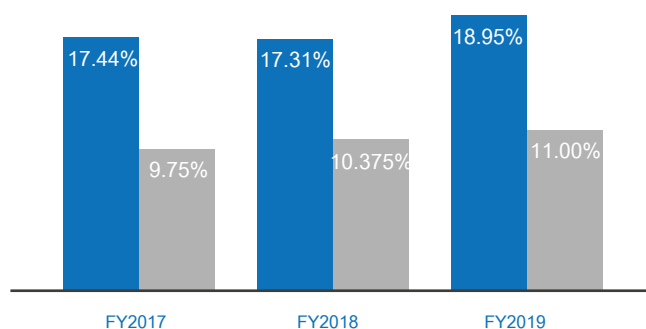
■ Tier 1
■ BOT's minimum requirement



Note: Consolidated financial statement, including TBANK's financial result as of 31 Dec 19

Figure 20: CAR and BOT's minimum requirement

■ CAR
■ BOT's minimum requirement



Note: Consolidated financial statement, including TBANK's financial result as of 31 Dec 19

In sum, 2019 was considered a challenging year due to macroeconomic environment and various changes in banking industry while TMB itself was executing the M&A deal. TMB, therefore, remained prudent through the year and put priority on improving loan portfolio quality and strengthening financial position. Moreover, TMB started to build readiness for the merger plan such as lending rate calibration of the two banks, liquidity free-up for hire purchase portfolio expansion and the sales of TFUND to affirm mutual fund open architecture strategy of TMB. From these initiatives, the Bank is confident for the new chapter involving IFRS 9 implementation and the integration plan in 2020.



For the disclosure of full details of capital under BASEL III Pillar III, please visit investor relations webpage at www.tmbbank.com/en/ir or scan the QR code.

Credit Rating

The table below shows credit ratings of TMB assigned by Moody's Investor Services, Standard & Poor's and Fitch Ratings in the past 2 years. The Upgrades in 2019 were as follows.

- July 30, 2019, Moody's has upgraded TMB's Long-Term Foreign Currency Deposit rating from Baa2 to Baa1, Baseline Credit Assessments from ba1 to baa3 and Senior Unsecured from (P)Baa2 to (P)Baa1.
- October 24, 2019, Standard & Poor's has changed its outlook from Watch Positive to Positive.
- December 23, 2019, Fitch Ratings has revised up Support Rating Floor to "BBB-" from "BB+" and upgraded Support Rating to "2" from "3".

Credit Rating	December 31, 2018	December 31, 2019
Moody's Investors Service		
Foreign Currency		
Bank Deposits	Baa2 / P-2	Baa1/P-2
Baseline Credit Assessments (BCAs)	ba1	baa3
Senior Unsecured	(P)Baa2	(P)Baa1
Outlook	Positive	Positive
Standard & Poor's (S&P)		
Foreign Currency		
Long-Term Counterparty	BBB-	BBB-
Short-Term Counterparty	A-3	A-3
Stand-Alone Credit Profile (SACP)	bb+	bb+
Senior Unsecured	BBB-	BBB-
Outlook	Stable	Positive
Fitch Ratings		
Foreign Currency		
Long-Term IDR	BBB-	BBB-
Short-Term IDR	F3	F3
Senior Unsecured	BBB-	BBB-
National		
Long-Term	AA-(tha)	AA-(tha)
Short-Term	F1+(tha)	F1+(tha)
Subordinated	A+(tha)	A+(tha)
Viability Rating	bbb-	bbb-
Support Rating	3	2
Supporting Rating Floor	BB+	BBB-
Outlook	Stable	Positive

Independent Auditor's Report

To the Shareholders of TMB Bank Public Company Limited

Opinion

I have audited the consolidated and the Bank only financial statements of TMB Bank Public Company Limited and its subsidiaries (the "Group"), and of TMB Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank only statements of financial position as at 31 December 2019, the consolidated and the Bank only statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank only financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2019 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that are relevant to my audit of the consolidated and the Bank only financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank only financial statements of the current year. These matters were addressed in the context of my audit of the consolidated and the Bank only financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers

Refer to notes 3, 12 and 14.

The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2019, loans to customers recorded in the consolidated and the Bank only financial statements amounted to Baht 1,458.96 billion and Baht 671.66 billion (approximately 78.21% and 64.25% of total assets), against which allowances for doubtful accounts of Baht 44.54 billion and Baht 24.47 billion, respectively, were provided.</p> <p>The estimation of the allowance involves judgments over both the timing of recognition and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers. The allowance is determined based on the key factors such as historical loss data, expected loss data, credit risk, collateral, economic conditions and management experience. Accordingly, it is considered a Key Audit Matter.</p> <p>Management has established a control framework over the impairment process which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process and compliance with relevant regulations. Within this framework:</p>	<p>In planning my audit procedures, I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors or customer segments, or which could influence the judgments and estimates.</p> <p>My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.</p> <p>Credit review procedures were performed for a sample of loans, including a detailed consideration of the individual credit file and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule as well as a selection of loans identified in the risk assessment.</p> <p>Model assumptions and methodologies were tested, where appropriate, including involvement of my own credit risk specialists, reconciliation of data to underlying systems and back-testing results.</p>

The key audit matter

How the matter was addressed in the audit

- Individual assessments are made by management of credit scoring and classification. Collateral valuation estimates are also used in determining allowances.
- The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Model methodologies and assumptions such as customer behavior are selected, approved, and applied to the underlying data.

Valuation of financial instruments in the statements of financial position

Refer to note 3 and 6.

The key audit matter

How the matter was addressed in the audit

As at 31 December 2019, financial assets measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 174.58 billion and Baht 67.55 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank only financial statements amounted to Baht 10.03 billion and Baht 7.70 billion, respectively. The entire amount is classified as "level 1" and "level 2" in the fair value hierarchy. Therefore, judgment is applied in the estimation of the fair value. The use of different valuation techniques and assumptions could produce different estimates of fair value.

For financial instruments, I checked for a selection that pricing inputs used were externally sourced and were correctly input into pricing models. I used my own valuation specialists to assess that the models were appropriate, and I valued a selection of the Group's and the Bank's debt securities and derivative positions and compared the valuation to the Group's and the Bank's valuation.

Acquisition of businesses

Refer to Notes 3 (a) and 4 to the financial statements.

The key audit matter

How the matter was addressed in the audit

On 3 December 2019, the Group completed an acquisition of businesses resulting in the recording of goodwill of Baht 14,015 million in the consolidated statement of financial position as at 31 December 2019.

The acquisition method of accounting for business combinations is complex, requiring the Group to determine the fair value of assets acquired and liabilities assumed, and consideration transferred at the acquisition date with any resulting differences recognised as goodwill.

Due to the materiality of the transaction and the significant judgment and complexities involved in determining the fair value of assets acquired and liabilities assumed, I considered accounting for the acquisition of businesses as a key audit matter.

My audit procedures included the following:

- Read the sale and purchase agreement, the share subscription agreement, regulatory approvals, minutes of board of directors' meeting and minutes of shareholders' meeting to understand key terms and conditions;
- Evaluated the appropriateness of the identification of assets acquired and liabilities assumed at the acquisition date including understanding on the procedures of identification of fair value which was prepared by the management;
- Evaluated the appropriateness of the identification of consideration transferred including understanding the analysis which was prepared by the management;
- Evaluated the independence and competency of independent appraisers of the Group;
- Evaluated significant assumptions underpinning the valuations of fair value with reference to internal and external information; Involved my valuation specialist in evaluating methodologies and key assumptions of the valuations of fair value;
- Evaluated the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.

Estimation of the impact of TFRS 9

Refer to Notes 49 to the financial statements.

The key audit matter	How the matter was addressed in the audit
<p>The Group and the Bank are adopting TFRS 9 “Financial Instruments” from 1 January 2020. This new Financial Reporting Standard will affect the classification and measurement of financial assets and liabilities, the impairment of financial assets and hedge accounting; such financial assets and liabilities comprise a substantial portion approximately 97% - 98% of the total assets and liabilities of the Group and of the Bank.</p> <p>Management have disclosed the estimation of the impact of TFRS 9, in particular the allowance for doubtful accounts on loans to customers which is based on expected credit losses, in note 49. Management's estimation of the expected credit losses on loans measured at amortised cost is based on new and complex credit models which are dependent on significant management judgements and estimates including economic forward looking assumptions. For newly developed models, there is a large increase in the data inputs used to develop the models.</p> <p>Due to the significance of the financial assets and liabilities affected by this new Financial Reporting Standard and significant judgements and estimates made by management, I consider this a key audit matter.</p>	<p>In planning my audit procedures, I performed the risk assessment and the model scoping by considering the size, complexity and credit risk characteristic of each portfolio.</p> <p>I inspected of the Group and the Bank accounting policies to determine whether these have been set up in accordance with the requirements of TFRS 9, the relevant Bank of Thailand notification and guidance.</p> <p>My audit procedures included testing the design and operating effectiveness of selected controls over governance, model development and data including test in sampling basis of accuracy of data.</p> <p>Certain key technical decisions, assumptions and model methodologies were tested where appropriate, including involvement of my own credit risk specialists to inspect model documentation and model validation reports performed by experts engaged by the Group and the Bank's management.</p> <p>I assessed the adequacy of the disclosure in accordance with relevant the TFRS and the Bank of Thailand notification and guidance.</p>

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank only financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and the Bank only financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and the Bank only financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and the Bank only financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank only Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Bank only financial statements in accordance with TFRSs, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and the Bank only financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank only Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank only financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank only financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank only financial statements, including the disclosures, and whether the consolidated and the Bank only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank only financial statements of the current year and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Chanchai Sakulkoedsin)
Certified Public Accountant
Registration No. 6827

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2020

Financial Statement and

Notes to Financial statements >

TMB Bank Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated		Bank only	
		31 December		31 December	
Assets	Note	2019	2018	2019	2018
(in thousand Baht)					
Cash		23,852,593	15,234,235	13,426,535	15,231,053
Interbank and money market items, net	8, 36.2	236,311,431	113,522,391	121,581,398	113,522,391
Derivative assets	9	10,399,080	7,916,452	7,394,611	7,916,452
Investments, net	10	166,264,819	73,476,647	60,507,036	73,476,629
Investments in subsidiaries and associate, net	11	8,953,266	4,577,259	168,062,145	221,942
Loans to customers and accrued interest receivables, net	12, 36.2				
Loans to customers		1,458,961,400	685,793,189	671,661,003	685,747,048
Accrued interest receivables		1,882,694	1,308,437	1,284,536	1,308,437
Total loans to customers and accrued interest receivables		1,460,844,094	687,101,626	672,945,539	687,055,485
Less deferred revenue		(66,736,455)	(86,234)	(58,031)	(86,234)
Less allowance for doubtful accounts	12.4, 14, 36.2	(44,538,479)	(31,975,862)	(24,470,200)	(31,947,442)
Less revaluation allowance for debt restructuring	12.7	(938,797)	(999,484)	(938,631)	(999,484)
Total loans to customers and accrued interest receivables, net		1,348,630,363	654,040,046	647,478,677	654,022,325
Properties for sale, net	15	4,809,518	2,613,771	2,738,073	2,613,771
Premises and equipment, net	16	23,642,382	11,876,263	13,116,145	11,876,236
Goodwill and other intangible assets, net	17	22,363,484	2,592,359	3,000,545	2,592,345
Deferred tax assets	18	1,495,622	400,882	2,331,399	1,245,983
Other receivables, net	19	4,968,981	1,251,198	1,640,390	1,220,229
Other assets, net	20, 36.2	6,498,736	4,211,807	4,065,994	4,212,122
Total assets		1,858,190,275	891,713,310	1,045,342,948	888,151,478

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

TMB Bank Public Company Limited and its Subsidiaries
Statements of financial position

		Consolidated		Bank only	
		31 December		31 December	
Liabilities and equity	Note	2019	2018	2019	2018
(in thousand Baht)					
Liabilities					
Deposits	21, 36.2	1,398,111,964	649,568,443	663,558,564	649,574,715
Interbank and money market items	22, 36.2	86,625,985	64,266,589	72,750,828	64,266,589
Liabilities payable on demand		3,382,081	3,504,740	2,361,742	3,504,740
Financial liabilities designated at fair value through profit or loss	23	417,774	396,560	417,774	396,560
Derivative liabilities	9	9,719,225	7,327,950	7,330,647	7,327,950
Debts issued and borrowings, net	24, 36.2	108,835,439	35,124,014	77,353,190	35,124,014
Provisions for employee benefits	25	5,149,671	1,220,760	1,727,687	1,219,606
Provisions for other liabilities	26	1,855,094	630,217	659,369	630,061
Deferred tax liabilities	18	4,729,838	-	-	-
Deferred revenue	27	18,186,197	17,593,616	16,450,378	17,593,634
Other liabilities	28, 36.2, 36.4	26,365,526	13,301,508	11,617,999	13,271,849
Total liabilities		1,663,378,794	792,934,397	854,228,178	792,909,718
Equity					
Share capital					
Authorised share capital					
106,223,552,373 ordinary shares of Baht 0.95 each					
(31 December 2018: 44,108,738,479 ordinary shares of Baht 0.95 each)					
	31	100,912,375	41,903,302	100,912,375	41,903,302
Issued and paid-up share capital					
96,359,354,380 ordinary shares of Baht 0.95 each					
(31 December 2018: 43,851,893,110 ordinary shares of Baht 0.95 each)					
	31	91,541,387	41,659,299	91,541,387	41,659,299
Premium on share capital	31	43,217,044	403,596	43,217,044	403,596
Other reserves		6,041,580	4,810,560	6,008,916	4,810,560
Retained earnings					
Appropriated					
Legal reserve					
	32, 33	3,360,000	3,000,000	3,360,000	3,000,000
Unappropriated					
		50,616,859	48,905,458	46,987,423	45,368,305
Equity attributable to equity holders of the Bank		194,776,870	98,778,913	191,114,770	95,241,760
Non-controlling interest		34,611	-	-	-
Total equity		194,811,481	98,778,913	191,114,770	95,241,760
Total liabilities and equity		1,858,190,275	891,713,310	1,045,342,948	888,151,478

P. Tantakam

Mr. Piti Tantakasem
Chief Executive Officer

Ekanti Nitithanprapas

Mr. Ekniti Nitithanprapas
Chairman of the Board

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

TMB Bank Public Company Limited and its Subsidiaries
Statements of profit or loss and other comprehensive income

		Consolidated For the year ended 31 December	Bank only For the year ended 31 December
	Note	2019	2018
		2019	2018
		(in thousand Baht)	
Interest income	36.1, 39	39,836,787	35,128,359
Interest expenses	36.1, 40	12,971,567	10,631,612
Net interest income		26,865,220	24,496,747
Fees and service income	36.1, 41	11,342,976	12,763,657
Fees and service expenses	36.1, 41	3,245,226	3,426,064
Net fees and service income		8,097,750	9,337,593
Gains on trading and foreign exchange transactions, net	42	1,527,702	1,528,793
Losses on financial liabilities designated at fair value through profit or loss, net	43	(22,070)	(10,862)
Gains on investments, net	44	1,956,192	11,963,440
Share of profit from investment using equity method		324,407	63,944
Other operating income	36.1	1,072,059	662,575
Total operating income		39,821,260	48,042,230
Other operating expenses			
Employee expenses	36.3, 36.4	9,628,586	8,198,289
Directors' remuneration	36.3	48,443	44,415
Premises and equipment expenses		3,597,892	3,430,873
Taxes and duties		1,357,633	1,263,576
Others	36.1, 45	6,041,818	4,537,510
Total other operating expenses		20,674,372	17,474,663
Impairment loss on loans and debt securities	36.1, 46	10,336,853	16,100,376
Profit from operations before income tax		8,810,035	14,467,191
Income tax	18	1,587,549	2,865,956
Profit for the year		7,222,486	11,601,235
Other comprehensive income			
<i>Items that will be reclassified subsequently to profit or loss</i>			
Gains (losses) on remeasuring available-for-sale investments		423,190	(79,978)
Losses arising from translating the financial statements of foreign operations		(41,422)	(10,128)
Income tax relating to items that will be reclassified subsequently to profit or loss	18	(76,354)	18,021
		305,414	(72,085)
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Change in revaluation surplus on assets		1,338,233	(48,526)
Actuarial gains (losses) on post-employment benefit plan	25	(111,790)	79,137
Income tax relating to items that will not be reclassified subsequently to profit or loss	18	(245,288)	(6,122)
		981,155	24,489
Total other comprehensive income for the year, net of income tax		1,286,569	(47,596)
Total comprehensive income for the year		8,509,055	11,553,639

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

		Consolidated For the year ended 31 December		Bank only For the year ended 31 December	
	Note	2019	2018	2019	2018
		(in thousand Baht)			
Profit attributable to:					
Equity holders of the Bank		7,222,478	11,601,235	7,099,248	8,817,459
Non-controlling interest		8	-	-	-
Profit for the year		<u>7,222,486</u>	<u>11,601,235</u>	<u>7,099,248</u>	<u>8,817,459</u>
Total comprehensive income attributable to:					
Equity holders of the Bank		8,509,047	11,553,639	8,384,100	8,775,508
Non-controlling interest		8	-	-	-
Total comprehensive income for the year		<u>8,509,055</u>	<u>11,553,639</u>	<u>8,384,100</u>	<u>8,775,508</u>
Earnings per share	47				
Basic earnings per share (in Baht)		<u>0.1485</u>	<u>0.2646</u>	<u>0.1460</u>	<u>0.2011</u>
Diluted earnings per share (in Baht)		<u>0.1485</u>	<u>0.2646</u>	<u>0.1460</u>	<u>0.2011</u>

P. Tantakam

Mr. Piti Tantakasem
Chief Executive Officer

Ekanti Nitithanprapas

Mr. Ekniti Nitithanprapas
Chairman of the Board

TMB Bank Public Company Limited and its Subsidiaries
Statements of changes in equity

		Consolidated				Retained earnings			
		Other reserves		Translation					
				adjustment arising from translating the financial statements of foreign operations, net		Total other reserve		Equity attributable to equity holders of the Bank	
				Revaluation surplus on available-for-sale investments, net (Note 10.4)		Legal reserve		Unappropriated	
				Revaluation surplus on assets, net (Note 30)		Other reserve-based payments (Note 29)		Premium on share capital	
								Issued and paid-up share capital	
Note									
Year ended 31 December 2018									
	Balance at 1 January 2018	41,647,866	378,931	5,007,190	26,672	27,564	5,097,303	2,550,000	40,181,447
Transactions with owners, recorded directly in equity									
Contributions by and distribution to owners of the bank									
29.1, 29.3	Expenses in relation to share-based payments	-	-	707	-	-	707	-	707
29.3	Issued ordinary shares to employees	11,433	25,151	(36,584)	-	-	(36,584)	-	-
29.3	Expenses in relation to issuance of ordinary shares to employees	-	(486)	-	-	-	-	-	(486)
33	Dividend paid	-	-	-	-	-	-	-	-
	Total transactions with owners, recorded directly in equity	11,433	24,665	(35,877)	-	-	(35,877)	-	(2,630,494)
	Comprehensive income for the year	-	-	-	-	-	-	-	-
	Profit for the year	-	-	(38,820)	(63,983)	(8,102)	(110,905)	-	11,601,235
	Total comprehensive income for the year	-	-	(38,820)	(63,983)	(8,102)	(110,905)	-	11,553,639
	Transfer to legal reserve	-	-	-	-	-	-	450,000	-
	Transfer to retained earnings	-	-	(139,961)	-	-	(139,961)	-	-
	Balance at 31 December 2018	41,659,299	403,596	4,828,409	(37,311)	19,462	4,810,560	3,000,000	98,778,913
Year ended 31 December 2019									
	Balance at 1 January 2019	41,659,299	403,596	4,828,409	(37,311)	19,462	4,810,560	3,000,000	98,778,913
Transactions with owners, recorded directly in equity									
Contributions by and distribution to owners of the bank									
31	Issue of ordinary shares	49,882,088	42,813,448	-	-	-	-	-	92,695,536
33	Dividend paid	-	-	-	-	-	-	(5,206,626)	-
	Total contributions by and distribution to owners of the bank	49,882,088	42,813,448	-	-	-	-	(5,206,626)	87,488,910
Change in ownership interests in subsidiary									
	Acquisition of non-controlling interests without a change in control	-	-	-	-	-	-	-	34,603
	Total change in ownership interests in subsidiary	-	-	-	-	-	-	-	34,603
	Total transactions with owners, recorded directly in equity	49,882,088	42,813,448	-	-	-	-	(5,206,626)	87,523,513
	Comprehensive income for the year	-	-	-	-	-	-	-	-
	Profit for the year	-	-	-	-	-	-	-	7,222,478
	Other comprehensive income	-	-	1,070,596	338,552	(33,137)	1,376,001	-	1,286,569
	Total comprehensive income for the year	-	-	1,070,596	338,552	(33,137)	1,376,001	-	8,509,047
	Transfer to legal reserve	-	-	-	-	-	-	360,000	-
	Transfer to retained earnings	-	-	(144,961)	-	-	(144,961)	-	-
	Balance at 31 December 2019	91,541,387	43,217,044	5,754,014	301,241	(13,675)	6,041,560	3,360,000	194,811,481

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

Other reserves										Retained earnings	
Translation adjustment arising from translating the financial statements of foreign operations, net (in thousand Baht)											
Note	Issued and paid-up share capital	Premium on share capital	Other reserve - share-based payments (Note 29)	Revaluation surplus on assets, net (Note 30)	Revaluation surplus on available-for-sale investments, net (Note 10.4)		Total other reserve	Legal reserve	Unappropriated	Total equity	
Year ended 31 December 2018											
Balance at 1 January 2018											
Transactions with owners, recorded directly in equity											
Contributions by and distribution to owners of the bank											
29.1, 29.3	-	-	-	-	-	-	707	-	-	707	
29.3	11,433	25,151	(36,584)	-	-	-	(36,584)	-	-	-	
29.3	-	(486)	-	-	-	-	-	-	-	(486)	
33	-	-	-	-	-	-	-	-	(2,630,494)	(2,630,494)	
	11,433	24,665	(35,877)	-	-	-	(35,877)	-	(2,630,273)	(2,630,273)	
Total transactions with owners, recorded directly in equity											
Comprehensive income for the year											
Profit for the year											
	-	-	-	-	-	-	-	-	8,817,459	8,817,459	
Other comprehensive income											
	-	-	-	(38,820)	(63,793)	(8,102)	(110,715)	-	68,764	(41,951)	
	-	-	-	(38,820)	(63,793)	(8,102)	(110,715)	-	8,886,223	8,775,508	
Total comprehensive income for the year											
	-	-	-	-	-	-	-	450,000	(450,000)	-	
Transfer to legal reserve											
	-	-	-	(139,961)	-	-	(139,961)	-	139,961	-	
Transfer to retained earnings											
	41,659,289	403,596	-	4,828,409	(37,311)	19,462	4,810,560	3,000,000	45,368,305	95,241,760	
Year ended 31 December 2019											
Balance at 1 January 2019											
Transactions with owners, recorded directly in equity											
Contributions by and distribution to owners of the bank											
31	49,882,088	42,813,448	-	-	-	-	-	-	-	92,695,536	
33	-	-	-	-	-	-	-	-	(5,206,626)	(5,206,626)	
	49,882,088	42,813,448	-	-	-	-	-	-	(5,206,626)	87,488,910	
Total transactions with owners, recorded directly in equity											
Comprehensive income for the year											
Profit for the year											
	-	-	-	-	-	-	-	-	7,099,248	7,099,248	
Other comprehensive income											
	-	-	-	1,070,586	292,064	(33,137)	1,329,513	-	(44,661)	1,284,852	
	-	-	-	1,070,586	292,064	(33,137)	1,329,513	-	7,054,587	8,384,100	
Total comprehensive income for the year											
	-	-	-	-	-	-	-	360,000	(360,000)	-	
Transfer to legal reserve											
	-	-	-	(131,157)	-	-	(131,157)	-	131,157	-	
	91,541,387	43,217,044	-	5,767,838	254,753	(13,675)	6,008,916	3,360,000	46,987,423	191,114,770	

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

TMB Bank Public Company Limited and its Subsidiaries
Statements of cash flows

	Consolidated For the year ended 31 December		Bank only For the year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash flows from operating activities				
Profit from operations before income tax	8,810,035	14,467,191	8,670,294	10,723,925
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortisation	1,729,516	1,425,419	1,576,892	1,417,228
Impairment loss on loans and debt securities	10,336,853	16,100,376	8,985,609	16,114,041
Impairment loss on premises and equipment (reversal of)	(68,020)	9,572	(68,020)	9,572
Impairment loss on properties for sale and other assets	578,615	124,509	587,857	124,497
Provisions for employee benefits and other liabilities	661,215	156,565	576,987	158,618
Impairment losses on investment (reversal of)	-	1,263	-	(28,390)
Losses (gains) on revaluation of trading investments	(4,624)	1,569	(2,900)	1,569
Losses on written-off of intangible assets	14,457	-	14,457	-
Gains on disposal of premises and equipment	(79,811)	(17,238)	(79,957)	(17,209)
Gains on disposal of investments	(1,956,192)	(113,108)	(1,949,787)	(112,897)
Profit on the loss of control of a subsidiary	-	(11,851,595)	-	(7,851,198)
Unrealised losses on remeasurement of financial liabilities designated at fair value through profit or loss	22,070	10,862	22,070	10,862
Unrealised losses (gains) on exchange on derivatives	525,832	(471,317)	532,941	(471,317)
Unrealised gains on exchange on debentures and long-term borrowings	(815,119)	(74,106)	(815,119)	(74,106)
Expenses in relation to share-based payments	-	707	-	707
Share of profit from investments accounted for using the equity method	(324,407)	(63,944)	-	-
Deferred revenue	(1,939,836)	(1,309,599)	(1,939,492)	(1,309,599)
Net interest income	(26,865,220)	(24,496,747)	(24,594,590)	(24,437,577)
Dividend income	(260,635)	(18,563)	(165,510)	(818,563)
Interest received	38,639,377	33,593,350	35,016,423	33,560,218
Interest paid	(11,078,110)	(9,338,927)	(9,954,122)	(9,366,810)
Income tax paid	(2,792,247)	(1,288,316)	(2,770,286)	(1,170,218)
Profit from operations before changes in operating assets and liabilities	15,133,749	16,847,923	13,643,747	16,463,353
Decrease (increase) in operating assets				
Interbank and money market items	42,463,974	(5,031,505)	(8,036,213)	(2,290,223)
Trading investments	(3,999,183)	(674,300)	(3,572,630)	(674,300)
Loans to customers	(9,525,419)	(50,469,452)	(2,518,524)	(50,465,397)
Properties for sale	778,007	(209,272)	14,418	(209,272)
Other receivables	(158,550)	358,410	(158,536)	391,494
Other accrued income	(154,753)	249,383	(8,158)	286,835
Other assets	(220,193)	(313,598)	(593,634)	(319,666)
Increase (decrease) in operating liabilities				
Deposits	5,193,189	38,072,664	13,966,878	38,069,993
Interbank and money market items	(26,658,812)	3,917,491	8,484,239	3,917,491
Liabilities payable on demand	(1,857,380)	(160,184)	(1,142,998)	(160,184)
Financial liabilities designated at fair value through profit or loss	(856)	-	(856)	-
Provision for employee benefits	(100,166)	(246,061)	(100,166)	(246,061)
Provisions for other liabilities	(1,645,954)	(51,090)	(1,645,954)	(51,090)
Account payables	(959,946)	182,982	(953,649)	174,698
Other accrued expenses	152,405	(214,261)	116,917	(128,879)
Other liabilities	1,069,444	(2,093,982)	744,166	(2,258,545)
Net cash provided by operating activities	19,509,556	165,148	18,239,047	2,500,247

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

TMB Bank Public Company Limited and its Subsidiaries
Statements of cash flows

	Consolidated For the year ended 31 December		Bank only For the year ended 31 December	
	2019	2018	2019	2018
	(in thousand Baht)			
Cash flows from investing activities				
Interest received	1,228,474	1,373,467	1,134,898	1,369,051
Dividend received	405,345	18,563	165,510	818,563
Purchase of available-for-sale investments	(78,464,603)	(80,860,373)	(68,206,579)	(80,860,373)
Proceeds from sales of available-for-sale investments	111,714,424	76,804,891	98,030,534	73,679,531
Purchase of held to maturity debt securities	(18,617,054)	(12,899,503)	(18,455,734)	(12,899,503)
Proceeds from redemption of matured held to maturity debt securities	7,716,086	5,285,578	7,716,086	5,285,578
Purchase of general investments	(34,175)	-	(34,175)	-
Proceeds from sales of general investments	78,535	102,292	78,535	102,292
Purchase of investments in subsidiaries	(167,070,371)	-	(167,070,371)	(25,000)
Proceeds from reduction and sales of investment in a subsidiary	-	11,437,527	-	11,437,527
Purchase of premises and equipment	(1,249,684)	(1,068,129)	(1,057,873)	(1,059,435)
Purchase of leasehold rights	(3,480)	(4,782)	(3,480)	(4,782)
Purchase of intangible assets	(1,167,544)	(1,019,035)	(1,042,812)	(1,005,315)
Proceeds from disposals of premises and equipment	206,749	141,311	206,222	135,579
Net cash used in investing activities	(145,257,298)	(688,193)	(148,539,239)	(3,026,287)
Cash flows from financing activities				
Proceeds from long-term borrowings	20,000	-	20,000	-
Repayments of long-term borrowings	(13,559)	(12,679)	(13,559)	(12,679)
Interest paid on long-term debts issued and borrowings	(1,850,208)	(1,319,889)	(1,850,208)	(1,319,889)
Cash receipts on debenture issued	59,660,509	4,868,100	59,660,509	4,868,100
Cash paid for redemption of debenture	(19,622,490)	(3,008,880)	(16,622,490)	(3,008,880)
Increase in issued and fully paid-up - ordinary shares	92,549,470	-	92,549,470	-
Expenses in relation to issuance of ordinary shares to employees	-	(486)	-	(486)
Dividend paid to equity holders of the Bank	(5,206,626)	(2,630,494)	(5,206,626)	(2,630,494)
Net cash provided by (used in) financing activities	125,537,096	(2,104,328)	128,537,096	(2,104,328)
Change in translation adjustments of foreign operations	(41,422)	(10,128)	(41,422)	(10,128)
Net decrease in cash	(252,068)	(2,637,501)	(1,804,518)	(2,640,496)
Cash at 1 January / 4 December for a subsidiary acquisition through business combination	24,104,661	17,871,736	15,231,053	17,871,549
Cash at 31 December	23,852,593	15,234,235	13,426,535	15,231,053
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Issuance of ordinary shares to employees	-	36,584	-	36,584

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

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

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TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 20 February 2020

1 General information

TMB Bank Public Company Limited, (the "Bank"), is incorporated in Thailand and has its registered office at 3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 23 December 1983.

The principal business of the Bank is operating commercial banking businesses. The subsidiaries are incorporated as limited company under Thai laws and has been operating in Thailand, with its core business being commercial banking and provision of asset management. Details of the Bank's subsidiaries and associates as at 31 December 2019 and 2018 are given in note 11.

2 Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRSs), guidelines promulgated by the Federation of Accounting Professions; and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand ("BoT") Notification Number Sor Nor Sor. 21/2558, directive dated 4 December 2015, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services".

The primary change is that the Bank and its subsidiaries have initially adopted TFRS 15 Revenue from Contracts with Customers ("*TFRS 15*"), which replaced TAS 18 Revenue ("*TAS 18*") and related interpretations.

Under TFRS 15, the Bank and its subsidiaries recognise revenue when a customer obtains control of the goods or services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgement is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Bank and its subsidiaries recognise revenue from sale of goods when the significant risks and rewards of ownership of the goods have been transferred to the buyer, and recognise revenue from rendering of services by reference to the stage of completion of the transaction at the end of the reporting period. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due. Such change in accounting policy has no material impacts on the financial statements.

In addition, the Bank and its subsidiaries have not early adopted a number of new and revised TFRSs which are not yet effective for current period in preparing these financial statements before the effective date. Those new and revised TFRSs that are relevant to the Bank and its subsidiaries' operations are disclosed in note 49.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured at fair value in the statements of financial position.

- Derivative financial instruments (trading book)
- Trading and available-for-sale investments
- Financial liabilities designated at fair value through profit or loss
- Land and buildings

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information is presented in Thai Baht and has been rounded to the nearest thousand and in the notes to financial statements to the nearest million unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRSs requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Information about significant areas of estimation uncertainties is included in the following notes:

Note 9 Derivatives

Note 14 Allowance for doubtful accounts.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Group")

Business combinations

The Group's applies the acquisition method for all business combinations when control is transferred to the Group, as described in subsidiaries section, other than those with entities under common control.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

The Group's control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree, and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Group incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method. Under that method the acquirer recognizes assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or discount from business combinations under common control in equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative period or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

The subsidiaries' financial statements are prepared using the same significant accounting policies as the Bank.

Non-controlling interests

At the acquisition date, the Group measure any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Group interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

When the Bank and its subsidiaries lose control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss from loss of control over a subsidiary is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Significant intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rates announced by the Bank of Thailand at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency difference are generally recognised in profit or loss. However, foreign currency differences arising from the translation of available-for-sale equity investments are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operation are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

The financial statements of overseas branches are translated into Thai Baht at the reference rates announced by the Bank of Thailand at the reporting dates. Foreign exchange differences arising on translation is recognised in other comprehensive income until dissolution of the branch's business, except for the Cayman Islands Branch, for which the foreign exchange differences arising on translation are recognised in profit or loss.

(c) Cash

Cash includes cash in hand and cash on collection.

(d) *Securities purchased under resale agreements/Securities sold under repurchase agreements*

The Bank and its subsidiaries enter into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items, net (assets)" or "Loans to customers", depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items (liabilities)" or "Debt issued and borrowings, net", depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral.

The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

(e) *Investments*

Investments in subsidiaries and associate

Investments in subsidiaries and associate as stated in the Bank only financial statements are accounted for using the cost method less allowance for impairment losses, (if any). Impairment losses are recorded as expenses in profit or loss. Investment in associate in the consolidated financial statements are accounted for using equity method.

If the Bank and its subsidiaries receive shares as a result of debt restructuring of a borrower, which cause them to hold more than 50% or 20% of the paid-up share capital of such company, they will not treat that investee company as a subsidiary or an associate, respectively, since they intend to hold such investment temporarily. Such investments are classified as general investments and stated at cost less allowance for impairment losses (if any).

The Bank and its subsidiaries do not treat investments in any mutual funds in which they hold more than 50% or 20% of the issued units of the fund as investments in a subsidiary or an associate, respectively, because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by the fund managers in accordance with the details stipulated in the mutual fund prospectus and under the supervision of the Office of Securities and Exchange Commission. Such investments are classified as general investments and stated at cost less allowance for impairment losses (if any).

Investments in other debt and equity securities

Debt securities and marketable equity securities held for trading are classified as trading securities and are stated at fair value, with any resultant gain or loss recognised in profit or loss.

Debt securities that the Bank and its subsidiaries have the positive intent and ability to hold to maturity are classified as held-to-maturity investments. Held-to-maturity investments are stated at amortised cost, less allowance for impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortised using the effective interest rate method over the period to maturity.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments. Available-for-sale investments are, subsequent to initial recognition, stated at fair value, and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items, are recognised directly in equity. Impairment losses and foreign exchange differences are recognised in profit or loss.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Investments in (a) non-marketable equity securities, (b) investment units with conditions regarding the return on the investments similar to those of debt securities, (c) equity securities that were received as a result of debt restructuring, or (d) mutual funds, which are not classified as investments in subsidiaries or associate, are classified as general investments and stated at cost less allowance for impairment losses (if any).

Recognition

Purchases and sales of investments in debt securities are recorded on settlement dates.

Purchases and sales of investments in equity securities are recorded on trade dates.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

For debt and equity securities, cost of both investments sold and those still held are determined using the weighted average method.

(f) Loans to customers

Loans to customers are presented exclusive of accrued interest receivable (except for overdrafts, which are presented inclusive of accrued interest receivable). Unearned discounts received in advance on loans to customers are presented as deductions from the loans.

Hire purchase receivables and financial lease receivables are stated at the contract value of the hire purchase and financial lease net of unearned income, which is presented after netting commission expenses and initial direct cost on the inception of the contracts.

(g) Bill purchased, trade finance and factoring

The Bank and its subsidiaries classify bill purchased transactions, trade finance transactions by purchasing, discounting or rediscounting bills under letters of credit, and factoring transactions as assets based on the business type of the counterparty whom the Bank and its subsidiaries have their legal recourses. In case that there is acceptance, aval or guarantee by other financial institutions, the Bank and its subsidiaries will classify the recorded transactions as assets, which are presented under the caption of "Interbank and money market items, net (assets)". In case that there is no acceptance, aval or guarantee by other financial institutions, the Bank will classify the recorded transactions as assets, which are presented under the caption of "Loans to customers" or "Interbank and money market items, net (assets)" depending upon the business type of its counterparty.

The Bank and its subsidiaries recognise the difference between purchase price and the face value of bill as unearned discounts which are presented as deductions against "Loans to customers" or "Interbank and money market items, net (assets)" as the case may be and gradually amortises such unearned discounts as interest income using the effective interest rate over the term of discounting or rediscounting periods.

(h) Allowance for doubtful accounts

Allowance for doubtful accounts is determined based on relevant BoT's criteria and regulations. The allowance for doubtful accounts includes (a) an allowance determined at the minimum percentage as specified in the BoT's notifications, (b) an allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported and (c) an additional provision following its business plan and management of non-performing loans. The allowance for doubtful accounts is calculated based on the shortfall between the carrying value of the outstanding debts and the present value of future cash flows expected to be collected from debtors or from the disposal of the underlying collateral, which is determined in accordance with the BoT's notifications.

The allowance in excess of such minimum percentage as specified in the BoT's notifications to cover losses incurred but not yet reported is determined, taking into accounts the relevant factors such as the types of lendings, historical loss, the debtor's credit risk, management's experience and so on. The additional provision is determined, taking into accounts the debtor's payment ability, the expected amount to be collected from the underlying collateral and debt management plan etc.

Any additional allowances for doubtful accounts are charged to expense in each accounting period. The Bank and its subsidiaries write off bad debts against the allowance for doubtful accounts for uncollectible amounts and bad debts recovered (principal portion) are credited to the allowance for doubtful accounts.

Subsidiary operating 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, 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.

(i) Troubled debt restructuring

Foreclosed assets transferred as a result of troubled debt restructuring are recorded at the net realisable value of the assets, to the extent that this does not exceed the book value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Where restructuring a loan involves modification of its terms, the present value of the future cash flows expected to be collected from the debtor is calculated by using a discount rate. The difference between the then-determined present value and the outstanding balances of loans to customers and accrued interest receivables is recorded as a revaluation allowance on debt restructuring in the statements of financial position. Such revaluation allowance is reviewed using the present value of the projected expected cash to be received over the remaining terms.

The Bank and its subsidiaries used the effective interest rates under the original loan agreements or market rates at the restructuring dates as the discount rates to determine the present value of the future cash flows expected to be collected from the debtor.

(j) Properties for sale

Properties for sale are stated at the lower of cost or net realisable value. Impairment losses is recognised as an expense in profit or loss. Gains or losses on disposal is recognised in profit or loss when a disposal is made.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

Cost of properties for sale as a result of settlement from a debtor is stated at fair value less estimated direct cost to sell, to the extent that this does not exceed the carrying value of the debt plus non-booked interest receivable to which the Bank and its subsidiaries are legally entitled. Cost of properties for sale through a public auction process is the purchase price plus transfer costs and less estimated direct cost to sell.

The Bank and its subsidiaries consider net realisable value for each unit of properties for sale. Net realisable value is the recoverable value from disposal of properties for sale less estimated selling expenses. The recoverable value from disposal of properties for sale is assessed with reference to the appraisal value of each unit of properties for sale and is adjusted down by varying discount rates, taking into consideration the quality of assets (location, infrastructure and property usage potential), holding period, historical disposal experience and market demand.

(k) Premises and equipment

Land is measured at revalued amount less allowance for impairment losses (if any), buildings are measured at revalued amount less accumulated depreciation and allowance for impairment losses (if any), and equipment is measured at cost less accumulated depreciation and allowance for impairment losses (if any).

The Bank and its subsidiaries initially record premises and equipment at their costs on the acquisition dates. Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of assets are recognised in profit or loss as incurred.

The Bank and its subsidiaries thereafter, arrange to have the independent valuers appraise the land and buildings on a regular basis and records them at the revalued amount (Revalued amounts are determined by the independent valuer using the market approach for land and the depreciated replacement cost approach for buildings) such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

The Bank and its subsidiaries recognise surplus/deficit arising as a result of revaluation of their assets as follows:

- (1) When an asset's carrying amount is increased as a result of a revaluation of the assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in other reserve under the heading of "Revaluation surplus on assets". However, if the asset is previously devalued and the Bank and its subsidiaries used to recognise such revaluation decrease as an expense in profit or loss, a revaluation increase from this revaluation is then recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.

- (2) When an asset's carrying amount is decreased as a result of a revaluation of the asset, the decrease is recognised in profit or loss. However, if the asset was previously revalued and an outstanding balance of revaluation surplus remains in other reserve under the heading of "Revaluation surplus on assets", the revaluation decrease is then charged to other comprehensive income to the extent that it does not exceed the amount already held in "Revaluation surplus on assets" in respect of the same asset and the revaluation decrease in excess of the amount already held in "Revaluation surplus on assets" in respect of the same asset is recognised in profit or loss.

Leases in terms of which the Bank and its subsidiaries substantially assumes all the risks and rewards of ownership are classified as finance leases. Premises and equipment recognised by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and allowance for impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the profit or loss.

Depreciation of buildings and equipment is calculated by reference to their cost or the revalued amounts, on a straight-line basis over the following estimated periods of useful lives. (Depreciation of fixed assets of overseas branches is computed at a rate specified by the applicable laws, which is at the rate of 20% of the cost or the estimated useful life of 5 years.)

Buildings	Appraised by independent professional appraisers (average at 50 years)
Leasehold improvement	6 - 20 years
Equipment	3 - 10 years

Depreciation is charged to profit or loss. No depreciation is determined for land and assets under construction and installation. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

The revaluation surplus on assets is amortised, using the straight-line method, over the estimated remaining periods of those assets' estimated useful lives and directly charged to retained earnings. The remaining of revaluation surplus on an item of land and buildings, that is derecognised of, is transferred directly to retained earnings when the asset is derecognised of.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying value of the asset) is recognised in profit or loss when the asset is derecognised.

(l) Leasehold rights

Leasehold rights are measured at cost less accumulated amortisation and allowance for impairment losses and are presented as a part of "other assets" in the statements of financial position. Leasehold rights are amortised and recognised as the expenses, using a straight-line method, over the lease periods.

(m) Operating lease

Lease not transferring a significant portion of the risks and rewards of ownership to lessee are classified as operating lease.

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

(n) *Goodwill and other intangible assets*

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in note 4 (a). Subsequent to initial recognition, goodwill is measured at cost less allowance for impairment losses.

Other intangible assets

Other intangible assets that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and allowance for impairment losses.

Other intangible assets include car dealer relationship. These intangible assets were acquired in a business combination. These intangible assets are initially measured at their fair value at the date of acquisition and subsequently stated at cost less accumulated amortisation and allowance for impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives of computer software and car dealer relationship for the current and comparative years are 3 - 14 years.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(o) *Impairment*

The carrying amounts of the assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Goodwill is allocated to the cash-generating unit expected to benefit from the synergies of the acquisitions. For annual impairment assessment purposes, the recoverable amount of the cash-generating unit is based on their value-in-use.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been adjusted. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any allowance for impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of loans to customers and accrued interest receivables is calculated as described in note 3 from item (f) to (i).

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale investments that are debt securities, general investments and investments in subsidiaries and associate, the reversal is recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(p) Hybrid instruments

The Group record financial liabilities that are created in the form of hybrid instruments with reference to the BoT's Notification, which requires the Bank to apply International Accounting Standard No.39 (IAS 39) in relation to financial liabilities whereby it has an option to classify financial liabilities as "Financial liabilities designated at fair value through profit or loss" when one of the following criteria is met:

1. To reduce a mismatch in profit or loss that would otherwise arise from different accounting recognition between financial assets and financial liabilities; or
2. For management and evaluation of a group of financial assets or financial liabilities under a documented risk management or investment strategy policy as approved by the Board of Directors of the Bank; or
3. It is a financial instrument containing an embedded derivative.

The fair value of financial liabilities designated at fair value through profit or loss is calculated based on a valuation model, using market data obtained from reliable sources. Changes in the fair value are recorded as income or expense in profit or loss.

If the Bank and its subsidiaries opt not to classify the hybrid instrument liabilities as “Financial liabilities designated at fair value through profit or loss” or the criteria for classifying them are not met, the Bank and its subsidiaries are to classify and account for hybrid instrument liabilities in accordance with IAS 39 regarding hybrid instruments, taken into consideration all of the following criteria:

1. The hybrid instrument is not measured at fair value with changes in fair value recognised in profit or loss.
2. A separate instrument with the same terms as the embedded derivative would meet the definition of a derivative.
3. The economic characteristics and risks of the embedded derivative and the host contract are not closely related.

If all 3 conditions are met, the Bank and its subsidiaries will account for the host contract at cost or amortised cost and measure the embedded derivative separately from the host contract at fair value with changes in the fair value of the embedded derivative recognised as income or expense in profit or loss. If any of the 3 conditions is not met, the Bank and its subsidiaries will recognise the hybrid instrument at cost or amortised cost.

(q) Derivatives

Trading derivatives are initially and subsequently measured at fair value. Gains or losses on measurement of derivatives is recognised as income or expenses in profit or loss.

Derivatives, entered for the banking book purpose, with interest components are recognised on an accrual basis, in the same manner as the hedged assets and liabilities. That is, the interest income or interest expense is recognised over the term of the contracts. Derivatives with foreign exchange components are recognised based on exchange rates ruling on the reporting period-end date. Unrealised gain or loss on exchange rate is recognised in profit or loss and the difference between the forward rate and the spot rate at the contract date is recognised as income or expense by amortisation using the straight-line basis over the contract periods.

(r) Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post employment benefits and other long-term employee benefits

Defined contribution plan

The Bank and its subsidiaries and the employees have jointly established a provident fund. The fund is monthly contributed by employees and by Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Group's contributions are recognised as expenses when incurred.

Defined benefit plans

The Bank and its subsidiaries treat the severance payments they must make to employees upon retirement under labour law and other benefit (if any) as a post-employment benefit plan and the obligation to provide memorable gifts to employees when the employees have worked for the specified length of years in service as other long-term employee benefit plan.

Provisions for post-employment benefit plan and other long-term employee benefit plan are determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method. These actuarial techniques involve assumptions with reference to various variables such as demographic assumptions (e.g. staff turnover rate, mortality rate, etc.) and financial assumptions (e.g. salary incremental rate, discount rate, etc.).

Actuarial gain or loss arising from a post-employment benefit plan is recognised in other comprehensive income and taken as a part of retained earnings.

Actuarial gain or loss arising from other long-term employee benefit plan is recognised in profit or loss.

Share-based payments

The cost of the TMB Performance Share Bonus Project ("Share-based payment plan") is recognised when services are rendered by employees. The cost of the share-based payment plan is measured by reference to the fair value of the issued shares on the grant date (date of offering of new ordinary shares to the employees).

The cost of the share-based payment plan is recognised as expense in profit or loss with a corresponding increase in "Other reserve - share-based payments" in equity over the periods in which the performance and service conditions are fulfilled. The cumulative expense, which involves the Bank and its subsidiaries' management best estimate of number of ordinary shares that will ultimately vest, is recognised for the share-based payment plan at each reporting period-end until the vesting date. The expense or reversal of expense for a period represented the movement in cumulative expense recognised as at the beginning and at the end of the reporting year.

(s) **Provisions**

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as a finance cost.

Provisions for contingent liabilities as a result of obligation having credit risk exposures

The Bank and its subsidiaries provide provisions for those off-balance sheet items having credit risk exposures, such as loan guarantees, avals or commitments irrevocable by financial institutions, or obligation according to letter of guarantee of which the Bank and its subsidiaries were claimed against, using the same criteria and methods applied to allowance for doubtful accounts that are described in note 3 (h).

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

(t) *Income*

Interest income

The Bank and its subsidiaries recognise interest income on loans on an accrual basis, except for loans on which interest has been accrued longer than 3 months, or loans classified as sub-standard, doubtful and doubtful of loss in accordance with the BoT regulations. Interest on these loans is then recognised when received and the Bank and its subsidiaries will reverse all interest income previously accrued for these loans. Interest on these loans will be recognised on an accrual basis once they are restructured and meet all of the following conditions:

1. The loans are qualified to be classified as "pass".
2. There is no interest receivable and present value loss on debt restructuring outstanding.

Interest income on investment in debt securities is recognised as revenue based on the effective interest rates over the holding periods.

Fees and service income

Fees are recognised as revenue on an accrual basis and service income is recognised as revenue when services are rendered, taking into account the stage of completion of the services provided and conditions in the contract. Fee received in advance is recorded as "Deferred revenue" in the statements of financial position and recognised as revenue when services are rendered. In case that the Bank and its subsidiaries provide customer loyalty programmes, such as award points to redeem goods or services, etc. to their customers to motivate them to become their loyal customers, the Bank and its subsidiaries shall allocate the fair value of the award points earned by customers each time they use services of the Bank and its subsidiaries from considerations received on services they provide each time. The amount is recorded as "Deferred revenue" in the statements of financial position and it will be recognised as revenue in profit or loss when the customers redeem the award points.

Dividend income

Dividend income is recognised in profit or losses on the date that the Bank and its subsidiaries' right to receive payments is established.

(u) *Expenses*

Interest expenses

The Bank and its subsidiaries recognise interest expenses on an accrual basis.

Fees and service expenses

The Bank and its subsidiaries recognise fees and service expenses on an accrual basis.

(v) *Income tax*

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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Notes to the financial statements

For the year ended 31 December 2019

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change their judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Bank and its subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(w) *Earnings per share*

The Bank and its subsidiaries present basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted EPS is determined by adjusting the profit attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of potential ordinary shares from TMB Performance Share Bonus Scheme.

TMB Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2019

(x) *Related parties*

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and its subsidiaries have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

(y) *Segment reporting*

Segment results that are reported to the Bank Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items are not included in reporting segment operating results.

(z) *Offsetting*

Financial assets and liabilities are offset, and the net amount is reported in the statements of financial position when the Bank and its subsidiaries have a legal, enforceable right to set off the recognised amounts and the transactions are intended to be settled on a net basis.

4. Acquisition of subsidiary

(a) *Acquisition of a subsidiary*

On 7 August 2019, the Board of Directors meeting No. Special 4/2562 resolved to approve, in principle, the entry into a share purchase agreement in relation to the acquisition of shares in Thanachart Bank Public Company Limited (TBANK) and authorise the management of the Bank to negotiate, agree and execute the share purchase agreement with Thanachart Capital Public Company Limited (TCAP) and Scotia Netherlands Holding B.V. (BNS), which is a company in a group of the Bank of Nova Scotia, under the terms and conditions therein.

On 8 August 2019, the Bank and two major shareholders of TBANK, namely TCAP and BNS, entered into a share purchase agreement (the SPA). Under the SPA, the Bank agreed to purchase 6,062,438,397 shares in TBANK (accounting for approximately 99.96% of the total issued and outstanding shares in TBANK) from the said major shareholders and to offer to purchase the remaining 2,423,773 shares (accounting for approximately 0.04% of the total issued and outstanding shares in TBANK) from all other minority shareholders of TBANK.

On 23 September 2019, the Extraordinary General meeting of Shareholders No.1/2019 resolved to approve the Sale and purchase Agreement for Share in Thanachart Bank Public Company Limited (TBANK) (the SPA) as mentioned above.

On 3 December 2019, the Bank has acquired an aggregate of 6,062,438,397 shares, accounting for 99.96% of the total outstanding shares in TBANK, from TCAP and BNS and paid on an initial amount of Baht 167,044 million. As a result, TBANK is currently a subsidiary of the Bank. The final price, estimated to be Baht 167,813 million, would be concluded after the acquisition date. As disclosed in note 48, the final price was concluded on 20th February 2020.

The merger was congruent with the Bank's business plan to expand its lending business and enhance its competitiveness by integrating with another commercial bank with growth potential, quality assets and strong capital base to increase business competitiveness in a long term.

TMB Bank Public Company Limited and its Subsidiaries

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For the year ended 31 December 2019

If the acquisition had occurred on 1 January 2019, management estimates that consolidated profit for the year would have increased by approximately Baht 10,000 million. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the date of acquisition would have been the same if the acquisition had occurred on 1 January 2019. The consolidated profit is estimated by not include profit or loss which is relevant to business restructuring of acquired subsidiary.

The following summarises recognised amounts of assets acquired and liabilities assumed at the acquisition date:

		Fair value
	Note	(in million Baht)
Cash		8,870
Interbank and money market items, net		165,209
Derivative assets		3,122
Investment, net		108,490
Loans to customers and accrued interest receivables, net		696,443
Properties for sale, net	15	2,111
Investment in associate		6,300
Land, premises, and equipment, net	16	10,402
Intangible assets, net	17	5,247
Other assets, net		3,743
Deposits		(743,345)
Interbank and money market items		(49,018)
Liabilities payable on demand		(1,735)
Derivative liabilities		(2,513)
Debt issued and borrowings, net		(34,439)
Provisions for employee benefits	25	(3,347)
Provisions for other liabilities	26	(1,139)
Deferred tax liabilities	18	(4,969)
Other liabilities		(15,573)
Net identifiable assets acquired and liabilities assumed		153,859
Non-controlling interest		(61)
Net identifiable assets acquired and liabilities assumed		153,798
Goodwill	17	14,015
Total consideration		167,813

5 Risk management

Risk management approach

The Bank has set up its risk management structure in order to efficiently manage its core risks, i.e. credit, market, operational, liquidity, reputational and strategic risks. Appropriate risk policies and risk management procedures have been established to provide common guidelines and standards to be consistently applied across the Bank and its subsidiaries.

The Bank manages its risks under the following key principles: Core risks must be identified, measured, monitored, reported, analysed and controlled; and business activities are managed under a risk-return framework to ensure that risks undertaken are commensurate with an appropriate return.

The Bank's risk governance structure consists of the Board of Directors (BOD), which holds the ultimate responsibility for the Bank's overall risk management, the Risk Oversight Committee (ROC), which has been delegated by the BOD with the authority to review and oversee the management of all risks across the Bank and is authorised to approve certain risk management strategies, policies, frameworks and standards, as well as risk appetite and risk concentration levels. Other senior management risk committees that oversee specific risk areas holds the responsibility to assure that the internal control and internal audits are appropriate and effective.

While business units are primarily responsible for managing risks within their own responsible areas as per the defined operating framework, the dedicated risk management related functions are under the stewardship of the Chief Risk Officer (CRO) are set in order to manage credit risk of each portfolio. These functions are responsible for establishing firm-wide risk management policies and guidelines, and take care of the following roles: developing tools for managing risks; proposing risk management strategies and recommending risk appetite to top management for approval in order to be used for monitoring, controlling and managing risk levels of the Bank.

5.1 Credit risk

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

The maximum credit risk exposure is the carrying values of the financial assets after deducting allowance for losses as presented in the statements of financial position, and the provision for contingent liabilities arising as a result of loan guarantees and other guarantees.

Credit policies/Framework

The Bank's credit risk appetite and strategy are approved by the Board of Directors (BOD). To properly manage credit risk, the Bank has put in place the Credit Risk Policy and frameworks to ensure that credit decisions are prudently made and make credit risk management an integral part of all credit-related business processes. All relevant business units and support units are required to formulate their own specific policies and supplementary policies under the Credit Risk Policy. The Bank has also established policies to ensure diversification of its credit portfolio to address various concentration risks covering single exposure concentration risk on a group basis that is economically interdependent, industry/business sector concentration risk and country exposure concentration risk. Additionally, the Bank's Stress Testing Policy ensures a consistent framework to assess the Bank's ability to withstand extreme but plausible adverse changes to economic conditions.

Credit approval process

In managing credit risk, the Bank segregates the roles and responsibilities of the credit marketing function from the credit granting function to ensure proper checks and balance. Individual credit risk is analysed and assessed by experienced credit officers and approved by an appropriate authority depending on the size and risk levels of credit requested.

Where appropriate, the Bank demands the placement of adequate collateral by customers in various forms including, for example, land and building, bank deposits, securities, and personal/corporate guarantees, etc.

The Bank has contingent liabilities by issuing loan payment and other forms of guarantees, as well as issuing letters of credit and endorsing aval on commercial bills and notes for its customers. Such contingent transaction activities require assessment on

financial condition of customers in the same manner as done for direct lending. The Bank also makes a standard practice to set conditions to mitigate the elements of risk in the same manner as for direct lending procedures.

Credit review

The Audit unit, independent unit, is responsible for performing the assessments and making recommendations to improve the adequacy and effectiveness of credit-related processes and the risk management processes. Moreover, the Independent Credit Review (ICR) team, under the Compliance unit, performs individual credit reviews to ensure that the credit process and account administration are effectively conducted in accordance with policies and procedures, and in compliance with the regulatory requirements.

5.2 Market risk

Market risk refers to losses that may happen due to the fluctuations of foreign exchange rates, interest rates, and prices of equity securities, all of which may impact the value of the Bank's assets, liabilities, and off-balance sheet items.

The Bank has established various market risk policies, which set standards and guidelines for market risk management. The senior management risk committee holds the responsibility to assist the BOD and the ROC to ensure that bank-wide market risk management complies with the relevant risk policies and defined levels of risk appetite. The Bank classifies the overall market risk management into two parts: trading book and banking book. The Bank has developed a policy to set standards on the book definitions and transaction classification criteria as well as the treatment of each book.

Market risk in the trading book

Market risk in the trading book consists of market risk from exposures of financial instruments and derivatives that are held with trading intent or for hedging other positions in the trading book. The Bank has established the market risk policies for trading book to ensure the proper management of market risks in the trading book as well as impose limits to control the risks to be within the Bank's risk appetite.

Market risk in the banking book

Market risk in the banking book consists of market risks incurred from the Bank's both on and off-balance sheet items, and derivatives designated to hedge other banking book items.

The Bank has established the market risk policies for banking book, which outlines the approach for managing market risks in the banking book and setting the relevant limits appropriate to the positions of the risks in the book and in line with the Bank's risk appetite.

The Bank also analyses risks and regularly assesses the impact, the results of which are used as tools to manage the Bank's assets and liabilities structure to be in line with the changing market environment.

(a) Interest rate risk

Interest rate risk is the risk from future movements in market interest rates including changes in interest rates of rate sensitive assets and liabilities that will have negative impact to the Bank's and its subsidiaries' operating results, cash flows and economic value.

The Bank's and its subsidiaries' principal financial assets, namely loans to customers mostly earn interest at floating rates, based on MRR, MLR, MOR, interest rates of time deposits or other benchmark floating rates such as BIBOR, LIBOR, etc.

For the year ended 31 December 2019

	Consolidated			
	2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	23,853	23,853
Interbank and money market items net of deferred revenue	48,114	178,769	9,564	236,447
Investments, net	10,145	154,372	1,748	166,265
Investment in subsidiaries and associate, net	-	-	8,953	8,953
Loans to customers net of deferred revenue	663,318	718,309	10,598	1,392,225
Other financial assets	667	-	9,303	9,970
Total financial assets	722,244	1,051,450	64,019	1,837,713
Financial liabilities				
Deposits	948,771	414,242	35,099	1,398,112
Interbank and money market items	37,096	46,738	2,792	86,626
Liabilities payable on demand	-	-	3,382	3,382
Financial liabilities designated at fair value through profit or loss	299	-	-	299
Debts issued and borrowings	4,527	104,290	18	108,835
Other financial liabilities	2,100	-	24,057	26,157
Total financial liabilities	992,793	565,270	65,348	1,623,411

	Consolidated			
	2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
Financial assets				
Cash	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	4,577	4,577
Loans to customers net of deferred revenue	442,718	233,148	9,841	685,707
Other financial assets	719	-	3,751	4,470
Total financial assets	486,821	369,000	41,202	897,023
Financial liabilities				
Deposits	549,950	75,074	24,544	649,568
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,167	13,228
Total financial liabilities	562,720	162,812	40,458	765,990

	Bank only			Total
	2019			
	Floating interest rate	Fixed interest rate	Non-interest bearing	
	(in million Baht)			
<i>Financial assets</i>				
Cash	-	-	13,427	13,427
Interbank and money market items net of				
deferred revenue	45,644	68,410	7,540	121,594
Investments, net	10,145	50,098	264	60,507
Investment in subsidiaries and associate, net	-	-	168,062	168,062
Loans to customers net of deferred revenue	470,745	190,702	10,156	671,603
Other financial assets	457	-	4,143	4,600
Total financial assets	526,991	309,210	203,592	1,039,793

Financial liabilities				
Deposits	572,216	62,542	28,801	663,559
Interbank and money market items	6,087	65,472	1,192	72,751
Liabilities payable on demand	-	-	2,362	2,362
Financial liabilities designated at fair value through profit or loss	299	-	-	299
Debts issued and borrowings	4,523	72,812	18	77,353
Other financial liabilities	1,468	-	10,055	11,523
Total financial liabilities	584,593	200,826	42,428	827,847

	Bank only 2018			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
	(in million Baht)			
<i>Financial assets</i>				
Cash	-	-	15,231	15,231
Interbank and money market items net of deferred revenue	39,239	66,757	7,562	113,558
Investments, net	4,145	69,095	237	73,477
Investment in subsidiaries and associate, net	-	-	222	222
Loans to customers net of deferred revenue	442,672	233,148	9,841	685,661
Other financial assets	719	-	3,721	4,440
Total financial assets	486,775	369,000	36,814	892,589

Financial liabilities				
Deposits	549,956	75,074	24,545	649,575
Interbank and money market items	5,544	57,487	1,236	64,267
Liabilities payable on demand	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	298
Debts issued and borrowings	4,867	30,251	6	35,124
Other financial liabilities	2,061	-	11,138	13,199
Total financial liabilities	562,726	162,812	40,430	765,968

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As at 31 December 2019 and 2018, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2019					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	23,853	23,853
Interbank and money market items net of deferred revenue	226,471	412	-	-	9,564	236,447
Investments, net	49,914	53,009	61,594	-	1,748	166,265
Investments in subsidiaries and associate, net	-	-	-	-	8,953	8,953
Loans to customers net of deferred revenue	723,476	99,134	521,595	37,746	10,274	1,392,225
Other financial assets	667	-	-	-	9,303	9,970
Total financial assets	1,000,528	152,555	583,189	37,746	63,695	1,837,713
Financial liabilities						
Deposits	1,067,985	278,363	16,665	-	35,099	1,398,112
Interbank and money market items	75,065	7,139	1,630	-	2,792	86,626
Liabilities payable on demand	-	-	-	-	3,382	3,382
Financial liabilities designated at fair value through profit or loss	299	-	-	-	-	299
Debts issued and borrowings	10	34,007	74,800	-	18	108,835
Other financial liabilities	2,100	-	-	-	24,057	26,157
Total financial liabilities	1,145,459	319,509	93,095	-	65,348	1,623,411

	Consolidated 2018					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	15,234	15,234
Interbank and money market items net of deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and associate, net	-	-	-	-	4,577	4,577
Loans to customers net of deferred revenue	451,245	77,987	124,914	21,720	9,841	685,707
Other financial assets	719	-	-	-	3,751	4,470
Total financial assets	566,312	101,745	166,044	21,720	41,202	897,023
Financial liabilities						
Deposits	581,935	38,871	4,218	-	24,544	649,568
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,167	13,228
Total financial liabilities	645,699	59,896	19,937	-	40,458	765,990

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	Bank only 2019					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year	Non- performing assets	Non- interest bearing	Total
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	13,427	13,427
Interbank and money market items net of deferred revenue	113,643	411	-	-	7,540	121,594
Investments, net	34,532	8,778	16,933	-	264	60,507
Investments in subsidiaries and associate, net	-	-	-	-	168,062	168,062
Loans to customers net of deferred revenue	502,396	82,565	58,336	18,150	10,156	671,603
Other financial assets	457	-	-	-	4,143	4,600
Total financial assets	651,028	91,754	75,269	18,150	203,592	1,039,793
Financial liabilities						
Deposits	597,800	33,026	3,932	-	28,801	663,559
Interbank and money market items	37,484	33,779	296	-	1,192	72,751
Liabilities payable on demand	-	-	-	-	2,362	2,362
Financial liabilities designated at fair value through profit or loss	299	-	-	-	-	299
Debts issued and borrowings	5	9,588	67,742	-	18	77,353
Other financial liabilities	1,468	-	-	-	10,055	11,523
Total financial liabilities	637,056	76,393	71,970	-	42,428	827,847

	Bank only 2018					
	Repricing periods					
	Within 3 months	Over 3 months to 1 year	Over 1 year (in million Baht)	Non- performing assets	Non- interest bearing	Total
Financial assets						
Cash	-	-	-	-	15,231	15,231
Interbank and money market items net of deferred revenue	105,352	644	-	-	7,562	113,558
Investments, net	8,996	23,114	41,130	-	237	73,477
Investments in subsidiaries and associate, net	-	-	-	-	222	222
Loans to customers net of deferred revenue	451,245	77,987	124,914	21,674	9,841	685,661
Other financial assets	719	-	-	-	3,721	4,440
Total financial assets	566,312	101,745	166,044	21,674	36,814	892,589
Financial liabilities						
Deposits	581,941	38,871	4,218	-	24,545	649,575
Interbank and money market items	61,400	1,151	480	-	1,236	64,267
Liabilities payable on demand	-	-	-	-	3,505	3,505
Financial liabilities designated at fair value through profit or loss	298	-	-	-	-	298
Debts issued and borrowings	5	19,874	15,239	-	6	35,124
Other financial liabilities	2,061	-	-	-	11,138	13,199
Total financial liabilities	645,705	59,896	19,937	-	40,430	765,968

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The Bank and its subsidiaries' average interest-bearing financial assets and financial liabilities, together with the average interest rates were as follows:

	Consolidated					
	2019			2018		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	109,798	1,965	1.79	106,831	1,761	1.65
Investments and trading transactions and investments in debt securities	86,209	1,686	1.96	62,744	1,275	2.03
Loans to customers net from deferred revenue included hire purchase and finance leases	739,604	36,156	4.89	649,104	32,082	4.94
Total	935,611	39,807		818,679	35,118	
Interest-bearing financial liabilities						
Deposits	685,775	10,255	1.50	605,191	8,589	1.42
Interbank and money market items	51,030	781	1.53	47,737	686	1.44
Debts issued and borrowings	48,519	1,934	3.99	31,617	1,295	4.10
Total	785,324	12,970		684,545	10,570	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

	Bank only					
	2019			2018		
	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)	Average balance (in million Baht)	Interest ⁽¹⁾	Average interest rate (% per annum)
Interest-bearing financial assets						
Interbank and money market items	100,396	1,807	1.80	106,193	1,752	1.65
Investments and trading transactions and investments in debt securities	77,587	1,518	1.96	62,484	1,271	2.03
Loans to customers net from deferred revenue	679,551	32,970	4.85	649,058	32,064	4.94
Total	857,534	36,295		817,735	35,087	
Interest-bearing financial liabilities						
Deposits	625,103	9,096	1.46	606,548	8,617	1.42
Interbank and money market items	50,007	779	1.56	47,737	686	1.44
Debts issued and borrowings	45,896	1,853	4.04	31,617	1,295	4.10
Total	721,006	11,728		685,902	10,598	

⁽¹⁾ Excludes interest income and interest expenses on derivatives entered into by the Bank for banking book purpose for group of financial assets and liabilities

(b) Foreign exchange risk

Foreign exchange risk is the risk that the value of the financial instruments will be affected by changes in foreign exchange rates.

In addition to the financial assets and liabilities denominated in foreign currencies already disclosed in the relevant notes to the financial statements, as at 31 December 2019 and 2018, the Bank and its subsidiaries' net foreign currency positions categorised by major foreign currencies were as follows:

	Consolidated					
	2019			2018		
	USD	Euro ^(*)	Other	USD	Euro ^(*)	Other
			currencies ^(*)			currencies ^(*)
			<i>(in USD million)</i>			
Spot	93	(572)	49	(29)	5	15
Forward	(105)	571	(46)	4	(7)	(16)
Net position	<u>(12)</u>	<u>(1)</u>	<u>3</u>	<u>(25)</u>	<u>(2)</u>	<u>(1)</u>
	Bank only					
	2019			2018		
	USD	Euro ^(*)	Other	USD	Euro ^(*)	Other
			currencies ^(*)			currencies ^(*)
			<i>(in USD million)</i>			
Spot	(425)	(573)	20	(29)	5	15
Forward	405	571	(19)	4	(7)	(16)
Net position	<u>(20)</u>	<u>(2)</u>	<u>1</u>	<u>(25)</u>	<u>(2)</u>	<u>(1)</u>

^(*) Balance denominated in Euro and other currencies are stated in USD equivalents.

(c) Equity price risk

Equity price risk is the risk that the Bank's earnings or value of financial assets may fluctuate due to changes in the price of equities.

The equity portfolio of the Bank is managed by specific units depending on the strategy, the types of business of the issuers of underlying securities, and the objectives for holding such equities. The equity investment management is under the supervision of the Asset and Liability Management Committee (ALCO) and/or the Chief Executive Committee (CEC) and/or Investment Portfolio Committee. All equity investments must comply with the bank-wide investment policy and framework, and related risk policies. The criteria for equity investments include consideration of fundamental value, dividend yield and market risk. Various limits are set, including Gross Limit and Loss Limit. All of these measures are established to ensure that securities investments comply with policies and remain within the approved limits taking into consideration the capital adequacy.

5.3 Liquidity risk

Liquidity risk refers to the risk that the Bank fails to meet its obligations as and when they fall due as a result of an inability to liquidate assets into cash in time or is unable to raise funds necessary for its operations, causing damage to the Bank.

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The ALCO is responsible for assisting the BOD and the ROC in supervising the liquidity risk management of the Bank in compliance with the BoT's regulations, and ensuring that the Bank has sufficient liquidity for its operations in both normal and crisis situations. In addition, the ALCO is responsible for ensuring that appropriate funding sources are secured in line with the changing market environment.

The Balance Sheet Management unit is responsible for overall liquidity management and the Financial Markets and International Transaction Banking unit is responsible for day-to-day liquidity management. Additionally, the responsibilities of the Balance Sheet Management Unit include liquidity risk measurement and reporting the performance of the liquidity management to the ALCO. The Market Risk Management Unit is responsible for identifying, monitoring and controlling the liquidity risk. The Bank has the Liquidity Risk Management Policy, which is reviewed at least once a year or when necessary, to ensure that it is appropriate with the prevailing environment. The Bank and each company in the Bank's financial business group manage their liquidity risk separately.

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

Risk indicators are used as tools to measure and monitor liquidity risk. These comprise financial ratios such as Loans to Deposits Ratio (LDR), Liquidity Coverage Ratio (LCR), and Net Stable Funding Ratio (NSFR), as well as cash flow models incorporating Contractual Liquidity Gap and Behavioral Liquidity Gap. The Bank sets risk limits and indicators in order to maintain its liquidity risk within the Bank's approved risk appetite. The liquidity position is monitored and reported on daily and monthly basis to the ALCO.

Stress tests are performed under various scenarios, in accordance with the BoT's guidelines, in order to assess the Bank's ability to withstand a crisis. In addition, the liquidity contingency plan is prepared for various crisis situations, whereby the roles of the relevant responsible units are defined, as well as funding plans and communication plans to customers, etc.

As at 31 December 2019, the Bank Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 101.21% (31 December 2018: 105.56%).

The Bank will disclose Liquidity Coverage Ratio (LCR) information on the Bank's website (www.tmbbank.com/ir/capital_funds/basel3) within April 2020.

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The significant financial assets and liabilities classified by remaining periods to maturity, counted from the date of statements of financial position, as at 31 December 2019 and 2018 were summarised as follows:

	At call ⁽¹⁾	Within 1 year	Consolidated 2019 Over 1 year (in million Baht)	No maturity	Total
Financial assets					
Cash	23,853	-	-	-	23,853
Interbank and money market items net of deferred revenue	20,608	215,193	646	-	236,447
Investments, net					
Trading securities and general investments	-	4,830	1,746	613 ⁽²⁾	7,189
Available-for-sale securities	5	85,002	72,257	1,130 ⁽²⁾	158,394
Held-to-maturity debt securities	-	77	605	-	682
Investments in subsidiaries and associate, net	-	-	-	8,953 ⁽²⁾	8,953
Loans to customers net of deferred revenue	130,713	406,737	817,029	37,746 ⁽³⁾	1,392,225
Other financial assets	1,134	2,638	140	6,058	9,970
Total financial assets	176,313	714,477	892,423	54,500	1,837,713
Financial liabilities					
Deposits	979,481	399,725	18,906	-	1,398,112
Interbank and money market items	39,888	45,109	1,629	-	86,626
Liabilities payable on demand	3,382	-	-	-	3,382
Financial liabilities designated at fair value through profit or loss	-	-	299	-	299
Debts issued and borrowings	10	29,488	79,337	-	108,835
Other financial liabilities	785	3,381	347	21,644	26,157
Total financial liabilities	1,023,546	477,703	100,518	21,644	1,623,411
Net liquidity gap	(847,233)	236,774	791,905	32,856	214,302

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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			Consolidated 2018		
	At call ⁽¹⁾	Within 1 year	Over 1 year	No maturity	Total
			(in million Baht)		
<i>Financial assets</i>					
Cash	15,234	-	-	-	15,234
Interbank and money market items net of deferred revenue	8,403	104,807	348	-	113,558
Investments, net					
Trading securities and general investments	-	4	1,289	235 ⁽²⁾	1,528
Available-for-sale securities	-	20,156	20,672	2 ⁽²⁾	40,830
Held-to-maturity debt securities	-	6,516	24,603	-	31,119
Investments in subsidiaries and associate, net	-	-	-	4,577 ⁽²⁾	4,577
Loans to customers net of deferred revenue	122,537	228,218	313,232	21,720 ⁽³⁾	685,707
Other financial assets	1,503	479	212	2,276	4,470
Total financial assets	147,677	360,180	360,356	28,810	897,023
<i>Financial liabilities</i>					
Deposits	574,593	70,716	4,259	-	649,568
Interbank and money market items	6,780	57,006	481	-	64,267
Liabilities payable on demand	3,505	-	-	-	3,505
Financial liabilities designated at fair value					
through profit or loss	-	-	298	-	298
Debts issued and borrowings	5	15,012	20,107	-	35,124
Other financial liabilities	2,174	1,975	459	8,620	13,228
Total financial liabilities	587,057	144,709	25,604	8,620	765,990
Net liquidity gap	(439,380)	215,471	334,752	20,190	131,033

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	At call ⁽¹⁾	Within 1 year	Bank only 2019 Over 1 year (in million Baht)	No maturity	Total
Financial assets					
Cash	13,427	-	-	-	13,427
Interbank and money market items net of deferred revenue	15,414	105,534	646	-	121,594
Investments, net					
Trading securities and general investments	-	3,122	1,746	262 ⁽²⁾	5,130
Available-for-sale securities	-	32,448	22,927	2 ⁽²⁾	55,377
Held-to-maturity debt securities	-	-	-	-	-
Investments in subsidiaries and associate, net	-	-	-	168,062 ⁽²⁾	168,062
Loans to customers net of deferred revenue	112,030	222,589	318,834	18,150 ⁽³⁾	671,603
Other financial assets	648	355	139	3,458	4,600
Total financial assets	141,519	364,048	344,292	189,934	1,039,793
Financial liabilities					
Deposits	601,085	58,504	3,970	-	663,559
Interbank and money market items	7,279	65,176	296	-	72,751
Liabilities payable on demand	2,362	-	-	-	2,362
Financial liabilities designated at fair value through profit or loss	-	-	299	-	299
Debts issued and borrowings	5	5,069	72,279	-	77,353
Other financial liabilities	577	2,384	346	8,216	11,523
Total financial liabilities	611,308	131,133	77,190	8,216	827,847
Net liquidity gap	(469,789)	232,915	267,102	181,718	211,946

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

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	At call ⁽¹⁾	Within 1 year	Bank only 2018 Over 1 year <i>(in million Baht)</i>	No maturity	Total
<i>Financial assets</i>					
Cash	15,231	-	-	-	15,231
Interbank and money market items net of deferred revenue	8,403	104,807	348	-	113,558
Investments, net					
Trading securities and general investments	-	4	1,289	235 ⁽²⁾	1,528
Available-for-sale securities	-	20,156	20,672	2 ⁽²⁾	40,830
Held-to-maturity debt securities	-	6,516	24,603	-	31,119
Investments in subsidiaries and associate, net	-	-	-	222 ⁽²⁾	222
Loans to customers net of deferred revenue	122,537	228,218	313,232	21,674 ⁽³⁾	685,661
Other financial assets	1,503	479	212	2,246	4,440
Total financial assets	147,674	360,180	360,356	24,379	892,589
<i>Financial liabilities</i>					
Deposits	574,600	70,716	4,259	-	649,575
Interbank and money market items	6,780	57,006	481	-	64,267
Liabilities payable on demand	3,505	-	-	-	3,505
Financial liabilities designated at fair value					
through profit or loss	-	-	298	-	298
Debts issued and borrowings	5	15,012	20,107	-	35,124
Other financial liabilities	2,174	1,975	459	8,591	13,199
Total financial liabilities	587,064	144,709	25,604	8,591	765,968
Net liquidity gap	(439,390)	215,471	334,752	15,788	126,621

⁽¹⁾ Including transactions with 1-day term.

⁽²⁾ Investment in equity securities.

⁽³⁾ Non-performing loans.

6 Fair value of assets and liabilities

6.1 Financial assets and liabilities

The significant different of fair values in comparison with carrying values of each line item of financial assets and financial liabilities as shown in the statements of financial position at 31 December 2019 and 2018 were as follows:

	Consolidated			
	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	10,399	10,344	7,917	7,937
Investments, net	166,265	166,659	73,477	73,784
Loans to customers and accrued interest receivable, net	1,348,630	1,349,300	654,040	654,040
Total financial assets	1,525,294	1,526,303	735,434	735,761
Financial liabilities				
Deposits	1,398,112	1,398,015	649,568	649,586
Derivatives liabilities	9,719	9,790	7,328	7,677
Debts issued and borrowings	108,835	111,803	35,124	35,005
Total financial liabilities	1,516,666	1,519,608	692,020	692,268
	Bank only			
	2019		2018	
	Carrying value	Fair value	Carrying value	Fair value
	(in million Baht)			
Financial assets				
Derivatives assets	7,395	7,346	7,917	7,937
Investments, net	60,507	60,828	73,477	73,784
Loans to customers and accrued interest receivable, net	647,479	647,355	654,023	654,023
Total financial assets	715,381	715,529	735,417	735,744
Financial liabilities				
Deposits	663,559	663,569	649,575	649,592
Derivatives liabilities	7,331	7,410	7,328	7,677
Debts issued and borrowings	77,353	80,329	35,124	35,005
Total financial liabilities	748,243	751,308	692,027	692,274

The following methods and assumptions were used by the Bank and its subsidiaries in estimating fair value of financial instruments as disclosed herein.

- Cash:

The fair value is approximated based on its carrying value.

- Interbank and money market items (assets):

The fair value is approximated based on the carrying value of interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at market interest rates.

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- Investments:

The fair value of investments in government-sector debt securities is determined, using yield rates or prices quoted on the Thai Bond Market Association ("ThaiBMA"). The fair value of investments in other debt securities issued locally is determined based on market value appraised by the reliable institutions, their respective yields, or the ThaiBMA's yield rates adjusted by appropriate risk factors.

The fair value of marketable equity securities held for trading and as available-for-sale is determined at the last bid price quoted on the last working day of the Stock Exchange of Thailand of the reporting period. The fair value of an investment unit is determined using the net asset value announced on the reporting period-end date. The fair value of non-marketable equity securities is determined mainly based on common valuation techniques such as the market approach, cost approach or income approach, as well as book value or adjusted book value.

- Loans to customers and accrued interest receivable, net:

The fair value is based on the carrying value of loans to customers and accrued interest receivable net of deferred revenue, revaluation allowance for debt restructuring and allowance for doubtful accounts except for the fair value of fixed rate hire purchase and staff loans which is calculated based on the present value of future cash flow of principal and interest, discounted at interest rate currently being offered on such loans net of deferred revenue, revaluation allowance for debt restructuring and allowance for doubtful accounts.

- Other financial assets:

The fair value is approximated based on its carrying value.

- Deposits and interbank and money market items (liabilities):

The fair value is approximated based on the carrying value of deposits or interbank and money market items, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at interest rates currently being offered on such deposits or interbank and money market items or similar deposits.

- Financial liabilities designated at fair value through profit or loss:

Fair value is calculated based on a valuation model, using market data obtained from reliable sources.

- Debts issued and borrowings:

The fair value is approximated based on their carrying value, except for the fair value of fixed rate items with remaining maturity period greater than 1 year which is calculated based on the present value of future cash flows of principal and interest, discounted at the market interest rate at the reporting dates, in cases where there is no active market, and the market value, in cases where there is an active market.

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- Other financial liabilities:

The fair value is approximated based on its carrying value.

- Derivatives:

In cases where there is an active market, the Bank and its subsidiaries use the market value as the fair value of derivatives. For simple over-the-counter derivative, fair values are based on inputs which are observable from independent and reliable market data sources, mainly based on exchange-traded prices, broker/dealer quotations, or counterparties' quotations. Those inputs are tested for reasonableness by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values of over-the-counter derivative reflect the credit risk of the instrument and include adjustments to take account of the counter party and own entity credit risk when appropriate.

Fair value hierarchy

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair value measurements for assets and liabilities are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the year ended 31 December 2019 and 2018.

6.1.1 Financial assets and liabilities measured at fair value

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This is to ensure that prudent revaluation principles and proper internal control procedures are in place.

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The following table analyses financial assets and liabilities measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Consolidated			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
31 December 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,085	-	5,085
- Interest rate related	-	4,529	-	4,529
Investments				
- Trading investments	-	6,576	-	6,576
- Available-for-sale investments	1,127	157,267	-	158,394
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	418	-	418
Derivatives (trading book)				
- Foreign currency related	-	5,255	-	5,255
- Interest rate related	-	4,361	-	4,361
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152

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	Bank only			
	Fair value			
	Level 1	Level 2	Level 3	Total
	<i>(in million Baht)</i>			
31 December 2019				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	4,372	-	4,372
- Interest rate related	-	2,937	-	2,937
Investments				
- Trading investments	-	4,868	-	4,868
- Available-for-sale investments	-	55,377	-	55,377
<i>Financial liabilities</i>				
Financial liabilities designated at fair value				
through profit or loss	-	418	-	418
Derivatives (trading book)				
- Foreign currency related	-	4,502	-	4,502
- Interest rate related	-	2,779	-	2,779
31 December 2018				
<i>Financial assets</i>				
Derivatives (trading book)				
- Foreign currency related	-	5,625	-	5,625
- Interest rate related	-	2,291	-	2,291
Investments				
- Trading investments	-	1,293	-	1,293
- Available-for-sale investments	-	40,830	-	40,830
<i>Financial liabilities</i>				
Financial liabilities designated at fair value				
through profit or loss	-	397	-	397
Derivatives (trading book)				
- Foreign currency related	-	5,171	-	5,171
- Interest rate related	-	2,152	-	2,152

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6.1.2 Financial assets and liabilities not measured at fair value

The following table shows financial assets and liabilities not measured at fair value at the reporting date. It does not include fair value information for financial assets and liabilities not measured at fair value if the carrying value is reasonable approximation of fair value.

	Carrying value	Level 1	Consolidated Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
31 December 2019					
Financial assets					
Derivatives (banking book)	785	-	730	-	730
Investments					
- Held-to-maturity debt securities	682	-	740	-	740
- General investments	613	-	-	949	949
Loans to customers and accrued interest receivable, net;	1,348,630	-	951,443	397,857	1,349,300
Financial liabilities					
Deposits	1,398,112	-	1,398,015	-	1,398,015
Derivatives (banking book)	103	-	174	-	174
Debts issued and borrowings	108,835	-	111,803	-	111,803
31 December 2018					
Financial assets					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
Loans to customers and accrued interest receivable, net	654,040	-	654,040	-	654,040
Financial liabilities					
Deposits	649,568	-	649,586	-	649,586
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005

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	Carrying value	Level 1	Bank only Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
31 December 2019					
Financial assets					
Derivatives (banking book)	86	-	37	-	37
Investments					
- General investments	262	-	-	583	583
Loans to customers and accrued interest receivable, net	647,479	-	647,355	-	647,355
Financial liabilities					
Deposits	663,559	-	663,569	-	663,569
Derivatives (banking book)	50	-	129	-	129
Debts issued and borrowings	77,353	-	80,329	-	80,329
31 December 2018					
Financial assets					
Derivatives (banking book)	1	-	21	-	21
Investments					
- Held-to-maturity debt securities	31,119	-	31,143	-	31,143
- General investments	235	-	-	518	518
Loans to customers and accrued interest receivable, net	654,023	-	654,023	-	654,023
Financial liabilities					
Deposits	649,575	-	649,592	-	649,592
Derivatives (banking book)	5	-	354	-	354
Debts issued and borrowings	35,124	-	35,005	-	35,005

6.2 Non-financial assets measured at fair value

The following table analyses non-financial assets carried at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised.

	Carrying value	Level 1	Consolidated Fair value		Total
			Level 2	Level 3	
			(in million Baht)		
31 December 2019					
Non-financial assets					
Premises, net	20,415	-	-	20,415	20,415
31 December 2018					
Non-financial assets					
Premises, net	9,679	-	-	9,679	9,679

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	Carrying	Bank only Fair value			Total
	value	Level 1	Level 2	Level 3	
31 December 2019					
					<i>(in million Baht)</i>
Non-financial assets					
Premises, net	11,009	-	-	11,009	11,009
31 December 2018					
Non-financial assets					
Premises, net	9,679	-	-	9,679	9,679

The fair value of premises were determined by external, independent property appraisers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of premises were determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for buildings.

The independent appraisers provided the fair value of the Bank and its subsidiaries' premises on a regular basis such that the carrying values of such assets as at the end of the reporting period do not materially differ from their fair values.

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

	Consolidated	
	2019	2018
	<i>(in million Baht)</i>	
Beginning balance	9,679	9,983
Acquisition through business combination	9,431	-
Acquisitions	709	551
Incremental revaluation	1,382	-
Disposals/written-off/transfers out	(535)	(555)
Depreciation	(322)	(298)
Reversal (loss) on impairment during the year	71	(2)
Ending balance	20,415	9,679

	Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Beginning balance	9,679	9,983
Acquisitions	709	551
Incremental revaluation	1,382	-
Disposals/written-off/transfers out	(535)	(555)
Depreciation	(297)	(298)
Reversal (loss) on impairment during the year	71	(2)
Ending balance	11,009	9,679

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7 Maintenance of capital fund

The Bank and its subsidiaries maintain its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank and its subsidiaries are required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2019 and 2018, the consolidated supervision and the Bank only's total capital funds could be categorised as follows:

	Consolidated supervision	
	2019	2018
	(in million Baht)	
<i>Tier 1 Capital</i>		
Common Equity Tier 1 Capital (CET1)		
Paid-up share capital	91,541	41,659
Share premium	43,217	404
Legal reserve	3,360	3,000
Net profits after appropriation	47,299	40,841
Other comprehensive income	5,764	4,650
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Common Equity Tier 1 Capital of consolidated financial institutions	15	-
Capital adjustment items on CET1	(61)	(57)
Capital deduction items on CET1	(25,342)	(4,196)
Total Common Equity Tier 1 Capital	165,793	86,301
Addition Tier 1 Capital		
Subordinated debentures classified as additional Tier 1 Capital	12,089	-
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 1 of financial instruments of consolidated financial institutions	2	-
Total Tier 1 Capital	177,884	86,301
<i>Tier 2 Capital</i>		
Allowance for classified assets of "pass" category	10,214	3,665
Subordinated debentures classified as additional Tier 2 Capital	42,430	20,430
Transactions under subsidiary and associated companies only for non-controlling interest and outside the scope that is countable as Tier 2 of consolidated financial institutions	3	-
Total Tier 2 Capital	52,647	24,095
Total Capital funds	230,531	110,396
Total Risk-Weighted Assets	1,216,836	637,628

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	The BoT's regulation minimum requirement *	2019	The BoT's regulation minimum requirement *	2018
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	18.95	10.375	17.31
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	14.62	7.875	13.53
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	13.62	6.375	13.53
		Bank only		
		2019		2018
			(in million Baht)	
Tier 1 capital				
Common Equity Tier 1 capital (CET1)				
Paid-up share capital		91,541		41,659
Share premium		43,217		404
Legal reserve		3,360		3,000
Net profits after appropriation		43,612		40,514
Other comprehensive income		5,776		4,650
Capital adjustment items on CET1		(61)		(57)
Capital deduction items on CET1		(6,834)		(5,041)
Total Common Equity Tier 1 Capital		180,611		85,129
Addition Tier 1 Capital				
Subordinated debentures classified as additional Tier 1 Capital		12,089		-
Total Tier 1 Capital		192,700		85,129
Tier 2 capital				
Allowance for classified assets of “pass” category		3,698		3,665
Subordinated debentures classified as additional Tier 2 Capital		35,430		20,430
Total Tier 2 Capital		39,128		24,095
Total Capital funds		231,828		109,224
Total Risk-Weighted Assets		779,168		625,456
	The BoT's regulation minimum requirement *	2019	The BoT's regulation minimum requirement *	2018
			(%)	
Capital Adequacy Ratio/Total Risk-Weighted Asset	11.0	29.75	10.375	17.46
Tier 1 Capital Ratio/Total Risk-Weighted Asset	8.5	24.73	7.875	13.61
Common Equity Tier 1 Capital Ratio/Total Risk-Weighted Asset	7.0	23.18	6.375	13.61
* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.				

* Includes capital conservation buffer as required by the BoT commencing 1 January 2016.

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As at 31 December 2019 and 2018, the Bank and its subsidiaries have no add-on arising from Single Lending Limit.

The Bank will disclose capital adequacy information for the Bank and the full consolidated financial institutions as at 31 December 2019 through the Bank's website at www.tmbbank.com/ir/capital_funds/basel3 within April 2020.

Capital management

The Bank and its subsidiaries' capital management approach is driven by its desire to maintain a strong capital base to support the development of its business, to meet regulatory capital requirements and to maintain appropriate credit ratings.

8 Interbank and money market items, net (assets)

	Consolidated					
	2019		2018			
	At call	Term	Total	At call	Term	Total
	(in million Baht)					
Domestic						
Bank of Thailand and Financial Institutions Development Fund	7,499	85,896	93,395	5,749	62,024	67,773
Commercial banks	492	71,387	71,879	-	17,315	17,315
Specialised financial institutions	1	32,698	32,699	-	5,740	5,740
Other financial institutions	700	24,772	25,472	1	14,615	14,616
Total	8,692	214,753	223,445	5,750	99,694	105,444
Add accrued interest receivable	-	57	57	-	52	52
Less allowance for doubtful accounts	(7)	(180)	(187)	-	(73)	(73)
Total domestic, net	8,685	214,630	223,315	5,750	99,673	105,423
Foreign						
US Dollar	10,757	924	11,681	1,752	5,229	6,981
Japanese Yen	224	-	224	233	-	233
Euro	144	-	144	151	-	151
Other currencies	787	166	953	502	248	750
Total	11,912	1,090	13,002	2,638	5,477	8,115
Add accrued interest receivable	1	16	17	-	3	3
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(23)	(23)	-	(18)	(18)
Total foreign, net	11,913	1,083	12,996	2,638	5,461	8,099
Total domestic and foreign, net	20,598	215,713	236,311	8,388	105,134	113,522

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	Bank only					
	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and Financial						
Institutions Development Fund	6,551	84,996	91,547	5,749	62,024	67,773
Commercial banks	1	3,227	3,228	-	17,315	17,315
Specialised financial institutions	-	6,400	6,400	-	5,740	5,740
Other financial institutions	-	10,470	10,470	1	14,615	14,616
Total	6,552	105,093	111,645	5,750	99,694	105,444
Add accrued interest receivable	-	32	32	-	52	52
Less allowance for doubtful accounts	-	(38)	(38)	-	(73)	(73)
Total domestic, net	6,552	105,087	111,639	5,750	99,673	105,423
Foreign						
US Dollar	8,076	924	9,000	1,752	5,229	6,981
Japanese Yen	224	-	224	233	-	233
Euro	144	-	144	151	-	151
Other currencies	415	166	581	502	248	750
Total	8,859	1,090	9,949	2,638	5,477	8,115
Add accrued interest receivable	-	16	16	-	3	3
Less deferred revenues	-	-	-	-	(1)	(1)
allowance for doubtful accounts	-	(23)	(23)	-	(18)	(18)
Total foreign, net	8,859	1,083	9,942	2,638	5,461	8,099
Total domestic and foreign, net	15,411	106,170	121,581	8,388	105,134	113,522

9 Derivatives

As at 31 December 2019 and 2018, fair value of derivatives held for trading book, readjustment based on accrual basis of derivatives held for banking book and notional amount classified by type of risks were as follows:

Type of risks	Consolidated					
	2019			2018		
	Fair value/Readjustment based on an accrual basis		Notional amount	Fair value/Readjustment based on an accrual basis		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related						
- Trading Book	5,085	5,255	447,248	5,625	5,171	696,768
- Banking Book ⁽¹⁾	785	91	50,230	1	5	561
Interest rate related						
- Trading Book	4,529	4,361	457,776	2,291	2,152	375,459
- Banking Book ⁽¹⁾	24	59	41,068	83	102	25,165
Total	10,423	9,766	996,322	8,000	7,430	1,097,953

Type of risks	Bank only					
	2019		Notional amount	2018		Notional amount
	Fair value/Readjustment based on an accrual basis			Fair value/Readjustment based on an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
	(in million Baht)					
Foreign currency related						
- Trading Book	4,372	4,502	377,008	5,625	5,171	696,768
- Banking Book ⁽¹⁾	86	91	35,003	1	5	561
Interest rate related						
- Trading Book	2,937	2,779	260,659	2,291	2,152	375,459
- Banking Book ⁽¹⁾	24	6	20,038	83	102	25,165
Total	7,419	7,378	692,708	8,000	7,430	1,097,953

⁽¹⁾ Readjustment made on an accrual basis at the end of year for interest rate swap contracts held for banking book are adjustments of accrued interest receivable or payable or interest paid or received in advance based on the contracts. As at 31 December 2019, accrued interest receivable and interest paid in advance amounting to Baht 24 million (2018: Baht 83 million) are presented as a part of "Other assets" and accrued interest payable and interest received in advance amounting to Baht 47 million (2018: Baht 102 million) are presented as a part of "Other liabilities" in the consolidated and Bank only financial statements.

As at 31 December 2019 and 2018, proportions of the notional amount of derivative transactions, classified by counterparties, consisted of:

Counterparties	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(%)</i>			
Financial institutions	84.06	72.50	75.59	72.50
Other parties	15.94	27.50	24.41	27.50
Total	100.00	100.00	100.00	100.00

10 Investments, net

10.1 Classified by type of investments

	Consolidated		Bank only	
	2019	2018	2019	2018
<i>(in million Baht)</i>				
Trading securities - Fair value				
Government and state enterprise securities	6,159	1,293	4,868	1,293
Private debt securities	417	-	-	-
Total	6,576	1,293	4,868	1,293
Available-for-sale securities - Fair value				
Government and state enterprise securities	137,906	40,828	55,375	40,828
Private debt securities	10,166	-	-	-
Foreign debt securities	9,193	-	-	-
Domestic marketable equity securities	1,129	2	2	2
Total	158,394	40,830	55,377	40,830

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	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Held-to-maturity debt securities				
- Cost/Amortised cost				
Government and state enterprise securities	-	31,119	-	31,119
Private debt securities	682	-	-	-
Total	682	31,119	-	31,119
General investments - Cost				
Domestic non-marketable equity securities	1,410	1,024	1,051	1,024
Foreign non-marketable equity securities	3	2	2	2
Total	1,413	1,026	1,053	1,026
Less allowance for impairment losses	(800)	(791)	(791)	(791)
Net	613	235	262	235
Total investments, net	166,265	73,477	60,507	73,477

As at 31 December 2019 and 2018, the Bank and its subsidiaries had purchase and sales of investment in debt securities with net sales amounting to Baht 662 million and Baht 718 million respectively (*Bank only: net sales amounting to Baht 956 million and Baht 718 million, respectively*), for which the settlement was not due at the reporting date.

10.2 Investments in entities in which the Bank and its subsidiaries hold 10% or more

As at 31 December 2019 and 2018, the Bank and its subsidiaries had investments in entities in which the Bank and its subsidiaries hold 10% or more of the paid-up share capital of the investee companies but such companies are not treated as its subsidiaries and associates. Those investments were summarised below.

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Property development and construction	34	34	34	34
Public utilities and services	14	14	14	14
Mutual funds and financial services	46	47	46	47
Others	12	11	11	11
Total	106	106	105	106
Less allowance for impairment losses	(41)	(41)	(41)	(41)
Investments, net	65	65	64	65

Interest in unconsolidated structured entity arising in the normal business

The Bank and its subsidiaries may enter into transactions with structured entities in the forms of investment in unit trusts, lending and derivative transactions and providing fund management services. Investment in unit trusts is summarised as equity securities. Lending and derivative transactions are provided under normal business terms and are managed the same way as others counterparties. Fund management is provided to mutual funds and private funds from which the Bank and its subsidiaries earns is management fees.

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As at 31 December 2019 and 2018, the Bank and its subsidiaries did not have significant risks and transactions relating to structured entities to disclose in the financial statements.

10.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2019 and 2018, the Bank and its subsidiaries had the following investments in listed companies which meet the Stock Exchange of Thailand ("SET")'s criteria for delisting, and are in default on debt securities, or companies whose ability to continue as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET:

	Consolidated							
	2019				2018			
	No. of Com- panies	Cost value/ book value	Fair value	Allowance for Impairment losses	No. of Com- panies	Cost value/ book value	Allowance for Impairment losses	
	(in million Baht)				(in million Baht)			
- Listed companies under delisting conditions / defaulted debt securities	3	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	730	-	(730)	11	730	-	(730)
Total	14	792	-	(792)	13	792	-	(792)

	Bank only							
	2019				2018			
	No. of Com- panies	Cost value/ book value	Fair value	Allowance for Impairment losses	No. of Com- panies	Cost value/ book value	Fair value	Allowance for Impairment losses
			(in million Baht)				(in million Baht)	
- Listed companies under delisting conditions / defaulted debt securities	2	62	-	(62)	2	62	-	(62)
- Companies whose ability to continues as a going concern is uncertain, or unlisted companies whose financial position and operating results are similar to the listed companies which meet criteria for delisting from the SET	11	730	-	(730)	11	730	-	(730)
Total	13	792	-	(792)	13	792	-	(792)

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10.4 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2019 and 2018, revaluation surplus (deficit) on investments could be summarised as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
<i>Revaluation surplus on investments</i>				
Debt securities	404	22	320	22
Total	404	22	320	22
<i>Revaluation deficit on investments</i>				
Debt securities	5	(68)	(1)	(68)
Equity securities	(33)	-	-	-
Total	(28)	(68)	(1)	(68)
Total revaluation surplus (deficit)				
on investments	376	(46)	319	(46)
Add (less) deferred tax	(75)	9	(64)	9
Net	301	(37)	255	(37)

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11	Investments in subsidiaries and associate, net										
11.1	Detail of investments in subsidiaries and associate										
Companies	Type of Business	Percentage of ownership interest (%)		Consolidated			Bank only			Dividend income for the year	
		2019	2018	Equity	Allowance for impairment losses	At Equity, net	Cost	Allowance for impairment losses	At cost, net	2019	2018
(in million Baht)											
Direct subsidiaries											
Phahonyothin Asset Management Co., Ltd.	Asset management business	100.00	100.00	25	-	-	25	25	-	25	25
Phayathai Asset Management Co., Ltd.*	Asset management business	100.00	100.00	-	-	-	649	649	(649)	-	-
Thanachart Bank PLC	Commercial bank	99.98	-	-	-	-	167,840	-	167,840	-	-
Indirect subsidiary											
Thanachart Broker Co.,Ltd. Associate	Insurance broker business	99.99	-	-	-	-	-	-	-	-	-
TMB Asset Management Co., Ltd.	Fund management business	35.00	35.00	35	-	4,725	197	197	-	197	140
Thanachart Fund Management Co., Ltd.	Fund management business	49.90	-	4,228	-	4,228	-	-	-	-	-
Total		8,953	4,577	-	-	8,953	168,711	871	(649)	168,062	222
											800

*The Company registered the dissolution with the Ministry of Commerce on 26 December 2018 and currently on the liquidation process.

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Sales of investment in subsidiaries

On 27 September 2018, the Bank sold 65% of its interest in TMB Asset Management Co., Ltd. a subsidiary, reducing its ownership interest to 35% and recognized profit on the loss of control of a subsidiary of Baht 7,851 million, and Baht 7,625 million in the Bank only and consolidated financial statements. TMB Asset Management Co., Ltd. thereby ceased to be a subsidiary and became an associated company. The fair value of the Bank's retained interest in the associate at the date when control was lost was Baht 4,513 million, which become the carrying value of the Bank's interest in the associate at that date in the consolidated financial statements. The difference of fair value was recognized as a profit on the loss of control of a subsidiary of Baht 4,227 million which is included in "Gain on investments, net" in the consolidated statements of profit or loss and other comprehensive income. The remaining 35% investment in TMB Asset Management Co., Ltd. is subject to call and put options in the future.

On 27 December 2019, Thanachart Bank Public Company Limited sold 25.1% of its interest in Thanachart Fund Management Co., Ltd., a subsidiary, reducing its ownership interest to 49.9% thereby ceased to be a subsidiary and became an associated company. No gain arose from the sale of investment because the investment in Thanachart Fund Management Co., Ltd. was recorded at fair value before the disposal. The remaining 49.9% investment in Thanachart Fund Management Co., Ltd. is subject to call and put options in the future.

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Entire Business Transfer of a Subsidiary

- (a) On 22 November 2018, the Bank has registered Phahonyothin Asset Management Company Limited, which is a new subsidiary, with the Department of Business Development, Ministry of Commerce, to conduct the asset management business, with a registered and paid-up capital of Baht 5 million initially and Baht 20 million on 4 December 2018. The total registered and paid-up capital is Baht 25 million, divided into 2.5 million ordinary shares with a par value of 10 Baht per share. The Bank holds 100% of the registered and paid up capital.
- (b) On 6 December 2018, the Extra-ordinary Shareholders meeting of Phayathai Asset Management Company Limited ("Transferor") unanimously approved to transfer the entire business to Phahonyothin Asset Management Company Limited ("Transferee") in accordance with the resolution of the Board of Directors held on 20 November 2018. The Transferor, agreed to sell, convey, assign, transfer, and deliver to the Transferee, and the Transferee agreed to purchase and acquire from the Transferor, all of the Transferor's assets, liabilities, rights, title, and interest in and to any and all of the entire business and the Transferee agreed to assume the liabilities subject to and in accordance with the terms and conditions as specified in the entire business transfer agreement. The consideration for the transfer of the entire business was the net asset value. The shareholders approved to perform the entire business transfer on 26 December 2018. This agreement is considered as a business combination under common control.

The Bank, the parent company of the Transferor and Transferee, had the objective of the entire business transfer from the Transferor to the Transferee, to restructure the business process as well as to manage the financial business group's benefit. The entire business transfer was under the tax exemption scheme of the Revenue Code for the Transferor, the Transferee, and the shareholders.

- (c) On 23 November 2018, the Board of Directors of Phahonyothin Asset Management Company Limited passed a resolution to approve the entire business transfer from Phayathai Asset Management Company Limited, in accordance with the above business transfer agreement.
- (d) On 26 December 2018, the Transferor entered into the entire business transfer agreement with the Transferee. The Transferor had transferred the net asset and registered the Company's dissolution with the Department of Business Development, Ministry of Commerce on 26 December 2018 and returned the capital to the Bank on the same day.
- (e) Assets and liabilities of Phayathai Asset Management Company Limited which were transferred to Phahonyothin Asset Management Company Limited as at the entire business transfer date were as follows:

	Carrying amounts (in million Baht)
Intercompany and money market items	3,201
Loans to customers, net	18
Other accounts receivable	31
Other assets	1
Other liabilities	(29)
Provision for employee benefit	(1)
Net asset value	3,221

11.2 Disclosure of the statement of cash flows of the asset management company

	Statement of cash flows		
	Phahonyothin		Phayathai
	Asset Management Co., Ltd.		Asset Management Co., Ltd.
	For the year ended 31 December 2019	For the period from 22 November 2018 to 31 December 2018 (in million Baht)	For the period from 1 January 2018 to 26 December 2018
Cash flows from operating activities			
Profit from operations before income tax	26	3	53
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities			
Reversal of loss on loans and debt securities	(6)	-	(2)
Reversal of loss on properties for sale and other assets	-	-	(3)
Reversal of provisions	-	-	(2)
Net interest income	(26)	(4)	(62)
Interest received	26	4	57
Income tax paid	(8)	-	(9)
Profit from operations before changes in operating assets and liabilities	12	3	32
Decrease (increase) in operating assets			
Intercompany and money market items	(25)	(7)	19
Loan to customers	17	-	-
Receivables from Legal Execution Department	-	-	15
Increase (decrease) in operating liabilities			
Other payables	(4)	1	-
Accrued expenses	(2)	1	4
Other liabilities	(1)	-	-
Net cash provided by (used in) operating activities	(3)	(2)	70
Cash flows from investing activities			
Proceeds from sales of available-for-sale investments	-	-	3,125
Interest received	-	-	5
Net payment for business transfer	-	(20)	-
Net proceeds from business transfer	-	-	20
Net cash provided by (used in) investing activities	-	(20)	3,150
Cash flows from financing activities			
Payment to owners	-	-	(3,220)
Proceeds from issue of shares	-	25	-
Net cash provided by (used in) financing activities	-	25	(3,220)
Net increase (decrease) in cash	(3)	3	-
Cash at 1 January / 22 November	3	-	-
Cash at 31 December	-	3	-

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12 Loans to customers and accrued interest receivables, net

12.1 Classified by loan type

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Overdrafts	120,989	110,833	105,734	110,833
Loans	696,534	409,053	427,841	409,007
Bills	167,466	165,891	138,035	165,891
Hire purchase receivables	472,204	-	-	-
Financial lease receivables	1,547	-	-	-
Others	222	16	51	16
Less deferred revenue	(66,737)	(86)	(58)	(86)
Loans to customers net of deferred revenue	1,392,225	685,707	671,603	685,661
Add accrued interest receivables	1,882	1,308	1,285	1,308
Total loans to customers net of deferred revenue and accrued interest receivables	1,394,107	687,015	672,888	686,969
Less allowance for doubtful accounts				
- Provision at BoT's minimum rates required	(27,025)	(18,576)	(13,625)	(18,547)
- Provision in excess of BoT's minimum rates required	(17,513)	(13,400)	(10,845)	(13,400)
Less revaluation allowance for debt restructuring	(939)	(999)	(939)	(999)
Loans to customers and accrued interest receivables, net	1,348,630	654,040	647,479	654,023

12.2 Classified by currency and residency of debtors

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,368,941	2,393	1,371,334	663,989	2,950	666,939
US Dollars	14,667	4,668	19,335	17,603	381	17,984
Other currencies	895	661	1,556	742	42	784
Total*	1,384,503	7,722	1,392,225	682,334	3,373	685,707

	Bank only					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	655,969	2,393	658,362	663,943	2,950	666,893
US Dollars	12,062	295	12,357	17,603	381	17,984
Other currencies	854	30	884	742	42	784
Total*	668,885	2,718	671,603	682,288	3,373	685,661

* Loans to customers net of deferred revenue.

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12.3 Classified by business type and quality of loan classification

	Consolidated 2019					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in million Baht)</i>					
Agriculture and mining	15,492	318	113	36	216	16,175
Manufacturing and commerce	346,308	17,428	1,192	2,031	14,636	381,595
Property development and construction	61,333	1,084	326	64	1,696	64,503
Infrastructure and services	117,880	3,887	314	145	915	123,141
Housing loans	274,925	6,148	2,647	2,347	3,721	289,788
Hire purchase	373,234	27,293	1,859	1,888	1,384	405,658
Others	106,771	2,378	1,207	258	751	111,365
Total*	1,295,943	58,536	7,658	6,769	23,319	1,392,225

	Consolidated 2018					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in million Baht)</i>					
Agriculture and mining	11,686	215	1	15	218	12,135
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	384	21,580
Infrastructure and services	66,594	1,203	62	62	578	68,499
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total*	635,893	28,094	2,073	1,927	17,720	685,707

	Bank only 2019					Total
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	
	<i>(in million Baht)</i>					
Agriculture and mining	9,604	243	6	-	201	10,054
Manufacturing and commerce	286,936	16,573	670	106	10,948	315,233
Property development and construction	23,901	969	58	24	315	25,267
Infrastructure and services	65,654	1,637	41	21	566	67,919
Housing loans	173,468	4,743	1,338	1,350	1,591	182,490
Others	67,990	1,735	682	74	159	70,640
Total*	627,553	25,900	2,795	1,575	13,780	671,603

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	Bank only 2018					
	Pass	Special mention	Sub- standard	Doubtful	Doubtful of loss	Total
	(in million Baht)					
Agriculture and mining	11,686	215	1	15	210	12,127
Manufacturing and commerce	313,735	19,696	462	913	15,537	350,343
Property development and construction	20,801	394	-	1	363	21,559
Infrastructure and services	66,594	1,203	62	62	561	68,482
Housing loans	154,939	4,726	848	832	850	162,195
Others	68,138	1,860	700	104	153	70,955
Total *	635,893	28,094	2,073	1,927	17,674	685,661

* Loans to customers net of deferred revenue.

12.4 Classified by loan classification

The Bank and its subsidiaries have classified loans to customers and accrued interest receivables (excluding interbank and money market items) in accordance with the BoT's notifications, regarding the Classification and Provisions made by Financial Institutions, as follows:

	Consolidated 2019			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	1,297,716	1,020,132	1	10,103
Special mention	58,645	44,296	2	3,128
Sub-standard	7,658	4,073	100	3,294
Doubtful	6,769	3,420	100	2,458
Doubtful of loss	23,319	6,523	100	8,042
Total *	1,394,107	1,078,444		27,025
Provision in excess of BoT's minimum rates required				17,513 ⁽³⁾
Total				44,538

	Consolidated 2018			
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,720	6,717	100	9,715
Total *	687,015	594,786		18,576
Provision in excess of BoT's minimum rates required				13,400 ⁽³⁾
Total				31,976

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Bank only				
2019				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	628,768	566,437	1	6,082
Special mention	25,970	14,678	2	407
Sub-standard	2,795	1,431	100	1,579
Doubtful	1,575	497	100	563
Doubtful of loss	13,780	2,706	100	4,994
Total *	672,888	585,749		13,625
Provision in excess of BoT's minimum rates required				10,845 ⁽³⁾
Total				24,470

Bank only				
2018				
	Loans to customers and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts ⁽¹⁾ (in million Baht)	Minimum rates required (%)	Allowance for doubtful accounts ⁽²⁾ (in million Baht)
Minimum allowance as per BoT's Regulations				
Pass	637,138	570,387	1	6,142
Special mention	28,157	15,603	2	419
Sub-standard	2,073	1,029	100	1,235
Doubtful	1,927	1,050	100	1,065
Doubtful of loss	17,674	6,689	100	9,686
Total *	686,969	594,758		18,547
Provision in excess of BoT's minimum rates required				13,400 ⁽³⁾
Total				31,947

* Loans to customers net of deferred revenue add accrued interest receivables

- (1) Net amount used to set the allowance for doubtful account: In the case of loans that are classified as pass and special mention means the principal balance net of the value of collateral, excluding land, buildings and constructions thereon, leasehold rights and machinery. In the case of loans that are classified as sub-standard, doubtful and doubtful of loss, it means the debt balance after deduction of the present value of future cash flows expected to be received from debt collection, or from the disposal of collateral, excluding machinery.
- (2) Allowance for doubtful accounts on loans guaranteed by Thai Credit Guarantee Corporation according to the Portfolio Guarantee Scheme was made in accordance with the Bank of Thailand's notification on supervisory guidelines on loans guaranteed in the Portfolio Guarantee Scheme by Thai Credit Guarantee Corporation.
- (3) As at 31 December 2019 and 2018, the Bank and its subsidiaries, this included provision of Baht 3,900 million and Baht 971 million respectively (*Bank only: Baht 1,849 million and Baht 971 million, respectively*) provided for non-performing loans.

For the year ended 31 December 2018, the Bank set aside additional provision of approximately Baht 5,000 million (presented as a part of "Provision in excess of BOT's minimum rates required") in anticipation of strengthening regulatory measures on certain credit risk factors and to be more prudent.

12.5 Non-performing loans

NPLs per BoT's regulations refer to all sub-standard, doubtful, doubtful of loss and loss loans.

As at 31 December 2019 and 2018, the Bank and its subsidiaries' NPLs (including interbank and money market items) were summarised as follows:

	TMB Bank Public Company Limited	Phahonyothin Asset Management Co., Ltd.	2019 Thanachart Bank Public Company Limited	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)					
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	9,161	7	10,880	-	20,048
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)	768,797	7	854,171	(32,806)	1,590,169
Percentage of net NPLs (%)	1.19	100.00	1.27		1.26
NPLs (principal)					
NPLs (<i>in million Baht</i>)	18,150	29	19,567	-	37,746
Total loans (<i>in million Baht</i>)	777,786	29	862,859	(32,806)	1,607,868
Percentage of NPLs (%)	2.33	100.00	2.27		2.35
	TMB Bank Public Company Limited	Phayathai Asset Management Co., Ltd.	2018 Thanachart Bank Public Company Limited	Elimination	Consolidated
Net NPLs (principal net of allowance for doubtful accounts)					
NPLs after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)		8,696	18	-	8,714
Total loans after allowance for doubtful accounts on NPLs (<i>in million Baht</i>)		773,474	18	-	773,492
Percentage of net NPLs (%)		1.12	100.00		1.13
NPLs (principal)					
NPLs (<i>in million Baht</i>)		21,674	46	-	21,720
Total loans (<i>in million Baht</i>)		786,451	46	-	786,497
Percentage of NPLs (%)		2.76	100.00		2.76

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For the year ended 31 December 2019 and 2018, the Bank and its subsidiaries sold non-performing loans, with principal totalling approximately Baht 6,100 million and Baht 2,500 million, respectively, to Asset Management Company. The selling price in excess of the carrying value of those non-performing loans was presented as a deduction from "Impairment loss on loans and debt securities" in the statement of profit or loss and other comprehensive income.

As at 31 December 2019 and 2018, the Bank and its subsidiaries had loans to customers, amounting to Baht 76,163 million and Baht 57,502 million, respectively (*Bank only: Baht 51,281 million and Baht 57,502 million, respectively*) on which it ceased recognition of interest income on an accrual basis.

12.6 Troubled debt restructuring

For the years ended 31 December 2019 and 2018, the Bank and its subsidiaries entered into contracts for troubled debt restructuring, (only the account where debtor has present value loss/losses on debt structuring is presented), which could be summarised as follows:

Consolidated 2019					
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	Number of debtors	After restructuring (in million Baht)	Asset acquired
					Type Fair value (in million Baht)
Modification of terms of payments	6,267	11,952	6,267	11,952	- -
Total	6,267	11,952	6,267	11,952	- -
Term of debt restructuring agreements					
Not over 5 years	1,163	534	1,163	534	
Over 5 - 10 years	3,640	1,930	3,640	1,930	
Over 10 years	1,464	9,488	1,464	9,488	
Total	6,267	11,952	6,267	11,952	
Bank only 2019					
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	Number of debtors	After restructuring (in million Baht)	Asset acquired
					Type Fair value (in million Baht)
Modification of terms of payments	6,180	11,739	6,180	11,739	- -
Total	6,180	11,739	6,180	11,739	- -
Term of debt restructuring agreements					
Not over 5 years	1,126	469	1,126	469	
Over 5 - 10 years	3,596	1,794	3,596	1,794	
Over 10 years	1,458	9,476	1,458	9,476	
Total	6,180	11,739	6,180	11,739	

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Consolidated and Bank only 2018						
Type of restructuring	Number of debtors	Before restructuring (in million Baht)	Number of debtors	After restructuring (in million Baht)	Asset acquired	
					Type	Fair value (in million Baht)
Transfer of asset	1	3	1	-	Land and building	3
Modification of terms of payments	7,076	20,310	7,076	20,310	-	-
Combination of methods	4	44	4	33	Land and building	11
Total	7,081	20,357	7,081	20,343		14
Term of debt restructuring agreements						
Not over 5 years	1,068	301	1,068	298		
Over 5 - 10 years	4,165	2,615	4,165	2,611		
Over 10 years	1,848	17,441	1,848	17,434		
Total	7,081	20,357	7,081	20,343		

Supplemental information relating to restructuring debtors for the years ended 31 December 2019 and 2018 was as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Interest income on restructured debts, which is recognised during the year	531	378	504	378
Cash settlement by debtors	1,860	1,129	1,672	1,129
Losses on (reversal of) debt restructuring, net	(61)	669	(61)	669

As at 31 December 2019 and 2018, the Bank and its subsidiaries had the outstanding balances with troubled debt restructuring debtors which had been performing in accordance with debt restructuring agreements, as follows:

	Consolidated				Bank only			
	2019		2018		2019		2018	
	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)	Number of debtors	Outstanding balance (in million Baht)
Troubled debt restructuring debtors	14,292	22,237	8,469	15,783	8,797	13,529	8,468	15,774

12.7 Revaluation allowance for debt restructuring

	Consolidated and Bank only	
	2019	2018
	(in million Baht)	
Beginning balance	999	330
Increase (decrease) during the year	(61)	669
Ending balance	938	999

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12.8 Loans to customers having problems with financial position and operating results

As at 31 December 2019 and 2018, the Bank and its subsidiaries had loans and accrued interest receivables due from listed companies having problems with their financial position and operating results, and set aside allowances for doubtful accounts as follows:

	Consolidated							
	2019				2018			
	Loans and accrued interest		Allowance for doubtful accounts		Loans and accrued interest		Allowance for doubtful accounts	
	Number of debtors	receivables (in million Baht)	Collateral	Number of debtors	receivables (in million Baht)	Collateral	accounts	
Listed companies under delisting conditions in SET	2	197	-	2	3	3	-	-

	Bank only							
	2019				2018			
	Loans and accrued interest		Allowance for doubtful accounts		Loans and accrued interest		Allowance for doubtful accounts	
	Number of debtors	receivables (in million Baht)	Collateral	Number of debtors	receivables (in million Baht)	Collateral	accounts	
Listed companies under delisting conditions in SET	1	3	-	-	3	3	-	-

12.9 Hire purchase and finance lease receivables

	Consolidated			
	2019			
	Portion due	Portion due	Portion due	
	within one year	but within five years	after five years	Total
			</	

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Aging analysis for hire purchase and finance lease receivables were as follows:

	Consolidated
	2019
	(in million Baht)
Within credit terms	331,735
Overdue:	
1 - 90 days	70,256
91 - 120 days	957
Over 120 days	4,124
Total	407,072
Less allowance for doubtful accounts	(10,189)
Net	396,883

As at 31 December 2019, total gross investment under hire purchase and finance lease contracts and present value of minimum lease payments receivable were as follows:

	Consolidated	
	2019	
	Total gross investment under hire purchase contracts	Present value of minimum lease payments receivable
	(in million Baht)	
Portion due within one year	121,062	97,891
Portion due after one year but within five years	313,524	272,104
Portion due after five years	39,165	37,077
Total	473,751	407,072
Less unearned interest income	(66,679)	
Net investment under hire purchase and finance lease contracts	407,072	

13 Classified assets

As at 31 December 2019 and 2018, classified assets were classified in accordance with the BoT's regulation, consisting of investments (including investments in subsidiaries and associate), loans to customers and accrued interest receivables (including interbank and money market items), properties for sale, premises and equipment and other assets as follows:

	Consolidated				
	2019				
	Investments	Loans to customers and accrued interest receivables	Properties for sale	Premises and equipment	Other assets
	(in million Baht)				
Pass	-	1,513,431	-	-	126
Special mention	-	58,645	-	-	108
Sub-standard	-	7,658	-	-	21
Doubtful	-	6,769	-	-	17
Doubtful of loss	1,052	23,319	350	165	961
Total	1,052	1,609,822	350	165	1,233

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Consolidated 2018						
	Investments	Loans to customers and accrued interest receivables	Properties for sale <i>(in million Baht)</i>	Premises and equipment	Other assets	Total
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	914	17,720	150	265	500	19,549
Total	914	787,860	150	265	507	789,696

Bank only 2019						
	Investments	Loans to customers and accrued interest receivables	Properties for sale <i>(in million Baht)</i>	Premises and equipment	Other assets	Total
Pass	-	734,998	-	-	-	734,998
Special mention	-	25,970	-	-	-	25,970
Sub-standard	-	2,795	-	-	7	2,802
Doubtful	-	1,575	-	-	3	1,578
Doubtful of loss	1,496	13,780	134	165	679	16,254
Total	1,496	779,118	134	165	689	781,602

Bank only 2018						
	Investments	Loans to customers and accrued interest receivables	Properties for sale <i>(in million Baht)</i>	Premises and equipment	Other assets	Total
Pass	-	737,983	-	-	-	737,983
Special mention	-	28,157	-	-	-	28,157
Sub-standard	-	2,073	-	-	5	2,078
Doubtful	-	1,927	-	-	2	1,929
Doubtful of loss	1,563	17,674	150	265	499	20,151
Total	1,563	787,814	150	265	506	790,298

14 Allowance for doubtful accounts

The movements in the allowance for doubtful accounts during the year were as follows:

	Consolidated 2019					Provision in excess of BoT's minimum rates required	Total
	Provision at BoT's minimum rates required						
	Pass	Special mention	Sub- standard	Doubtful <i>(in million Baht)</i>	Doubtful of loss		
Beginning balance	6,142	419	1,235	1,065	9,715	13,400	31,976
Acquisition through business combination	3,964	2,781	1,745	1,924	3,435	5,961	19,810
Allowance for doubtful accounts	(3)	(72)	314	(531)	12,151	(1,848)	10,011
Bad debt recovery	-	-	-	-	1,107	-	1,107
Bad debt written-off	-	-	-	-	(15,564)	-	(15,564)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(2,802)	-	(2,802)
Ending balance	10,103	3,128	3,294	2,458	8,042	17,513	44,538

	Consolidated 2018					Provision in excess of BoT's minimum rates required	Total
	Provision at BoT's minimum rates required						
	Pass	Special mention	Sub- standard	Doubtful <i>(in million Baht)</i>	Doubtful of loss		
Beginning balance	5,747	457	1,238	470	7,137	9,590	24,639
Allowance for doubtful accounts	395	(38)	(3)	595	10,601	3,810	15,360
Bad debt recovery	-	-	-	-	915	-	915
Bad debt written-off	-	-	-	-	(7,503)	-	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	-	(1,435)
Ending balance	6,142	419	1,235	1,065	9,715	13,400	31,976

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Bank only						
2019						
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
<i>(in million Baht)</i>						
Beginning balance	6,142	419	1,235	1,065	9,686	31,947
Allowance for doubtful accounts	(60)	(12)	344	(502)	11,431	8,646
Bad debt recovery	-	-	-	-	1,045	1,045
Bad debt written-off	-	-	-	-	(14,366)	(14,366)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(2,802)	(2,802)
Ending balance	6,082	407	1,579	563	4,994	24,470

Bank only						
2018						
	Provision at BoT's minimum rates required					Provision in excess of BoT's minimum rates required
	Pass	Special mention	Sub-standard	Doubtful	Doubtful of loss	Total
<i>(in million Baht)</i>						
Beginning balance	5,747	457	1,238	470	7,107	24,609
Allowance for doubtful accounts	395	(38)	(3)	595	10,615	15,374
Bad debt recovery	-	-	-	-	902	902
Bad debt written-off	-	-	-	-	(7,503)	(7,503)
Allowance for doubtful accounts of the disposed debt	-	-	-	-	(1,435)	(1,435)
Ending balance	6,142	419	1,235	1,065	9,686	31,947

15 Properties for sale, net

As at 31 December 2019 and 2018, changes to the properties for sale, net were as follows:

Consolidated					
2019					
	Beginning balance	Acquisition through business combination	Additions	Disposals/Decrease	Ending balance
<i>(in million Baht)</i>					
Assets foreclosed in settlement of debts					
- Immovable assets	2,306	1,147	329	(220)	3,562
- Movable assets	-	848	691	(762)	777
Assets for sales	458	327	199	(164)	820
Total	2,764	2,322	1,219	(1,146)	5,159
Add (less) allowance for impairment losses	(150)	(211)	(148)	160	(349)
Net	2,614	2,111	1,071	(986)	4,810

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Consolidated					
2018					
	Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)				
Assets foreclosed in settlement of debts					
- Immovable assets	1,931	-	492	(117)	2,306
Assets for sales	436	-	180	(158)	458
Total	2,367	-	672	(275)	2,764
Add (less) allowance for impairment losses	(153)	-	(19)	22	(150)
Net	2,214	-	653	(253)	2,614

Bank only					
2019					
	Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)				
Assets foreclosed in settlement of debts					
- Immovable assets	2,306	-	287	(215)	2,378
Assets for sales	458	-	200	(164)	494
Total	2,764	-	487	(379)	2,872
Add (less) allowance for impairment losses	(150)	-	(11)	27	(134)
Net	2,614	-	476	(352)	2,738

Bank only					
2018					
	Beginning balance	Acquisition through business combination	Additions	Disposals/ Decrease	Ending balance
	(in million Baht)				
Assets foreclosed in settlement of debts					
- Immovable assets	1,931	-	492	(117)	2,306
Assets for sales	436	-	180	(158)	458
Total	2,367	-	672	(275)	2,764
Add (less) allowance for impairment losses	(153)	-	(19)	22	(150)
Net	2,214	-	653	(253)	2,614

As at 31 December 2019 and 2018, the Bank had properties for sale with debtor's rights to buy back when complied with criteria in the agreement, with net book value amounting to Baht 633 million and Baht 633 million, respectively.

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The value of immovable assets acquired from debt repayment was appraised by external and internal appraisers as at 31 December 2019 and 2018 as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Assets foreclosed in settlement of debts				
Immovable assets				
- Appraised by external appraisers	3,554	2,294	2,371	2,294
- Appraised by internal appraisers	8	12	7	12
Total	3,562	2,306	2,378	2,306

As at 31 December 2019 and 2018, changes in premises and equipment were as follows:

* The Bank's revaluation has been performed in 2019.

Notes to the financial statements

	Consolidated												
	2018												
	Cost			Accumulated depreciation			Allowance for impairment losses						
	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out	Ending balance	Net book value as at 31 December 2018
	<i>(in million Baht)</i>												
Land													
- Cost	1,900	2,144	-	(86)	2,058	-	-	-	(244)	-	20	(224)	1,834
- Incremental revaluation *	4,149	4,149	-	(70)	4,079	-	-	-	-	-	-	-	4,079
Building under construction	117	117	268	(325)	60	-	-	-	-	-	-	-	60
Building													
- Cost	1,912	5,064	283	(113)	5,234	(209)	76	(3,244)	(41)	(2)	2	(41)	1,949
- Incremental revaluation *	1,905	3,734	-	(148)	3,586	(89)	89	(1,829)	-	-	-	-	1,757
Leasehold improvements	351	1,309	137	(84)	1,362	(113)	76	(995)	-	(8)	8	-	367
Equipment under construction													
and installation	154	154	792	(564)	382	-	-	-	-	-	-	-	382
Equipment	1,583	6,287	540	(624)	6,203	(498)	447	(4,755)	-	-	-	-	1,448
Total	12,071	22,958	2,020	(2,014)	22,964	(10,602)	688	(10,823)	(285)	(10)	30	(265)	11,876

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2019 amounted to Baht 3,857 million (2018: Baht 3,591 million).

Depreciation presented in the consolidated profit or loss for the year ended 31 December 2019 and 2018 amounted to Baht 1,053 million and Baht 909 million, respectively.

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	Bank only													
	2019													
	Cost				Accumulated depreciation				Allowance for impairment losses				Net book value as at 31 December 2019	
	Net book value as at 1 January 2019	Beginning balance	Increase/ transfers in	Disposals/ written-off/ transfers out	Ending balance	Beginning balance	Depreciation	Disposals/ written-off/ transfers out/ adjustments from revaluation	Ending balance	Beginning balance	Reversal of impairment during the year	Disposals/ written-off/ transfers out		
(in million Baht)														
Land														
- Cost	1,834	2,058	-	(24)	2,034	-	-	-	-	(224)	62	-	(162)	1,872
- Incremental revaluation	4,079	4,079	820	(134)	4,765	-	-	-	-	-	-	-	-	4,765
Building under construction	60	60	405	(293)	172	-	-	-	-	-	-	-	-	172
Building														
- Cost	1,949	5,234	304	(103)	5,435	(3,244)	(195)	51	(3,388)	(41)	9	30	(2)	2,045
- Incremental revaluation	1,757	3,586	2,281	(205)	5,662	(1,829)	(102)	(1,576)	(3,507)	-	-	-	-	2,155
Leasehold improvements	367	1,362	54	(43)	1,373	(995)	(111)	40	(1,066)	-	(3)	3	-	307
Equipment under construction and installation	382	382	653	(841)	194	-	-	-	-	-	-	-	-	194
Equipment	1,448	6,202	747	(291)	6,658	(4,754)	(576)	278	(5,052)	-	-	-	-	1,606
Total	11,876	22,963	5,264	(1,934)	26,293	(10,822)	(984)	(1,207)	(13,013)	(265)	68	33	(164)	13,116

* The Bank's revaluation has been performed in 2019.

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	Bank only 2018		Accumulated depreciation		Cost		Allowance for impairment losses			
			Disposals/ written-off/ transfers out/ adjustments from revaluation <i>(in million Baht)</i>	Depreciation	Beginning balance	Ending balance	Disposals/ written-off/ transfers out	Reversal of (loss on) impairment during the year	Disposals/ written-off/ transfers out	Net book value as at 31 December 2018
Land										
- Cost	1,900	2,144	-	-	-	2,058	(86)	-	20	1,834
- Incremental revaluation *	4,149	4,149	-	-	-	4,079	(70)	-	-	4,079
Building under construction	117	117	-	-	-	60	(325)	-	-	60
Building										
- Cost	1,912	5,064	283	(209)	(3,111)	5,234	(113)	(2)	2	1,949
- Incremental revaluation *	1,905	3,734	-	(89)	(1,829)	3,586	(148)	-	-	1,757
Leasehold improvements	351	1,309	137	(113)	(958)	1,362	(84)	(8)	8	367
Equipment under construction and installation	154	154	792	-	-	382	(564)	-	-	382
Equipment	1,557	6,171	531	(491)	(4,614)	6,202	(500)	-	-	1,448
Total	12,045	22,842	2,011	(902)	(10,512)	22,963	(1,890)	(10)	30	11,876

* The Bank's revaluation has been performed in 2016.

The gross amount of the Bank only's fully depreciated premises and equipment that were still in use as at 31 December 2019 amounted to Baht 3,850 million (2018: Baht 3,591 million).

Depreciation presented in the Bank only's profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 984 million and Baht 902 million, respectively.

In June 2019, the Bank had the land and buildings re-appraised by independent valuers, in accordance with the BoT regulations. The surplus from revaluation was credited to other reserves under the heading "Revaluation surplus on assets" totalling Baht 1,382 million, and reversing allowance for impairment of assets in the statement of profit or loss and other comprehensive income amounting to Baht 72 million. Bank of Thailand has approved the incremental revaluation amount to be included as part of Common Equity

Tier 1 Capital in October 2019.

17 Goodwill and other intangible assets, net

As at 31 December 2019 and 2018, changes in goodwill and other intangible assets were as follows:

	Net book value as at 1 January 2019	Beginning balance	Acquisition through business combination	Cost		Transfers in/ (out)	Consolidated 2019		Accumulated amortisation		Ending balance	Net book value as at 31 December 2019
				Additions	Written-off		Ending balance	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out		
							(in million Baht)					
Goodwill	-	-	14,015	-	-	-	14,015	-	-	-	-	14,015
Computer software	2,171	6,881	1,045	105	(42)	921	8,910	(4,710)	(687)	28	(5,369)	3,541
Computer software under development	421	421	238	1,068	-	(884)	843	-	-	-	-	843
Other intangible assets	-	-	3,964	-	-	-	3,964	-	-	-	-	3,964
Total	2,592	7,302	19,262	1,173	(42)	37	27,732	(4,710)	(687)	28	(5,369)	22,363

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	Consolidated 2018						
	Cost			Accumulated amortisation			Net book value as at 31 December 2018
	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Amortisation during the year	Accumulated amortisation on transfer out
Goodwill	60	-	-	(60)	-	-	-
Computer software	1,730	65	-	819	6,881	(502)	59
Computer software under development	342	948	-	(869)	421	-	-
Total	2,132	1,013	-	(110)	7,302	(502)	59
							2,592

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2019 amounted to Baht 3,714 million (2018: Baht 3,460 million).

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 687 million and Baht 502 million, respectively.

	Bank only 2019						
	Cost			Accumulated amortisation			Net book value as at 31 December 2019
	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Amortisation during the year	Accumulated amortisation on transfer out
Computer software	2,171	90	(42)	921	7,845	(657)	28
Computer software under development	421	953	-	(884)	490	-	-
Total	2,592	1,043	(42)	37	8,335	(657)	28
							3,001

	Net book value as at 1 January 2018		Cost		Bank only 2018		Accumulated amortisation		Net book value as at 31 December 2018
	Beginning balance	Additions	Written-off	Transfers in/ (out)	Ending balance (in million Baht)	Beginning balance	Amortisation during the year	Accumulated amortisation on transfer out	
Computer software	1,727	60	-	886	6,876	(4,203)	(502)	-	2,171
Computer software under development	343	945	-	(867)	421	-	-	-	421
Total	2,070	1,005	-	19	7,297	(4,203)	(502)	-	2,592

The gross amount of the Bank only's fully amortised intangible assets that were still in use as at 31 December 2019 amounted to Baht 3,704 million (2018: Baht 3,455 million).

Amortisation presented in the Bank only's profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 657 million and Baht 502 million, respectively.

18 Deferred tax and income tax

18.1 Deferred tax

Deferred tax assets and liabilities presented net by entity were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deferred tax assets	1,496	401	2,332	1,246
Deferred tax liabilities	4,730	-	-	-
Net	(3,234)	401	2,332	1,246

Movements in deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

	Consolidated				
	(Charged) / Credited to:				
	At 1 January 2019	Acquisition through business combination	Profit or loss (note 18.2) (in million Baht)	Other comprehensive income	At 31 December 2019
<i>Deferred tax assets</i>					
Deposit	-	49	(2)	-	47
Investments	179	3	120	(10)	292
Loans to customers and accrued interest receivables	1,160	225	833	-	2,218
Properties for sale	46	42	(1)	-	87
Premises and equipment	58	4	(26)	-	36
Intangible assets	-	6	-	-	6
Provisions for employee benefits	244	669	94	23	1,030
Provisions for other liabilities	126	227	18	-	371
Deferred revenue and other liabilities	563	518	171	-	1,252
Others	113	259	31	-	403
Total	2,489	2,002	1,238	13	5,742
<i>Deferred tax liabilities</i>					
Investments	845	1,323	(389)	75	1,854
Properties for sale	-	1	-	-	1
Premises and equipment	1,207	1,341	(36)	268	2,780
Intangible assets	-	793	9	-	802
Others	36	3,513	(2)	(8)	3,539
Total	2,088	6,971	(418)	335	8,976
Net	401	(4,969)	1,656	(322)	(3,234)

	Consolidated		
	(Charged) / Credited to:		
	At	Profit	Other
	1 January 2018	or loss	Comprehensive income
		(note 18.2)	
		(in million Baht)	
Deferred tax assets			
Investments	169	-	10
Loans to customers and accrued interest receivables	747	413	-
Properties for sale	43	3	-
Premises and equipment	62	(4)	-
Provisions for employee benefits	260	-	(16)
Provisions for other liabilities	111	15	-
Deferred revenue and other liabilities	461	102	-
Others	127	(14)	-
Total	1,980	515	(6)
Deferred tax liabilities			
Investments	6	845	(6)
Premises and equipment	1,253	(36)	(10)
Others	38	-	(2)
Total	1,297	809	(18)
Net	683	(294)	12

	Bank only		
	(Charged) / Credited to:		
	At	Profit	Other
	1 January 2019	or loss	comprehensive income
		(note 18.2)	
		(in million Baht)	
Deferred tax assets			
Investments	179	120	(10)
Loans to customers and accrued interest receivables	1,160	977	-
Properties for sale	46	(3)	-
Premises and equipment	58	(25)	-
Provisions for employee benefits	244	90	12
Provisions for other liabilities	126	6	-
Deferred revenue and other liabilities	563	190	-
Others	113	36	-
Total	2,489	1,391	2
Deferred tax liabilities			
Investments	-	1	63
Premises and equipment	1,207	(33)	268
Intangible assets	-	9	-
Others	36	7	(8)
Total	1,243	(16)	323
Net	1,246	1,407	(321)

	Bank only		
	(Charged) / Credited to:		
	At	Other	At
	1 January 2018	Profit or loss (note 18.2) (in million Baht)	comprehensive income 31 December 2018
Deferred tax assets			
Investments	169	-	10
Loans to customers and accrued interest receivables	735	425	-
Properties for sale	43	3	-
Premises and equipment	62	(4)	-
Provisions for employee benefits	254	7	(17)
Provisions for other liabilities	108	18	-
Deferred revenue and other liabilities	461	102	-
Others	131	(18)	-
Total	1,963	533	(7)
Deferred tax liabilities			
Investments	6	-	(6)
Premises and equipment	1,252	(35)	(10)
Others	38	-	(2)
Total	1,296	(35)	(18)
Net	667	568	11

As at 31 December 2019, the Bank had tax-deductible temporary differences in relation to investments in subsidiaries totaling Baht 649 million, for which deferred tax assets have been recognised because certain recognition criteria were met (as at 31 December 2018, the certain recognition criteria were not met).

18.2 Income tax

Income tax recognised in profit or loss

	Note	Consolidated		Bank only	
		2019	2018	2019	2018
		(in million Baht)			
Current tax expenses					
Current year		3,246	2,564	2,980	2,466
Under (over) provided in prior years		(2)	8	(2)	8
		3,244	2,572	2,978	2,474
Deferred tax expenses					
Movements in temporary differences	18.1	(1,656)	294	(1,407)	(568)
		(1,656)	294	(1,407)	(568)
Total		1,588	2,866	1,571	1,906

Income tax recognised in other comprehensive income

	Consolidated					
	Before tax	2019 Tax (expenses) benefit	Net of tax	Before tax	2018 Tax (expenses) benefit	Net of tax
			<i>(in million Baht)</i>			
Investments	423	(85)	338	(80)	16	(64)
Premises and equipment	1,338	(268)	1,070	(49)	10	(39)
Provisions for employee benefits	(112)	23	(89)	79	(16)	63
Others	(41)	8	(33)	(10)	2	(8)
Total	1,608	(322)	1,286	(60)	12	(48)

	Bank only					
	Before tax	2019 Tax (expenses) benefit	Net of tax	Before tax	2018 Tax (expenses) benefit	Net of tax
			<i>(in million Baht)</i>			
Investments	365	(73)	292	(80)	16	(64)
Premises and equipment	1,338	(268)	1,070	(49)	10	(39)
Provisions for employee benefits	(56)	12	(44)	86	(17)	69
Others	(41)	8	(33)	(10)	2	(8)
Total	1,606	(321)	1,285	(53)	11	(42)

Reconciliation of effective tax rate

	Consolidated			
	Rate (%)	2019 (in million Baht)	Rate (%)	2018 (in million Baht)
Profit before income tax		8,810		14,467
Income tax using the Thai corporation tax rate	20	1,762	20	2,893
Deferred tax expenses which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(146)	-	(1)
Deferred tax expenses which deductible temporary difference had not been met the recognition criteria during the period	-	22	-	-
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	(1)	(48)	-	(34)
Under (over) provided in prior years	-	(2)	-	8
Total	17	1,588	20	2,866

	Bank only			
	2019		2018	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax		<u>8,670</u>		<u>10,724</u>
Income tax using the Thai corporation tax rate	20	1,734	20	2,144
Deferred tax expense which previously unrecognised deductible temporary difference had been met the recognition criteria and utilised during the year	(2)	(146)	-	(1)
Deferred tax expense which deductible temporary difference had not been met the recognition criteria during the year	-	22	-	(6)
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(37)	(2)	(239)
Under (over) provided in prior years	-	(2)	-	8
Total	18	<u>1,571</u>	18	<u>1,906</u>

19 Other receivables, net

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Receivables from Legal Execution Department	650	581	618	549
Receivables from purchase and sale of securities	2,254	-	146	-
Other receivables	2,425	939	1,236	939
Total	5,329	1,520	2,000	1,488
Less allowance for impairment losses	(360)	(269)	(360)	(268)
Net	4,969	1,251	1,640	1,220

20 Other assets, net

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Accrued income	1,359	710	646	710
Collateral on derivative transactions	619	599	444	599
Suspense account - debtors	1,106	1,408	704	1,408
Prepaid expenses	792	365	701	365
VAT refundable	402	-	2	-
Others	2,870	1,369	1,898	1,369
Total	7,148	4,451	4,395	4,451
Less allowance for impairment losses	(649)	(239)	(329)	(239)
Net	6,499	4,212	4,066	4,212

21 Deposits

21.1 Classified by type of deposits

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Current	76,095	58,482	64,055	58,483
Savings	903,198	515,908	536,873	515,914
Term	418,905	75,281	62,717	75,281
Total	1,398,198	649,671	663,645	649,678
Less prepaid interest expenses	(86)	(103)	(86)	(103)
Total	1,398,112	649,568	663,559	649,575

21.2 Classified by currency and residency of depositors

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	1,382,912	5,694	1,388,606	636,088	5,613	641,701
US Dollar	7,847	1,122	8,969	5,659	1,726	7,385
Other currencies	520	17	537	467	15	482
Total	1,391,279	6,833	1,398,112	642,214	7,354	649,568

	Bank only					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Thai Baht	649,040	5,691	654,731	636,095	5,613	641,708
US Dollar	7,313	1,101	8,414	5,659	1,726	7,385
Other currencies	399	15	414	466	16	482
Total	656,752	6,807	663,559	642,220	7,355	649,575

22 Interbank and money market items (liabilities)

	Consolidated					
	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
Domestic						
Bank of Thailand and						
Financial Institutions						
Development Fund	410	-	410	-	1,850	1,850
Commercial banks	519	25,200	25,719	379	32,700	33,079
Specialised financial						
institutions	32	10,003	10,035	59	22,881	22,940
Other financial institutions	37,638	9,187	46,825	5,298	56	5,354
Total domestic	38,599	44,390	82,989	5,736	57,487	63,223

	Consolidated					
	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<i>Foreign</i>						
US Dollar	233	1,809	2,042	405	-	405
Other currencies	1,057	538	1,595	639	-	639
Total foreign	1,290	2,347	3,637	1,044	-	1,044
Total domestic and foreign	39,889	46,737	86,626	6,780	57,487	64,267
	Bank only					
	2019			2018		
	At call	Term	Total	At call	Term	Total
	<i>(in million Baht)</i>					
<i>Domestic</i>						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	1,850	1,850
Commercial banks	381	58,006	58,387	379	32,700	33,079
Specialised financial institutions	24	7,412	7,436	59	22,881	22,940
Other financial institutions	6,372	54	6,426	5,298	56	5,354
Total domestic	6,777	65,472	72,249	5,736	57,487	63,223
<i>Foreign</i>						
US Dollar	114	-	114	405	-	405
Other currencies	388	-	388	639	-	639
Total foreign	502	-	502	1,044	-	1,044
Total domestic and foreign	7,279	65,472	72,751	6,780	57,487	64,267

23 Financial liabilities designated at fair value through profit or loss

Financial liabilities designated at fair value through profit or loss as at 31 December 2019 and 2018 were as follows:

	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Debt issued	418	397
Total	418	397

Proportion of transactions classified by the contract parties based on the amount of the contract as at 31 December 2019 and 2018 were as follows:

Contract parties	Consolidated and Bank only	
	2019	2018
	(%)	
Financial institutions	100.00	100.00
Total	100.00	100.00

24 Debts issued and borrowings, net

	Interest rates		Consolidated					
			2019			2018		
	as at	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	31 December 2019 (%)							
Subordinated debentures ⁽¹⁾	3.50, 4.00, 4.65 and 4.90	2022 ⁽²⁾ - 2025 ⁽²⁾	42,488	12,062	54,550	20,430	-	20,430
Senior debentures	1.90, 1.93, 1.96, 3.108, 6mLibor +1.05 and 0.10 - 0.85	2020 - 2025	24,419	29,770	54,189	-	14,602	14,602
Bills of exchange ⁽³⁾ and promissory notes	2.15 and 0.20 - 2.50	At call and 2012	10	-	10	5	-	5
Other borrowings	0.00 - 0.75	2019 - 2031	18	68	86	6	81	87
Total			66,935	41,900	108,835	20,441	14,683	35,124

	Interest rates		Bank only					
	as at			2019			2018	
	31 December 2019	Maturities	Domestic	Foreign	Total	Domestic	Foreign	Total
	(%)				(in million Baht)			
Subordinated debentures ⁽¹⁾	3.50, 4.90 and 4.00	2022 ⁽²⁾ - 2024 ⁽²⁾	35,430	12,062	47,492	20,430	-	20,430
Senior debentures	3.108,	2020 - 2025	-	29,770	29,770	-	14,602	14,602
	6mLibor +1.05 and							
	0.10 - 0.85							
Bills of exchange ⁽³⁾	2.15	2012	5	-	5	5	-	5
Other borrowings	0.00 - 0.75	2019 - 2031	18	68	86	6	81	87
Total			35,453	41,900	77,353	20,441	14,683	35,124

⁽¹⁾ Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification (note 7)

⁽²⁾ The years in which call option exercise periods start

⁽³⁾ The outstanding balance of bills of exchange maturing during the year 2012 were waiting for redeem by the holders.

24.1 Subordinated debentures

- 24.1.1 On 11 May 2015, Thanachart Bank Public Company Limited (TBANK) issued the Subordinated Debenture No.1/2015 to be counted as Tier 2 capital, amounting to Baht 7,000 million, which has a 10-year 6 month maturity period and carries a fixed interest rate of 4.65% per annum, payable quarterly in February, May, August and November of every year. TBANK can early redeem the Subordinated Debenture No.1/2015 after 5 years from the issue date or according to certain specified conditions. TBANK has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture. The Subordinated Debenture are name-registered, unsecured instruments with no instrument holder's representative. The Subordinated Debenture will be fully converted to ordinary shares of TBANK in the event that a Point of Non-Viability is triggered requiring financial assistance from the regulators. TBANK has a call option to early redeem these instruments at par if the conditions specified are met.
- 24.1.2 On 29 May 2017, the Bank issued the Subordinated Debenture No.1/2560 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 5,430 million, which has a 10.5-year maturity period and carries a fixed interest rate of 3.50% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the Subordinated Debenture No.1/2560 after 5.5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.
- 24.1.3 On 28 June 2019, the Bank issued the Subordinated Debenture No.1/2562 to be counted as Tier 2 capital under Basel III requirement, amounting to Baht 30,000 million, which has a 10-year maturity period and carries a fixed interest rate of 4.00% per annum, payable quarterly in March, June, September and December of every year. The Bank can early redeem the Subordinated Debenture No.1/2562 after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before early redemption of the Subordinated Debenture.
- 24.1.4 On 2 December 2019, the Bank issued the Perpetual Additional Tier 1 Capital Securities amounting to USD 400 million, which has no expiration date and carries a fixed interest rate of 4.90% per annum, payable semi-annually in June and December of every year. The Bank can early redeem the Perpetual Additional Tier 1 Capital Securities after 5 years from the issue date or according to certain specified conditions. The Bank has to get the Bank of Thailand's approval before proceeding an early redemption. The Securities have been issued under the Bank's Euro Medium Term Note Programme.

24.2 Senior debentures

24.2.1 On 1 April 2016, the Bank issued unsecured Senior Debentures of USD 300 million, with a 5.5-year maturity and carrying a fixed interest rate of 3.108% per annum, payable semi-annually in April and October of every year. The debentures have been issued under the Bank's Euro Medium Term Note Programme.

On 7 October 2019, the Bank bought back these debentures from investors amounting to USD 50 million. Remaining balance is USD 250 million.

24.2.2 On 5 June 2018, the Bank issued unsecured Senior Debentures (Green Bond) of USD 60 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from Green Bond issuance will be used to finance the loan to private sector on its investment in sustainable environment.

24.2.3 On 17 December 2018, the Bank issued unsecured Senior Debentures (SME Bond) of USD 90 million, with a 7-year maturity and carrying a floating interest rate of 6M Libor + 1.05% per annum, payable semi-annually in June and December of every year. The proceeds from SME Bond issuance will be used to support small and medium sized enterprises.

24.2.4 During 11 - 13 November 2019, the Bank issued unsecured Senior Debentures (Euro Bond) of EUR 525 million, with 1 - 5 years maturity and carrying a fixed interest rate of 0.10% - 0.85% per annum, payable semi-annually in May and November of every year.

In addition, during the year 2019, Thanachart Bank Public Company Limited issued discount short term senior debentures, name-registered, unsecured instruments which carry interest rate of 1.90% - 1.96% per annum, with maturity of less than 1 year total amounting to Baht 24,419 million.

24.3 Other borrowings

Borrowings with specific uses (other borrowings) as at 31 December 2019 and 2018 were as follows:

Borrowings from	Objectives of borrowings	Consolidated and Bank only			
		2019		2018	
		Outstanding balances	Baht equivalent (in million Baht)	Outstanding balances	Baht equivalent (in million Baht)
National Science and Technology Development Agency	For enterprises involving in research and development activities	Baht 18 million	18	Baht 6 million	6
KfW Bankengruppe (KfW)	For small industry businesses	EUR 2 million	68	EUR 2 million	81
Total			86		87

25 Provision for employee benefits

25.1 Defined contribution plan

The Bank, its subsidiaries and their employees have jointly established provident fund schemes under the Provident Fund Act B.E. 2530. The employees contribute to the funds at rates ranging from 2 - 15% of their basic salaries and the Bank and its subsidiaries contribute at rates ranging from 3 - 10%, depending on the number of years of service of each employee. The funds will be paid to the employees upon death, termination or dissolution of the business, in accordance with the rules of the funds. The fund assets are held separately from those of the Bank and its subsidiaries, under the management of the fund manager.

For the years ended 31 December 2019 and 2018, the Bank and its subsidiaries contributed Baht 429 million and Baht 399 million, respectively, to the funds (Bank only: Baht 398 million and Baht 390 million, respectively).

25.2 Defined benefit plans

(a) Detail of defined benefit plans

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Post-employment benefit plans	5,142	1,212	1,720	1,211
Other long-term employee benefit plans	8	9	8	9
Total	5,150	1,221	1,728	1,220

(b) Movement in post-employment benefit obligations

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
At 1 January	1,212	1,291	1,211	1,261
Acquisition through business combination	3,347	-	-	-
Included in profit or loss:				
Current service cost	222	259	206	254
Loss on (reversal of) benefit settlement	(4)	-	2	-
Past service cost	312	-	312	-
Interest on obligation	41	29	33	28
	571	288	553	282
Included in other comprehensive income				
Actuarial losses (gains)	112	(79)	56	(86)
Others				
Benefits paid	(100)	(246)	(100)	(246)
Provision reversed from the loss of control of a subsidiary	-	(42)	-	-
	(100)	(288)	(100)	(246)
At 31 December	5,142	1,212	1,720	1,211

During the year ended 31 December 2019, the Bank and its subsidiaries recognised the past service cost in accordance with the changes in the Labor Protection Act which was amended that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate.

Actuarial gains recognised in other comprehensive income arising from:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Demographic assumptions	12	(23)	(24)	(25)
Financial assumptions	195	25	169	20
Experience adjustments	(95)	(81)	(89)	(81)
Total	112	(79)	56	(86)

(c) Actuarial assumptions of post-employment benefit obligations

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(%)</i>			
Discount rate	1.49 , 1.71	2.71	1.49	2.71
Future salary growth	4.50 , 5.00	4.50	4.50	4.50
Staff turnover rates	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00	0.00 - 29.00

Assumptions regarding future mortality have been based on published statistics and mortality tables.

(d) Sensitivity analysis of post-employment benefit obligations

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Consolidated				
2019				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease)	Change (-) in assumption	Post-employment benefit obligations increase (decrease)
		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Discount rate	+1%	(456)	-1%	526
Future salary growth	+1%	499	-1%	(443)
Turnover rate	+1%	(478)	-1%	423
Future mortality	+1 year	7	-1 year	(7)
Consolidated				
2018				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease)	Change (-) in assumption	Post-employment benefit obligations increase (decrease)
		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Discount rate	+1%	(97)	-1%	111
Future salary growth	+1%	104	-1%	(93)
Turnover rate	+1%	(104)	-1%	25
Future mortality	+1 year	6	-1 year	(6)

Bank only				
2019				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(128)	-1%	145
Future salary growth	+1%	136	-1%	(123)
Turnover rate	+1%	(136)	-1%	32
Future mortality	+1 year	7	-1 year	(7)

Bank only				
2018				
	Change (+) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)	Change (-) in assumption	Post-employment benefit obligations increase (decrease) (in million Baht)
Discount rate	+1%	(97)	-1%	111
Future salary growth	+1%	104	-1%	(93)
Turnover rate	+1%	(104)	-1%	25
Future mortality	+1 year	6	-1 year	(6)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

26 Provision for other liabilities

The movement in provision for other liabilities during the year was as follows:

Consolidated				
	Commitment from letters of guarantee issued, avals and other guarantees	Obligation for litigation cases (note 35.2) (in million Baht)	Others	Total
At 1 January 2018	328	165	51	544
Provisions increase (decrease)	(24)	(109)	270	137
Paid during the year	-	(12)	(39)	(51)
At 31 December 2018 and 1 January 2019	304	44	282	630
Acquisition through business combination	131	840	168	1,139
Provision increase (decrease)	30	(10)	1,722	1,742
Paid during the year	-	(20)	(1,636)	(1,656)
At 31 December 2019	465	854	536	1,855

	Bank only			
	Commitment from letters of guarantee issued, avals and other Guarantees	Obligation for litigation cases (note 35.2)	Others	Total
	(in million Baht)			
At 1 January 2018	328	163	51	542
Provisions increase (decrease)	(24)	(107)	270	139
Paid during the year	-	(12)	(39)	(51)
At 31 December 2018 and 1 January 2019	304	44	282	630
Provision increase (decrease)	34	(12)	1,653	1,675
Paid during the year	-	(20)	(1,626)	(1,646)
At 31 December 2019	338	12	309	659

27 Deferred revenue

	Consolidated	
	2019	2018
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	16,997	17,431
- Credit card	164	158
- Hire purchase	632	-
- Others	393	5
Total	18,186	17,594

	Bank only	
	2019	2018
	(in million Baht)	
Deferred revenue		
- Funds and Bancassurance	16,087	17,431
- Credit card	164	158
- Others	199	5
Total	16,450	17,594

28 Other liabilities

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Accrued expenses	7,592	4,235	4,369	4,230
Accrued interest expenses	2,483	459	347	459
Deposits and guarantees received	181	198	181	198
Collateral on derivative transactions	2,009	1,943	1,378	1,943
Suspense accounts electronic money and money transferred	1,316	2,761	1,316	2,761
Suspense accounts - others	2,228	580	713	565
Other payables	1,495	1,259	299	1,253
Corporate income tax payable	6,023	1,409	1,612	1,405
Others	3,039	458	1,403	458
Total	26,366	13,302	11,618	13,272

29 Share-based payments - TMB Performance Share Bonus Scheme

29.1 Information of TMB Performance Share Bonus Scheme

On 24 June 2010, the Extraordinary General Meeting of Shareholders No.1/2553 approved the TMB Performance Share Bonus 2010 Project (TMB PSBP 2010 scheme) which will offer newly issued ordinary shares of the Bank to its employees (including employees who hold a position of director of the Bank) who have qualifications under TMB PSBP 2010. The employees under TMB PSBP 2010 shall be entitled to subscribe for the newly issued shares according to the conditions specified in TMB PSBP 2010 with mandatory participation of top management but optional participation of staff at other levels.

Term of continuing scheme: 5 years starting from the first offering date.

Number of ordinary shares to be offered: Not exceeding the total of 400,000,000 newly issued ordinary shares with the par value of Baht 0.95 each, which will be offered pursuant to the continuing scheme.

Offering price per share: The offering price per share to be offered to the employees under TMB PSBP 2010 is equivalent to the average closing price of ordinary shares of the Bank on the Stock Exchange of Thailand ("SET") on each trading day for the period of 90 calendar days prior to each offering date of the newly issued shares.

The offering price may be lower than 90% of the market price as prescribed in the notification of the Securities and Exchange Commission relating to the calculation of the offering price and the determination of the offering price for issuance of the newly issued shares.

In the case that the calculation of the offering price in any offering is lower than the par value of the ordinary shares of the Bank, the Bank is required to offer newly issued shares to the employees under TMB PSBP 2010 Project at the price equivalent to the par value of the ordinary shares of the Bank.

Condition of subscription for the newly issued shares: The employees under TMB PSBP 2010 who will subscribe for the newly issued shares shall be employees of the Bank as of the subscription date of such newly issued shares (the rights for employees who retire pursuant to the Bank's regulation or death are still retained).

29.2 The offering of new ordinary shares

The offering of new ordinary shares	Par value (Baht/share)	Offering Price	The offering of new ordinary shares	Ordinary shares issued to employees ⁽¹⁾ (shares)	Ordinary shares not to be issued	Balance of new ordinary shares unissued as at 31 December 2019
The first offering, 2011	0.95	2.25	68,393,400	(61,556,286)	(6,837,114)	-
The second offering, 2012	0.95	1.67	101,795,300	(88,262,936)	(13,532,364)	-
The third offering, 2013	0.95	2.28	78,634,700	(66,598,950)	(12,035,750)	-
The fourth offering, 2014	0.95	2.30	85,191,700	(64,686,616)	(20,505,084)	-
The fifth offering, 2015	0.95	3.04	53,599,400	(42,049,843)	(11,549,557)	-
Total			387,614,500	(323,154,631)	(64,459,869)	-

⁽¹⁾ The shares will be gradually issued on an annual basis over three years since the offering of such ordinary shares.

29.3 Reconciliation of issued and paid-up ordinary share capital, share premium and other reserve - shared-based payments

Consolidated and Bank only

2018

	Issued and paid-up ordinary share capital (No. of shares)	(in Baht)	Share premium (in Baht)	Other reserve - share-based payments
At 1 January 2018	43,839,858,871	41,647,865,927	378,930,710	35,876,140
Issued ordinary shares to employees	12,034,239	11,432,527	25,151,560	(36,584,087)
Expenses in relation to issue of ordinary shares to employees	-	-	(486,024)	-
Expenses in relation to share- based payments	-	-	-	707,947
At 31 December 2018	43,851,893,110	41,659,298,454	403,596,246	-

30 Revaluation surplus on assets

This represents surplus arising from revaluation of land and buildings. The revaluation surplus can neither be offset against deficit nor used for dividend distribution.

The movements in revaluation surplus on assets during the year were as follows:

	Consolidated	
	2019	2018
	(in million Baht)	
At 1 January	6,035	6,259
Revalued during the period / year	1,383	-
Amortised during the year	(119)	(89)
Derecognised during the year	(62)	(86)
Transferred out during the year	(44)	(49)
Ending balance	7,193	6,035
Less deferred tax	(1,439)	(1,207)
At 31 December, net of deferred tax	5,754	4,828

	Bank only	
	2019	2018
	<i>(in million Baht)</i>	
At 1 January	6,035	6,259
Revalued during the period / year	1,383	-
Amortised during the year	(102)	(89)
Derecognised during the year	(62)	(86)
Transferred out during the year	(44)	(49)
Ending balance	7,210	6,035
Less deferred tax	(1,442)	(1,207)
At 31 December, net of deferred tax	5,768	4,828

31 Share capital

	Par value	2019		2018	
	per share	Number	Amount	Number	Amount
	<i>(in Baht)</i>		<i>(million shares / million Baht)</i>		
Authorised shares at 31 December	0.95	<u>106,224</u>	<u>100,912</u>	<u>44,109</u>	<u>41,903</u>
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	0.95	43,852	41,659	43,852	41,659
Issue of new shares	0.95	<u>52,507</u>	<u>49,882</u>	<u>-</u>	<u>-</u>
At 31 December					
- ordinary shares	0.95	<u>96,359</u>	<u>91,541</u>	<u>43,852</u>	<u>41,659</u>

On 23 September 2019, the meeting of the Extraordinary General of Shareholders No. 1/2019 approved the issuance of the new ordinary shares not exceeding 31,481,481,482 shares in reserve for the exercise of TSRs, and not exceeding 30,890,177,781 shares for the TBANK's existing shareholders, private placement, management and employee of the Bank and TBANK.

The new ordinary shares have been registered with the Ministry of Commerce on 25 September 2019. Therefore, the total authorised share capital of the Bank was Baht 100,912 million which divided into 106,224 million ordinary shares of 0.95 Baht per share.

In November 2019, the Bank issued 27,393 million shares of 1.40 Baht per share as a result of the exercise of transferable subscription rights (TSRs).

In December 2019, the Bank issued 25,114 million shares of 2.16 Baht per share to the TBANK's existing shareholders.

32 Legal reserve

Pursuant to section 116 of the Public Limited Company Act B.E. 2535 and under the Bank's Articles of Association, the Bank and its subsidiaries is required to set aside a statutory reserve at least 5 percent of its net earnings after deducting accumulated deficit brought forward (if any) until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

33 Appropriation of profit and dividend payment

- (a) On 15 November 2019, the meeting of the Board of Directors No. 10/2019 passed a resolution approving the payment of an interim dividend of Baht 0.03 per share to the Bank's ordinary shareholders from its half year 2019 operating results for a total of Baht 2,137 million. The Bank paid such dividend to its shareholders on 13 December 2019.
- (b) On 12 April 2019, the 2019 Annual General Meeting of the Bank's shareholders passed resolutions approving the appropriation of the 2018 operating profit and dividend payment:
- (1) Appropriation of net profit of Baht 450 million to be legal reserve.
 - (2) Payment of a dividend of Baht 0.07 per share from the 2018 operating profit to the shareholders. The Bank paid such dividend to its shareholders on 9 May 2019.
- (c) On 12 April 2018, the 2018 Annual General Meeting of the Bank's shareholders passed a resolutions approving the appropriation of the 2017 operating profit and dividend payment as follows:
- (1) Appropriation of net profit of Baht 430 million to be legal reserve.
 - (2) Payment of a dividend of Baht 0.06 per share from the 2017 operating profit to the shareholders. The Bank and its subsidiaries paid such dividend to its shareholders on 9 May 2018.

34 Assets pledged as collateral and under restriction

Assets pledged as collateral and under restriction as at 31 December 2019 and 2018 were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items				
- Deposit under restriction of oversea branch	5	10	5	10
- Placed at insurance registrar	1	-	-	-
Investments in securities				
- Placed at court	5	-	-	-
- Pledged as collateral against repurchase transactions	7,005	17,446	7,005	17,446
Property foreclosed under restriction	1	-	-	-
Total	7,017	17,456	7,010	17,456

35 Commitments and contingent liabilities

35.1 Commitments

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Avals to bills ⁽¹⁾	336	319	243	319
Guarantees of loans	2,386	-	38	-
Liability under unmatured import bills	2,392	2,722	2,226	2,722
Letters of credit	13,720	15,772	12,789	15,772
Other commitments				
- Other guarantees	63,368	65,584	63,368	65,584
- Amount of unused bank overdrafts	104,962	81,632	83,245	81,632
- Committed line	44,371	3,882	4,844	3,882
- Others ⁽²⁾	41,968	30,069	23,028	30,069
Total	273,503	199,980	189,781	199,980

⁽¹⁾ As at 31 December 2019 and 2018, this included bank and its subsidiaries acceptance amounting to Baht 4 million and Baht 5 million, respectively (Bank only: Baht 2 million and Baht 5 million, respectively).

⁽²⁾ As at 31 December 2019, this included the financial assets accepted as collateral that had been sold or pledged amounting to Baht 22,463 million (2018: 29,375 million). The Bank is obliged to return those securities in equivalent amount.

As at 31 December 2019 and 2018, the Bank and its subsidiaries had no commitments from providing other guarantees to listed companies, which meet criteria for delisting conditions from the Stock Exchange of Thailand.

35.2 Litigation

(a) As at 31 December 2019 and 2018, the Bank and its subsidiaries were claimed pursuant to obligations under the letters of guarantee and other claims for 119 cases and 63 cases, respectively (Bank only: claims for 49 cases and 60 cases, respectively). The said claims were made against the Bank and its subsidiaries for the approximate liability amounts of Baht 2,336 million ⁽¹⁾ and Baht 468 million ⁽¹⁾, respectively (Bank only: Baht 265million ⁽¹⁾ and Baht 259 million ⁽¹⁾, respectively).

(b) As at 31 December 2019 and 2018, the Bank and its subsidiaries have recognised provisions for possible losses from the litigation cases totalling Baht 854 million and Baht 44 million, respectively (Bank only: Baht 12 million and Baht 44 million, respectively). The management considers that the provision established for such potential losses due to the said litigation cases is adequate.

⁽¹⁾ Excluding the liabilities of the Bank and its subsidiaries as at 31 December 2019 and 2018 of Baht 1,862 million and Baht 1,789 million, respectively (Bank only: Baht 1,312 million and Baht 1,266 million, respectively), which the Court of First Instance and the Appeals Court dismissed the cases.

35.3 Non-cancellable operating lease commitments

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Future minimum lease payments				
Within one year	2,342	725	606	725
After one year but within five years	2,161	892	647	892
After five years	43	18	19	18
Total	4,546	1,635	1,272	1,635
Amount recognised in profit or loss				
Lease expense	996	1,042	930	1,030

36 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Definitions and characteristics of relationships

Related parties are as follows:

1. Major shareholders are the shareholders who own over 10% of the Bank's paid-up share capital.
2. Subsidiaries
3. Associate
4. Key management personnel of the Bank and its subsidiaries
5. Other related parties are
 - 5.1 Close family members of key management personnel
 - 5.2 Entities in which key management personnel and their close family members hold over 10% of paid-up share capital
 - 5.3 Entities of which key management personnel and their close family members are directors exercising control or having significant influence
 - 5.4 Related companies of major shareholders
 - 5.5 Entities in which related companies of major shareholders hold over 10% of paid-up share capital
 - 5.6 Entities in which holds over 10% of paid-up share capital (excluding subsidiaries and associate)

The additional information on investments in subsidiaries and associate is disclosed in note 11.

Relationships with key management and other related parties were as follows:

Name of entity/Personnel	Country of incorporation/ Nationality	Nature of relationship
Key management personnel	Thailand and other countries	Persons having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly, including any director (whether executive or otherwise) of the Bank and its subsidiaries
Ministry of Finance	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
ING Bank N.V.	The Netherlands	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Thanachart Capital PCL	Thailand	The major shareholder of the Bank owning over 10% of the Bank's paid-up share capital
Entities whose shares have been owned or have been controlled by the Ministry of Finance	Thailand	Related through the major shareholder of the Bank, owning over 10% of the Bank's paid-up share capital
Phayathai Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, currently on the liquidation process
Phahonyothin Asset Management Co., Ltd.	Thailand	Subsidiary, 100% shareholding, more than 50% of directors are representatives of the Bank
Thanachart Bank PCL	Thailand	Subsidiary, 99.98% shareholding, more than 50% of directors are representatives of the Bank
Thanachart Broker Co., Ltd.	Thailand	Indirect subsidiary, 99.99% shareholding by Thanachart Bank PCL
Thanachart Fund Management Co., Ltd.	Thailand	Associated, 49.9% shareholding by the Group, less than 50% of directors are representatives of the Group
TMB Asset Management Co., Ltd.	Thailand	Associated, 35% shareholding, less than 50% of directors are representatives of the Bank

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Interest rates of loans	Based on market rate and the collateral consideration process, the same as the Bank's normal course of business, except for the interest rates of staff welfare loans which are in accordance with the Bank's regulation.
Fee and service income	Registrar and related services, money transfer services for unit holders, agents and support services for funds managed by its subsidiary/associate are charged by the Bank at the rate based on conditions specified in contracts negotiated in the normal course of business, taking into account the size of funds and the purchase and sale volumes of investment units.
Interest rate on deposits and borrowings	Based on market rate
Fee and services income for other types of services	Based on market price
Branch office rental and related service	Based on market rate
Sale of non-performing assets to a subsidiary	Based on market price

36.1 Significant related parties transactions with key management and other related parties

Significant related parties transactions for the years ended 31 December 2019 and 2018 with key management and other related parties were as follows:

	Consolidated 2019						Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	-	2	1	-	-	64	-
2. Subsidiaries	-	-	-	-	-	-	-
3. Associate	-	-	1,621	-	140	-	-
4. Key management personnel of the Bank	1	4	-	-	-	-	-
5. Other related parties	623	642	175	4	34	277	78

	Consolidated 2018						Impairment loss on loans and debt securities (reversal of)
	Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses	
	<i>(in million Baht)</i>						
1. Major shareholders	-	4	-	-	-	28	-
2. Subsidiaries	-	-	-	-	-	-	-
3. Associate	-	-	374	-	-	-	-
4. Key management personnel of the Bank	1	3	-	-	-	-	-
5. Other related parties	344	278	4	-	11	209	(38)

Bank only 2019							Impairment loss on loans and debt securities (reversal of)
Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses		
(in million Baht)							
1. Major shareholders	-	-	-	-	-	7	-
2. Subsidiaries	-	39	5	-	1	-	-
3. Associate	-	-	1,621	-	140	-	-
4. Key management personnel of the Bank	1	3	-	-	-	-	-
5. Other related parties	380	348	8	-	20	210	78

Bank only 2018							Impairment loss on loans and debt securities (reversal of)
Interest income	Interest expenses	Fees and service income	Fees and service expenses	Other operating income	Other operating expenses		
(in million Baht)							
1. Major shareholders	-	4	-	-	-	28	-
2. Subsidiaries	-	-	2,021	-	800	28	-
3. Associate	-	-	374	-	-	-	-
4. Key management personnel of the Bank	1	3	-	-	-	-	-
5. Other related parties	338	278	4	-	11	209	(38)

36.2 Outstanding balances with related parties

As at 31 December 2019 and 2018, significant outstanding balances with related persons or parties were as follows:

36.2.1 Significant balances between the Bank and its subsidiaries and their major shareholders as at 31 December 2019 and 2018 were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	(in million Baht)			
Other receivables				
Thanachart Capital PCL	112	-	112	-
Other assets				
Ministry of Finance	1	-	-	-
Thanachart Capital PCL	1	-	-	-
Deposits (including interbank and money market items - liabilities)				
ING Bank N.V.	5	12	5	12
Thanachart Capital PCL	33	-	-	-
Other liabilities				
Thanachart Capital PCL	392	-	392	-
Commitments - Derivatives ⁽¹⁾				
ING Bank N.V.	4,523	4,867	4,523	4,867
⁽¹⁾ Presented in notional amount				
Other commitments				
ING Bank N.V.	15	16	15	16

36.2.2 Significant balances between the Bank and its subsidiaries and associate as at 31 December 2019 and 2018 were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Other assets				
Phahonyothin Asset Management Co., Ltd.	-	-	-	1
TMB Asset Management Co., Ltd.	140	124	140	124
Total	140	124	140	125
Deposits				
Phahonyothin Asset Management Co., Ltd.	-	-	31	6
TMB Asset Management Co., Ltd.	99	50	99	50
Thanachart Asset Management Co., Ltd.	9	-	9	-
Total	108	50	139	56
Debts issued and borrowings (including interbank and market items - liabilities)				
Thanachart Bank Public Company Limited	-	-	32,806	-
Commitments – Derivatives ⁽¹⁾				
Thanachart Bank Public Company Limited	-	-	2,614	-
TMB Asset Management Co., Ltd.	12	-	12	-

⁽¹⁾ Presented in notional amount

36.2.3 Significant balances between the Bank and its subsidiaries, and their key management personnel as at 31 December 2019 and 2018 were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Loans to customers and accrued				
interest receivables, net	90	10	14	10
Welfare loans	27	28	27	28
Deposits	609	223	169	223

36.2.4 Significant balances between the Bank and its subsidiaries, and other related parties as at 31 December 2019 and 2018 were as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items - assets and loans to				
customers and accrued interest receivables, net	107,091	14,352	17,512	14,352
Allowance for doubtful accounts	112	87	112	87
Other assets	317	-	-	-
Deposits (including interbank and money market				
items - liabilities)	70,525	11,919	14,380	11,919
Debts issued and borrowings (including				
interbank and money market items - liabilities)	13,011	22,881	12,612	22,881
Other liabilities	630	12	4	12
Commitments - Derivatives ⁽¹⁾	106,519	105,161	106,519	105,161
⁽¹⁾ Presented in notional amount				
Other commitments	1,030	855	391	855

36.3 Senior management personnel compensation

For the years ended 31 December 2019 and 2018, senior management personnel compensation, included in profit or loss, was classified as follows:

	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Short-term employee benefits - directors	49	44	48	44
Short-term employee benefits - management	893	812	864	781
Post-employment benefits	36	43	35	38
Share-based payments (performance share bonus)	-	2	-	2
Total	978	901	947	865

Senior management personnel of the Bank are directors, management personnel at the level "Head of" or executive vice president and above, and related management personnel of Accounting or Finance. Senior management personnel of the subsidiaries are those at the level of director and executive officer upwards.

36.4 Other benefits payable to the senior management personnel

The Bank's senior management personnel do not receive other benefits both in terms of monetary and non-monetary items, except for the benefits that are normally received as mentioned in note 36.3 such as monthly director remuneration, meeting allowance, salary and bonus. Directors who are the Bank's executives and the representative directors who are the executives of ING Bank N.V. shall not receive director remuneration as per the criteria of the Bank and ING Bank N.V. Nevertheless, directors with permanent residence abroad can reimburse travelling and accommodation expenses in connection with the operation of the Bank's business as actually incurred. Foreign executives are eligible for additional benefits, which are housing allowances, including utilities, telephone and home trip expenses in accordance with the established criteria.

37 Segment information

For management purposes, the Bank's businesses are divided into the following core segments, based on customer segmentation:

1. Commercial Banking

1.1 Wholesale Banking: This serves large-sized and medium-sized business customer. The main products and services are corporate loans, letters of guarantee, deposits, trade finance and foreign exchange, supply chain solution, financial management, and other financial services.

1.2 Small Enterprise: This serves small-size business customer. The main products and services are corporate loans, deposits and bancassurance.

2. Retail Banking: This represents individual persons. The main products and services are deposits, housing loans, hire purchase, finance lease, personal loans, cards services, bancassurance and mutual funds, and foreign currency services.

The Bank evaluates segment performance based on profit from operation, using the same accounting policies as those used in its preparation of the financial statements.

The inter-segment transfer pricing policy is to set prices with reference to market rates. Direct operating expenses are recorded as expenses for each operating segment and certain expenses are allocated to each operating segments based on relevant variables e.g. number of transactions, asset based and liabilities base, etc.

The operating segment information, as reported below, is reported in a manner consistent with the Bank's internal reports that are regularly reviewed by the Chief Operating Decision Maker in order to make decisions on the allocation of resources to the operating segments and assess their performance. The Chief Operating Decision Maker has been identified as the Chief Executive Committee.

*Information about reportable segments:**For the year ended***31 December 2019**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	13,440	11,705	1,720	-	26,865
Net fees and service income	2,003	5,887	214	-	8,104
Other operating income	1,363	347	3,139	-	4,849
Total operating income	16,806	17,939	5,073	-	39,818
Operating expenses	(8,104)	(10,793)	(1,262)	-	(20,159)
Profits from operation	8,702	7,146	3,811	-	19,659
Provision for doubtful accounts on loans and loan - related transactions					(10,849)
Profit before income tax					8,810
Income tax					(1,588)
Profit for the year					7,222
Depreciation and amortisation	206	774	696	-	1,676

*For the year ended***31 December 2018**

	Commercial Banking	Retail Banking	Consolidated Other segments (in million Baht)	Elimination	Total
Net interest income	13,395	8,948	2,154	-	24,497
Net fees and service income	2,151	6,295	939	(48)	9,337
Other operating income	1,468	220	12,458	-	14,146
Total operating income	17,014	15,463	15,551	(48)	47,980
Operating expenses	(7,867)	(9,086)	(565)	48	(17,470)
Profits from operation	9,147	6,377	14,986	-	30,510
Provision for doubtful accounts on loans and loan - related transactions					(16,043)
Profit before income tax					14,467
Income tax					(2,866)
Profit for the year					11,601
Depreciation and amortisation	192	725	508	-	1,425

*Reconciliation of reportable segment profit or loss**For the year ended***31 December 2019**

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	26,865	8,104	4,849	(20,159)	(10,849)
Bad debts, doubtful accounts and impairment losses	(10)	(6)	12	(508)	512
Others	10	-	(3)	(7)	-
Consolidated financial statements	26,865	8,098	4,858	(20,674)	(10,337)

*For the year ended***31 December 2018**

	Net interest income	Net fees and service income	Consolidated Other operating income (in million Baht)	Operating expenses	Impairment loss on loans and debt securities
Segment reporting	24,497	9,337	14,146	(17,470)	(16,043)
Bad debts, doubtful accounts and impairment losses	-	-	53	4	(57)
Others	-	-	9	(9)	-
Consolidated financial statements	24,497	9,337	14,208	(17,475)	(16,100)

	Consolidated				
	2019				
	Commercial Banking	Retail Banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Assets	737,778	807,323	503,548	(190,459)	1,858,190
Liabilities and equity	393,815	1,035,092	619,742	(190,459)	1,858,190

	Consolidated				
	2018				
	Commercial Banking	Retail Banking	Other segments	Elimination	Total
	<i>(in million Baht)</i>				
Assets	592,967	211,987	83,256	3,503	891,713
Liabilities and equity	260,939	450,747	176,524	3,503	891,713

38 Financial position and results of operations classified by domestic and foreign business

38.1 As at 31 December 2019 and 2018, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	2019			2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	1,857,699	491	1,858,190	891,039	674	891,713
Interbank and money market items, net (assets)	235,907	404	236,311	112,925	597	113,522
Investments, net	166,265	-	166,265	73,477	-	73,477
Investments in subsidiaries and associate, net	8,953	-	8,953	4,577	-	4,577
Loans to customers and accrued interest receivables, net	1,348,600	30	1,348,630	653,998	42	654,040
Deposits	1,398,064	48	1,398,112	649,466	102	649,568
Interbank and money market items (liabilities)	86,554	72	86,626	64,102	165	64,267
Debts issued and borrowings, net	89,235	19,600	108,835	25,389	9,735	35,124

38.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2019 and 2018 were as follows:

For the years ended 31 December	Consolidated					
	2019			2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Interest income	39,825	12	39,837	35,111	17	35,128
Interest expenses	12,631	341	12,972	10,256	375	10,631
Net interest income (expenses)	27,194	(329)	26,865	24,855	(358)	24,497
Net fees and service income	8,098	-	8,098	9,337	-	9,337
Total other operating income	4,871	(13)	4,858	14,208	-	14,208
Total other operating expenses	20,659	15	20,674	17,462	13	17,475
Impairment loss on loans and debt securities	10,337	-	10,337	16,100	-	16,100
Profit from operations before income tax	9,167	(357)	8,810	14,838	(371)	14,467

39 Interest income

For the years ended 31 December	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items	1,965	1,761	1,807	1,752
Investments and trading transactions	131	56	130	56
Investments in debt securities	1,555	1,219	1,388	1,215
Loans to customers	34,334	32,082	32,970	32,064
Hire purchase and finance leases	1,822	-	-	-
Others	30	10	30	10
Total	39,837	35,128	36,325	35,097

40 Interest expenses

For the years ended 31 December	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deposits	6,896	5,626	6,048	5,654
Interbank and money market items	781	686	779	686
Contribution to Deposits Protection Agency and BoT	3,371	2,965	3,050	2,965
Debt issued				
- Subordinated debentures	1,355	914	1,327	914
- Others	544	363	501	363
Borrowings	23	16	23	16
Others	2	61	2	61
Total	12,972	10,631	11,730	10,659

41 Net fees and service income

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptance, avals and guarantees	362	484	351	484
- ATM, Debit card, Credit card and other banking electronic	3,495	3,267	3,310	3,267
- Funds and Bancassurance	5,430	7,604	5,430	6,411
- Others	2,056	1,409	1,397	1,515
Total	11,343	12,764	10,488	11,677
Fees and service expenses				
- ATM, Debit card, Credit card and other banking electronic	(2,377)	(2,323)	(2,234)	(2,323)
- Others	(868)	(1,104)	(718)	(843)
Total	(3,245)	(3,427)	(2,952)	(3,166)
Net	8,098	9,337	7,536	8,511

42 Gains on trading and foreign exchange transactions, net

<i>For the years ended 31 December</i>	Consolidated	
	2019	2018
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,346	1,174
- Derivatives on interest rates	94	367
- Debt securities	88	(12)
Total	1,528	1,529
<i>For the years ended 31 December</i>	Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Gains on trading and foreign exchange transactions, net		
- Foreign currencies and derivatives on foreign exchange	1,312	1,174
- Derivatives on interest rates	92	367
- Debt securities	85	(12)
Total	1,489	1,529

43 Losses on financial liabilities designated at fair value through profit or loss, net

Losses on financial liabilities designated at fair value through profit or loss, net for the years ended 31 December 2019 and 2018 were as follows:

<i>For the years ended 31 December</i>	Consolidated and Bank only	
	2019	2018
	<i>(in million Baht)</i>	
Net change in fair value	(22)	(11)
Losses on financial liabilities designated at fair value through profit or loss, net	<u>(22)</u>	<u>(11)</u>

44 Gains on investments, net

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Gains on sales				
- Available-for-sale investments	1,881	16	1,875	16
- Held to maturity	4	96	4	96
- General investments	71	-	71	-
- Profit on the loss of control of a subsidiary	-	11,852	-	7,851
Total	<u>1,956</u>	<u>11,964</u>	<u>1,950</u>	<u>7,963</u>
Reversal of (losses on) impairment				
- Available-for-sale investments	-	(1)	-	(1)
- Investments in subsidiaries	-	-	-	30
Total	<u>-</u>	<u>(1)</u>	<u>-</u>	<u>29</u>
Net	<u>1,956</u>	<u>11,963</u>	<u>1,950</u>	<u>7,992</u>

45 Other operating expenses

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Marketing and business promotion expenses	1,387	1,500	1,286	1,374
Communication expenses	347	341	343	340
Amortisation of intangible assets	686	502	657	502
Losses on impairment of properties foreclosed and other assets	579	125	588	124
Outsourcing expenses	594	603	594	603
Credit collection expenses	463	447	461	440
Software rental expenses	331	291	331	291
Professional fee	471	84	376	76
Others	1,184	645	841	638
Total	6,042	4,538	5,477	4,388

46 Impairment loss on loans and debt securities

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Bad debts and doubtful accounts (reversal of)				
- Interbank and money market items	(44)	62	(30)	62
- Loans to customers	10,442	15,369	9,077	15,383
Allowance for debt restructuring on loan to customers	(61)	669	(61)	669
Total	10,337	16,100	8,986	16,114

47 Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the years as follows:

	Consolidated		Bank only	
<i>For the years ended 31 December</i>	2019	2018	2019	2018
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	7,222	11,601	7,099	8,817
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	48,624	43,849	48,624	43,849
Basic earnings per share <i>(in Baht)</i>	0.1485	0.2646	0.1460	0.2011

Diluted earnings per share

The calculations of diluted earnings per share for the years ended 31 December 2019 and 2018 were based on the profit for the years attributable to equity holders of the Bank and the weighted average number of ordinary shares outstanding during the years after adjusting for the effects of all dilutive potential ordinary shares as follows:

<i>For the years ended 31 December</i>	Consolidated		Bank only	
	2019	2018	2019	2018
Profit for the years attributable to equity holders of the Bank <i>(in million Baht)</i>	7,222	11,601	7,099	8,817
Weighted average number of ordinary shares outstanding <i>(in million shares)</i>	48,624	43,849	48,624	43,849
Effect of dilutive potential ordinary shares from TMB PSBP 2010 Scheme <i>(in million shares)</i>	-	3	-	3
Weighted average number of diluted ordinary shares outstanding <i>(in million shares)</i>	48,624	43,852	48,624	43,852
Diluted earnings per share <i>(in Baht)</i>	0.1485	0.2646	0.1460	0.2011

48 Events after the reporting period

- (a) On 19 February 2020, the Board of Directors Meeting of Thanachart Bank Public Company Limited passed a resolution to propose the payment of a dividend of Baht 3.34 per share to the ordinary shareholders, or a total of Baht 20,254 million, to be considered by the Annual General Meeting of Shareholders.
- (b) On 20 February 2020, the Board of Directors Meeting of the Bank passed a resolution to propose for consideration and approval in the Annual General Meeting of Shareholders with the payment of a dividend of Baht 0.01 per share to the Bank's ordinary shareholders from its 2019 operating results for a total of Baht 964 million (Such dividend amount is calculated on the number of issued and paid-up share capital as at 31 December 2019 issued shares). Such dividend will be paid and recorded after it is approved by the resolution of the Annual General Meeting of the Bank's shareholders.
- (c) On 20 February 2020, the final price of the acquired shares was approved and concluded by the Bank at Baht 27.70 per share in a total amount of Baht 167,903 million. An increase of Baht 90 million will be recorded as an adjustment to Goodwill and Investment in subsidiaries in the Consolidated and Bank only financial statement, respectively.

49 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRSs which are relevant to the Bank and its subsidiaries' operations are expected to have significant impact on the consolidated and bank only financial statements on the date of initial application. Those TFRSs which become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing TAS 105 categories of held to maturity debt securities, available for sale, trading and general investment. The classification is based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current Group's accounting policy on recognising both finance cost and finance income by contract rate.

(iii) Impairment - Financial assets and contract assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries determine allowance for doubtful account based on relevant BoT's criteria and regulations. TFRS 9 will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables; and
- loan commitments and financial guarantee contracts issued (previously, impairment was measured under TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*).

Under TFRS 9, no impairment loss is recognized on equity investments.

Three stage approach

Financial assets are classified in any of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages are based on changes in credit quality since initial recognition and defined as follows:

- Stage 1: 12 month ECL

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no Stage 2 or 3 triggers apply). Financial assets are classified as stage 1 upon initial recognition (with the exception of purchased or originated credit impaired (POCI) assets) and have a provision for ECL associated with the probability of default (PD) events occurring with the next 12 months (12 months ECL). For those financial assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity;

- Stage 2: Lifetime ECL not credit impaired

Financial assets showing a significant increase in credit risk since initial recognition. A provision is made for the life time ECL representing losses over the life of the financial assets (lifetime ECL); or

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit impaired require a life time provision.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;
- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is drawn down; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

Modification

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. The gross carrying amount of the financial asset will be recalculated using the original effective interest rate of the existing financial asset.
- If the modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Credit impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

Purchase or Originated Credit Impaired (POCI) assets

POCI assets are financial assets that are credit-impaired on initial recognition. Impairment on a POCI asset is determined based on lifetime ECL from initial recognition. POCI assets are recognised initially at an amount net of impairments and are measured at amortised cost using a credit-adjusted effective interest rate. In subsequent periods any changes to the estimated lifetime ECL are recognised in profit or loss. Favourable changes are recognised as an impairment gain even if the lifetime ECL at the reporting date is lower than the estimated lifetime ECL at origination.

(iv) Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition.

Under TFRS 9, fair value changes for financial liabilities classified as FVTPL are generally presented as follows:

- the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of change in the fair value is presented in profit or loss.

(v) Hedge accounting

TFRS 9 provides guidance on hedge accounting while current TFRSs are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank and its subsidiaries are required to ensure that hedge accounting relationships are aligned with the Bank and its subsidiaries' risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank and its subsidiaries had derivative, entering for the banking book purpose, with interest components which are recognised on an accrual basis and foreign exchange components which are recognised based on exchange rate ruling on the reporting period-end date. However, TFRS 9 had an option to apply hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

(vi) Disclosures

TFRS - Financial instruments standards will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

(vii) Impact assessment

The Bank and its subsidiaries expect to initially adopt these TFRS by adjusting the impact to retained earnings or other component of equity on 1 January 2020. Therefore, the Bank and its subsidiaries will not apply the requirements of these TFRS to comparative information.

Based on the preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements, the management estimate that there is no material impact to retained earnings and other components of equity of the Group and the Bank.

Management has developed a number of models to estimate the ECL allowance in accordance with Thai Financial Reporting Standards 9 and the Bank of Thailand notification and guidance. In addition, there may be uncertain events in the future that are still not reflected in the current credit models, so the management provide additional ECL as management overlay based on their assessment and judgement. Management expect that there will be no additional allowance required to be recorded by the Group and the Bank as at 1 January 2020, based on current results from the models and estimates of management overlay, compared to amounts recorded under the existing requirement as at 31 December 2019.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Bank and its subsidiaries recognise payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease, and recognized assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Bank and its subsidiaries will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 35.3. As a result, the nature of expenses related to those leases will be changed because the Bank and its subsidiaries will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Impact assessment

The Bank and its subsidiaries plan to apply TFRS 16 initially on 1 January 2020, using the modified retrospective approach. Therefore, the cumulative effect of adopting TFRS 16 will be recognised as an adjustment to the retained earnings at 1 January 2020, with no restatement of comparative information.

The Bank and its subsidiaries plan to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply TFRS 16 to all contracts entered into before 1 January 2020 and identified as leases in accordance with TAS 17 and TFRIC 4.

Based on the preliminary impact assessment of initially applying TFRS 16 on the financial statements, the management estimate that it will recognize additional lease liabilities and the right-of-use assets of the Group and the Bank by Baht 3,256 million and Baht 1,242 million, respectively.

Company Information

General Information

Name of the company	TMB Bank Public Company Limited
Nature of Business	Commercial bank's businesses in accordance with Financial Institutions Businesses Act and the businesses concerning financial services under the permission of the Ministry of Finance, the Bank of Thailand, and other parties concerned.
Registration No.	0107537000017

Head Office

Address	3000 Phahonyothin Road, Chomphon, Chatuchak, Bangkok 10900
Telephone	02-299-1111
Fax	02-299-1211
TMB Phone Banking	1558
Website	www.tmbbank.com

Other referral parties

Share Registrar	Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building, 93 Ratchadaphisek Road, Dindaeng Bangkok 10400 Tel. 02-009-9999		
Auditors	Mr. Chanchai Sakulkoedsin Or Miss Panthip Gulsantithomrong Or Mrs. Wilai Buranakittsophon	CPA CPA CPA	Registered No. 6827 Registered No. 4208 Registered No. 3920
	KPMG Phoomchai Audit Ltd. 50 th Floor, Empire Tower 1 South Sathorn Road Yannawa, Sathorn Bangkok 10120 Tel 02-677-2000		



For more information of TMB, please visit www.tmbbank.com or scan the QR code.

Investment of TMB in Other Companies

Investment of TMB in other companies holding more than 10 % of the paid-up capital in each company as of 31 December 2019 were as follows:

	Company	Head Office Location	Type of Business	Type of Capital
Strategic Investment in Financial Business Companies				
1	PHAYATHAI ASSET MANAGEMENT CO.,LTD. Tel. 02-354-5001, Fax 02-354-5014	Bangkok	FINANCE	COMMON STOCK
2	PHAHONYOTHIN ASSET MANAGEMENT CO.,LTD. Tel. 02-617-4068-70	Bangkok	FINANCE	COMMON STOCK
3	THANACHART BANK PUBLIC CO.,LTD. Tel. 1770 (customer contact center)	Bangkok	FINANCE	COMMON STOCK
4	TMB ASSET MANAGEMENT CO.,LTD. Tel. 02-636-1800 Ext.1725 (customer service center)	Bangkok	FINANCE	COMMON STOCK
Business Supporting Companies				
1	TMB PROPERTY DEVELOPMENT CO.,LTD. Tel. 02-299-1159, Fax 02-242-3138-9	Bangkok	REAL ESTATE	COMMON STOCK
Other Companies				
1	N D GROUP FEEDMILL CO.,LTD.	Lumphun	WHOLESALE, RETAIL	COMMON STOCK
2	NATIONAL ITMX CO.,LTD. Tel. 02-558-7555, Fax 02-558-7566	Bangkok	SERVICES	COMMON STOCK
3	M_THAI ESTATE CO.,LTD. Tel. 02-261-1144, Fax 02-261-1143	Bangkok	REAL ESTATE	COMMON STOCK
4	THAI CHAROENPHOL INDUSTRY CO.,LTD. Tel. 054-581202, Fax 054-581876	Phrae	PRODUCTION	COMMON STOCK
5	TRIS CORPORATION LIMITED Tel. 02-032-3000, Fax 02-231-3681	Bangkok	SERVICES	COMMON STOCK
6	WHOLESALE TOWN CO.,LTD. Tel. 02-531-6860, Fax 02-532-3009	Bangkok	TRANSPORTATION	COMMON STOCK
7	WING GROUP CO.,LTD. Tel. 053-331315-6, Fax 053-331314, 053-331336	Chiang Mai	GARMENT MANUFACTURER	COMMON STOCK

Paid-up Capital (Share)	TMB's ownership		
	Amount (Share)	Percentage (%)	Amount (Baht) (net of allowance for diminution in value)
107,000,000	107,000,000	100.00	0.00
2,500,000	2,500,000	100.00	25,000,000.00
6,064,862,170	6,063,411,688	99.98	167,840,202,196.55
10,000,000	3,500,000	35.00	196,942,475.58
10,000	9,993	99.93	4,169,342.92
120,000	30,000	25.00	0.00
500,000	51,950	10.39	45,369,901.91
30,000,000	3,000,000	10.00	0.00
15,500	2,500	16.13	0.00
1,000,000	153,000	15.30	14,361,948.00
22,000	2,200	10.00	0.00
9,000	2,250	25.00	0.00

Domestic Network

As of December 31, 2019

Branches and Business Centers

Domestic Branches	401 branches (including ME Place)
SME Zone Offices	45 zone offices for Small Enterprise customers 35 zone offices for Business Banking customers
Foreign Currency Exchange Services	1 booth at Head Quarter

Electronic Channels

No. of ATMs	2,025
No. of ADMs	710
No. of All in Ones	58

Digital Channels

TMB Internet Banking	Internet banking service for retail customers through website www.tmbdirect.com
TMB Touch	Mobile banking service application for retail customers Available for both iOS and Android system
TMB Business Click	Internet banking service for corporate customers through website www.tmbbizdirect.com
TMB Business Touch	Mobile banking service application for corporate customers Available for both iOS and Android system

Phone Banking

Contact Center	1558 International call +66-2299-1558
TMB SME	02-828-2828
Corporate Call Center	02-643-7000 Service hours: 8.00-18.00 on working days

MEbyTMB, Digital Banking

ME Place	5th Floor, Central World
Call Center	02-502-0000
Website	www.mebytmb.com
MEbyTMB Application	ME Mobile banking service application for ME customers Available for both iOS and Android system



For more details of domestic network and service hours, please visit www.tmbbank.com or contact 1558.

International Branches

As of December 31, 2019

Branch	Contact
Vientiane Branch	
Postal Address	TMB Bank Public Company Limited 054 Unit 5 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Registered Address	TMB Bank Public Company Limited 054 Unit 5 Samsenthai Road, Chanthabouly, Vientiane, Laos P.D.R
Branch Manager	Mr. Chatree Banlengrom
Telephone	856-21-216486, 856-21-217174
Fax	856-21-214726
E-mail address	chatree.ban@tmbbank.com

Cayman Islands Branch

Postal Address	TMB Bank Plc., Cayman Islands Branch 3000 Phahon Yothin Road, Chatuchak, Bangkok 10900 Thailand
Registered Address	Cainvest Bank and Trust Limited P.O. Box 1353 5th Floor Harbour Place, 103 South Church Street, George Town, Grand Cayman, KY1-1108, Cayman Islands
Branch Manager	Mr. Chalermchai Paisithmongkol
Telephone	662-299-1195
Fax	662-242-3139
E-mail address	chalermchai.pai@tmbbank.com



For more details of international branches QR code.

Main Correspondent Banks

As of December 31, 2019

Country	Correspondent Bank	
Australia	Australia And New Zealand Banking Group Limited	
Canada	The Bank of New York Mellon	
China	Agricultural Bank of China Limited Bank of China Limited China Construction Bank Corporation Bank of Communications Co Ltd.	Industrial & Commercial Bank of China Limited HSBC Bank (China) Co., Ltd. DBS Bank (China) Limited
Denmark	Nordea Bank Abp	
Finland	Nordea Bank Abp	
France	BNP Paribas SA Crédit Agricole Corporate and Investment Bank CACIB Crédit Industriel et Commercial	Natixis Societe Generale
Germany	Commerz Bank AG	Deutsche Bank AG
Hong Kong	The Hongkong and Shanghai Banking Corporation Limited Standard Chartered Bank, Hong Kong branch Industrial and Commercial Bank of China (Asia) Limited	
Indonesia	PT Bank Danamon Indonesia Tbk	
India	Standard Chartered Bank, India branch	
Israel	Bank Leumi le-Israel BM	
Japan	MUFG Bank Ltd. The Okazaki Shinkin Bank Mizuho Bank Ltd. Sumitomo Mitsui Banking Corporation	The Towa Bank Ltd. The Yamaguchi Bank Ltd. Momiji Bank Ltd. The Kitakyushu Bank Ltd.
Korea	KEB Hana Bank	
Malaysia	CIMB Bank Berhad	
Netherlands	ING Bank NV	
Saudi Arabia	Standard Chartered Bank, Dubai branch The National Commercial Bank	
Singapore	DBS Bank Ltd. Oversea-Chinese Banking Corp Ltd.	United Overseas Bank Limited Bank of Singapore Limited
Sweden	Skandinaviska Enskilda Banken AB	
Switzerland	Credit Suisse AG	UBS AG
Thailand	Bangkok Bank Public Company Limited Bank for Agriculture & Agricultural Cooperatives Bank of Ayudhya Public Company Limited Bank of Thailand CIMB Thai Bank Public Company Limited Export-Import Bank of Thailand Government Savings Bank Industrial and Commercial Bank of China (Thai) Public Company Limited Kasikornbank Public Company Limited Kiatnakin Bank Public Company Limited	Krung Thai Bank Public Co., Ltd. Mega International Commercial Bank Public Company Limited Siam Commercial Bank PCL Standard Chartered Bank (Thai) Public Company Limited Thanachart Bank Public Company Limited Government Housing Bank TISCO Bank Public Company Ltd. United Overseas Bank (Thai) Public Company Limited
UK	Barclays Bank PLC HSBC Bank PLC	National Westminster Bank Plc Standard Chartered Bank
USA	Bank of America NA The Bank of New York Mellon Bank of the West Citibank NA	International Finance Corporation JPMorgan Chase Bank National Association Wells Fargo Bank National Association

Attachment 1

Details of TMB's Company Secretary, Head of Audit and Head of Compliance

As of December 31, 2019

Mr. Naris Aruksakunwong

37 years old

Position

- Company Secretary
- Head of Strategy

Education and Trainings

- Master of Business Administration, Harvard Business School, Massachusetts, USA
- Master of Science, Management Science and Engineering, Stanford University, California, USA
- Bachelor of Science, Electrical Engineering (Distinction), Stanford University, California, USA
- Company Secretary Program and Board Reporting Program, Thai Institute of Director
- Design Thinking, Southeast Asia Center
- Cybersecurity Awareness, Deloitte
- Anti-Money Laundering and Combating the Financing of Terrorism, TMB Bank Plc.
- Anti-Corruption, TMB Bank Plc.
- How can we secure from cyber threats?, TMB Bank Plc.
- Promoting Risk Awareness 2018, TMB Bank Plc.
- Cyber Resilience Awareness, TMB Bank Plc.
- IFRS 9 Implication and Readiness, TMB Bank Plc.
- Inside Information and Data Privacy, TMB Bank Plc.
- Branding and NPS Update, TMB Bank Plc.
- Sustainability Training, TMB Bank Plc.

Work Experience

2019 - Present

- Company Secretary, TMB Bank Plc.

2018 - Present

- Head of Strategy, TMB Bank Plc.

2015 - 2018

- FSVP, Group Strategic Management, Siam Commercial Bank Plc.

2007 - 2015

- Engagement Manager, McKinsey & Company

Mr. Sunthorn Rukpanich

59 years old

Position

- Head of Audit

Education and Trainings

- Master degree, Business Administration, University of Bridgeport, Connecticut, USA
- Bachelor degree, Economics, Chulalongkorn University
- International Accounting Standards IAS 39/IAS
- Operational Risk Management Forum
- Financial Executive Development Program-FINEX
- Internal Audit Transformation to Data Analytics
- New technology applied in financial world and key concerned issues
- Mobile Banking and Digital Bank Audit

Work Experience

2018 - Present

- Head of Audit, TMB Bank Plc.

2013 - 2017

- Head of Corporate Credit Underwriting, TMB Bank Plc.

2011 - 2013

- Team Head of Corporate Credit Underwriting, TMB Bank Plc.

2006 - 2011

- Team Head of Corporate Credit Underwriting 1, TMB Bank Plc.

Mr. Varoon Kanjanapoo

53 years old

Position

- Head of Compliance

Education and Trainings

- MBA, Eastern Michigan University, USA
- Bachelor of Science, Chulalongkorn University
- Compliance Training on Securities Business for Head Compliance
- Global and Regional Legal & Compliance Conferences
- Rethinking Leadership
- Leadership Program for Manager
- Compliance Office Training Program
- Head of Compliance program for Y2019
- Market Conduct
- Information Risk Management
- Anti Corruption
- Risk Awareness
- Code of Conduct

Work Experience

2016 - Present

- Head of Compliance, TMB Bank Plc.

2013 - 2016

- Executive Vice President, Head of Compliance, ANZ Bank (Thai) Plc.

2007 - 2013

- Senior Executive Vice President, Head of Compliance, Head of Legal & Compliance, and Company Secretariat Standard Chartered Bank (Thai) Plc.

Attachment 2

Details of person who designated as the top executive in charge of accounting and finance business and person who designated to take direct responsibility to control the accounting treatment

Name/Position	Age	Education and Training	Work Experience
Mrs. Prapasiri Kositthanakorn Chief Financial Officer (CFO)	55	- Master of Business Administration (MBA), Assumption University	2018 - Present Chief Financial Officer, TMB Bank Plc.
		- Bachelor of Business Administration (Magna Cum Laude), Assumption University	1998 - 2018 Partner, PricewaterhouseCoopers Legal and Tax Consultants Ltd.
		- Certified Public Accountant (CPA), Federation of Accounting Professions under The Royal Patronage of His Majesty the King	1994 - 1997 Assistant Vice President, Investment Banking Department, The Industrial Finance Corporation of Thailand
		- Director Certification Program (DCP), Thai Institute of Directors Association	1991 - 1994 Assistant Vice President, Corporate Finance Department, Morgan Grenfell Thai Company Limited
Ms. Arwiwan Tangtrongchit Financial Controller	51	- Master of Public Administration, University of Southern California, USA	2018 - Present Financial Controller, TMB Bank Plc.
		- Bachelor of Accountancy, Commerce and Accountancy, Chulalongkorn University	2009 - 2018 Head of Financial Planning and Analysis, TMB Bank Plc.
		- Director Certification Program (DCP), Thai Institute of Director Association	2000 - 2009 Head of Business Finance-Consumer Banking, Standard Chartered Bank (Thai) Plc.
		- CFO Focus on Financial Reporting, Federation of Accounting Professions under The Royal Patronage of His Majesty the King	1996 - 2000 Business Planning and Human Resources Director, Krungsriyudhaya Card Company Limited
		- Lean Six Sigma (LSS) executive training session, TMB Bank Plc.	
		- Global Executive Mindset, TMB Bank Plc.	
		- IFRS9 Management Awareness Workshop, TMB Bank Plc.	
		- Strategic Workshop on Disruptive Banking, TMB Bank Plc.	
		- Smart Disclosure Program (SDP), The Stock Exchange of Thailand	
		- Beyond Treasury Management 2019, Federation of Accounting Professions under the Royal Patronage of His Majesty the King	

Attachment 3

Details of the Bank's directors / executives who assume the positions in subsidiaries, associated companies, and related companies

As of December 31, 2019

Details of the Subsidiaries Company Directors

1. [Thanachart Bank Pcl., Co., Ltd.](#)

1. Mr. Piti Tantakasem
2. Mr. Prasong Poontaneat
3. Mr. Suphadej Poonpipat
4. General Nattaphon Narkphanit
5. Mr. Philippe G.J.E.O. Damas
6. Mr. Praisun Wongsmith
7. Mr. Chumpol Rimsakorn
8. Mr. Yokporn Tantisawetrat
9. Mr. Somjate Moosirilert
10. Mr. Michal Jan Szczurek

2. [Thanachart Broker Co., Ltd.](#)

There is no director, who is TMB's directors / executive

3. [Phahonyothin Asset Management Co., Ltd.](#)

1. Mr. Johannes Franciscus Grisel
2. Mrs. Suvanee Kam
3. Mrs. Chirdprapa Chaladsoontornvatee
4. Miss. Watee Thanmongkolswad
5. Mr. Suttichai Tiranuchit

Details of the Associate Company Directors

1. [TMB Asset Management Co., Ltd](#)

1. Mrs. Marie Ramlie

2. [Thanachart Fund Management Co., Ltd](#)

1. Mr. Somjate Moosirilert

Attachment 4

Change in TMB Shares held by Directors and Chiefs in 2019

As of December 31, 2019

No.	Name	Position	TMB shares held as of 31 Dec 2018	TMB shares held as of 31 Dec 2019	Change (net) Increase/ (Decrease) in TMB shares
1	Mr. Prasong Poontaneat ⁽¹⁾ Spouse and minor children	Chairman	- -	- -	- -
2	Mr. Suphadej Poonpipat ⁽²⁾ Spouse and minor children	Vice Chairman	- -	- -	- -
3	General Nattaphon Narkphanit ⁽³⁾ Spouse and minor children	Director	- -	- -	- -
4	Mr. Philippe G.J.E.O. Damas Spouse and minor children	Director	2,556,580 -	5,126,411 -	2,569,831 -
5	Mr. Singha Nikornpun Spouse and minor children	Independent Director	- -	- -	- -
6	Mr. Chumpol Rimsakorn Spouse and minor children	Director	- -	- -	- -
7	Mr. Teeranun Srihong ⁽⁴⁾ Spouse and minor children	Independent Director	- -	- -	- -
8	Mr. Yokporn Tantisawetrat Spouse and minor children	Director	- -	- -	- -
9	Mr. Praisun Wongsmith Spouse and minor children	Independent Director	9,100 -	9,100 -	- -
10	Mr. Somjate Moosirilert ⁵ Spouse and minor children	Director	- -	- -	- -
11	Mr. Prinya Hom-anek ⁽⁶⁾ Spouse and minor children	Independent Director	- -	- -	- -
12	Mr. Michal Jan Szczurek ⁽⁷⁾ Spouse and minor children	Director	- -	- -	- -
13	Mr. Piti Tantakasem Spouse and minor children	Director and Chief Executive Officer	6,838,700 -	11,572,894 -	4,734,194 -
14	Mrs. Prapasiri Kositthanakorn Spouse and minor children	Chief Financial Officer Chief	- -	- -	- -
15	Mr. Senathip Sripaipan Spouse and minor children	Chief Wholesale Banking Officer	- -	- -	- -
16	Mr. Johannes Franciscus Grisel Spouse and minor children	Chief Risk Officer	- -	- -	- -
17	Mr. Markus Dolenga ⁽⁸⁾ Spouse and minor children	Chief Operating Officer	- -	- -	- -
18	Mrs. Marie Ramlie ⁽⁹⁾ Spouse and minor children	Chief Retail Banking Officer	- -	- -	- -

Remark:

⁽¹⁾ Mr. Prasong Poontaneat act as Chairman until December 31, 2019.

⁽²⁾ Mr. Suphadej Poonpipat was appointed as Vice Chairman, effective from December 3, 2019.

⁽³⁾ General Nattaphon Narkphanit was appointed as Director, effective from May 30, 2019.

⁽⁴⁾ Mr. Teeranun Srihong was appointed as Independent Director, effective from December 17, 2019.

⁽⁵⁾ Mr. Somjate Moosirilert was appointed as Director, effective from December 3, 2019.

⁽⁶⁾ Mr. Prinya Hom-anek was appointed as Independent Director, effective from December 17, 2019.

⁽⁷⁾ Mr. Michal Jan Szczurek was appointed as Director, effective from December 17, 2019.

⁽⁸⁾ Mr. Markus Dolenga was appointed as Chief Operating Officer, effective from May 1, 2019.

⁽⁹⁾ Mrs. Marie Ramlie was appointed as Chief Retail Banking Officer, effective from August 1, 2019.

TMB Bank Public Company Limited

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