

# LH BANK



ธนาคารแลนด์ แอนด์ เฮาส์  
LAND AND HOUSES BANK



## TOGETHER TOWARDS SUCCESS



CTBC BANK  
中國信託銀行



ANNUAL REPORT 2017

รายงานประจำปี 2560

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## MESSAGE FROM THE CHAIRMAN



In overview, the Thai economy in the year 2017 grew higher than estimated. This is due to the economy of the G20 countries such as the United States of America, the European and Japan had been simultaneously recovered. Therefore, the growth of the export sector had been expanded and the tourism sector tended to increase. The purchasing power of Thai households still remain lower than the purchasing power from abroad. While the high- income person's spending had been shown at a good rate, the average-income and the low-income person's spending remained depressed which being in line with the decrease of the farmer income and a high existing debts. Moreover, the non- farm income continued unchanged.

In 2017, LH Financial Group Public Company Limited which as the company in the financial business group has entered the business partner with CTBC Bank, the largest privately owned banks in Taiwan. The bank has an asset value of TWD 3.5 trillion or Baht 4.0 trillion and it has a total more than 100 overseas outlets and representative offices in 14 countries which located in the US, Canada, Japan, India, Indonesia, the Philippines, Vietnam, Hong Kong, Singapore and China etc. However, becoming a partnership with CTBC Bank will help support the company's growth and business expansion, including improve its financial services with expertise in Wealth Management, Digital Banking and Trade Finance of CTBC Bank.

Land and Houses Bank Public Company Limited had the total assets of Baht 230,396 million or 9.9% growth compared to the previous year. The total amount of loans were Baht 173,239 million or 10.0% growth compared to the previous year. In addition, the bank's loan was considered good quality loans and non-performing loan (NPL) were 1.88% of loans to customers. The bank had developed and created new products and services to satisfy customers and make them feel more comfortable and faster. The bank's branches had been developed to provide the Professional Financial Advisors. The bank also enhanced its information technology system in Digital Banking to support its customers for managing the financial transactions quickly and conveniently in every day at anytime and anywhere. In the year 2018, the bank has a plan to enhance Trade Finance System to support its full loan products and services, including providing the Wealth Management efficiently. To remain a branch like the commercial banking system direction, the bank will maintain its branches at 133 branches as the year 2017, while developing technology to support digital era.

The company's Board of Directors always recognizes the significance of good corporate governance, business transparency, justification and accountability as well as sustaining the utmost benefits of all stakeholders and the whole society, in addition to managing the business faithfully and truthfully that help to improve capability and being a foundation for business growth. Including supported the bank to operate its business according to the Market Conduct as the guideline comply with the official agencies determined.

Finally, on behalf of the bank and the Board of Directors, I would like to extend my appreciation and thanks to shareholders, all group of customers, public and private financial institutions and government agencies for trust and for the continued support that you have placed in the bank. The bank will intend to develop the business opportunities and present the products and the financial services to response the customers needs as well as we are confident that the bank will grow with the quality.

(Mr. Rutt Phanijphand)  
Chairman

## COMPANY PROFILE

Land and Houses Bank Public Company Limited is a financial institution which positions itself as a new choice for consumers. It originated from the inspiration of a leading group of property developers-Land & Houses Public Company Limited and Quality Houses Public Company Limited. Listed on the Stock Exchange of Thailand, the two companies are engaged in the development and management of real estate projects and together command the largest market share. Apart from their strong financial positions, they both are committed to management with good corporate governance. In 2004, the government had announced a financial institutions development plan. Viewing this as an opportunity to diversify its business to be more comprehensive, the group by Land and Houses Credit Foncier Public Company Limited of which 43% of paid-up capital was held by Land & Houses Public Company Limited submitted a plan to the Ministry of Finance to set up a commercial retail bank on December 19, 2015.

On June 19, 2009, LH Financial Group Public Company Limited submitted an application to the Bank of Thailand to establish the financial group. Then on October 28, 2009, the Bank of Thailand allowed the company and Land and Houses Bank Public Company Limited to set up a financial business group, with the company acting as the holding company, the bank as the subsidiary under the solo consolidation group, and Land and Houses Fund Management Company Limited as a subsidiary outside the solo consolidation group.

In 2010, the bank took over the United Asset Management Company Limited which it later renamed Land and Houses Fund Management Company Limited the bank held 99.99% of paid-up capital in the company.

On December 16, 2011, the Ministry of Finance, by the recommendation of the Bank of Thailand, approved and upgraded of Land and Houses Retail Bank Public Company Limited the company's subsidiary, from a retail bank into a full commercial bank under the name of Land and House Bank Public Company Limited and has official opening on December 19, 2011. As a result of the change, the Bank could start operating a complete commercial banking business and offer a more diverse range of commercial banking services to its customers.

For restructuring the Land and Houses financial business group, on March 1, 2016 Land and Houses Bank Public Company Limited has sold ordinary shares of Land and Houses Fund Management Company Limited to LH Financial Group Public Company Limited at the total amount of 2,999,995 shares or 99.99% of the issued and paid - up capital.

## GENERAL INFORMATION

### 1. Type of Business, Number of Shares, Par Value and All Type of Shares and Issued Share Capital

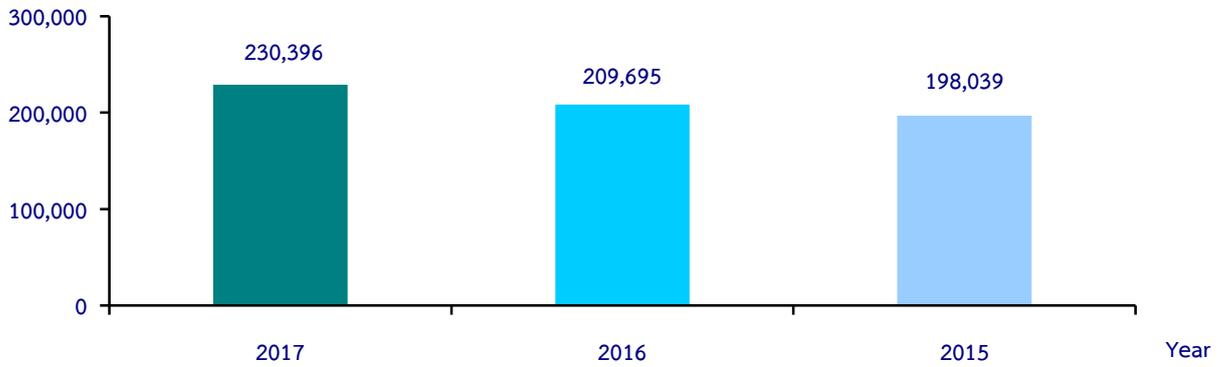
<b>The Company Name</b>	:	Land and Houses Bank Public Company Limited
<b>Symbol</b>	:	LH Bank
<b>Registration Number</b>	:	0107548000234
<b>Type of Business</b>	:	Commercial Bank
<b>Website</b>	:	www.lhbank.co.th
<b>Head Office</b>	:	1 Q.House Lumpini Building G, 1 <sup>st</sup> , 5 <sup>th</sup> , 6 <sup>th</sup> and 32 <sup>rd</sup> Floor, South Sathon Rd., Thungmahamek, Sathon, Bangkok 10120
<b>Registered Capital</b>	:	20,000,000,000 Baht
<b>Paid-up Capital</b>	:	20,000,000,000 Baht
<b>Par Value</b>	:	10 Baht
<b>All Type of Share and Issued Share Capital</b>	:	Consists of Ordinary Shares 2,000,000,000 Shares Preferred Shares -None-
<b>Accounting Period</b>	:	1 January – 31 December
<b>Contact</b>	:	<b>Head Office</b> Telephone 0 2359 0000 Fax 0 2677 7223 Email : presidentoffice@lhbank.co.th
<b>The Audit Committee</b>	:	Mr. Phairoj Hengsakul Chairman of the Audit Committee Telephone 08 1990 7448 Email : phairojh@lhbank.co.th
	:	Mr. Somsak Asavapokee Member of the Audit Committee Telephone 08 5485 4269 Email : somsaka@lhbank.co.th
	:	Asso.Prof.Dr.Supriya Kuandachakupt Member of the Audit Committee Telephone 08 5901 5888 E-mail : supriyak@lhbank.co.th
<b>Auditors</b>	:	Ms. Ratana Jala Certified Public Accountant (Thailand) No. 3734 and/or Ms. Somjai Khunapasut Certified Public Accountant (Thailand) No. 4499 and/or Miss Rachada Yongsawadvanich Certified Public Accountant (Thailand) No.4951
	:	<b>EY Office Limited</b> 193/136-137, 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, Rajadapisak Road, Klongtoey, Bangkok 10110 Telephone : 0 2664 0777 Fax : 0 2664 0789-90

## FINANCIAL HIGHLIGHTS

Items	Separate Financial Statement		
	2017	2016	2015
<b>Statements of financial position : Million Baht</b>			
Total assets	230,396	209,695	198,039
Investments	55,237	49,978	46,222
Loans to customers	154,020	141,145	132,727
Allowance for doubtful debts	3,403	3,094	2,564
Non-performing loans (Gross NPLs)	3,264	2,766	2,815
Debts issued and borrowings	32,979	20,465	21,814
Deposits	143,742	149,639	137,300
Total liabilities	195,274	192,197	182,026
Total owners' equity	35,122	17,498	16,013
Registered share capital	20,000	20,000	20,000
Paid-up share capital	20,000	14,000	14,000
<b>Statements of comprehensive income : Million Baht</b>			
Interest income	8,654	8,816	8,485
Interest expenses	(3,673)	(3,978)	(4,141)
Net interest income	4,981	4,838	4,344
Non-interest income	814	1,636	984
Total operating income	5,795	6,474	5,328
Non-interest expenses	(2,346)	(2,333)	(2,211)
Bad debts and doubtful accounts	(617)	(1,025)	(1,090)
Profits before income tax expenses	2,832	3,116	2,027
Net profits	2,312	2,502	1,631
<b>Comparing per share : Baht</b>			
Basic earnings per share	1.40	1.79	1.24
Dividend rate per share	0.857	0.666	0.769
Book value per share	17.561	12.499	11.438
<b>Financial ratio (%)</b>			
Return on average assets (ROA)	1.05	1.23	0.90
Return on average shareholders' equity (ROE)	8.79	14.93	10.74
Dividend payout ratio	64.87	37.26	61.33
Loans to deposit and borrowing	87.19	83.07	83.46
Non-interest income to total income	14.05	25.27	18.47
Non-interest expenses to total income	40.49	36.04	41.49
Total capital fund to risk assets ratio	21.857	13.706	14.01
Tier 1 capital fund to risk assets ratio	18.673	10.195	10.18
<b>Capital fund : Million Baht</b>			
Tier 1 capital fund	34,101.44	16,557.45	15,202.82
Total capital fund	39,915.64	22,259.27	20,936.11

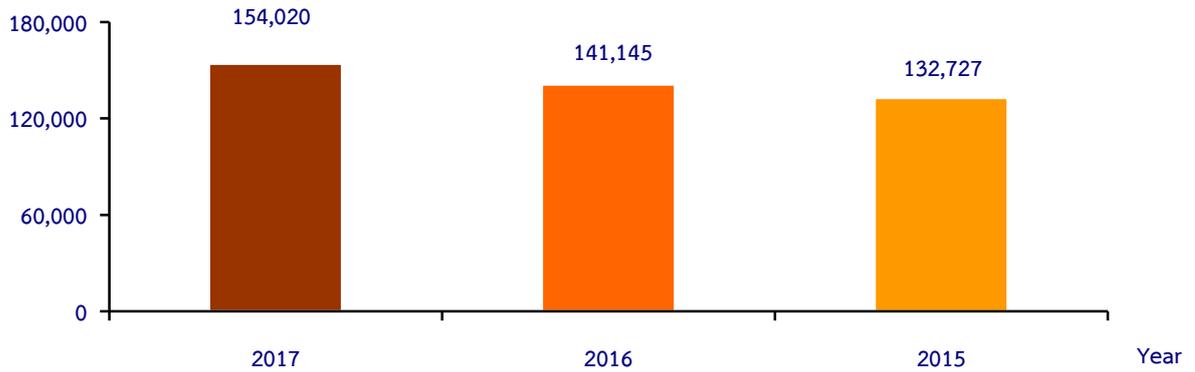
**Total Asset**

(Million Baht)



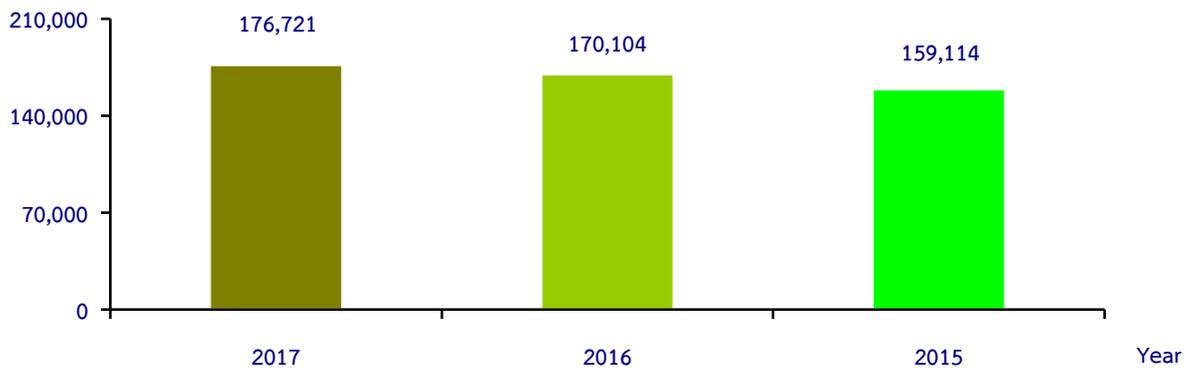
**Loans to Customers**

(Million Baht)

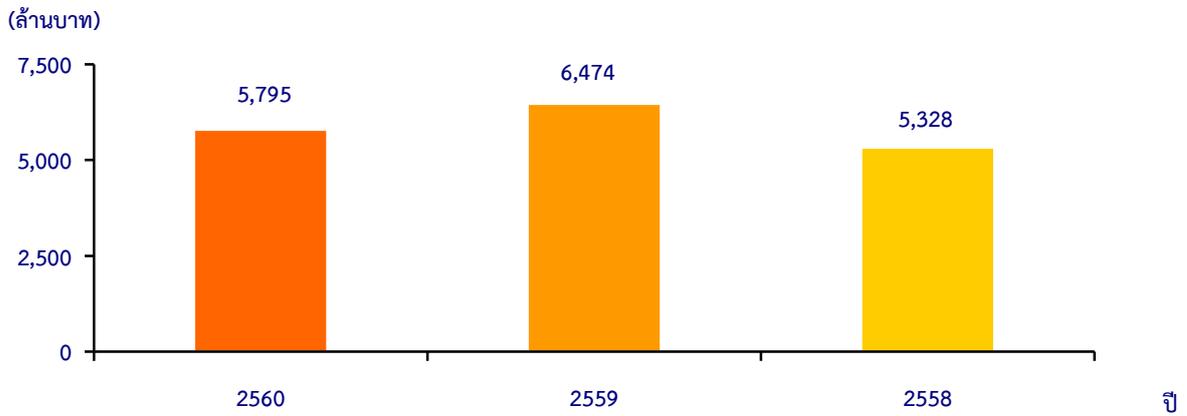


**Deposits & Debts Issued and Borrowings**

(Million Baht)



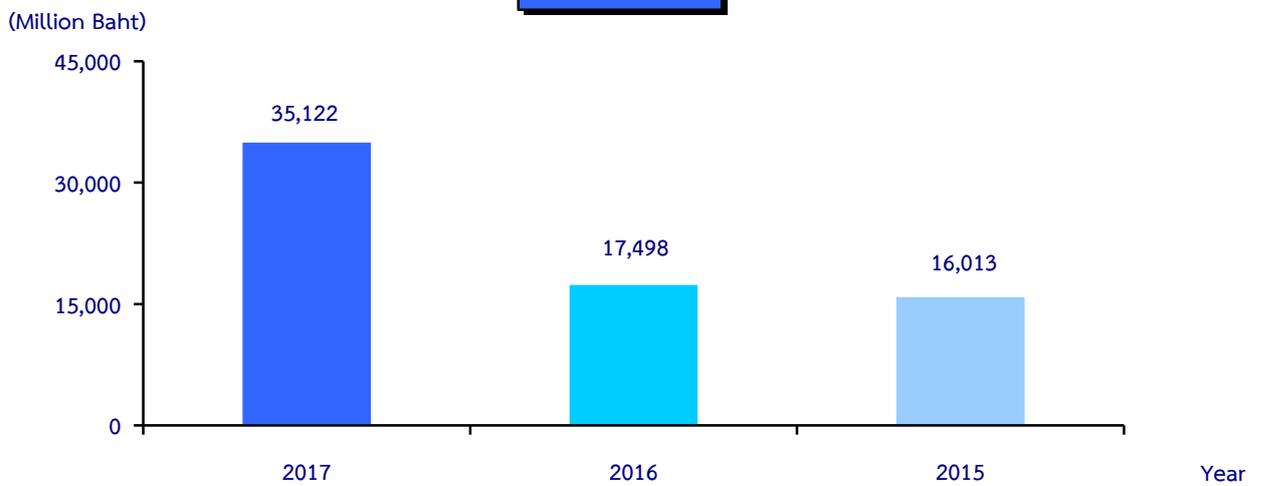
**Operating Income**



**Net Profits**



**Owners' Equity**



## BOARD OF DIRECTORS



**Name:** Mr. Rutt Phanijphand  
**Position:** Chairman  
**Age: (Years)** 70  
**Education:**

- Master of Science in Business Administration, Fort Hays Kansas State University, USA
- Bachelor of Science, Kasetsart University
- National Defense College Class 388
- Director Accreditation Program (DAP) 4/2003: IOD
- Director Certification Program (DCP) 61/2005: IOD
- Financial Institutions Governance Program (FGP) 1/2010: IOD
- Corporate Governance For Capital Market Intermediaries Program (CGI) 14/2016 : IOD

**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years**

### ❖ Current Position in 3 Listed Companies

Period	Position	Organization/Company
19 Jun. 2017 - Present	Chairman	LH Financial Group PLC
Apr. 2009 - Present	Director	
Apr. 2009 - 19 Jun. 2017	Chairman of the Executive Committee	
Apr. 2016 - Present	Vice Chairman	Banpu PLC
Apr. 2014 - Present	Member of the Audit Committee	
Apr. 2005 - Present	Independent Director	
May 2005 - Present	Chairman of the Compensation Committee	
Jun. 2007 - Present	Member of the Executive Committee	Home Product Center PLC
Mar. 2007 - Present	Chairman of the Nomination and Remuneration Committee	
Dec. 2001 - Present	Director	
Aug. 2001 - Dec. 2014	President and Chief Executive Officer	Quality Houses PLC
Oct. 2006 - Apr. 2009	Independent Director	IRPC PLC
	Member of the Audit Committee	
Feb. - Dec. 2005	Director	Dhipaya Insurance PLC
May 2004 - Dec. 2005	Executive Director	Krung Thai Bank PLC
Apr. 2003 - Apr. 2004	Member of the Audit Committee	

### ❖ Current Position in 3 Non-Listed Companies

Period	Position	Organization/Company
Dec. 2005 - Present	Director	Land and Houses Bank PLC
Dec. 2005 - 19 Jun. 2017	Chairman of the Executive Committee	
Dec. 2013 - Present	Chairman	Land and Houses Securities PLC
Oct. 2010 - Present	Chairman	Land and Houses Fund Management Co., Ltd.
Jan. 2003 - Dec. 2014	Director	QH Management Co., Ltd.
Aug. 2001 - Dec. 2014	Director	QH International Co., Ltd.
2006 - 2008	Director	Kasetsart University Council
2002 - 2008	Chairman	The Activities Promotion Committee, Kasetsart University
Aug. 2001 - Dec. 2009	Director	Centerpoint Management Co., Ltd.
2000 - 2005	Chairman	United Advisory service Co., Ltd.



**Name:** Mr. Phairoj Hengsakul  
**Position:** Independent Director  
 Chairman of the Audit committee  
 Chairman of the Corporate Governance Committee

**Age: (years)** 70

**Education:**

- Executive MBA, Thammasat University
- Barrister at Law
- Bachelor of Laws, Thammasat University
- Bachelor of Accounting, Thammasat University
- Bank Examiner Course, Federal Deposit Insurance Corporation, Washington DC., USA
- Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Executive Program for Central Banker, Harvard University, BOT - Chiangmai
- Media and Public Relation Course, Ogilvy (Thailand)
- Director Certification Program (DCP) 121/2009 : IOD
- Financial Institutions Governance Program (FGP) 1/2010 : IOD

**Number of direct holding of shares:** - None

**Number of indirect holding of shares:** - None

**Relationship with executives:** - None

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
Feb. 2013 - Aug. 2017	Member of the Corporate Governance Committee	LH Financial Group PLC
Apr. 2009 - Aug. 2017	Independent Director and Chairman of the Audit Committee	
Apr. 2009 - Apr. 2011	Member of the Nomination and Remuneration Committee	

❖ **Current Position in 2 Non-Listed Companies**

Period	Position	Organization/Company
Feb. 2013 - Present	Chairman of the Corporate Governance Committee	Land and Houses Bank PLC
Feb. 2009 - Present	Independent Director and Chairman of the Audit Committee	
2007 - Present	Member of the Audit Committee	Prince of Songkla University
Sep. - Dec. 2009	Director	Siam City Securities Co., Ltd.
2006 - May. 2009	Director	Bangkok Commercial Asset Management Co., Ltd.
2006 - 2007	Assistant Governor, FIDF Management	Bank of Thailand
2000 - 2006	Senior Director	
	- Southern Region Office	
	- Project and Asset Management Department	



**Name:** Mr. Adul Vinaiphat  
**Position:** Independent Director  
 Member of the Audit Committee  
 Member of the Corporate Governance Committee  
 Chairman of the Nomination and Remuneration Committee

**Age: (Years)** 71  
**Education:**

- Master of Arts (Economics), University of Texas at Austin, USA
- Bachelor of Economics, Thammasat University
- Senior Administrator Course, Office of the Civil Service Commission
- National Defense College Class 388
- Capital Market Academy Leadership Program, CMA 14
- Director Certification Program (DCP) 25/2002 : IOD
- Audit Committee Program (ACP) 7/2005 : IOD
- Role of the Compensation Committee (RCC) 2/2007 : IOD
- Financial Institutions Governance Program (FGP) 1/2010 : IOD

**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years**

❖ **Current Position in 2 Listed Companies**

Period	Position	Organization/Company
1 Aug. 2017 - Present	Chairman of the Audit Committee	LH Financial Group PLC
Apr. 2009 - Present	Independent Director Chairman of the Nomination and Remuneration Committee	
Feb. 2013 - Present	Chairman of the Corporate Governance Committee	
Apr. 2009 - Aug. 2017	Member of the Audit Committee	
May 2010 - Present	Director	The Thai Packaging and Printing PLC
Jan. 2012 - Apr. 2016	Chairman of the Executive Committee	
May 2015 - Apr. 2017	Consultant	Quality Houses PLC
Dec. 2010 - Apr. 2015	Member of the Nomination and Remuneration Committee	
Jul. 2008 - Apr. 2015	Chairman of the Audit Committee	
Aug. 2001 - Apr. 2015	Independent director	
Jul. 2008 - Dec. 2010	Chairman of the Nominating and Remuneration Committee	
Aug. - Dec. 2005	Member of the Audit Committee	Book Club Finance PLC

❖ **Current Position in 5 Non-Listed Companies**

Period	Position	Organization/Company
Dec. 2017 - Present	Independent Director, Member of the Audit Committee, Chairman of the Nomination and Remuneration Committee	Land and Houses Bank PLC
Feb. 2013 - Present	Member of the Corporate Governance Committee	
Jul. 2016 - Present	Independent Director Member of the Audit Committee	Land and Houses Fund Management Co., Ltd.
Apr. 2009 - Present	Director Chairman of the Executive Committee	Evergreen Plus Co., Ltd.
2007 - Present	Director	I.G.S. PLC
2002 - Present	Director	The Thai Tapioca Development Institute Foundation (TTDI)
2002 - 2014	Vice President	
Oct. 2014 - Jun. 2016	Independent Director Chairman of the Audit Committee	Land and Houses Securities PLC
2008 - Oct.2013	Director	The Tapioca Development Institute (Huay Bong)
Mar. - Jul. 2010	Director	Thai Airline Holding Co., Ltd.
2005 - Dec. 2009	Director	Smart Collector Co., Ltd.
Jun. 2004 - Dec. 2005	Independent Director Member of the Audit Committee	Land and Houses Credit Foncier PLC
2003 - 2008	Director	The Activities Promotion Committee, Kasetsart University
2002 - 2007	President and Chief Executive Officer	Panjapol Paper Industry Co., Ltd.
2002 - 2007	President and Chief Executive Officer	Panjapol Pulp Industry PLC



**Name:** Mr. Somsak Assavapokee  
**Position:** Independent Director  
 Member of the Audit Committee  
 Member of the Corporate Governance Committee  
**Age: (Years)** 65  
**Education:** - MBA, New York University, USA  
 - Bachelor of Commerce (Commerce and Accountancy),  
 Thammasat University  
 - Director Certification Program (DCP) 157/2012: IOD

Number of direct holding of shares: - None  
 Number of indirect holding of shares: - None  
 Relationship with executives: - None

Work experiences in the past 5 years

❖ None Current Position in Listed Company

Period	Position	Organization/Company
Oct. 2014 – Aug. 2017	Independent Director, Member of the Audit Committee, Member of the Corporate Governance Committee and Member of the Nomination and Remuneration Committee	LH Financial Group PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Oct. 2012 – Present	Independent Director, Member of the Audit Committee and Member of the Corporate Governance Committee	Land and Houses Bank PLC
Oct. 2012 – Aug. 2017	Member of the Nomination and Remuneration Committee	
2003 - Sep. 2012	Director and Executive Director	Secondary Mortgage Corporation
Oct. 2005 - Sep. 2012	First Senior Executive Vice President	Government Housing Bank
Nov. 2000 - Oct. 2005	Senior Executive Vice President	
Apr. 2000 - Oct. 2000	Senior Executive Vice President	
Oct. 1998 - Apr. 2000	President and Acting President	
Nov. 1994 - Oct. 1998	Senior Executive Vice President	
	Executive Vice President	



**Name:** Asso.Prof.Dr.Supriya Kuandachakupt  
**Position:** Independent Director  
 Member of the Audit Committee  
 Member of the Corporate Governance Committee  
 Member of the Nomination and Remuneration Committee  
**Age: (Years)** 64  
**Education:**

- Doctor of Philosophy in Economics, University of Hawaii, USA
- Master of Arts (Economics) (English Program), Thammasat University
- Bachelor of Economics, University of Tasmania, Australia
- Corporate Governance Program for Directors and Senior Executives of State Enterprises and Public Organizations (Class 7) : Public Director institute, King Prajadhipok's Institute
- Director Accreditation Program (DAP) 56/2006 : IOD
- Director Certification Program (DCP) 97/2007 : IOD
- Financial Statements for Directors (FSD) 10/2010 : IOD
- Audit Committee Effectiveness Program (ACE) 2555 : IOD
- How to Develop a Risk Management Plan (HRP) 4/2013 : IOD
- Chartered Director Class 9/2015 : IOD
- Corporate Governance for Capital Market Intermediaries(CGI) 7/2015: IOD

**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years:**

❖ **Current Position in 2 Listed Companies**

Period	Position	Organization/Company
Aug. 2017 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee	LH Financial Group PLC
2006 - Present	Independent Director Member of the Audit Committee	Asia Sermkij Leasing PLC

❖ **Current Position in 4 Non-Listed Companies**

Period	Position	Organization/Company
Aug. 2017 - Present	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee	Land and Houses Bank PLC
2013 - Present	Special Senior Fellows, Faculty of Economics	Kasetsart University
1986 - Present	Associate Professor, Economics Department, Faculty of Economics	
2012 - 2013	Chairman of Board of Operation Director, Entrepreneurial Economics Bachelor of Administration (EEBA) International Program, Kasetsart University	
2007 - 2013	Chairman of the Business Economics, Faculty of Economics	
2000 - 2004	Dean, Faculty of Economics	
2001 - 2003	Director, Kasetsart University Council	
2012 - Present	Advisor	Destination Resorts Company Limited
2002 - Present	Director	P.A.K. Supply Co., Ltd.
2010 - 2012	Director	The Government Lottery Office
2004 - 2006	Advisor's Director of the Fiscal Policy Office	Fiscal Policy Office



**Name:** Mr. Shih Jiing-Fuh  
**Position:** Director  
**Age: (Years)** 53  
**Education:** - MBA, University of Texas at Austin  
 - Bachelor of Economic, National Taiwan University

**Number of direct holding of shares:** - None

**Number of indirect holding of shares:** - None

**Relationship with executives:** - None

**Work experiences in the past 5 years:**

❖ **Current Position in 1 Listed Company**

Period	Position	Organization/Company
2017 - Present	Director	LH Financial Group PLC

❖ **Current Position in 2 Non-Listed Companies**

Period	Position	Organization/Company
Aug. 2017 - Present	Director	Land and Houses Bank PLC
2017 - Present	Head of Global Operations Group	CTBC Bank Co., Ltd.
2013 - 2017	Head of South East Asia	
2013 - 2017	Chief Strategy Officer	
2007 - 2014	Head of Global Commercial Product Group	
2006 - 2012	Symphony Project Leader	
2010 - 2011	Head of North America Division	
2007 - 2007	Head of Corporate Banking Division	
2005 - 2006	Regional Manager, Taipei Region Center II, Institute Banking	
2003 - 2005	Regional Manager, Hong Kong Branch	
2001 - 2003	Vice President - Team Leader, CTBC Corporate Banking Regional Center	
2017 - Present	Commissioner	PT Bank CTBC Indonesia
2013 - 2017	Director	CTBC Bank (Philippines) Corp.
2010 - 2011	Director	CTBC Capital Corp.
1992 - 2001	Vice President of Marketing Department	ABN AMRO Bank, Taipei Branch



**Name:** Mr. Naporn Sunthornchitcharoen  
**Position:** Member of the Executive Committee  
 Member of the Nomination and Remuneration Committee  
**Age: (Years)** 59  
**Education:**  
 - MBA, Thammasat University  
 - Bachelor of Engineering (Civil Engineering), Chiangmai University  
 - National Defense College Class of 2006  
 - Director Accreditation Program (DAP) 25/2004: IOD  
 - Director Certification Program (DCP) 53/2005: IOD  
 - Financial Institutions Governance Program (FGP) 2/2011: IOD  
**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None  
**Work experiences in the past 5 years**

❖ Current Position in 5 Listed Companies

Period	Position	Organization/Company
11 Aug. 2017 - Present	Chairman	Land and Houses PLC
	Chairman of the Executive Committee	
1992 - Present	Director	
May 2013 - Aug. 2017	Executive Director and Managing Director (Operations)	
2002 - Apr. 2013	Executive Director and Senior Executive Vice President (Operations)	
1991 - May 2001	Executive Vice President	
27 Jun. 2017 - Present	Director	Quality Houses PLC
Apr. 2011 - present	Director	LH Financial Group PLC
	Member of the Nomination and Remuneration Committee	
1995 - present	Director	Home Product Center PLC
1994 - present	Director	Quality Construction Products PLC
1994 - Mar. 2011	Director	Bangkok Chain Hospital PLC
Aug. - Dec. 2005	Director	Book Club Finance PLC

❖ Current Position in 15 Non-Listed Companies

Period	Position	Organization/Company
Dec. 2013 - Present	Director	Land and Houses Securities PLC
2012 - Present	Director	Land and Houses USA, INC
2005 - Present	Director	Phuket Future Plan Co., Ltd.
2005 - Present	Director	Double Three Co., Ltd.
2005 - Present	Director, Executive Director and Member of the Nomination and Remuneration Committee	Land and Houses Bank PLC
2004 - Present	Director	LH Real Estate Co., Ltd.
2004 - Present	Director	LH Asset Co., Ltd.
2002 - Present	Director	Land & Houses Property Fund 2
2001 - Present	Director	Muang Mai Guthrie PLC
2000 - Present	Director	Land & Houses Property Fund 1
1995 - Present	Director	Land & Houses Northeast Co., Ltd.
1995 - Present	Director	Land & Houses North Co., Ltd.
1995 - Present	Director	LH Muang Mai Co., Ltd.
1993 - Present	Director	Siam Tanee Real Estate Co., Ltd.
1991 - Present	Director	Siam Tanee Property Co., Ltd.
1988 - Present	Director	Atlantic Real Estate Co., Ltd.
1986 - Present	Director	LH Mall & Hotel Co., Ltd.
Jun. - Dec. 2005	Director	Land and Houses Credit Foncier PLC
1995 - 2004	Director	Asset Plus Fund Management Co., Ltd.
2001 - Feb. 2010	Director	Q-CON Eastern Co., Ltd.
1994 - Dec. 2009	Director	Saraburi Vechakij Co., Ltd.
1994 - Dec. 2009	Director	Siburin Medical Co., Ltd.



**Name:** Mr. Sirichai Sombutsiri  
**Position:** Chairman of the Executive Committee  
**Age: (Years)** 64  
**Education:**

- Advanced Management Program, Harvard Business School
- MBA (Finance), University of Southern California
- Bachelor of Accountancy (Honour), Thammasat University
- Capital Market Academy Leadership Program
- 2007 : Capital Market Academy
- Director Accreditation Program (DAP) 25/2004 : IOD
- National Defense College Class of 4515

**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years**

❖ **Current Position in 3 Listed Companies**

Period	Position	Organization/Company
Sep. 2016 - Present	Independent Director	Pre-Built PLC
Jan. 2013 - Present	Independent Director Member of the Audit Committee	Burirum Sugar PLC
Apr. 2010 - Present	Independent Director	OHTL PLC
Apr. 2000 - Sep. 2013	Chief Officer	Siam Commercial Bank PLC
2000 - 2004	Director	Thai Oil PLC

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
16 Jun. 2017 - Present	Chairman of the Executive Committee	Land and Houses Bank PLC
Jan. 2014 - Present	Director	
Jan. 2014 - 16 Jun. 2017	Member of the Executive Committee	
May 2009 - Sep. 2013	Director	Asean Finance Corporation Limited
Jun. 2005 - Aug. 2013	President	Phoenix Land Development Co., Ltd
Jun. 2005 - Aug. 2013	President	Phoenix Golf and Country Club Pattaya Co., Ltd
1998 - 1999	President	Radanasin Bank PLC
1998 - 1998	President	Radanasin Bank (1998) PLC
1994 - 1998	President	Thai Summit Finance and Securities Co., Ltd



**Name:** Mr. Wu Kuo-Chin  
**Position:** Director and Member of the Executive Committee  
**Age: (Years)** 63  
**Education:** - MBA, University of San Francisco  
 - Bachelor of Arts in Business Administration, National Taiwan University

**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years:**

❖ **Current Position in 1 Listed Company**

Period	Position	Organization/Company
2017 - Present	Directors	LH Financial Group PLC

❖ **Current Position in 2 Non-Listed Companies**

Period	Position	Organization/Company
2017 - Present	Director and Member of the Executive Committee	Land and Houses Bank PLC
2017 - Present	Senior Vice President of South East Asia Division	CTBC Bank Company Limited
2016 - 2017	Expatriate Staff, Chairman's Office	
2015 - 2016	Executive Officer, Chairman's Office	
2013 - 2015	Expatriate Staff, Chairman's Office	
2010 - 2013	Senior Vice President of Global General Administration Group	
2001 - 2010	Vice President of Corporate Banking Division	
1994 - 2001	Vice President of International Banking Group	
1993 - 1993	Assistant Vice President of International Commercial Bank Department	



**Name:** Mrs. Sasitorn Phongsathorn  
**Position:** President  
 Member of the Executive Committee  
 Chairman of the Risk Management Committee  
**Age: (Years)** 60  
**Education:** - MBA, Nortre Dame de Namur University, USA  
 - Bachelor of Science, Chulalongkorn University  
 - Capital Market Academy Leadership Program, CMA 12  
 - Director Accreditation Program (DAP) 28/2004 : IOD  
 - Director Certification Program (DCP) 58/2005 : IOD  
 - Financial Institutions Governance Program (FGP) 3/2011: IOD  
 - Corporate Governance For Capital Market Intermediaries Program (CGI) 17/2016 (English Program) : IOD  
**Number of direct holding of shares:** - None  
**Number of indirect holding of shares:** - None  
**Relationship with executives:** - None

**Work experiences in the past 5 years**

❖ **Current Position in 2 Listed Companies**

Period	Position	Organization/Company
Apr. 2009 - Present	President Chairman of the Risk management Committee	LH Financial Group PLC
Apr. 2009 - 19 Jun. 2017	Member of the Executive Committee	
Nov. 2005 – Sep. 2017	Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee	Pico (Thailand) PLC
Jul. - Dec. 2005	Vice President	Book Club Finance PLC
Jan. 2004 - May 2005	President	United Securities PLC
Nov. 1998 - Jul. 1999	Chief Financial Officer	The Cogeneration PLC
Sep. 1983 - Jul. 1998	Senior Vice President	Dhana Siam Finance and Securities PLC

❖ **Current Position in 4 Non-Listed Companies**

Period	Position	Organization/Company
Jan. 2014 - Present	Director	Land and Houses Securities PLC
Dec. 2016 - Apr. 2017	Chairman of the Executive Committee	
Feb. 2014 - Present	Director	Land and Houses Fund Management Co., Ltd
Jan. 2014 - Present	Director	Land and Houses Advisory Co., Ltd
Dec. 2005 - Present	President, Member of the Executive Committee and Chairman of the Risk Management Committee	Land and Houses Bank PLC
Aug. 2012 - Aug. 2014	Director, Sub-Committee of the Building Construction, Sub-Committee of the Nomination and Corporate Governance Committee and Sub-Committee of the Remuneration	The Stock Exchange of Thailand
Apr. 2000 - Dec. 2003	Senior Director	United Advisory Service Co., Ltd.

## MANAGEMENT TEAM

Name	Mrs. Sasitorn Phongsathorn
Position	President
Age (Years)	60
Education	<ul style="list-style-type: none"> <li>• MBA, Nortre Dame de Namur University California, USA</li> <li>• Bachelor of Science, Chulalongkorn University</li> <li>• Capital Market Academy Leader Program, CMA 12</li> <li>• Director Accreditation Program (DAP) 28/2004 : IOD</li> <li>• Director Certification Program (DCP) 58/2005 : IOD</li> <li>• Financial Institutions Governance Program (FGP) 3/2011 : IOD</li> <li>• Corporate Governance For Capital Market Intermediaries (CGI) 17/2016 (English Program) : IOD</li> </ul>

### Work experiences in the past 5 years

#### ❖ Current Position in 2 Listed Companies

Period	Position	Organization/Company
Apr. 2009 - Present	President , and Chairman of the Risk Management Committee	LH Financial Group PLC
Apr. 2009 - 19 Jun 2017	Member of the Executive Committee	
Nov. 2005 - Sep. 2017	Independent Director, Member of the Audit Committee and Member of the Nomination and Remuneration Committee	Pico (Thailand) PLC
Jul. - Dec. 2005	Vice President	Book Club Finance PLC
Jan. 2004 - May 2005	President	United Securities PLC
Nov. 1998 - Jul. 1999	Chief Financial Officer	The Cogeneration PLC
Sep. 1983 - Jul. 1998	Senior Vice President	Dhana Siam Finance and Securities PLC

#### ❖ Current Position in 4 Non-Listed Companies

Period	Position	Organization/Company
Jan. 2014 - Present	Director	Land and Houses Securities PLC
Dec. 2016 - Apr. 2017	Chairman of the Executive Committee	
Feb. 2015 - Present	Director	Land and Houses Fund Management Co., Ltd
Jan. 2014 - Present	Director	Land and Houses Advisory Co., Ltd
Dec. 2005 - Present	President Member of the Executive Committee Chairman of the Risk Management Committee	Land and Houses Bank PLC
Aug. 2012 - Aug. 2014	Director, Sub-Committee of Building Construction Committee and Member of the Nomination and Corporate Governance Committee	The Stock Exchange of Thailand
Apr. 2000 - Dec. 2003	Senior Vice President	United Advisory Service Co., Ltd.

**Name** Mrs. Sutharntip Phisitbuntoon  
**Position** Senior Executive Vice President, Credit Development and Risk Management Sector  
**Age (Years)** 63  
**Education**

- Master of Economics Thammasat University
- Bachelor of Economics , Chulalongkorn University

**Work experiences in the past 5 years**

❖ **Current Position in 1 Listed Company**

Period	Position	Organization/Company
Jul. 2015 - Present	Member of the Risk Management Committee	LH Financial Group PLC
2010 - Feb. 2014	First Executive Vice President, Deputy Manager Corporate Banking Group	Siam Commercial Bank PLC
2008 - 2010	Executive Vice President, Credit Risk Management Group	
2004 - 2010	Assistant Manager of Credit Risk Management Department	
2001 - 2004	Manager of Credit Risk Management Department	

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Mar. 2017 - Present	Senior Executive Vice President, Credit Development and Risk Management Sector	Land and Houses Bank PLC
Apr. 2014 - Feb. 2017	Senior Executive Vice President, Credit Sector	

**Name** Mr. Chen, Ching-Ming  
**Position** Senior Executive Vice President, Strategic Business Development Sector  
**Age (Years)** 49  
**Education**

- M.A. Finance, University of Iowa, USA
- B.A. Public Finance, National Chengchi University, Taiwan
- Pacific Rim Bankers Program (2011): University of Washington
- Wharton Executive (2012-2017): Wharton University of Pennsylvania

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
Jun. 2008 – Feb. 2015	President and Chief Executive Officer Board Director	CTBC Bank (Philippines) Corp. (ex Chinatrust), Delisted in 2012
Jun. 2006 – Dec. 2017	Executive Vice President	CTBC Bank (Taiwan) Corp.

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Dec. 2017 – Present	Senior Executive Vice President, Strategic Business Development Sector	Land and Houses Bank PLC
Feb. 2015 – Dec. 2017	President and Chief Executive Officer Board Director	CTBC Bank (Philippines) Corp. (ex Chinatrust)
Jun. 2006 – Jun. 2008	Chief Country Officer of Vietnam and General Manager of Ho Chih Minh City Branch	Chinatrust Commercial Bank Vietnam
Jun. 2004 – Jun. 2006	Senior Vice President and Director	ABN AMRO Bank Shanghai Branch
Jun. 2000 – Jun. 2004	Senior Vice President	Bank of Asia (a subsidiary of ABN AMRO. Thailand)
Jun. 1998 – Jun. 2000	Vice President	ABN AMRO Asia Pacific Regional Center
Jan. 1992 – Apr. 1998	Assistant Vice President	ABN AMRO Bank Taipei Branch

**Name** Ms. Chutamas Sombunyaviroj  
**Position** First Executive Vice President, Commercial Banking Marketing Group  
**Age (Years)** 59  
**Education** • Master of Commerce, Thammasat University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
Jul. 2005 - Dec. 2005	Executive Vice President, Funding Department 2	Book Club Finance PLC
Jun. 1999 - Jun. 2005	First Vice President, Private Banking/Funding Department	Bank Thai PLC

❖ Current Position in 2 Non-Listed Companies

Period	Position	Organization/Company
Jan. 2013 - Present	First Executive Vice President, Commercial Banking Marketing Group	Land and Houses Bank PLC
April 2006 - Jan. 2013	First Executive Vice President, Commercial Banking Group	
Oct. 2010 - Present	Directors	Land and Houses Fund Management Co., Ltd.

**Name** Mr. Thanee Phalawong  
**Position** Executive Vice President, Information and Technology Group  
**Age (Years)** 54  
**Education** • Master of Public and Private Management  
National Institute of Development Administration (NIDA)  
• Bachelor of Science, Chiangmai University

**Work experiences in the past 5 years**

❖ Current Position in 1 Listed Company

Period	Position	Organization/Company
Jul. 2015 - Present	Member of the Risk Management Committee	LH Financial Group PLC
Oct. 2011 - Dec. 2011	Vice President	Thanachart Bank PLC
2002 - 2011	Vice President	Siam City Bank PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Jan. 2012 - Present	Executive Vice President, Information and Technology Group	Land and Houses Bank PLC

**Name** Ms. Chutima Boonmee  
**Position** Executive Vice President, Control Group  
**Age (Years)** 65  
**Education**

- Master of Public Administration, National Institute of Development Administration (NIDA)
- Master Degree, Srinakharinwirot University
- Success Factors and Guidelines in Elevation for Anti-Corruption in ASEAN Community Standard : National Institute of Development Administration
- Thailand's 5th National Conference on Collective Action Against Corruption "Tackling Corruption through Public - Private Collaboration": IOD
- Anti - Corruption for Executive Program 4/2012 : IOD
- Regulatory Compliance for the Highest Responsibility in Compliance Department Comply with the Regulations of the Securities and Exchange Commission Program, Class 1/2013 and Year 2015: Thai Bankers' Association
- Leadership Program for Managers : CC Knowledge Base Co., Ltd.
- Compliance Officer : Faculty of Law, Chulalongkorn University
- Certificate to Pacific Rim International Conference The Anti - Money Laundering Office On Money Laundering and Financial Crime : Anti-Money Laundering Office
- Risk Management for Financial Institutions, Kenan Institute Asia
- Best Practices in Credit Risk Management & Operational Risk Management : Price Waterhouse Coopers (PwC)

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
Apr. 2002 - Oct. 2010	Senior Vice President Compliance Office	Siam City Bank PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Aug. 2013 – Present	Executive Vice President, Control Group	Land and Houses Bank PLC
Mar. 2012 - Aug. 2013	First Senior Vice President, Control Group	
Nov. 2010 - Feb. 2012	Senior Vice President, Compliance Office	

**Name** Mr. Pairath Trangarnrueng  
**Position** Executive Vice President, Branch Network Administration Group  
**Age (Years)** 56  
**Education**

- Public Administration (Master of Public and Private Management), National Institute of Development Administration (NIDA)
- Bachelor of Business Administration (General Management), Ramkhamhaeng University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
2010 - Dec. 2011	Senior Vice President (Suan Mali Office Branch)	Siam City Bank PLC
2008 - 2010	Senior Vice President, Branch Network Administration Group 3, and Acting Manager Business Center (Surasak Rd. Branch)	

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Apr. 2016 - Present	Executive Vice President, Branch Network Administration Group	Land and Houses Bank PLC
Feb. 2013 - Apr. 2016	First Senior Vice President , Branch Network Administration Group	
Jan. 2012 - Feb. 2013	First Senior Vice President , Commercial Banking Group	
Jan. 2014 - Aug. 2014	Director	Land and Houses Securities PLC

**Name** Mr. Kosol Kavayavong  
**Position** Executive Vice President, Assets and Operation Group  
**Age (Years)** 52  
**Education** • Bachelor of Economics (Finance and Banking), Ramkhamhaeng University

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
Jun. 2013 - Oct. 2013	First Vice President	Thanachart Bank PLC
Jun. 2011 - May. 2013	Vice President	
Mar. 2007 - May. 2011	Vice President	Siam City Bank PLC
Dec. 2001 - Feb. 2007	Division Manager	

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Aug. 2016 – Present	Executive Vice President, Assets and Operation Group	Land and Houses Bank PLC
Sep. 2016 – Present	Acting Vice President, Credit Management Office	
Mar. 2016 - Aug. 2016	First Senior Vice President, Assets and Operation Group	
Oct. 2013 - Mar. 2016	First Executive Vice President, Management and Credit Operation Group	

**Name** Mrs. Ravewan Wattananukij  
**Position** Executive Vice President, Finance Group  
**Age (Years)** 63  
**Education** • Master of Business Administration (Accounting),  
University of the Thai Chamber of Commerce  
 • Director Certification Program (DCP), Class of 204/2015 : IOD  
 • Corporate Governance For Capital Market Intermediaries (CGI) 14/2016 : IOD

**Work experiences in the past 5 years**

❖ **Current Position in 1 Listed Company**

Period	Position	Organization/Company
Oct. 2016 - Present	Member of the Risk Management Committee	LH Financial Group PLC
2004 - 2005	First Vice President, Bank Operation Group	Book Club Finance PLC

❖ **Current Position in 4 Non-Listed Companies**

Period	Position	Organization/Company
Dec. 2016 - Present	Executive Vice President, Finance Group	Land and Houses Bank PLC
Jan. 2012 - Nov. 2016	First Senior Vice President, Finance Group	
Dec. 2005 - Dec. 2011	Senior Vice President, Accounting Department	
Nov. 2016 - Present	Chairman of the Risk Management Committee	Land and Houses Fund Management Co., Ltd.
Nov. 2016 - Present	Independent Director and Member of the Audit Committee	
Apr. 2016 - Nov. 2016	Director	
Nov. 2016 - Present	Independent Director and Member of the Risk management Committee	Land and Houses Securities PLC
Sep. 2014 - Nov. 2016	Director	
Jan. 2014 - Present	Director	Land and Houses Advisory Co., Ltd.

**Name** Ms. Chintana Klaisuwan  
**Position** Executive Vice President 1, Credit Sector  
**Age (Years)** 55  
**Education**

- Master of Business Administration, Thammasat University
- Bachelor of Economics, Thammasat University
- Director Certification Program (DCP) 130/2010 : IOD

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
- None -	- None -	- None -

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Mar. 2017 - Present	Executive Vice President 1 Credit Sector	Land and Houses Bank PLC
Mar. 2016 - Feb. 2017	First Senior Vice President, Credit Group 4	
Dec. 2011 - Mar. 2016	First Senior Vice President, Credit Group 4	
Jul. 2010 - Dec. 2011	First Senior Vice President, Consumer Loan Group	
Dec. 2009 - Jun. 2010	Senior Vice President, Consumer Loan Department	
2005 - Dec. 2009	Vice President, Consumer Loan Department	

**Name** Mr. Anucha Bupphaves  
**Position** Executive Vice President 2, Credit Sector  
**Age (Years)** 51  
**Education**

- Master of Public Administration (Project Management), National Institute of Development Administration (NIDA)
- Bachelor of Economics, Ramkhamhaeng University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
1995 - 2001	Business Office Manager	United Overseas Bank (Thai) PLC
1989 - 1995	Executive Assistant, Loan Officer	Siam Commercial Bank PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Mar. 2017 - Present	Executive Vice President 2 Credit Sector	Land and Houses Bank PLC
Mar. 2016 - Feb. 2017	First Senior Vice President, Credit Group 5	
Jan. 2014 - Mar. 2016	First Senior Vice President, Credit Group 5	
2009 - 2013	Senior Vice President	Islamic Bank of Thailand
2008 - 2009	Vice President	ACL Bank PLC
2001 - 2008	Assistant Vice President	Small and Medium Enterprise Development Bank of Thailand

**Name** Mr. Somsak Deemongkolsuk  
**Position** Executive Vice President 3, Credit Sector  
**Age (Years)** 58  
**Education**

- Master of Business Administration (Finance), Chulalongkorn University
- Bachelor Degree in Marketing, Chulalongkorn University

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
2007 - 2010	Senior Vice President, Head of Investment Banking Department	Bank of Ayudhya PLC
2001 - 2007	Vice President, Financial Product and Capital Market Department	
1993 - 2001	Deputy Manager, Capital Market Department	
1988 - 1993	Assistant Head of Section, Credit Department (Head Office)	

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Mar. 2017 - Present	Executive Vice President 3 Credit Sector	Land and Houses Bank PLC
Mar. 2016 - Feb. 2017	First Senior Vice President, Corporate Loan Group 3	
Jul. 2011 - Mar. 2016	First Senior Vice President, Corporate Loan Group 3	

**Name** Mr. Paradorn Preyaprawat  
**Position** Executive Vice President, Bank Operation Group  
**Age (Years)** 52  
**Education**

- Master of Business Administration, Ramkhamhaeng University
- Bachelor of Business Administration (Finance and Banking),  
Ramkhamhaeng University

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
- None -	- None -	- None -

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
July 2017 - Present	Executive Vice President, Bank Operation Group	Land and Houses Bank PLC
Mar. 2016 - July 2017	First Senior Vice President, Bank Operation Group	
Jul. 2012 - Mar. 2016	First Senior Vice President, Bank Operation Group	
Oct. 2005 - Jul. 2012	Vice President, Bank Operation Department	

**Name** Mr. Vichian Amornpoonchai  
**Position** Executive Vice President, Corporate Affairs and Legal Group  
**Age (Years)** 56  
**Education**

- Master of Business Administration, Mahanakorn University of Technology
- Bachelor of Accounting, Dhurakijpundit University
- Certified Professional Internal Auditor (CPIA) : Thailand Affiliate of IIA
- Modern Managers Program, Chulalongkorn University
- Company Secretary Program 32/2009 : IOD
- Effective Minute Taking 17/2010 : IOD
- Corporate Secretary Development Program, Thai Listed Companies Association

**Work experiences in the past 5 years**

❖ **Current Position in 1 Listed Company**

Period	Position	Organization/Company
May 2009 - Present	Company Secretary	LH Financial Group PLC
Dec. 1998 - Dec. 2005	Vice President, Internal Audit Department	Book Club Finance PLC

❖ **Current Position in 3 Non-Listed Companies**

Period	Position	Organization/Company
July 2017 - Present	Executive Vice President, Corporate Affairs and Legal Group	Land and Houses Bank PLC
Apr. 2016 – July 2017	First Senior Vice President, Office of President	
Mar. 2014 - Present	Company Secretary	
Nov. 2010 - Mar. 2016	Vice President, Office of the President	
Mar. 2015 – Present	Company Secretary	Land and Houses Securities PLC
Jan. 2015 – Present	Director and Company Secretary	Land and Houses Advisory Co., Ltd

**Name** Ms. Chou, Mei-Yin  
**Position** Executive Vice President, New Product Development Group  
**Age (Years)** 58  
**Education**

- Bachelor Degree (International Trade), Tamkang University
- Master Card (2001-2011): Master Card
- Visa Credit Card (2001-2011): Visa
- SME Relative Training (2001-2011): Taishin Bank
- Treasury Product Training (1990-1998): HSBC
- Executive Training (1990-1998): HSBC

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
-	-	-

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Nov. 2017 - Present	Executive Vice President, New Product Development Group	Land and Houses Bank PLC
May 2017 – Nov. 2017	Senior Vice President	CTBC Bank (Taiwan)
2012 – 2017	General Manager	GMF Group (Taiwan)
2011 – 2012	General Manager (SME Division Head)	Standard Chartered Bank (Taiwan)
2001 – 2011	Senior Vice President (Division Head)	Taishin International Bank (Taiwan)
1998 - 2001	Vice President	CTBC Bank (Taiwan)
1990 – 1998	Senior Vice President	HSBC (Taiwan)
1987 - 2010	Assistant Vice President	ABN - AMRO (Taiwan)

**Name** Mr. Ruangsak Vitavaskarnvej  
**Position** First Senior Vice President, Human Resources Group  
**Age (Years)** 49  
**Education**

- Master of Science (Industrial Psychology), Kasetsart University
- Bachelor of Arts (Public Administration), Ramkhamhaeng University

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
- None -	- None -	- None -

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Mar. 2016 - Present	First Senior Vice President, Human Resources	Land and Houses Bank PLC
Aug. 2013 - Mar. 2016	First Senior Vice President, Human Resources	
Aug. 2010 - Nov. 2013	First Vice President, Human Resources	
Aug. 2009 - Jul. 2010	Manager, Human Resources Department	Banpu Power Co., Ltd.: Power-Plant Project, Tambon Hong Sa, Chai Buri District, Laos
Mar. 2009 - Jul. 2009	Independent Consultant	-
Mar. 2006 - Mar. 2009	Director, Organizational Cultural Development Group	DT Group of Companies
Mar. 2003 - Feb. 2006	Senior Vice President, Human Resources and Administration Department	United Securities PLC
Mar. 2002 - Feb. 2003	Manager, Human Resources Development	Bangchak Green Net Co., Ltd.

**Name** Mrs. Pattaraporn Yeamsawat  
**Position** First Senior Vice President, Commercial Banking Marketing Group  
**Age (Years)** 54  
**Education**

- Master of Business Administration (Marketing), Srinakharinwirot University (Prasarnmit Campus)
- Bachelor of Business Administration (Finance), Dhurakijpundit University

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
Nov. 2004 - Jul. 2005	Assistant Vice President, Deposit Marketing Department	Thanachart Bank PLC
Feb. 2003 - Oct. 2004	Assistant Vice President, Marketing and Deposit Business Group	Thanachart Capital PLC
May 1999 - Jan. 2003	Head of Deposit Operation Section	Book Club Finance PLC
Jul. 1985 - May 1999	Assistant Manager, Private Banking Sector	Dhana Siam Finance PLC

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Mar. 2017 - Present	First Senior Vice President, Commercial Banking Marketing Group	Land and Houses Bank PLC
Mar. 2015 - Mar. 2016	Senior Vice President, Commercial Banking Office	
Feb. 2012 - Feb. 2015	Vice President, Commercial Banking Office	
Jul. 2010 - Jan. 2012	Vice President, Branch Network Administration Department	
Jul. 2005 - Jul. 2010	Vice President, Commercial Banking Office	

**Name** Mr. Seesopon Tatiyaworanun  
**Position** First Senior Vice President, Credit Group 1  
**Age (Years)** 40  
**Education**

- Master’s Degree of Business Administration (Financial and Banking), Ramkhamhaeng University
- Bachelor Degree of Business Administration (Finance), University of the Thai Chamber of Commerce

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
2005 – 2006	Marketing Officer, Credit Department	TISCO Bank PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Mar. 2017 – Present	First Senior Vice President, Credit Group 1 Vice	Land and Houses Bank PLC
May 2016 – Feb. 2017	Vice President, Credit Department	
2011 – 2015	Assistant Vice President, Credit Department	
2007 – 2010	Assistant Manager, Credit Department	
2000 – 2004	Credit Collection Officer, Debt Collection Dep.	TISCO Finance Co., Ltd

**Name** Mr. Nopakun Todsnit  
**Position** First Senior Vice President, Branch Network Administration Group  
**Age (Years)** 49  
**Education**

- MBA (Management), Kasetsart University
- Master of Public Administration (Fiscal Administration), National Institute of Development Administration (NIDA)
- Bachelor of Accountancy (Political Science 2<sup>nd</sup> Class Honor), Kasetsart University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
1990-2011	Regional Manager, Metropolitan Branch Business Group	Bank of Ayudhya PLC
2011-2015	Senior Vice President, Sale & Distribution Group	Kiatnakin Bank PLC
2015-2017	Deputy Head of Sale & Distribution Group	

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Apr. 2017 – Present	First Senior Vice President, Branch Network Administration Group	Land and Houses Bank PLC

**Name** Mrs. Poranee Phairintr  
**Position** First Senior Vice President, Bank Operation Group  
**Age (Years)** 59  
**Education** • Bachelor Degree, Management Administration (Finance), Kasetsart University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
1991 - 2016	Vice President	Citibank N.A.

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Nov. 2017 - Present	First Senior Vice President, Bank Operation Group	Land and Houses Bank PLC
Jul. 2017 - 1 Nov. 2017	Acting First Senior Vice President, Bank Operation Group	
Apr. 2016 - Feb. 2017	Vice President, Business Call Center Office	

**Name** Mr. Charoen Trakarnratti  
**Position** First Senior Vice President, Finance Group  
**Age (Years)** 47  
**Education** • Bachelor of Economics, Dhurakijpundit University

**Work experiences in the past 5 years**

❖ None Current Position in Listed Company

Period	Position	Organization/Company
-	-	-

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
1 Nov. 2017 - Present	First Senior Vice President, Finance Group	Land and Houses Bank PLC
Mar. 2017 - Oct. 2017	Acting First Senior Vice President, Finance Group	
Aug. 2013 - Mar. 2017	Vice President, Treasury Department	

**Name** Mr. Lai, Guang-Hua  
**Position** First Senior Vice President, Wealth Management Business Planning Office  
**Age (Years)** 47  
**Education**

- MBA, University of Wisconsin - Madison, USA
- BBA, National Chengchi University, Taiwan

**Work experiences in the past 5 years**

❖ **None Current Position in Listed Company**

Period	Position	Organization/Company
-	-	-

❖ **Current Position in 1 Non-Listed Company**

Period	Position	Organization/Company
Oct. 2017 - Present	First Senior Vice President, Wealth Management Business Planning Office	Land and Houses Bank PLC
Jun. - Oct. 2017	Senior Vice President	CTBC Bank
2016 - 2017	Head of Credit Card Cash and Personal Loan	ANZ Bank
2015 - 2016	Head of Transaction Banking and Home Loan	ANZ Bank
2011 - 2014	Business Management Department Head of Wealth Management	ANZ Bank
2004 - 2011	Marketing Team Head of Wealth Management	ABN AMRO Bank

## NATURE OF BUSINESS OPERATION

Land and Houses Bank Public Company Limited is a subsidiary of LH Financial Group Public Company Limited and a core subsidiary company. The bank has established strategic and business plan for the next 3 years in accordance with the laid-down vision and mission, by considering business environments including economic condition, domestic and foreign politics. The Bank also considers other internal factors such as strengths, weaknesses, opportunities, risks, key success factors, and other significant issues that must be treated. The management team shall consider all factors to determine annual guidelines of the organization. Operational plan has constantly been reviewed to be updated with the changing situation and environment.

### Credit Rating

Land and Houses Bank Public Company Limited is ranked at a level of “A-” (Single A Minus) and affirms the rating of LH BANK’s hybrid Tier 2 capital securities at “BBB” by Tris Rating. Moreover, Tris Rating also placed the company rating of the bank on Credit Alert with a “positive”. The company rating reflects bank’s continual improvements in its business and financial profiles including good quality assets and the strengthening of capital base.

### Vision, Mission and Corporate Value

The vision encompasses the ultimate goal of the company whereas mission determines duties and practices that the company holds to operate its business. Corporate value encompasses principles utilized by the executives and the employees to operate business to achieve target.

The board of directors of Land and Houses Bank Public Company Limited has determined the vision, the mission and the corporate value as the guidelines to determine the strategic plan for operating of the bank and the Land and Houses financial business group to achieve the target and the board of directors has determined to review the vision and the missions every year.

In the year 2017, the board of directors of Land and Houses Bank Public Company Limited has reviewed the vision and the missions as follows;



## Core Values

Not only the development of knowledge is important but also behavior of working and coexistence are important for developing organization. Therefore, the bank created the corporate value in order to appoint the same core value for employees to have the same understanding through communication, learning and working according to the PRO-Active so that employees can work and grow together with the bank sustainably.

PRO-Active is the core value of the bank in order to be the operation guideline which was shown through the working behavior, coexistence and treating the customers and stakeholders.

### PROfessional



#### PRO – Professional: “Potential development, proactive creativity ready for change”

The bank supports employees to have the ability of professionalism by knowing about the description of their jobs and the working system, continuous self-improvement, strictly following rule and regulations, being creative and flexible in order to change the working style to meet the needs of customers.

### ACcountability



#### Ac – Accountability: “Responsible for all aspects, adherence to truth and pursuit of success”

The bank supports the employees to have a soul of corporate ownership and take responsibility to their work such as to finish on time, to be honest and keep on the commitments and heading to the achievement by following the bank’s vision and mission.

### Teamwork



#### T – Teamwork: “Open up to each other, team work and working towards a common goal”

The bank supports the employees to propose their benefit opinions, hearing, accept their opinions and coordinate opinions for the team and the bank’s success.

### Integrity



#### I – Integrity: “Integrity, ethical and transparency”

The bank has promoted working with loyalty to the bank, their occupation and stakeholders. The employees can maintain as a role model at work in all process and working with transparency, accountability and justice.

Visioning



**V – Visioning: “Thinking outside the box, visionary and adherence to the goal”**

The bank encouraged to work methodically, determine a clear working goal both in short term and long term to be able to monitor and evaluate for development and the defect management. The bank adheres to the creativity principle and considers regard to its benefits and responsibility to stakeholders in the long term.

Excellence Service



**E – Excellence Service: “Service mind, honor and volunteering spirit”**

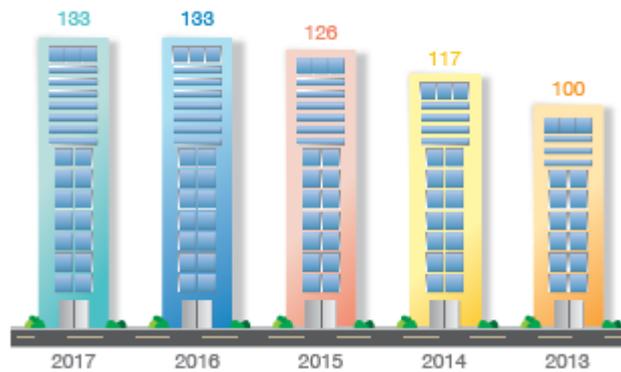
The bank encourages all employees to have the values of excellence service by devoting their mind for making an impression services to both internal and external customers. All employees must have the spirit of volunteering for helping colleagues, department and the bank. In addition, the bank supports to the employees to be able to give a useful suggestions for the customers and focus on the product and service development by respecting to the important of customers.

**Branches of the Bank**

Land and Houses Bank Public Company Limited has created its branch networks to thoroughly provide services to the clients. Most of the branches opened in HomePro. The bank allies with Home Product Center Public Company Limited to expand branches in all provinces where HomePro is located. This is the bank’s strategy for branch expansion to have service points covered in all areas nationwide and for client base expansion. Presently, the bank has 133 branches, as follows:

- Bangkok and Boundary 64 branches
- Central 10 branches
- North 7 branches
- North East 19 branches
- East 11 branches
- West 7 branches
- South 15 branches

Number of branches expanded in each year



### Products and Services of the Bank

Land and Houses Bank Public Company Limited has continuously developed products and services meet a variety of customer needs and wants. The bank's products and services can be divided into 4 main categories as follows;

#### 1. Deposit Service

The bank provides a deposit service for individuals, juristic persons, non-profit juristic persons, government agencies/state enterprise, funds, cooperative, and domestic financial institutions. There are various types of deposits, as follows:

- **Saving Deposit**

- Saving account with its high interest rate and anytime unlimited deposits and withdrawals filled with convenience without compromise on interest income that is calculated every day for you.

- Biz Saving Account for juristic persons with its high monthly Interest rate and Bonus + 0.10% when the outstanding balance per month is more than Baht 1,000,000 this saving account is filled with commercial convenience by using together with current account.

- Saving Super Shield for individual customers aged 15 years to 70 years. The bank offered the maximum benefit up to 25 times of current deposit saving account balances by covered in case a customer's death from accident in 24 hours. Customers can deposit a minimum initial deposit is Baht 1,000, and the more customers deposit, the more customers gain the benefit and coverage without health check and without insurance premium payment.

- **Non-Fixed Deposit** is one type of saving deposit with high interest rate. Minimum deposit of 5,000 Baht must be maintained in this account at all times. This account is allowed for deposit and withdrawal anytime, providing more liquidity and convenience.

- **Current Deposit** is designed to certainly boost business liquidity, daily interest earnings and easy to make a deposit and withdrawal via ATM and cheques.

- **Fixed Deposit and Fixed Deposit Receipt (FDR)** are a fixed deposit to assure customer's future financial stability through our offer of multiple tenors together with attractive interest rates. The deposit shall be repaid upon maturity.

- **Tax Free Deposit** needs to be deposited in equal amount every month. According determined period of the bank such as 24 months or 36 months and total deposit amount is not more than Baht 600,000.

## Competitive Strategy of Deposit Service

The bank has continued to develop and design new financial products, which are suitable for occupations and financial positions of various customer groups, to provide saving alternatives and meet different customers' demand thoroughly, with attractive returns and deposit periods that are consistent with customers' demand. This will boost competitive advantage of the bank's deposit products. In addition, the bank holds various recreational activities to reward customers for maintenance of deposit customers, which have well been accepted by customers.

The bank's branches are main channels for expanding deposit customer bases, providing services for customers to engage in various transactions, and giving advices to customers for their convenience and satisfaction. The bank has launched a series form of deposit product include a benefit project, new promotion and customer relationship project (Loyalty Program) that emphasize to respond to customer demand for attract and increase customer to use our bank branches. It's an opportunity for present the product and service (Cross-selling) for to expand fee income.

The bank determines interest rates by considering internal and external factors that may have an impact, including the bank's costs, interest rate trend, economic direction, and competitive condition of deposit mobilization. The bank does not focus on competitive interest rate, rather on satisfactory provision of products and services in order to satisfy all groups of customer.

## 2. Loan Service

The bank categorizes its loan services into 3 business sectors, i.e., loan service for Big corporate and Corporate, loan service for SMEs & SSME, retail loan, with details are as follows;

### 1. Loan Service for Big Corporate & Corporate

Big Corporate & Corporate loan is targeted to serving business purposes of Big Corporate and Corporate, covering working capital as well as production capacity expansion through capital expenditure for buildings, plants, machines, and equipment. There are short-term and long-term loans available that are suitable for the customer's business nature.

### 2. Loan service for SMEs & SSME

SMEs & SSME lending is targeted to serving business purposes of SMEs & SSME, covering working capital as well as production capacity expansion through capital expenditure for buildings, plants, machines, and equipment. There are short-term and long-term loans available that are suitable for the customer's business nature.

By classifying loans under purpose of the lending are as follows:

#### - Short-Term Loan

is a lending service to raise liquidity and manage cash flows. It can be withdrawn and repaid within the required limit throughout the lending term not more than 1 year, such as overdraft (O/D) or promissory note (P/N) etc.

#### - Long-Term Loan

is a lending service to develop medium to long term business with clear purposes for the use of loans and clear repayment period, in line with project progress or cash flows, to support business owners for their investment in various projects such as business expansion, factory/office construction, purchase of fixed asset including machinery and vehicles, and real estate investment including land purchasing for factory construction and residence purchasing.

#### - Factoring Loan

is a financial services, one of the transaction is similar to a short-term loan for increase in liquidity and working capital management for entrepreneur. By the assignment of the receivable to the bank that agrees to purchase invoices from a business, customer must to send commercial documents to the bank such as a commercial invoice, purchase order, bill, payment receipt. The bank would be paid according to the agreed ratio such as the bank can provide 70-80% of the invoice value, purchase order, bill, payment receipt etc., without having to provide real estate or similar assets as security. Upon receipt of payment from your customers you receive the remaining balance back.

#### - Commercial Hire Purchase Loan

is a loan for purchasing vehicles for commercial in logistic business, car-rent business, etc.

#### - Issuance of Bank Guarantee, Aval, and Acceptance

is a service for the issuance of bank guarantee, aval, and acceptance for customers requiring bank guarantee document to be placed with principal agencies or for bidding purpose, as follows;

1. Bid Bond / Tender Guarantee
2. Performance Bond
3. Advance Payment Guarantee / Security and Retention Guarantee

#### ● Consulting Service and Other Loans Services

Full provides consulting service and loan services in other areas such as financial structure consulting service, syndicated loan, facility agent, and security agent.

### 3. Retail Loan

is a retail loan service for individuals to mainly serve consumption purpose, which can be divided by lending purposes, as follows;

- **Housing Loans**

- **Saen-Sabai Housing Loan** enables customers to get their new house through buying in all housing projects.
- **Housing Loan Refinance** is a loan for borrowers to refinance the loan from another bank (refinance), with the offer of additional loan for renovation, decoration, and furniture purchase with special offers.
- **Multi-Purpose Loan** is indeed applicable for many things from house repair and maintenance, house expansion, business matters, to several other purposes as you wish. The loan’s collateral can be a wide range of freehold assets including detached houses, townhouses, twin houses, etc. Freedom belongs to the borrowers to choose which type of loan they want.

**Competitive Strategy of Loans Service**

The bank categorizes customers into different groups to continuously develop good relationship with all customer groups and to propose complete financial products and services to meet demand of each customer group. The bank shall consider loan type, interest rate, credit type, repayment period suitable for each customer, with fast process of loan approval.

To increase SMEs customers, the bank focuses on strategy of extending loans to existing customers with good payment history to increase business opportunity and maintain existing customers to be with the bank over long term. For new customers, the bank targets to extend loans to customer group with good financial status. The banks are used strategy by all bank’s branches might introduce bank’s SME loans and giving the existing customers of banks offering loans to friends or business partner.

Strategy of housing loan extension is to get access to target groups by pays attention the good and fast service quality, good relationship with business owners and salesperson of housing projects, and arrangement of promotional programs on special occasions.

**3. Electronic Services**

The bank focuses on electronic services. At present, Thailand and Thai society is entering the digital age. Therefore, the transactions or services from now on will focus on primarily digital and continuously expand electronic services to support the financial transactions in the digital age such as;

- Automatic Teller Machine (ATM) is a withdrawal services, fund transfer within the bank, fund transfer to the account of other bank, and payment for commodities and services. The bank's ATM can accept ATM card and ATM Debit card of all banks including Japan Credit Bureau (JCB) and UnionPay International (UPI) chip card to provide service for business people and traveler in Thai Baht cash



withdrawal.

As of 31 December 2017, there are 204 Automatic Teller Machines consists of ATM 199 machines and R-ATM 5 machines.

- LH Bank Debit Chip Card is a financial transaction card via all ATM of all bank with securities by Chip Card information recording, the customer don't worry about the information copy from the card and the customers can use to inquire the balance account and withdrawal at the UnionPay International ATM and also stuffs and services purchasing at the stores or online shopping conveniently including special promotion offering from the stores participated with UnionPay International.

- LH Bank Premium is a personal accident protection card highest Baht 300,000 which guaranteed by CHUBB, the customers just inform his/her health profile in the application form, this service will be effective immediately by covered medical expenses from the accident. The customers must to show the LH Bank Premium card together with the infirmity following the contract.

- Internet Banking (LH Bank Speedy) is a service available for customers to provide convenience for conducting financial transactions every day, everywhere, at any time. LH Bank Speedy has double security system to assure security with easy-to-use menu and to make



sure for financial transactions. It provides services of fund transfer within the bank, fund transfer to the account of other bank, and payment for commodities and services, loan payment, checking the cheque status, stop cheque, checking funds purchase through the bank, account status checking and searching the bank branches. The bank will send message to confirm results of all transactions with customers for increasing security.

- Funds Transfer Service is a domestic funds transfer service, allowing customers to transfer funds over the counter between one's own accounts, to other accounts of the bank, to the accounts of other banks and automatic transfer system (ATS). It also provides a third-party funds transfer service via BAHTNET.

- Online Retail Funds Transfer Service (Counter-ORFT) is a service that customers can conduct transactions through the bank's counters. The service provides convenience and fast transactions for customers to conduct a transfer to the transferee's account at other banks.



- LH Bank CDM service is a service that customers can make a deposit without ATM card and passbook everywhere and at any time including making fund transfers from their account within the bank and other banks.

- Cash Management Service is a financial service that is convenient and fast, reduces document work, reduce management costs and increase efficiency in business management, such as;



1. Salary payroll, to transfer large amounts items with single command.

2. Bulk payment, to transfer large amounts items with single command.

3. Bill payment

4. Direct debit / direct credit and automatic transfer system (ATS)

- Internet Banking on Mobile (LH Bank M Choice) is a service to convenience for conducting financial transactions every day, everywhere, at any time, via mobile phone, without network limitation. No need to change SIM card.



- SMS Alert is a service that will keep up with your account balance via mobile phone due to any changes in account balance. This is to inform account status and raise confidence in conducting financial transactions. Customers can set the amount of 500 Baht or more to trigger the alert. Just apply for the service of LH Bank SMS Alert at the bank's branches or call center 0 2359 0000 or at the bank's ATM or internet banking service.



- Revenue Tax Payment Service is a service to provide convenience and offer available various channels to customers and the general public in tax payment via any channels such as the network branches of the bank, the bank's ATM and internet banking service (LH Bank Speedy).

- LH Bank PromptPay is a new money transfer service which requires transferees to link their national ID or mobile phone number or e-Wallet number to their accounts. By doing so, transferors do not need the transferees' bank account details to transfer money.



- LH Bank Business PromptPay is a new choice for the companies or the corporates in fund transfer which requires transferees to link their account and business registration number.

## Benefits from PromptPay Service

### Convenience and Fast

- The service provides convenient fund transfer to payee within the bank or other banks in domestic by using a mobile phone number, national ID, taxpayer identification number or e-Wallet number of the payee.
- The service provides direct receiving from the government agencies with national ID.
- The service provides as the channel in tax returns from the Revenue Department

### Security

- The service provides the risk decreasing from hold cash, cash delivering and auditing transaction items.

### Saving

- Low service fee

The service also provides value increasing and any benefits when customers sign up for PromptPay by linking the bank current and savings account, the customers will receive more benefits as follows;

1. **Saving** without fee for using the bank's ATM card in domestic via the bank's ATM and unlimited time and other bank's ATM in 6 items a month.
2. **Convenience** using service in every day, everywhere and any time with internet banking (LH Bank Speedy) and application on mobile phone (LH Bank M Choice)
3. **Value** high interest and make transaction at any time
4. **Protection** free accident insurance in case customer death, without premium insurance Payment and without health checking with high benefit up to 25 times of current deposit saving account balances

## 4. Other Services

- Insurances Service is a service to provide various insurance products based on the needs of customers life insurance and insurance against loss, which the customer can choose the insurance companies as follows:
  - Insurance Brokerage Services for:
    - Muang Thai Life Assurance Co., Ltd.
    - Ocean Life Insurance Co., Ltd.
    - AIA Co., Ltd.
  - Insurance Against Loss Brokerage Services for:
    - Chubb Samaggi Insurance PLC
    - Charan Insurance PLC
    - Syn Mun Kong Insurance PLC
    - Krungthai Panich Insurance
    - Dhipaya Insurance PLC
    - Viriyah Insurance PLC

- Mutual Fund Selling Agent Service The bank is a selling agent of the unit trusts for many asset management companies, which offer mutual funds of various types, from debt instruments, equity instruments, equity to retirement mutual funds (RMFs) and long-term equity funds (LTFs).The Bank is a selling agent for asset management companies, as follows:
  - Land and Houses Fund Management Co., Ltd. (LH FUND)
  - Asset Plus Fund Management Co., Ltd. (ASP)
  - CIMB-Principal Asset Management Co., Ltd. (CPAM)
  - MFC Asset Management PLC (MFC)
  - SCB Asset Management Co., Ltd. (SCBAM)
  - One Asset Management Co., Ltd. (ONEAM)
  - Krungthai Asset Management PLC (KTAM)
  - TMB Asset Management Co., Ltd. (TMBAM)
  - Solaris Asset Management Co., Ltd. (S-FUND)
  - Krungsri Asset Management Co., Ltd. (KSAM)
  - Phatra Asset Management Co., Ltd. (PHATRA)
  - UOB Asset Management (Thailand) Co., Ltd. (UOBAM)
  - Tisco Asset Management Co., Ltd. (TISCO)
  - Kasikorn Asset Management Co., Ltd. (KASSET)

● LH Bank Privilege Banking is a new and privileged financial service for our premium customers. This service provides private and professional secretary for consulting and effective management portfolio to achieve high returns. This service also provides the emergency roadside and home assistance service.



● Cash Deposit-Withdrawal without Slip is a service to provide more convenience for customers. They just have to tell staff if they want to deposit or withdraw cash. The staff will then do transaction and prepare slip for customers to sign.

● Credit Bureau Inspection Service via the Bank's Counters is a service to provide more convenience for customers and general public, who would like to check their owe credit information at all branches of the bank nationwide.

● Financial Service on Mobile Van is mobile branch of the bank to increase service channels in various areas. Financial services on mobile van include saving account opening, deposit, withdrawal, funds transfer, product and service payment.



● Financial Products Services such as cashier's cheque and gift cheque.

- Goods and Services Payment Service such as, utility bills, credit card payments, life insurance premiums, other expenses and automatic transfer system. The bank is also being an agent of Counter Service and True Money, accepting payments for more than 500 items of goods and services.
- Customers Suggestion Service for Land and Houses Securities Public Company Limited.
- Agent Service for Private Funds for Land and Houses Fund Management Company Limited.
- Other services such as safe deposit box service.

### Factors Influencing Opportunities or Constraints to Business Operations

Customers base of Land and Houses Public Company Limited and Quality Houses Public Company Limited, being real estate development leader in Thailand, are beneficial for loan extension of the bank, especially housing loan. This provides an opportunity to present other financial products and services to such customers. Moreover, the bank has an opportunity to extend SME loans to business partners of Land and Houses Public Company Limited, Quality Houses Public Company Limited, and Home Products Center Public Company Limited.

### Operational Targets

The banks has expanded a loan service to new customer groups, expansion of deposit client base, increase of service channels for customer base expansion, creation of fee revenue, personnel development to have knowledge and expertise in the bank's financial products, and development of new products and services, development of an Information technology system for rapid operation and advance towards Digital Banking. The bank has provided the internet banking service and has continued developing and application for mobile banking service and launched marketing campaign via social media, such as Lines, Facebook and Youtube to multiply up communication channels for better approach the bank's target group.

In addition to its target of business expansion, the bank emphasizes on operating business in accordance with good corporate governance, prevention of payment for corruption, strengthening of risk management coverage, and social responsibility.



## Structure of Income

Structure of income of Land and Houses Bank Public Company Limited for the year 2017, 2016 and 2015 had the details as follows;

(Unit: Million Baht)

Structure of Income	Separate Financial Statements					
	2017		2016		2015	
	Amount (Million Baht)	(%)	Amount (Million Baht)	(%)	Amount (Million Baht)	(%)
<b>Interest income</b>						
Loans to customers	6,395.74	110.38	6,459.89	99.78	6,259.57	117.48
Investments in debt securities	1,626.91	28.08	1,664.67	25.71	1,470.79	27.60
Interbank and money market items	583.59	10.07	607.36	9.38	633.24	11.89
Hire Purchase	47.45	0.82	84.41	1.30	121.58	2.28
<b>Total interest income</b>	<b>8,653.69</b>	<b>149.35</b>	<b>8,816.33</b>	<b>136.17</b>	<b>8,485.18</b>	<b>159.25</b>
<b>Interest expenses</b>						
Deposits	(2,154.87)	(37.19)	(2,465.42)	(38.08)	(2,780.09)	(52.18)
Interbank and money market items	(98.22)	(1.70)	(206.89)	(3.19)	(280.31)	(5.26)
Contributions to the Deposit Protection Agency and Bank of Thailand	(807.51)	(13.94)	(761.97)	(11.76)	(691.93)	(12.99)
Debts issued	(247.89)	(4.28)	(234.19)	(3.62)	(126.69)	(2.38)
Borrowings	(364.98)	(6.30)	(309.82)	(4.79)	(262.10)	(4.92)
<b>Total interest expenses</b>	<b>(3,673.47)</b>	<b>(63.40)</b>	<b>(3,978.29)</b>	<b>(61.44)</b>	<b>(4,141.12)</b>	<b>(77.72)</b>
<b>Net interest income</b>	<b>4,980.22</b>	<b>85.95</b>	<b>4,838.04</b>	<b>74.73</b>	<b>4,344.06</b>	<b>81.53</b>
<b>Fees and service income</b>						
Acceptances, avals and guarantees	41.11	0.71	46.05	0.71	43.50	0.82
Commission income	245.44	4.24	206.25	3.19	181.18	3.40
Others	114.03	1.97	84.60	1.30	70.28	1.32
<b>Total fees and service income</b>	<b>400.58</b>	<b>6.91</b>	<b>336.90</b>	<b>5.20</b>	<b>294.96</b>	<b>5.54</b>
<b>Fees and service expenses</b>						
Fees and charges	(58.85)	(1.02)	(56.68)	(0.88)	(50.67)	(0.95)
Others	(16.01)	(0.28)	(19.07)	(0.29)	(16.01)	(0.30)
<b>Total fees and service expenses</b>	<b>(74.86)</b>	<b>(1.29)</b>	<b>(75.75)</b>	<b>(1.17)</b>	<b>(66.68)</b>	<b>(1.25)</b>
<b>Net fees and service income</b>	<b>325.72</b>	<b>5.62</b>	<b>261.15</b>	<b>4.03</b>	<b>228.28</b>	<b>4.28</b>
<b>Other income</b>						
Gains on investments	65.77	1.14	1,135.62	17.54	659.74	12.38
Dividend income	392.83	6.78	210.63	3.25	78.08	1.47
Other operating income	29.65	0.51	28.85	0.45	17.93	0.34
<b>Total other income</b>	<b>488.25</b>	<b>8.43</b>	<b>1,375.10</b>	<b>21.24</b>	<b>755.75</b>	<b>14.19</b>
<b>Total operating income</b>	<b>5,794.19</b>	<b>100.00</b>	<b>6,474.29</b>	<b>100.00</b>	<b>5,328.09</b>	<b>100.00</b>

## Structure of income can be categorized into 3 types as follows;

### 1. Net Interest Income

Interest income consists of loans to customer income, investments in debt securities income, interbank and money market items income and hire purchase income. For the year ended 31 December 2017, the bank had interest income amounted of Baht 8,653.69 million, decreased by Baht 162.64 million or down to 1.84% from year 2016 as a resulted from an decrease of interest income on loans and interest income on investments in debt securities.

Interest expenses consists of interest expenses from deposits, interbank and money market items, contributions to the Deposit Protection Agency and the Bank of Thailand, debts issued and borrowings. In 2017, the bank had interest expenses amounted of Baht 3,673.47 million, decreased by Baht 304.82 million or down to 7.66% from year 2016 which reflects good efficiency of cost management.

For the year ended 31 December 2017, the bank had net interest income amounted of Baht 4,980.22 million or 85.95% of total operating income. Net interest income increased from year 2016 and 2015 were Baht 142.18 million and Baht 636.16 million, respectively.

### 2. Net Fees and Service Income

Fees and service income are mainly from fees on loan extension, consisting of acceptances, avals and guarantees income, commission income and others fees and service income (consists of ATM fee, fund management fee, penalty fee, cheque fee, etc.). For the year ended 31 December 2017, the bank had fees and service income amounted of Baht 400.58 million, increased by Baht 63.68 million or up to 18.90% from year 2016.

For the year ended 31 December 2017, the bank had fees and service expenses amounted of Baht 74.86 million, decreased by Baht 0.89 million or down to 1.17% from year 2016.

For the year ended 31 December 2017, the bank had net fees and service income amounted of Baht 325.72 million or 5.62% of total operating income, which increased by Baht 64.57 million from year 2016.

### 3. Other Income

Other income consists of gains on investments, dividend income and other operating income. For the year ended 31 December 2017, the bank had other incomes amounted of Baht 488.25 million, decreased by Baht 886.85 million or down to 64.49% from year 2016 as a resulted from a decrease of gains on investments by Baht 1,069.85 million.

## SECURITIES AND SHAREHOLDERS INFORMATION

### 1. Securities Information

#### 1.1 Ordinary shares

As of December 31, 2017 the bank has total registered capital Baht 20,000,000,000 divided into 2,000,000,000 ordinary shares with the par value of Baht 10. It consisted of paid-up capital Baht 20,000,000,000 divided into 2,000,000,000 ordinary shares with per value of Baht 10.

#### 1.2 Preferred shares

-None-

#### 1.3 Warrants

-None-

### 2. The Shareholders

#### 2.1 The shareholding structure

The shareholders of the bank as of December 31, 2017 as follows:

Shareholder Names	Number of Ordinary Shares	%
1. LH Financial Group Public Company Limited	1,999,999,900	99.99
2. 17 Minority Shareholders	100	0.01
<b>Total</b>	<b>2,000,000,000</b>	<b>100.00</b>

### 3. Dividend Policy

#### 3.1 Dividend Policy of the Bank

In considering a dividend payment, the bank will take into account the operating results and shareholders' return in the long term.

The payment of dividends will be in the bank's Articles of Association, the key point being that an allocated dividend is to be divided equally by the number of shares and its payment must be approved at a shareholders' meeting. The Board of Directors may occasionally pay interim dividends when the bank has a large enough profit to warrant it, in which case it will report to the shareholders at the next meeting. Furthermore, a dividend payment must be in compliance with the Bank of Thailand's notifications and governing laws.

#### 3.2 Regulations and Criteria Related to Dividend Payments

According to the Bank of Thailand's Notification No. Sor Nor Sor. 5/2559 (2016) on the criteria of the classification and allocation of allowances, a financial institution which has not yet written off damaged assets from its balance sheets or allocated in full allowances for potentially damaged and undamaged assets and obligations may not pay dividends or other forms of remuneration to its shareholders.

Section 8 of the Bank of Thailand's Notification No. Sor Nor Sor. 20/2558 (2015) on guidelines on accounting of financial institutions, financial institutions should not pay dividends from the transactions that result in unrealized gains or no real cash inflows such as profits from mark-to-market trading securities or the reclassification of financial assets. Neither should they pay dividends from the profits arising from the sale of assets which does not actually take place which generate a higher profit or lower loss, such as profits from the sale of foreclosed assets under the condition that they may repurchase or obtain the rights to repurchase them in the future.

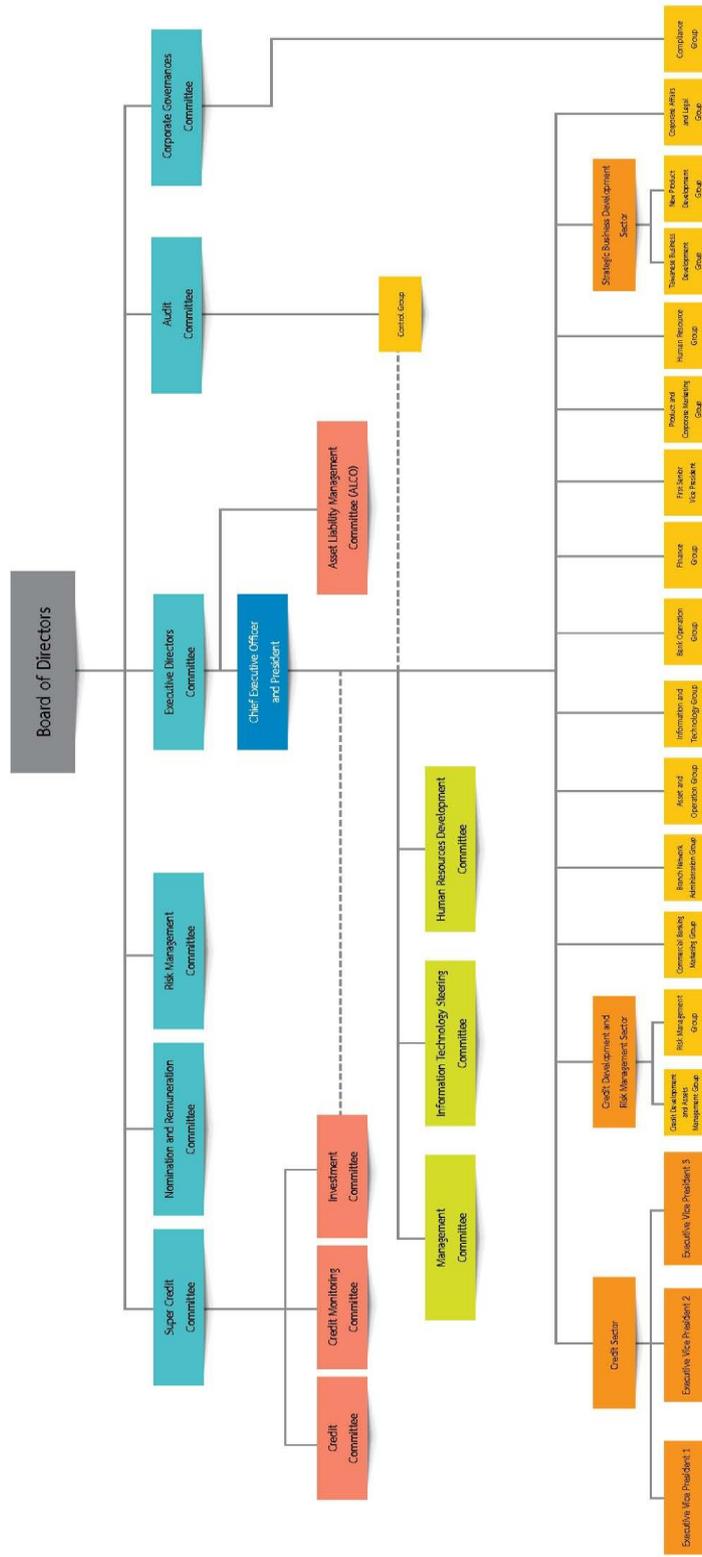
**4. The number and type of shares the company holds in other companies or private companies since ten percent or higher and not exceeding fifty percent.**

- None -

**5. The number and type of shares the company holds in its subsidiaries since fifty percent or higher.**

- None -

# ORGANIZATION CHART



## MANAGEMENT STRUCTURE

The management structure of Land and Houses Bank Public Company Limited consists of the Board of Directors, which the Board of Directors has appointed 5 sub-committees: the Executive Committee, the Audit Committee, the Corporate Governance Committee, the Nomination and Remuneration Committee and the Risk Management Committee. The Board of Directors and these sub-committees have clearly separated duties and responsibilities among them in keeping with the Bank of Thailand's notification on corporate governance of financial institutions, directors, managers and persons with management authorities. All have been approved by the Bank of Thailand, the details of which are as follows:

### 1. Board of Directors

The board of directors consists of 10 directors as follows:

1. Mr. Rutt	Phanijphand	Chairman
2. Mr. Phairoj	Hengsakul	Independent Director
3. Mr. Adul	Vinaiphat	Independent Director
4. Mr. Somsak	Assavapokee	Independent Director
5. Asso.Prof.Dr.Supriya	Kuandachakupt	Independent Director
6. Mr. Sirichai	Sombutsiri	Independent Director
7. Mr. Naporn	Sunthornchitcharoen	Director
8. Mr. Shih,	Jiing-Fuh	Director
9. Mr. Wu,	Kuo-Chin	Director
10. Mrs. Sasitorn	Phongsathorn	Director
Mr. Vichian	Amornpoonchai	Company Secretary

#### Authorized Signatory of the Company

Mr. Rutt Phanijphand, Mr. Naporn Sunthornchitcharoen, Mrs. Sasitorn Phongsathorn and Mr. Sirichai Sombutsiri, two of those four directors together sign with the company's seal on behalf of the company.

#### Scope of Authorities and Duties of the Board of Directors

The Board of Directors of the bank has a role, duty and responsibility of supervising the bank's operations with integrity and care in the best interests of the overall organization without conflicts of interest among the different groups of shareholders or any shareholder. Its duties and responsibilities are as follows:

- 1) Perform duties in compliance with the laws, objectives and regulations of the bank and external related agencies, as well as the resolutions of the shareholders' meetings, with integrity and care in the interests of the bank.
- 2) Determine the overall direction and strategic goals for the bank, consider approving the policies and operational direction proposed by the management, supervise and oversee the management to ensure the effective and efficient execution of the approved policies and to protect the interests of the bank and its shareholders.
- 3) Provide provisions on the Code of Conduct and Ethics, as well as the Codes of Ethics for the directors, executives and employees as the organizational guidelines.

- 4) Follow up on the bank's operations at all times to ensure that the executive directors and the management team are operating in line with the laws and the policies.
- 5) Supervise to ensure that the management team is capable of managing the company's operations, including the nomination of high-ranking executives.
- 6) Take action to ensure the bank has efficient internal control and internal audit.
- 7) Supervise to ensure that the management team reports important matters of the bank to the board of directors and that a procedure exists for the board of directors to receive adequate information to be able to perform the duties within its authority and responsibilities completely.
- 8) Supervise to ensure the management has laid down the policies, procedures and controls involving risk management and approve the policy including reviewing fact operation strategy and the policy regularly.
- 9) Consider approval the roles and duties of the various sub-committees and changes in their elements, including significant changes that may affect the operations of the sub-committee that was appointed.
- 10) Supervise to ensure that the bank has determined the loans and investment policy with related persons of the bank.
- 11) Supervise to ensure that a procedure exists for the Management Letter from external auditors and the opinions of the management team to be submitted to the Board of Directors within an appropriate timeframe.
- 12) Provide check-and-balance mechanisms between the management team and / or major shareholders at appropriate levels by determining an appropriate composition or number of the independent directors in the board of directors.
- 13) Ensure that the directors attend the meeting at least half of all meetings held each year.

## 2. Executive Committee

The executive committee consists of 4 directors as follows:

1.	Mr. Sirichai Sombutsiri	Chairman of the Executive Committee
2.	Mr. Naporn Sunthornchitcharoen	Member of the Executive Committee
3.	Mr. Wu, Kuo-Chin	Member of the Executive Committee
4.	Mrs. Sasitorn Phongsathorn	Member of the Executive Committee
	Mr. Vichian Amornpoonchai	Secretary

### Scope of Authorities and Duties of the Executive Committee

The executive directors committee has the authorities and duties which were approved by board of directors as follows:

- 1) Propose the policies, strategies plan and directions of the bank's operations to the board of directors and implement following the approved policies.
- 2) Determine the policy on loan extension and investments relating to the bank's related persons.
- 3) Consider any issue/task prior to proposing to the board of directors.

- 4) Manage and develop the organization productively.
- 5) Delegate work and coordinate with lower-ranking executives, monitor the operations to ensure they are in line with the established plans. Follow up on and evaluate the operations for enhanced efficiencies and analyze the operating results to determine strengths and weaknesses, as well as solutions.
- 6) Report the significant issues of the bank to the board of directors.

In case of any executive director or person who has interests or may has conflicts of interest, he/she will not be authorized to approve the transaction with the bank or its subsidiary as stipulated by the Articles of Association of the bank, and the Securities and Exchange Commission, and/or the Stock Exchange of Thailand.

### 3. Audit Committee

The Audit Committee consists of 4 directors as follows:

- |                                       |               |                                 |
|---------------------------------------|---------------|---------------------------------|
| 1. Mr. Phairoj <sup>/1</sup>          | Hengsakul     | Chairman of the Audit Committee |
| 2. Mr. Somsak <sup>/1</sup>           | Assavapokee   | Member of the Audit Committee   |
| 3. Mr. Adul                           | Vinaiphat     | Member of the Audit Committee   |
| 4. Asso.Prof.Dr.Supriya <sup>/1</sup> | Kuandachakupt | Member of the Audit Committee   |
| Miss Chutima                          | Boonmee       | Secretary                       |

**Note**

<sup>/1</sup>The director has the knowledge and experience in accounting and financial.

#### Scope of Authority and Duties of the Audit Committee

The Audit Committee has the authorities and duties which were approved by board of directors as follows:

- 1) Review to ensure that the bank's financial reports have been disclosed properly and adequately.
- 2) Review and evaluate to ensure that the bank's internal control and internal audit systems are appropriate and effective.
- 3) Reviews to ensure that the bank has complied with the law on the Securities and Exchange Commission, regulations of the Stock Exchange of Thailand or the laws governing in business of financial institution and consent the compliance annual report.
- 4) Consider, select, and propose the appointment and the remuneration of the bank's auditors.
- 5) Consider the accurate and comprehensive disclosures of the bank's information, especially the related party or the conflicts of interest accuracy and completely.
- 6) Prepare the corporate governance report of the audit committee and disclose this information in the annual report.
- 7) Determines the Audit Committee's duties as well as the changing in composition including the significant changing to their operation as a statute which approved by the committee and disclosed to shareholders in the bank's annual report.
- 8) Reports to the board of directors to improve within the period of the audit committee considers appropriate in case the audit committee found or suspected as the items or actions as follow;
  - Conflict of interest transaction.
  - Fraud or irregularity or a defect in the internal control system.

- Infringement of the laws on bank's business, the law on securities and Exchange Commission, regulations of the Stock Exchange, regulations of the Bank of Thailand or the other laws governing its business, securities and other laws. In case, the Board of Directors or the management fails to improve within the period the Audit Committee considered appropriate, the Audit Committee must to disclose such action in the Company's Annual Report and reports to the Bank of Thailand.
- 9) Perform any other duty as assigned by the board of directors with the approval of the audit committee.

#### 4. Corporate Governance Committee

The Corporate Governance Committee consists of 4 directors as follows:

- |    |                      |               |  |
|----|----------------------|---------------|--|
| 1. | Mr. Phairoj          | Hengsakul     | Chairman of the Corporate Governance Committee |
| 2. | Mr. Somsak           | Assavapokee   | Member of the Corporate Governance Committee   |
| 3. | Mr. Adul             | Vinaiphath    | Member of the Corporate Governance Committee   |
| 4. | Asso.Prof.Dr.Supriya | Kuandachakupt | Member of the Corporate Governance Committee   |
|    | Ms. Chutima          | Boonmee       | Secretary                                      |

#### Scope of Authority and Duties of the Corporate Governance Committee

The Corporate Governance Committee has the authorities and duties which were approved by board of directors as follows:

- 1) Determine and review the good corporate governance policy.
- 2) Determine and review the anti-corruption policy.
- 3) Monitor the compliance with the policies and to give recommendations and necessary supports to related work teams in order to achieve the set objectives of each plan.
- 4) Carry out the internal evaluation under the corporate governance criteria in order to determine areas for improvement.
- 5) Represent the bank in communication and execution of corporate governance activities and anti-corruption with the executives, employees and external agencies.
- 6) Perform any other duties as assigned by the board of directors with consent from the corporate governance committee.

#### 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee consists of 3 directors as follows:

- |    |                      |                    |   |
|----|----------------------|--------------------|---|
| 1. | Mr. Adul             | Vinaiphath         | Chairman of the Nomination and Remuneration Committee |
| 2. | Mr. Naporn           | Sunthornchitharoen | Member of the Nomination and Remuneration Committee   |
| 3. | Asso.Prof.Dr.Supriya | Kuandachakupt      | Member of the Nomination and Remuneration Committee   |
|    | Mr. Ruangsak         | Vitavaskarnvej     | Secretary   |

## Scope of Authority and Duties of the Nomination and Remuneration Committee

The Nomination and Remuneration Committee has the authorities and duties which were approved by the board of directors as follows:

- 1) Determine criteria, qualification and procedures for nominating the bank's directors and/or high-ranking executives from the position of the president and higher when the director or the executive retire by rotation, vacancy or addition.
- 2) Select and propose the names of qualified candidates for the following positions to be proposed to the board of directors.
  - 2.1 Directors (addition/substitution/rotation)
  - 2.2 The top executives from the position of the president or higher
- 3) Propose the performance evaluation process of the bank's directors and the board of directors to be proposed to the board of directors for the guideline on evaluating the performance of the bank's directors and the board of directors.
- 4) Propose the guideline on compensation and other benefits including the budget for annual bonus payment process of the board of directors and sub-committees are appointed by the board of directors.
- 5) Consider the guideline on evaluating and acknowledge the performance of the president including determine the annual remuneration and the annual bonus for the performance based on his/her duties and responsibilities for the bank.
- 6) Consider the implementation of the remuneration structure framework, annual salary increases and annual bonus or other benefits as follows;
  - 6.1 Consider the overall and the implementation framework of the remuneration structure, salary increasing, annual bonus or any benefits of the top executives and local staffs as well as the expatriates remuneration which as the business partner such as fees, service charges etc. which involves to the condition of employment for the expatriates, according to the proposal of the management team to be appropriate, to be resulted as the expectation and to be fair to the compensation for the employees as their dedication for the success of the company.
  - 6.2 Consider the budget for annual salary increases, annual bonus or other benefits for the bank's employees.
- 7) Consider the policy, the guideline and process of succession plan for ensure the continuity of administration and systematically for high-ranking executives holding the positions of vice president or higher.
- 8) Consider the policy framework and rule for the special employment.
- 9) Review and propose a solution of scope of duties and responsibilities of the Nomination and Remuneration Committee in accordance with the situation.
- 10) Disclosure the Nomination and Remuneration Committee's operations report in the bank's annual report.
- 11) Perform other duties assigned by the board of director.

### Criteria for the Nomination of the Directors, the Independent Directors, and the Executives of the Bank

Nomination of director shall comply with the guidelines for director appointment in accordance with the articles of association, which can be divided into 2 cases:

**Case 1** Appointment of new director due to resignation by rotation. The Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, experiences in various fields, adequate understanding in the area of banking, finance, economics, laws, etc., taking into consideration of corporate requirements and good governance. The Nomination and Remuneration Committee shall then propose the lists of qualified persons to the Board of Directors for consideration and screening before presenting to the shareholder meeting for approval.

**Case 2** Appointment of new director in place of director resigning before the end of the term. The Nomination and Remuneration Committee shall select and screen persons with proper qualifications, knowledge, experiences in various fields, adequate understanding in the area of banking, finance, economics, laws, etc., taking into consideration of corporate requirements and good governance. The lists of qualified persons shall then be proposed to the Board of Directors for approval.

#### - The Executives Nomination

The nomination and remuneration committee shall select and screen persons with capabilities and proper qualifications by taking into consideration of ethics, moral principle and honesty for taking a position of the top executives including the president. Primary factors for consideration include qualifications, capabilities, and experiences in financial field. Selected person should have thought and vision regarding management that is in line with the company's board of directors for the operation to achieve targets successfully. The top executives and the company's board of directors must have trustworthiness, and closely coordinate with one another. The nomination and remuneration committee shall nominate selected persons to the company's board of directors for further appointment.

For the case of other executive positions, the president shall consider qualifications for approval and appointment.

#### - Composition of the Board of Directors

The number of directors of the bank is determined at the shareholders' meeting but shall not be less than five of the total number of the bank's directors and independent directors not less than one third and not less than three directors.

#### - Directors Nomination

1. In voting to elect the directors, the shareholder meeting shall elect the directors by cooperating to the rules and methods as follows:

(A) One share is entitled to one vote.

(B) Each shareholder then may cast his votes by casting all of his votes for one candidate or more candidates as director(s) by non-cumulative voting.

- (C) The candidates are ranked in descending order, from the highest number of votes to the lowest, and are appointed as directors in that order until all the director positions are filled. Where the votes of candidates are tied, the chairman of the meeting has the casting vote.
2. Retirement from the position of directors
- (A) Retirement by rotation
- At every Annual General Meeting of Shareholders, one-third of the directors shall retire by rotation.
  - For directors who retire by rotation in the first and second years after registering the company, a draw must be held to determine which directors shall be retired. For subsequent years, the directors who have served the longest terms shall retire.
  - Directors who are retired by rotation can be re-elected to resume the position.
- (B) Death
- (C) Resignation
- (D) Lack of qualifications or having forbidden qualifications by law
- (E) The shareholders vote at a meeting for his resignation with a vote of not less than three-quarters of all shareholders with voting rights present and of not less than half of their shares which held by shareholders attending the meeting and entitled to vote.
- (F) Court order
3. If a vacancy on the Board of Directors occurs for reasons other than the normal rotation, the remaining directors shall elect a qualified person with no forbidden qualifications under the law on public companies to replace him at its next meeting unless the term of the director who vacates office is less than two months. The substituting director shall serve only for the remaining term of the director he replaces. Such resolution by the Board of Directors shall require the votes of not less than three-quarters of the remaining directors.

**- Independent Directors Qualifications**

Nomination and appointment of the independent directors must have qualifications that are required by the company and consistent with the practices of good corporate governance policy, which is stricter than those policies notified by the Capital Market Supervisory Committee and the Bank of Thailand, with detailed qualifications of independent directors, as follows:

The independent directors qualifications must be a director who has no business interest or has no benefit related to the bank, which may affect his or her independence to express opinion. The bank defines the qualifications as follows;

(1) Holding not more than 1.0% of the total number of voting shares of the company, or the parent company, subsidiary company, associated company, major shareholder, or controlling person, which shall be inclusive of the shares held by any related person of such an independent director.

(2) Neither being nor having been a director participating in management role, or an employee, an officer, an advisor who receives regular salary, or a person having controlling power, of the company or the parent company, subsidiary company, associated company, a subsidiary company at the same level, major shareholder, or controlling person, unless the foregoing status has ended at least two years prior to the date on which such an independent director is appointed as independent director.

(3) Not being a person related by blood relationship or relationship through legal registration as a father, mother, spouse, sibling, and child, including as a spouse of a child of other directors, management person, major shareholder, controlling person, or the person being nominated to be a director, management person or a controlling person of the company or the company's subsidiary.

(4) Neither holding nor having held any business relationship with the company or the parent company, subsidiary company, associated company, major shareholder, or controlling person in the manner in which his/her independent discretion might be affected, and is not and has not been a significant shareholder or a controlling person of the person that has business relationship with the company, or the parent company, subsidiary company, associated company, major shareholder, or controlling person, unless the foregoing status has ended at least two years prior to the date on which such an independent director is appointed as independent director.

A business relationship shall include any trading transaction in the ordinary course of business for any lease taking or lease out of any immovable property, any transaction relating to asset or service, or granting or accepting any financial support by way of either borrowing, lending, guaranteeing, or collateral providing, including any other act in similar manner thereto, that could result in a creation of the company's obligation or the obligation of its counterparty, to repay its debt to the other party in an amount equal to three percent or more of the net tangible asset value of the company or Baht twenty million or more, whichever is lower. The method for calculation of the value of the connected transaction pursuant to the Notification of the Capital Market Supervisory Board concerning regulations in respect of an entering into connected transaction mutatis mutandis. The combination of such indebtedness shall include indebtedness taking place during the past one year prior to the date on which such business relationship with such a person exists must also be counted.

(5) Neither being nor having been an auditor of the company or the parent company, subsidiary company, associated company, major shareholder, or controlling person, and is not a significant shareholder, a controlling person, or a partner of any auditing firm or office for which the auditor of the company, or the parent company, subsidiary company, associated company, major shareholder, or controlling person is working, unless the foregoing status has ended at least two years prior to the date on which such an independent director is appointed as independent director.

(6) Neither being nor having been any professional service provider, including legal or financial advisor who obtains fee of more than Baht two million per year from the company or the parent company, subsidiary company, associated company, major shareholder, or controlling person, and not be a significant shareholder, or a controlling person, or a partner of any of such professional service provider unless the foregoing status has ended at least two years prior to the date on which such an independent director is appointed as independent director.

(7) Not being a director who has been appointed as a representative of a director of the company, a representative of a major shareholder of the company, or a representative of a shareholder of the company who is a related person of a major shareholder of the company.

(8) Not undertaking any business the nature of which is the same as that of the company or the subsidiary company and which, in any material respect, is competitive with the business of the company or the company's subsidiary company, or not be a significant partner in a partnership, or a director participating in any management role, an employee, an officer, an advisor obtaining regular salary from, or a shareholder holding more than one percent of the shares with voting rights of other company engaging in any business the nature of which is the same as that of the company or the subsidiary company and which, in any material respect, is competitive with the business of the company or the subsidiary company.

(9) Not having any other characteristics that prevent the exertion of independent opinion concerning the company's business undertaking. After having been appointed as an independent director, an independent director may be assigned by the board of directors to take part in the collective decision making process of the company, parent company, subsidiary, associated companies, subsidiary company in the same level of the company, or major shareholders, or a controlling person that they have a decision making in Collective Decision form.

## 6. Risk Management Committee

The Risk Management Committee consists of 6 members as follow:

- |  |   |
|--|---|
| 1. President   | Chairman of the Risk Management Committee |
| 2. Senior Executive Vice President (All Group)                   | Member of the Risk Management Committee   |
| 3. Executive Vice President,<br>Risk Management Group            | Member of the Risk Management Committee   |
| 4. Executive Vice President, Finance Group                       | Member of the Risk Management Committee   |
| 5. Executive Vice President,<br>Information and Technology Group | Member of the Risk Management Committee   |
| 6. Executive Vice President,<br>Assets and Operation Group       | Member of the Risk Management Committee   |
| Senior Vice President,<br>Risk Management Department             | Secretary                                 |

### Scope of Authorities and Duties of the Risk Management Committee

The Risk Management Committee has the authorities and duties which were approved by the board of directors as follows:

- 1) Determine policies and guidelines of the risk management of the bank.
- 2) Determine the strategy in line with the risk management policy of the bank.
- 3) Review the adequacy of the risk management policy and system of the bank.
- 4) Monitor, follow up, review and evaluate risk management and manage the bank to operate with the policies of the bank.
- 5) Report to all committees at least quarterly or whenever there is any change regard to risk factors which will effect to the risk management significantly.

## 7. Other Committees

In addition to the sub-committees, the board of the directors of the bank sets up for the benefit of monitoring and supervising each area of the bank's operations as mentioned above, the executive directors committee has appointed more committees to supervise specific areas of the operations as follows:

### 7.1 Super Credit Committee

It has the authority and duty of approving and screening the credit within the scope of authorization of the board of directors.

## 7.2 The Credit Committee

It has the authority and duty of approving and screening the credit within the scope of authorization of Super Credit Committee.

## 7.3 The Credit Monitoring Committee

It has the authority and duty of considering, determining and reviewing the processes of rehabilitating and tracking debts and of legal action against debtors. The committee also considers giving opinions on the classification of loans and the guideline on tracking and resolving debts. It has the approving authority as assigned by the Super Credit Committee.

## 7.4 The Asset Liability Management Committee (ALCO)

It has the authority and duty of considering and setting the targets of the bank's financial structure for both assets and liabilities, liquidity and interest-rate risks in keeping with the bank's revenue goal. Determine the interest rate of loans, deposit interest, issuances of financial products to mobilize funds and considers and keeps track of the bank's cash flow and deposit and withdrawal trends to evaluate the liquidity risk and lays down strategies for different scenarios appropriately including determines key indicators to be used as tools in drawing the picture reflecting the management of assets and liabilities in line with the bank's policies.

## 7.5 Investment Committee

It has the authority and duty of setting the investment plan, criteria of investment in various securities under investment policies, studied and performed in accordance with the bookkeeping principle of accounting standards, determined the process and investment procedure, operation, monitoring and reporting the evaluation of investment results.

## The Board of Directors Meetings

Land and Houses Bank Public Company Limited regularly holds the board of directors meetings. At each meeting, clear agenda is determined in advance which contains important agenda items such as the consideration of the bank's financial statements of each quarter, following up the bank's performances, which the bank has sent in advance both of the invitation letter and the meeting agenda including the documents to allow the directors to have sufficient time considering the information. The minutes are recorded in writing and keep the minutes which have been approved by the board of directors accountability.

In 2017, the meeting of the board of directors and the subcommittees consist of the detail of each director meeting attendance, the number of the meeting and the number of times each director attended the meeting are summarized in the table below.

Table: Meeting Attendance Records of the Directors and the Executives of Land and Houses Bank Public Company Limited in 2017

Name of Directors	Number of Meeting Attendance					
	Board of Directors	Executive Committee	Audit Committee	Corporate Governance Committee	Nomination and Remuneration Committee	Risk Management Committee
<i>Total Meetings</i>	15	24	15	5	4	4
1. Mr. Rutt Phanijphand	15	11 (total 11 meetings)	-	-	-	-
2. Mr. Phairoj Hengsakul	14	-	15	5	-	-
3. Mr. Adul Vinaiphath	15	-	14	5	4	-
4. Mr. Somsak Assavapokee	15	-	15	5	-	-
5. Asso.Prof.Dr.Supriya <sup>/1</sup> Kuandachakupt	5 (total 6 meetings)	-	5 (total 5 meetings)	1 (total 1 meetings)	1 (total 1 meetings)	-
6. Mr. Shih, <sup>/2</sup> Jiing-Fuh	5 (total 6 meetings)	-	-	-	-	-
7. Mr. Naporn Sunthornchitcharoen	15	23	-	-	4	-
8. Mr. Sirichai Sombutsiri	15	22	-	-	-	-
9. Mr. Wu, <sup>/3</sup> Kuo-Chin	6 (total 6 meetings)	10 (total 10 meetings)	-	-	-	-
10. Mrs. Sasitorn Phongsathorn	15	22	-	-	-	4
11. Mrs. Sutharntip Phisitbuntoon	-	-	-	-	-	3
12. Mr. Thanee Phalawong	-	-	-	-	-	4
13. Mr. Kosol Kavayavong	-	-	-	-	-	4
14. Mrs. Ravewan <sup>/4</sup> Wattananukij	-	-	-	-	-	3 (total 3 meetings)

**Note**

<sup>/1</sup> Asso.Prof.Dr.Supriya Kuandachakupt has been appointed to be the independent director, the member of the Audit Committee, the member of the Nomination and Remuneration Committee, and the member of the Corporate Governance Committee on August 1, 2017 replaced Mr. Sun Vithespongse resigned which Asso.Prof. Dr.Supriya has attended the Board of Directors meeting No. 10/2017 on August 21, 2017, Audit Committee meeting No.11/2017 on August 17, 2017, the Nomination and Remuneration Committee meeting No.4/2017 on December 8, 2017 and the Corporate Governance Committee meeting No.5/2017 on November 9, 2017

<sup>/2</sup> Mr. Shih, Jiing-Fuh has been appointed to be the director on August 1, 2017 replaced Mr. Anant Asavabhokhin resigned which Mr. Shih, Jiing-Fuh has attended the Board of Directors meeting No. 10/2017 on August 21, 2017.

<sup>/3</sup> Mr. Wu, Kuo-Chin has been appointed to be the director on August 1, 2017 replaced Mr. Khunnawut Thumpomkul resigned which Mr. Wu, Kuo-Chin has attended the Board of Directors meeting No. 10/2017 on August 21, 2017.

<sup>/4</sup> Executive Vice President, Finance Group has been appointed to be the member of the Risk Management Committee on April 24, 2017, which has attended the Risk Management Committee meeting No. 4/2017 on April 24, 2017.

## 9. The Executives

Land and Houses Bank Public Company Limited has the executives of the ranks of executive vice president and higher totaled 21 executives as follows;

Name		Position in LH Bank	Position in LH Fund	Position in LH Securities	Position in LH Advisory
1. Mrs. Sasitorn	Phongsathorn	President	Director	Director	Director
2. Mrs. Sutharntip	Phisitbuntoon	Senior Executive Vice President, Credit Development and Risk Management Group	-	-	-
3. Mr. Chen,	Ching-Ming	Senior Executive Vice President, Strategic Business Development Sector	-	-	-
4. Ms. Chutamas	Sombunyaviroj	First Executive Vice President, Commercial Banking Marketing Group	Director	-	-
5. Mr. Thanee	Phalawong	Executive Vice President, Information and Technology Group	-	-	-
6. Ms. Chutima	Boonmee	Executive Vice President, Compliance Group	-	-	-
7. Mr. Pairath	Trangarnrueng	Executive Vice President, Branch Network Administration Group	-	-	-
8. Mr. Kosol	Kavayavong	Executive Vice President, Assets and Operation Group	-	-	-
9. Mrs. Ravewan	Wattananukij	Executive Vice President, Finance Group	Director Chairman of the Risk Management Committee Member of the Audit Committee	Director	Director
10. Ms. Chintana	Klaisuwan	Executive Vice President 1 Credit Sector	-	-	-
11. Mr. Anucha	Bupphaves	Executive Vice President 2 Credit Sector	-	-	-
12. Mr. Somsak	Deemongkolsuk	Executive Vice President 3 Credit Sector	-	-	-
13. Mr. Paradorn	Preeyapawat	Executive Vice President, Bank Operation Group	-	-	-
14. Mr. Vichian	Amornpoonchai	Executive Vice President, Corporate Affairs and Legal Group	-	-	Director
15. Ms. Chou,	Mei-Yin	Executive Vice President, New Product Development Group	-	-	-

Name	Position in LH Bank	Position in LH Fund	Position in LH Securities	Position in LH Advisory
16. Mr. Ruangsak Vitavaskarnvej	First Senior Vice President, Human Resource Group	-	-	-
17. Mrs. Pattaraporn Yeamsawat	First Senior Vice President, Commercial Banking Marketing Group	-	-	-
18. Mr. Seesopon Tatiworanun	First Senior Vice President, Credit Group 1	-	-	-
19. Mr. Nopakun Todsnit	First Senior Vice President, Branch Network Administration Group	-	-	-
20. Mrs. Poranee Phairintr	First Senior Vice President, Bank Operation Group	-	-	-
21. Mr. Charoen Trakarnratti	First Senior Vice President, Finance Group	-	-	-

<b>Note</b>	The Bank	refers to Land and Houses Bank Public Company Limited
	LH Fund	refers to Land and Houses Fund Management Company Limited
	LH Securities	refers to Land and Houses Securities Public Company Limited
	LH Advisory	refers to Land and Houses Advisory Company Limited

## The Remuneration of Directors and Executives

### The Policy of Remuneration Determination of the Directors and the Executives

The remuneration of the bank's directors has been determined by the meeting of shareholders, which had been considered and recommended by the nomination and remuneration committee. Amount and components of such remunerations must be attractive to the directors, who are talented and important to the performance of the board. Excessive remuneration payment shall be avoided. Director remuneration shall be determined based on working experiences, knowledge, intention, dedication, and various benefits that each director has contributed to the company, comparing with those of other companies in the same industry and similar business size.

Determination of remuneration must be approved in order of authority, to avoid conflict of interest and for transparency, i.e., shareholders approve remuneration of the board of directors, the executive directors committee, the audit committee, the corporate governance committee, and the nomination and remuneration committee. The nomination and remuneration committee shall consider suitability.

### Financial Remuneration

The financial remuneration of directors has been determined by the meeting of shareholders, in the form of monetary, such as monthly compensation and meeting allowances. In addition, the remuneration of directors has passed the board of directors' approval, which had been presented by the nomination and remuneration committee. The remuneration of directors will be clearly defined and transparently based on the general practice in the industry, by considering from experience, knowledge, ability that comply with the duties and responsibilities of directors compliance with the operations of the bank, and taking into consideration the best interests of the bank and its shareholders.

The Annual General Meeting of Shareholders of Land and Houses Bank Public Company Limited for the year 2016, on 14 March 2016, had approved the director's remuneration as follows;

1. The director's remuneration amounted to not more than Baht 16,600,000 the board of director have right to consider in allocation of the director's remuneration to comply with appropriate their experiences, duties and responsibilities.

2. The director's meeting allowance for the year 2017 are as follows;

**Table: The Remuneration of the Directors for the Year 2017 and 2016**

Position	Allowance (per time)										
	The Board of Directors		The Executive Directors Committee		The Audit Committee		The Corporate Governance Committee		The Nomination and Remuneration Committee		
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	
Chairman	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000	30,000
Non-Executive Directors	25,000	25,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Executive Directors	-	-	-	-	-	-	-	-	-	-	-

3. The **directors' pensions** for the year 2017

The board of directors plays a key role in supporting the policies, problem solving, make decision in important issues for the bank together with the management team resulting the bank had the good performance and good image continuously. Therefore, the board of directors agreed to determine the directors' pensions.

LH Financial Group Public Company Limited which is a parent company of the bank also had determined the directors' pensions. Any director who is director of LH Financial Group Public Company Limited will receive the director's pension only from LH Financial Group Public Company Limited. Therefore, the bank has determined the directors' pensions to comply with appropriate their duties, responsibilities and work load totaled not more than Baht 1.5 million. In addition, the pensions allocation is in consider of the board of directors with the appropriate allocation which pay the pensions to 2 directors as follows;

1. Mr. Sirichai Sombutsiri
2. Mr. Sun Vithespongse

#### **Other Remuneration of the Directors**

The bank paid the remuneration to the director which consists of monthly remuneration, meeting allowances and pensions in total of Baht 17,413,684.20.

#### **Other Remuneration of the Directors**

Other remuneration or other remuneration benefits which is mean shares and debentures including other rights benefits as well as the monetary and not the monetary apart from the benefits that they receive regularly such as monthly remuneration and meeting allowances as follows;

**Table: The Remuneration of Directors for the Year 2017 and 2016**

Board Members	Date appointed as Director	2017 <sup>/1</sup>		2016 <sup>/1</sup>	
		Remuneration and Meeting Allowance (Baht)	Bonus (Baht)	Remuneration and Meeting Allowance (Baht)	Bonus (Baht)
1. Mr. Rutt Phanijphand	28 December 2005	12,000,000	-	12,000,000	-
2. Mr. Phairoj Hengsakul	1 February 2009	650,000	-	60,000	-
3. Mr. Adul Vinaiphath	19 December 2005	60,000	-	120,000	-
4. Mr. Somsak Assavapokee	5 October 2012	490,000	-	80,000	-
5. Asso.Prof.Dr.Supriya <sup>/2</sup> Kuandachakupt	1 August 2017	20,000	-	-	-
6. Mr. Sirichai Sombutsiri	2 January 2014	2,166,842.10	-	1,796,315.79	-
7. Mr.Naporn Sunthornchitcharoen	19 December 2005	260,000	-	80,000	-
8. Mr. Shih, <sup>/3</sup> Jiing-Fuh	1 August 2017	-	-	-	-
9. Mr. Wu, <sup>/4</sup> Kuo-Chin	1 August 2017	180,000	-	-	-
10. Mrs. Sasitorn Phongsathorn	21 December 2005	-	-	-	-
11. Mr. Anant <sup>/3</sup> Asavabhokhin	19 December 2005	-	-	-	-
12. Mr. Sun <sup>/2</sup> Vithespongse	17 November 2015	1,526,842.10	-	1,174,327.49	-
13. Mr. Khunawut <sup>/4</sup> Thumpomkul	9 March 2012	60,000	-	-	-
<b>Total</b>		<b>17,413,684.20</b>	<b>-</b>	<b>15,310,643.28</b>	<b>-</b>

**Note**

<sup>/1</sup> The director's remuneration for the year 2017 and 2016 due to the directors of the bank as the directors of the parent company in the financial business group consist of LH Financial Group Public Company Limited. Therefore, in the year 2017 and 2016 when the company paid the remuneration for the bank's directors, the bank did not pay the remuneration to the directors.

<sup>/2</sup> Asso.Prof.Dr.Supriya Kuandachakupt has been appointed to be the Independent Director, the Member of the Audit Committee, the Member of the Nomination and Remuneration Committee, the Member of the Corporate Governance Committee on August 1, 2017 replaced Mr. Sun Vithespongse resigned

<sup>/3</sup> Mr. Shih, Jiing-Fuh has been appointed to be the Director on August 1, 2017 replaced Mr. Anant Asavabhokhin resigned

<sup>/4</sup> Mr. Wu, Kuo-Chin has been appointed to be the Director on August 1, 2017 replaced Mr. Khunawut Thumpomkul resigned

**The Remuneration of Executives**

The bank paid the remuneration for 29 executives which consists of salary, bonus and other remuneration in total to Baht 124,549,781.43.

**Other Remuneration of Executives**

1. Other remuneration or other remuneration benefits apart from the benefits they receive as usual is subvention, provident fund, group insurance, uniform, medical expenses and other remuneration as follows;

**Table: The remuneration of executives for the year 2017 and 2016**

Type	2017		2016	
	Number (Persons)	Remuneration (Baht)	Number (Persons)	Remuneration (Baht)
Salary	29	96,945,145	17	60,395,445
Extra Money/ Bonus		21,647,600		15,158,400
Provident Fund		4,374,917		2,737,282
Group Insurance		33,407.51		28,237.74
Uniform/ Employee Card		-		-
Medical Expenses		132,712.32		94,290
Other Remuneration		1,416,000		1,629,000
<b>Total</b>		<b>124,549,781.43</b>		<b>80,042,654.74</b>

2. Other benefits that the bank provides to its employees is the Employee Joint Investment Program (EJIP), which collects employee's saving money and the banks' subsidies for employees to purchase the common shares of LH Financial Group Public Company Limited or LHBANK shares which listed on the Stock Exchange of Thailand.

Start date of project	July 1 <sup>st</sup> , 2014
Employee payment period	From July 1 <sup>st</sup> , 2014 to June 30 <sup>th</sup> , 2018
Accumulate by employee	
Accumulate duration by the company	From July 1 <sup>st</sup> , 2014 to June 30 <sup>th</sup> , 2018
End of project	December 31 <sup>th</sup> , 2018

- Employees who are eligible to participate must be permanent staffs at levels up to assistant manager and pass the probation.

- Employees who are participated the project must pay the accumulation monthly by 5% from the basic salary to invest with the accumulation from the Bank and the Bank will pay contribution for the attended employee individually with the rate of 5% of basic salary.

## Employees

As of December 31, 2017 the bank had 1,504 employees decreased 188 persons compared to year ended 2016 as the details are following:

	31 December 2017	31 December 2016	31 December 2015
Number of Employee (Persons)	1,504	1,692	1,653

In 2017, the bank had expenses on employees Baht 1,105.99 million, increasing Baht 161.54 million compared to the year 2015, or up to 17.10 % due to salary increased, bonus payment and the increase of employees for supporting its business expansion.

### Employee Development Policy

The bank had the policies in supporting the develop of human resources of the bank continuously due to the development of the employees as the important resources for the organization continue growth, the bank has arranged the seminars by internal organization and allocate the employees for seminars has arranged by external organization including work teaching by head of department for sustainable development, effective working, professional and teamwork which was the benefits to all department and tasks of overview organization.

### Corporate Value (ProACTIVE)

Land and Houses Bank Public Company Limited awareness the important of the employees which as the important for business driving with stability and sustainability and comply with the mission of the bank in develop and support the human resources both in knowledge and benefits of the employees.

The bank has defined corporate values to encourage employees in the same principles of the operation through the company's "ProACTIVE" core values.

- Professional : Have expertise and business mind in the profession for efficient working.
- Accountability : Express determination and intention to complete the assigned work successfully as planned.
- Teamwork : Understand his/her role and responsibility as a team member; participate in working, problem solving, and exchanging experiences and opinions with other team members.
- Integrity : Express integrity in working, and drive team members to strictly comply with the code of conduct and have integrity in working.
- Visioning : Ability to determine vision, mission, working target of the unit to be consistent with the vision and target of the organization.
- Excellence Service : Understand demand and expectation of internal and external clients; express manners, tone of voice, posture and behavior in a proper way for clients' satisfaction and impression.

#### **Employee Orientation**

The objective of employee orientation is to provide knowledge and understanding of the banking business overview and ready to work together with happiness as well as to be informed about their importance and role for the organization and to have a knowledge about the bank's core value.

#### **Remuneration and Employee Welfare**

The bank had policies in health and safety for employees to work happily together as well as determining the appropriate remuneration and welfares such as salary, bonus, provident fund, social security, medical expenses, uniform and other benefits.

#### **Provident Funds**

The bank aims to encourage long-term savings of employees for providing the benefits for the employees in order to consume when they retire or resign, the bank had paid to the provident fund in the same proportion to the employees on a monthly basis at rate of 3-15% of their salary. For the year ended December 31, 2017 and 2016, the bank paid of Baht 37.3 million and Baht 34.2 million for Provident Funds, respectively.

The Directors and Executives Shareholding Proportion in LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited as at December 31, 2017 and December 31, 2016

Table: The Directors and Executives Shareholding Proportion in LH Financial Group Public Company Limited and Land and Houses Bank Public Company Limited

Board Members		Position	31 December 2017		31 December 2016	
			Number of Shares Held		Number of Shares Held	
			The company <sup>1</sup>	The bank <sup>2</sup>	The company <sup>1</sup>	The bank <sup>2</sup>
1. Mr. Rutt	Phanijphand	Chairman	-none-	-none-	-none-	-none-
2. Mr. Phairoj	Hengsakul	Independent Director Chairman of the Audit Committee Chairman of the Corporate Governance Committee	5,606,797 shares 0.027%	-none-	5,606,797 shares 0.041%	-none-
3. Mr. Adul	Vinaiphat	Independent Director Chairman of the Nomination and Remuneration Committee Member of the Audit Committee Member of the Corporate Governance Committee	-none-	-none-	-none-	-none-
4. Mr. Somsak	Assavapokee	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee	-none-	-none-	-none-	-none-
5. Asso.Prof.Dr.Supriya	Kuandachakupt	Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee	-none-	-none-	-none-	-none-
6. Mr. Sirichai	Sombutsiri	Chairman of the Executive Committee	150,000 shares 0.001% (decrease 86.84%)	-none-	1,140,237 shares 0.008%	-none-
7. Mr. Naporn	Sunthornchitcharoen	Member of the Executive Committee Member of the Nomination and Remuneration Committee	-none-	-none-	-none-	-none-
8. Mr. Shih,	Jiing-Fuh	Director	-none-	-none-	-none-	-none-
9. Mr. Wu,	Kuo-Chin	Director Member of the Executive Committee	-none-	-none-	-none-	-none-
10. Mrs. Sasitom	Phongsathorn	President Member of the Executive Committee	1,983,622 shares 0.009% (increase 46.22%)	-none-	1,356,522 shares 0.009%	-none-

**Note** The company<sup>1</sup> refers to LH Financial Group Public Company Limited  
The bank<sup>2</sup> refers to Land and Houses Bank Public Company Limited

Table: The Bank's Executives Shareholding Proportion in LH Financial Group Public Company Limited, Land and Houses Bank Public Company Limited and the Subsidiaries

The Executives	Position	31 December 2017		31 December 2016	
		Number of Shares Held		Number of Shares Held	
		The company <sup>1</sup>	The Bank <sup>2</sup>	The company <sup>1</sup>	The Bank <sup>2</sup>
1. Mrs. Sasitorn Phongsathorn	President Executive Director	1,983,622 shares 0.009% (increase 46.22%)	-none-	1,356,522 shares 0.009%	-none-
2. Mrs. Sutharntip Phisitbuntoon	Senior Executive Vice President, Credit Development and Risk Management Group	-none-	-none-	-none-	-none-
3. Mr. Chen, Ching-Ming	Senior Executive Vice President, Strategic Business Development Sector	-none-	-none-	-none-	-none-
4. Ms. Chutamas Sombunyaviroj	First Executive Vice President, Commercial Banking Marketing Group	976,015 shares 0.005% (increase 46.96%)	-none-	664,128 shares 0.005%	-none-
5. Mr. Thanee Phalawong	Executive Vice President, Information and Technology Group	741,547 shares 0.004% (increase 63.50%)	-none-	453,545 shares 0.003%	-none-
6. Ms. Chutima Boonmee	Executive Vice President, Compliance Group	-none-	-none-	-none-	-none-
7. Mr. Pairath Trangarnrueng	First Senior Vice President, Branch Network Administration Group	1,233,764 shares 0.006% (increase 8.27%)	-none-	1,139,529 shares 0.008%	-none-
8. Mr. Kosol Kavayavong	Executive Vice President, Assets and Operation Group	515,924 shares 0.002% (increase 97.75%)	-none-	260,897 shares 0.002%	-none-
9. Mrs. Ravewan Wattananukij	Executive Vice President, Finance Group	-none-	-none-	650,000 shares 0.005 %	-none-
10. Ms. Chintana Klaisuan	Executive Vice President 1 Credit Sector	1,153,053 shares 0.005% (increase 8.91%)	-none-	1,058,740 shares 0.008 %	-none-
11. Mr. Anucha Buphaves	Executive Vice President 2 Credit Sector	464,615 shares 0.002% (increase 94.10%)	-none-	239,372 shares 0.002%	-none-
12. Mr. Somsak Deemongkolsuk	Executive Vice President 3 Credit Sector	603,711 shares 0.003% (increase 64.46%)	-none-	367,080 shares 0.003%	-none-
13. Mr. Paradorn Preeyapawat	First Senior Vice President, Bank Operation Group	478,676 shares 0.002% (increase 17.95%)	-none-	405,824 shares 0.003%	-none-
14. Mr. Vichian Amornpoonchai	First Senior Vice President Office of the President	556,422 shares 0.003% (increase 38.16%)	84 shares 0.000%	402,745 shares 0.003%	84 shares 0.000%
15. Ms. Chou, Mei-Yin	Executive Vice President, New Product Development Group	-none-	-none-	-none-	-none-
16. Mr. Ruangsak Vitavaskarnvej	First Senior Vice President, Human Resource Group	502,394 shares 0.002% (increase 49.41)	-none-	336,251 shares 0.002 %	-none-
17. Mrs. Pattarapom Yeamsawat	First Senior Vice President, Commercial Banking Marketing Group	402,517 shares 0.002% (increase 34.98)	-none-	298,214 shares 0.002%	-none-
18. Mr. Seesopon Tatiyaworanun	First Senior Vice President, Credit Group 1	367,564 shares 0.002% (increase 137.14%)	-none-	155,000 shares 0.001%	-none-
19. Mr. Nopakun Todsrit	First Senior Vice President, Branch Network Administration Group	-none-	-none-	-none-	-none-
20. Mrs. Poranee Phairintr	First Senior Vice President, Bank Operation Group	-none-	-none-	-none-	-none-
21. Mr. Charoen Trakanratti	First Senior Vice President, Finance Group	927,371 shares 0.004% (increase 28.22)	-none-	1,291,992 shares 0.009%	-none-

**Note** The company<sup>1</sup> refers to LH Financial Group Public Company Limited  
The bank<sup>2</sup> refers to Land and Houses Bank Public Company Limited

## RISK FACTORS

Land and Houses Bank Public Company Limited has determined the strategies plan and business plan for the next 3 years following the vision and mission. The bank considered the business environment consists of economic conditions, domestic and international politics including other factors such as strength, weakness, opportunities, risk, achieve factor and any important issues in operation which the executives will bring the factors in considering for determine the operation plan in each year and regularly review the operation plan to catch up with situation and environment changes.

### Risk Management in Perspective

Land Houses Bank Public Company Limited sets the framework and strategies in growing the business based on the efficient risk management along with creating the sustainable profits. The bank controls and supervises the risk management systematically and efficiently. The risk-management structure and policies have been defined clearly in writing for the main goal of being the prevention and management of risks effectively.

Moreover, the bank also pays attention to the disclosure of information of risks and sufficiency of capital to public following the principles and guidelines set within the framework of the Bank of Thailand's supervision guidelines.

### Risk Management Policies

The main objectives of risk management policies were to supervise and oversee the bank's transactions and to be the guidelines for all of risk management to have acceptable risks and adequate internal control system. In conducting transaction, analysis procedures have been put in place to manage potential risks appropriately and adequately. The board and others will supervise the bank's business units to operate the business conform to policies related to the risk management as follows:

**1. Strategic Risk Management Policy** is the guidelines for the bank business operation, directors' roles and responsibilities and the business units that related to strategic risk management process, including setting the standard policy of business planning and budgeting, following up the business performance for improving the business framework in line with the situation, both internal and external factors that may changes.

**2. Credit Risk Management Policy** The bank specifies the credit risk management policy and criteria in the credit consideration for controlling, preventing, and mitigating the risk possibly occurring from the transaction in giving credit for the balance between the risk in giving credit and the returns. The policy is regulated to have the goal and process suitable for the risk of each type of credit. This is for determining the clear goal in the operation and the flexibility in improving the policy within the levels of acceptable risks.

**3. Country Risk Management Policy** The Bank has set a policy as the guidelines for the partner country's risk management by determining guidelines for preventing, controlling and mitigating of risks that may arise from credit offering, investment or other commitments to counterparties, including determining the maximum limit on the transactions of the partner country.

**4. Market and Liquidity Risk Management Policy** This policy is the guidelines to invest in securities and to conduct an appropriate liquidity management for serving the repayment of due liabilities and obligations, the process of the improvement of risk management and market risk monitoring, including the supervision of proper assets and liabilities structure with the source of funds or assets ready to be converted into cash is sufficient to support the risk both in normal and critical conditions with the level of acceptable risks.

**5. Operational Risk Management Policy** The bank regulates the policy in operational risk management covering the risk management in information technology, the using of outsources, creating new products, setting business continuity plan, and reporting the incidents report occurred from the operations in accordance with the code of practice of the Bank of Thailand and Basel Committee on Banking Supervision (BCBS).

**6. Outsourcing policy** The bank has set the policy as a standard practice for outsourcing and set a guideline to regulate and control the use of services from outsiders tightly with identified processes. The bank also evaluate and monitor the risk to be used as the information for decision making to select the service effectively.

**7. New Product Policy** The bank has set the operating procedures for issuing new products by determining risk identification and risk assessment, including the guideline for controlling in issuing new products to be acceptable. This is for a good internal control comply with the relevant related and regulations.

**8. Risk Assessment and Capital Adequacy Policy and Stress Test Policy** The policies are guidelines for the bank to keep capitals adequately for serving the significant risks both in normal condition and in crisis. The policies focus on the process of risk management and the assessment of capital adequacy systematically for maintaining the level of capitals to be sufficient for the present and the future.

**9. Capital Maintenance disclosure and risk management** The policy is a guideline in disclosure the capital maintenance and risk management, including capitals structure and capital adequacy as well as the process of risk management. Therefore, investors, shareholders, and stakeholders, will receive the information which is correct, complete, and they can use the information to make a decision on the transaction with the bank.

#### **Risk Management Structure**

A good organizational structure can help the bank to manage risks that be consistent with the good corporate governance and good internal control policy as follows:

**1. The Board of Directors** has the duty to setting policies and business strategies, including determining risk management policies in many areas and the adequate internal control system. The board also regulates to ensure that the bank operates properly according to the Bank of Thailand's policy on compliance with regulatory requirements.

**2. The Executive Committee** has the duty and responsibility to propose policies and strategic business plan to the Board of Directors examine the company's operation in keeping with the business plan, evaluate the company's performance to analyze strengths, weaknesses and solutions.

**3. The Audit Committee** has the duty and responsibility to review the adequacy of financial reporting and disclosing the information in accordance with the financial reporting standards to comply with the Bank of Thailand regulations. The committee also reviews the adequacy of the internal control system supervise and follow the bank's policies.

**4. The Corporate Governance Committee** has the duty and responsibility to determine a good corporate governance policy, anti-corruption policy, including regulate the bank to operate under such policies. The committee is also the bank's representative in communicating and conducting the corporate governance activities.

**5. The Risk Management Committee** has the duty and responsibility to control, follow up and regulate the bank to operate its business according to the determined policies, including managing the bank's risk assessment.

**6. The Asset and Liabilities Committee** has the duty and responsibility in managing and recommending the liquidity, assessing, observing, and conducting the plan for the risk in the marketing, interest rate and liquidity, as well as setting the investment plan and monitoring the operation following the plan.

**7. The Operational Risk Management Sub-Committee** has the duty and responsibility to set the policies in the operational risk management and other related policies, as well as supervise the operational risk under the operational risk framework and the business continuity plan, including considering to set a guideline to find a proper solutions for defects.

Moreover, the bank also has other committees for supervising and controlling specific risks, for example, the Information Technology Committee, the Credit Committee, the Liability Development Committee, etc. The Risk Management Department is responsible for managing the risk in the entire picture of the bank. The Audit Department is responsible for assessing the sufficiency of internal control system, including the verification and reliability of financial reports along with the conformity to the government regulations and rules.

### Risk Factors

The commercial banking business is directly related to the rapidly changing of the money market and the domestic and international economic situations. Moreover, there are other business environments that may effect to banking business, such as regulatory changes, competitors' adaptations and political gatherings.

The risk management in line with the guideline of the Bank of Thailand involves 5 areas: strategic risk, credit risk, market risk, liquidity risk and operational risk.

**The bank has the policies and procedures to manage the risks** as follows:

#### 1. Strategy Risk

Strategy risk refers to the risk originated from inappropriate formulation of strategies and the inability to execute the laid-down strategies, as well as disharmony of strategies, policies, objectives, organization chart, competition and resources as a result of internal and external factors. It may affect the competitiveness, revenue and capital funds of the bank.

##### 1.1 Risk Incurred from the Economic Uncertainty and Competition

Overall economic uncertainties may affect credit growth and quality, the bank prepares its business plans, annual budget and capital funds estimates. Executives of each unit participate and share their opinion in the preparations of such plans. The business plan and budget will be proposed to the Board of Directors of the bank for approval and the plan will be semi-annual reviewed to be in line with the changing of economic conditions. The Executive Committee will regularly follow up the bank's performance compared to the business plan.

##### 1.2 Risk from Inadequacy of Capital Funds

The changing of capital fund supervision under the criteria of Basel III following the principle of Basel Committee on Banking Supervision (BCBS) cover the bank's capital maintenance and liquidity risk management that control in quantity and quality. The bank is also required to raise its capital maintenance to handle any incident happened in normal or crisis situations sufficiently as well as to strengthen the capital fund.

According to the Basel III framework, the bank has to maintain a minimum ratio of total capital to risk-weighted assets not be less than 8.50%. Additionally, the ratio of Tier 1 capital to risk-weighted assets cannot be less than 6.00% and Common Equity Tier 1 to risk-weighted assets cannot be less than 4.50%.

Moreover, The Bank of Thailand has regulations for the commercial bank to maintain their Capital Buffer in order to support their loss in a crisis (conservation buffer) by determining the ratio of Capital Tier 1 (retained earnings and common stock) to risk assets by 2.5% more. The bank are allowed to gradually increase the ratio by more than 0.625% each year starting from January 1, 2016 until the capital buffer ratio of more than 2.5% is reached on January 1, 2019

As at 31 December 2017, the total Capital to risk weighted asset ratio (BIS)'s of the bank was 21.857%, Tier 1 was 18.673% and Tier 1 ratio of the Common Equity was 18.673% which higher than the BOT's minimum capital ratios.

The bank's capital funds following the criteria of Basel III totaled Baht 39,915.64 million, which was Tier 1 capital fund and Common equity Tier 1 capital fund was Baht 34,101.44 million or calculated as 85.43% of total capital fund and Tier 2 capital fund was Baht 5,814.20 million or calculated as 14.57% of total capital fund which the rate adequate for the business operation and business growth promotion following the lay-down goal and strategies under normal condition and crisis possibly occurring from the economic uncertainty.

Moreover, the bank also assess the risk and the adequacy of fund (ICAAP) for certifying the risks following the rules of fund supervision of commercial banks as stipulated by the Bank of Thailand. This ensures that the bank can manage the fund efficiently, have the strong fund status to serve the risks both in normal condition and in crisis, and have adequate fund for serving the business expansion.

## 2. Credit Risk

Credit/default risk is a chance or probability in which counter-party cannot fulfill the agreed obligation, including a chance where the counter-party's credit risk will be downgraded and the deterioration of the quality of credit or investment where prices cannot be adjusted to offset the higher risk. These scenarios may affect earnings and capital fund of the bank due to the following external factors such as the change of economics, laws, rules and regulations and internal factors such as lack of regulatory control, lack of pursuit to the debtor complies with the terms of the agreement, loan process and reviewing of loan inefficient etc. And the transaction to be consistent with credit risk consists of loans and similar transactions, transactions related with obligation to delivery of assets or debts to the bank and transactions with debt securities.

### Credit Risk Management Tools

The bank has developed tools to screen and classify the risk levels of debtors, both individuals and juristic persons, to facilitate efficient credit approval. These tools are;

- **Credit Scoring Model** is the tool to classify and designate the risk levels of individual borrowers. The model used by the bank in considering credit. The model was developed based on the fundamental statistics of its customers, together with the discretion of experts (expert base).
- **Credit Rating Model** is the tool to screen and classify the risk levels of juristic persons. The bank concerns about the accuracy and efficiency's level of the has been used in considering loan. Therefore, the bank has followed up the results of using the models and analyzing their efficiencies regularly, including developing credit risk management tools for supporting the business operation productively.

### Credit Risk Management Process

The bank has put in place a credit risk management process where checks and balances are incorporated through a clear separation of duties among marketing officers, credit-risk analysts, collateral appraisal and operation officers. Furthermore, in considering approving credit, the bank has set up independent units; namely, the Credit Risk Analysis office and Retail Credit Risk Analysis office to supervise and give opinions on risk elements that may be incurred from extending credit to each customer. This is to ensure that the credit the bank approves has been considered and screened prudently including determine the specialized agency review the information for approving credit, monitoring compliance with the loan terms, promotion of new credit quality and treatment the original loan efficiently for more effective control monitor and control credit also,

provide credit training for credit officers to develop the efficiency of credit marketing to acquire the high-quality loan.

### **Credit Portfolio Management**

The bank pays attention to the quality of its credit customers by their business types and concentration of credit. In doing so, the bank tracks change in its credit portfolio in various dimensions such as the quality of its credit portfolio by credit and business type and the proportion of outstanding credit extended to the top 20 largest credit customers in the Bank's capital fund for determine the quality of its credit portfolio and potential risks.

**Credit Risk** Consists of;

#### **2.1 Risk from the Deterioration of Credit Quality**

The most significant risk of the bank is a result of the rise of NPLs. In addition, the bank has to increase its reserve allowance for Doubtful Accounts which directly impact to the bank's profits and Capital adequacy. The bank has laid down a process to control non-performing loans by emphasizing the credit management efficiency from the more stringent credit-approving process. It involves the determination of the criteria in approving retail credit to serve as a standard in approving credit and keep the use of discretion by officers at a minimum, the setting of minimum down payment for housing loans of high-risk customers and the tightening of minimum standards of loan applicants' qualifications in each area, moreover, the bank has improved and developed tools for screening and categorizing risk-levels of the bank's debtors to mitigate the risk from credit-approving process. The bank gives priority to debts/ loans that began to have problems and NPLs, therefore, it provides the department that responsible for monitoring loans/debts and appoints the Credit Monitoring Committee to monitor and supervise.

#### **2.2 Risk from the Concentration of Credit**

The bank realizes the risk from the concentration of credit both in the large borrower concentration and sector concentration. The bank stipulates the risk limitation and warning level in order to control for avoiding any concentration of credit significantly.

#### **2.3 Risk from the Devaluation of Value of Guarantee in the Type of Real Estate**

The bank's Secured Loans accounted for 45.54% of total loans and the real estate collateral is 91.82% of total collateral value. When any event occurs causing the market of real estate slow down, the bank may suffer the loss in the part that such real estate collateral is devaluated. Therefore, the bank manages the risk of devaluation of value of guarantee by determining a policy on collateral valuation. This collateral valuation is required to review on a regular basis over the asset classification period such as pass, special mention, substandard, doubtful and doubtful loss, including appraised value of real estate acquired from repayment or purchase from the auction. The review period will be in accordance with the Notification of the Bank of Thailand for reflecting the true value of collateral based on current conditions.

### **3. Market Risk**

Market risk refers to the risk arisen from movements of interest rate, foreign exchange rates and prices of instruments in the money and capital markets which negatively affect the earning and capital of the bank. Market risks can be classified into 3 types: price risk, interest rate risk and foreign exchange risk. The bank has a policy to control and manage all of these risks at appropriate levels in accordance with its risk management policy.

#### **3.1 Price risk**

Price risk is a risk where damage may occur as a result of changes in interest rates or prices of securities. Consequently, the volatility of income or the changes in the present value of financial assets and liabilities of the Bank may arise. At present, the bank is exposed to minimal price risk since it has no policy to invest in high-risk securities such as derivatives.

Most of the bank's investments are for the purpose of maintaining liquid assets as required by the Bank of Thailand. As such, it has chosen to invest in low-risk securities, most of which are issued by government agencies and state enterprises.

As at 31 December 2017, the net investment was Baht 55,236.56 million divided into available for sale investment with the fair value of Baht 8,085.40 million and the held to maturity debt securities of Baht 47,145.90 million. Moreover, there was also general investment which was the equity instrument which was not in the domestic market demand for Baht 5.26 million.

To manage price risk in compliance with the Bank of Thailand's notification, the bank uses the Value-at-Risk (VaR) Model to measure the maximum loss at each different level of confidence if the securities are held within a specified period. The bank uses the calculated risk values as a guideline in determining the acceptable risk levels. In addition, the bank has set the event simulations that may cause security prices to plunge sharply are simulated or stress tests are conducted to estimate the potential damages from the crisis and emergency risk.

### 3.2 Interest Rate Risk

Interest rate risk refers to risk arisen from movements of interest rates which may result in changes in the value of financial instruments value or volatilities of earnings or shareholders' equity value, both on and off-balance sheets. Interest rate risk is a result of the structure and terms of rate-sensitive assets, debts and shareholders' equity which refer to the Bank of Thailand's interest rates and a timing mismatch in fixing new interest rates for assets, debts and off-balance sheet items. The bank has appointed the Asset and Liabilities Committee to take charge of interest rate risk management vise arising from the mismatches in the interest rate structure by designing an appropriate interest rate structure for each period. It also supervises to ensure the interest rate structure is working as planned and controls the proportions of asset and liabilities with different terms at acceptable levels.

Nonetheless, the bank closely monitors the market conditions and interest rate situations and prepares period of changes in interest rates of assets and liabilities. This includes the simulation of net interest income to determine the effect on bank earnings under the defined risk ceiling.

### 3.3 Exchange Rate Risk

The bank has provided the currency exchange service in Thai Baht both of buying and selling and also set standard for currency balance at the end of the day under the Bank of Thailand's regulations, thus, the bank has no significant exchange rate risk.

## 4. Liquidity Risk

Liquidity risk means risk resulting from the bank's failure to pay its debts and obligations when due because of its inability to convert assets into cash, or its failure to procure enough fund by schedule and at appropriate costs, a scenario which could cause damage to the bank. Sources of liquidity risk include internal and external factors. Internal factors hinge on the structures of assets and liabilities and reserve requirement to support demand. External factors include market liquidity and a lack of depositors' confidence. The bank has the tools for measuring and observing the risk in the liquidity and specifying the appropriate warning level in the risk management policy of the bank, development of tools and methods to measure risk continuous to be consistent with guidelines of the Bank of Thailand and the principles of international risk management.

The bank set efficiently plan and manage its liquidity risk at an appropriate and adequate level, enabling it to repay its debts both at present and in the future should the need arise. In addition, the bank issues new products to raise funds both in the short and long terms in line with market conditions.

## 5. Operational Risk

Operational risk refers to risk arising from damages which is the result of inadequacies or mistake of the internal working processes, human resources, working systems of the bank or external incidents including legal risk But not include the strategic risk and reputation risk The operational risk is an unavoidable risk but it is one part of banking business. The bank has clearly defined the framework of its operational risk management policy. It also has good internal control system and has published an operating manual so that every employee understands the workflow and can perform their duties efficiently. Procedures have been laid down for business analysis, risk evaluation and risk monitoring, etc.

Moreover, the bank has developed its processes and tools to manage operational risk such as incident report on the purpose of filling data on damages, whether they are monetary or non-monetary, past or preventable ones and other incident report, have been collected and used for improving the operation and guideline control to prevent them from risks.

The bank allocated all departments to perform risk and control self-assessment (RCSA). Each department have to specify its risky points of the operation and a loss report prepared to identify risky areas in the operating process of each unit and to assess whether the Bank's existing internal control system is adequate and appropriate for the control of those risks. The data are also processed to determine key risk indicators to follow up on the risks as well as risk assessment of fraud in the units with high corruption opportunities. This is used as the information to set the guideline for preventing and managing risk from corruption.

Moreover, the bank determined the outsourcing policy and product policy by assigning the units that need to use the outsource services or release new products to do the data analysis and risk assessment regard to the value of new product. The risk management department is responsible for advising be for using the outsource service or releasing new products.

The bank has business continuity plan for emergency use such as in the event of contingent losses and disasters for the continuity of the bank's operations or reduced disruption to the operations of the bank in an acceptable level. All departments have been involved in the preparation of the plan and revised the plan every year. Moreover, the bank has rehearsed the Core banking Restoration and the Annual Operations on important transaction every year for ensure the bank can operate under crisis condition efficiently.

The bank regularly develops its employees to enhance the efficiency of their performances by developing communication channels to educate about the operational risk management in the form of E-Learning so that the executives and employees will understand and aware of the operational risk. The employees also have opportunities to attend external seminars. However, internal seminars are also held as needed by inviting conductors with expertise and knowledge to educate and enhance the skills of the employees.

## THE EXECUTIVE COMMITTEE'S REPORT



The Executive Committee of Land and Houses Bank Public Company Limited consists of 4 directors as follows;

1. Mr. Sirichai	Sombutsiri	Chairman of the Executive Committee
2. Mr. Naporn	Sunthornchitcharoen	Member of the Executive Committee
3. Mr. Wu,	Kuo-Chin	Member of the Executive Committee
4. Mrs. Sasitorn	Phongsathorn	Member of the Executive Committee and President

And Mr. Vichian Amornpoonchai, Executive Vice President, Corporate Affairs and Legal Group as the secretary

Mr. Sirichai Sombutsiri, Chairman of the Executive Committee has performed duties under the scope of responsibilities assigned by the company's board of directors. In 2017, the company arranged the Executive Committee meeting 24 times and reported the result of each meeting along with suggestions to the company's board of directors every time. The summary is as follows;

- Propose the strategies and directions of the company's operations in the year 2017 and the company's 3 years plan to the company's board of directors and operate conform with the approved policies.
- Delegate work and coordinate with the executives, monitor and evaluate the operations to ensure they are in line with the strategic plans. Follow up and evaluate the operations for enhanced efficiencies and analyze the operating results to determine strengths and weaknesses, as well as solutions.
- Consider any issue/task prior to proposing to the company's board of directors.
- Consider the performance evaluation of the president and propose to the nomination and remuneration committee

(Mr. Sirichai Sombutsiri)  
Chairman of the Executive Committee

## MANAGEMENT DISCUSSION AND ANALYSIS

### 1. Overview

#### 2017 Economic Overview and Outlook in 2018

##### 2017 Economic Overview

In 2017, the Thai economy expanded 3.9% grow at an accelerated pace at 3.3%, in the year 2016 clearly expanded from export sector and tourism sector. The value of export sector in 2017 grew 9.9%, compared to 0.5% in 2016. Tourism sector also grew in line with the higher number of foreign tourists in almost all nationality groups, especially the number of Chinese tourists. Meanwhile, domestic demand expanded at a gradual pace both the private consumption and investment. Public expenditure remained an important economic growth driver.

For the banking sector in the year 2017, overall commercial bank loans expanded at a greater pace than the previous year, in both corporate and consumer loans, in line with Thailand's economic expansion. However, the commercial banks remain cautious in lending as the loan quality continued to deteriorate especially SME loans reflecting the impact of past economic slowdown. The ratio of non-performing loans to total loans (NPL ratio) increased from 2.83% at the end of 2016 to 2.91% at the end of 2017. However, Thai commercial banking system's remained resilient with high level of loan loss provision and capital fund to facilitate further credit expansion.

##### Economic Outlook for 2018

The Thai economy in 2018 is projected to expand by 3.6% - 4.6% supported mainly by

1. Government expenditure and public investment would still be the key drivers of Thai economy, especially through the progression of the central government and state-owned enterprises investment projects.
2. The gradual improvement in private consumption from a rising revenue of non-agriculture sector and the accommodative monetary policy, which could comfort durable consumption.
3. The continual expansion of export sector as the good expansion following economic condition of trading partners' economies which approximate to the previous year.

While the key risk factors for the Thai economy in 2018 are global financial market turmoil from the tighter monetary policies of the major advanced economies, an implementation of "America First" trade policy, and the volatility of exchange rate and global oil price.

Commercial banking industry is expected to perform better in accordance with expanded loans due to economic recovery. However, large businesses are raising funds through debenture with lower cost, including risk from non-performing, especially a concern on loans for SMEs affected by past economic slowdown. In addition, the fragility of household purchasing power may lead to limited growth of commercial bank's profits.

Source: The Office of the National Economic and Social Development and the Bank of Thailand.

#### Overview of Commercial Banking Industry and Competition in 2017 and Outlook in 2018

##### Overview of Commercial Banking Industry and Competition in 2017

In 2017, the commercial banking industry continually grew with loans growth by 4.5 % from the end of previous year. The main reason was from Thai economic recovery last year. However, the commercial banking system still had to deal with high levels of non-performing loans (NPLs), mainly from retail and SME sector. This could happen as a result of more credit quality concerns, and becomes contraction for lending.

On the funding side, there were not only a variety of deposit products offering, but also issuing both onshore and offshore corporate bond.

The commercial banking performance in the previous year was under the pressure of an increase in provisioning expense from the NPLs growth and the effect of the new accounting standard (IFRS 9) preparation. This cause net profit declined last year. However, the Thai banking system remained resilient with effective cost management.

**The performance between Land and Houses Bank Public Company Limited and the commercial banking system  
As of December 31, 2017**

(Unit : Million Baht)

	2017	2016	2015	Growth (YoY)		Growth (YoY)
				2017	2016	Average The past 2 years
<b>Commercial Banking System</b>						
Asset	16,677,044	15,941,608	15,546,336	4.6%	2.5%	3.6%
Loan	11,687,205	11,185,891	10,924,484	4.5%	2.4%	3.4%
Deposit	12,136,642	11,427,320	11,222,823	6.2%	1.8%	4.0%
<b>Land and Houses Bank PLC</b>						
Asset	230,396	209,695	198,039	9.9%	5.9%	7.9%
Loan	154,020	141,145	132,727	9.1%	6.3%	7.8%
Deposit	143,742	149,639	137,300	-3.9%	9.0%	2.5%
<b>Market Share of LH BANK</b>						
Asset (%)	1.38	1.32	1.27	-	-	
Loan (%)	1.32	1.26	1.21	-	-	
Deposit (%)	1.18	1.31	1.22	-	-	

Source: Data from Bank of Thailand and 15 Commercial Banks registered in Thailand

**Trend of Commercial Banking Industry and Competition in 2018**

Office of the National Economic and Social Development Board (NESDB) forecasted that the Thai economy in 2018 will expand in the range of 3.6% – 4.6%, or average at 4.0%. This showed the continual expansion of Thai economic. However, high levels of NPLs in 2017 will be a major concern for Thai banking system to more intensive loan screening and monitoring procedures. In addition, the expected loan growth will expand, forecasted from many Thai commercial banks, by 3.8% that is also close to GDP growth.

The commercial banking system will also focus to lower cost to income ratio. In 2017, many banks closed their branches or delayed new branch openings and decreased the number of branch employees to reduce operating costs. As this reason, digital banking platform, which providing more convenient and faster banking services than a physical branch, have been rapidly developed.

**Analysis of Factor Affecting Operation of the Commercial Banking Industry**

During periods of intense commercial banking competition, there are various financial innovations offering to increase customer, especially in wealth management client base since their potential financial stability, and this businesses tend to have greater growth. Furthermore, banks tends to stabilize their earnings by focusing balanced participation on interest income, non-interest income and fee income with effective cost

management. In addition, many financial institutions are actively exploring ways to enhance their digital banking to meet fast-changing customer expectations.

## 2. Operating Results

2.1 Land and Houses Bank Public Company Limited had the operating results as follows:

Financial Ratio	Separate Financial Statements		
	2017	2016	2015
<b>Profitability Ratio</b>			
Gross profit margin (%)	49.53	45.86	42.43
Net profit margin (%)	39.90	38.65	30.60
Return on equity (%)	8.79	14.93	10.74
Yield on interest income (%)	4.18	4.34	4.86
Yield on interest expense (%)	1.97	2.10	2.56
Net interest margin (%)	2.21	2.24	2.30
Return on investment (%)	3.96	6.28	5.58
<b>Efficiency Ratio</b>			
Net interest income to assets ratio (%)	2.26	2.37	2.39
Return on assets (%)	1.05	1.23	0.90
Total assets turnover (%)	0.03	0.03	0.03
<b>Financial Ratio</b>			
Debt to equity ratio (time)	5.56	10.98	11.37
Loans to borrowings ratio (%)	87.19	83.07	83.46
Loans to deposits ratio (%)	107.33	94.48	86.83
Deposits to total liabilities ratio (%)	73.61	77.86	75.43
Dividend payout ratio (%)	64.87	37.26	61.33
Total capital funds to risk assets ratio (%)	21.857	13.706	14.01
<b>Asset Quality Ratio</b>			
Loan loss reserve ratio (%)	2.20	2.19	1.93
Non-performing loan to total loans ratio (%)	1.90	1.78	1.92
Accrued interest receivables to total loans ratio (%)	0.17	0.16	0.17
<b>Comparing per Share</b>			
Book value per share (Baht)	17.561	12.499	11.438
Earnings per share (Baht)	1.40	1.79	1.24

### Overall Performance

The analysis of operating results of Land and Houses Bank Public Company Limited performance are comparative performance of the year 2017 compared to the year 2016.

In 2017, the bank had profits 2,312.06 million, decreased by Baht 190.24 million or down to 7.60% compared to the year 2016, mainly from the decrease of other incomes by Baht 886.85 million, while interest income increased by 142.18 million.

Other operating expenses increased by Baht 12.67 million or up to 0.54% compared to the year 2016, mainly from an increase in premises and equipment expenses.

The bank recorded an allowance for doubtful accounts decreased by Baht 407.86 million or down to 39.79% compared to the year 2016.

The profits from operating before bad debts and doubtful accounts to total revenues ratio in 2017 was 59.51%, decreased from the year 2016 which was at 63.96%.

Earning per share in 2017 was Baht 1.40 per share, decreased from the previous year which was Baht 1.79 per share. The return on equity ratio for the year 2017 was 8.79% and the return on assets ratio for the year 2017 was 1.05%.

**Table: Operating Results**

Operating Results	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
Net interest income	4,980.22	4,838.04	4,344.06	142.18	2.94
Net fees and service income	325.72	261.15	228.28	64.57	24.73
Total other income	488.25	1,375.10	755.75	(886.85)	(64.49)
<b>Total operating income</b>	<b>5,794.19</b>	<b>6,474.29</b>	<b>5,328.09</b>	<b>(680.10)</b>	<b>(10.50)</b>
Other operating expenses	(2,345.94)	(2,333.27)	(2,210.59)	12.67	0.54
<b>Profits from operation</b>	<b>3,448.25</b>	<b>4,141.02</b>	<b>3,117.50</b>	<b>(692.77)</b>	<b>(16.73)</b>
Bad debts, doubtful accounts and impairment loss	(617.14)	(1,025.00)	(1,089.61)	(407.86)	(39.79)
<b>Profits before income taxes expenses</b>	<b>2,831.11</b>	<b>3,116.02</b>	<b>2,027.89</b>	<b>(284.91)</b>	<b>(9.14)</b>
Income tax expenses	(519.05)	(613.72)	(397.23)	(94.67)	(15.43)
<b>Profits for the years</b>	<b>2,312.06</b>	<b>2,502.30</b>	<b>1,630.66</b>	<b>(190.24)</b>	<b>(7.60)</b>
Earning per share (EPS) (Baht)	1.40	1.79	1.24		
Return on equity ratio (ROE) (%)	8.79	14.93	10.74		
Return on assets ratio (ROA) (%)	1.05	1.23	0.90		

### 1. Structure of Operating Income

Structure of operating income of Land and Houses Bank Public Company Limited was as follows:

#### Operating Income

In 2017, the bank had operating income were Baht 5,794.19 million, decreased by Baht 680.10 million or down to 10.50% compared to the year 2016, with the following details:

**Table: Operating Income**

Operating Income	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
<b>Interest income</b>					
Loan to customers	6,395.74	6,459.89	6,259.57	(64.15)	(0.99)
Investments in debt securities	1,626.91	1,664.67	1,470.79	(37.76)	(2.27)
Interbank and money market items	583.59	607.36	633.24	(23.77)	(3.91)
Hire purchase	47.45	84.41	121.58	(36.96)	(43.79)
<b>Total interest income</b>	<b>8,653.69</b>	<b>8,816.33</b>	<b>8,485.18</b>	<b>(162.64)</b>	<b>(1.84)</b>
Interest expenses	(3,673.47)	(3,978.29)	(4,141.12)	(304.82)	(7.66)
<b>Net interest income</b>	<b>4,980.22</b>	<b>4,838.04</b>	<b>4,344.06</b>	<b>142.18</b>	<b>2.94</b>

Operating Income	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
<b>Interest income</b>					
Loan to customers	6,395.74	6,459.89	6,259.57	(64.15)	(0.99)
Investments in debt securities	1,626.91	1,664.67	1,470.79	(37.76)	(2.27)
Interbank and money market items	583.59	607.36	633.24	(23.77)	(3.91)
Hire purchase	47.45	84.41	121.58	(36.96)	(43.79)
Fees and service income	400.58	336.90	294.96	63.68	18.90
Fees and service expenses	(74.86)	(75.75)	(66.68)	(0.89)	(1.17)
<b>Net fees and service income</b>	<b>325.72</b>	<b>261.15</b>	<b>228.28</b>	<b>64.57</b>	<b>24.73</b>
Gains on investments	65.77	1,135.62	659.74	(1,069.85)	(94.21)
Dividend income	392.83	210.63	78.08	182.20	86.50
Other operating income	29.65	28.85	17.93	0.80	2.77
<b>Total other income</b>	<b>488.25</b>	<b>1,375.10</b>	<b>755.75</b>	<b>(886.85)</b>	<b>(64.49)</b>
<b>Total operating income</b>	<b>5,794.19</b>	<b>6,474.29</b>	<b>5,328.09</b>	<b>(680.10)</b>	<b>(10.50)</b>

#### Net Interest Income

In 2017, the bank had net interest income were Baht 4,980.22 million, increased by Baht 142.18 million or up to 2.94% compared to the year 2016 due to an increase of interest income and deposits interest expense.

Interest expenses were Baht 3,673.47 million, decreased by Baht 304.82 million or down to 7.66% reflect good efficiency of cost management.

#### Net Non-Interest Income

Net non-interest income consisted of net fees and service income and other income (which comprised gains on investments, dividend income and other operating income). In 2017, the bank had net non-interest income were Baht 813.97 million, decreased by Baht 822.28 million or down to 50.25% compared to the year 2016, with the following details:

##### - Net Fees and Service Income

The bank had net fees and service income was Baht 325.72 million, increased by Baht 64.57 million or up to 24.73% compared to the year 2016, resulted from an increase in selling agent fee from sales of financial products and services i.e. insurance service, life insurance broker and sales support and fund selling agent etc.

##### - Other Income

The bank had other income Baht 488.25 million, decreased by Baht 886.85 million or down to 64.49% compared to the year 2016, mainly from the decreased of gains on investments and increased of dividend income, due to increased from invested in investments in the year 2017.

#### Net Interest Income after Deducting Bad Debts, Doubtful Accounts and Impairment Loss

The bank recorded bad debts and doubtful accounts based on the rules and regulations of the Bank of Thailand and evaluations for the status of debtors based on its experiences.

In 2017, net interest income after deducting bad debts, doubtful accounts and impairment loss were Baht 4,363.08 million, increased by Baht 550.04 million or up to 14.43% compared to the year 2016.

#### Bad Debts, Doubtful Accounts and Impairment Loss

In 2017, the bank had bad debts and doubtful accounts and impairment loss was Baht 617.14 million, decreased by Baht 407.86 million or down to 39.79% compared to the year 2016, loan loss reserves based on the guideline of the BoT were 186.08% in 2017 and 185.50% in 2016.

Table: Net Interest Income after Deducting Bad Debts, Doubtful Accounts and Impairment Loss

Net Interest Income after Deducting Bad Debts, Doubtful Accounts and Impairment Loss	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
Net interest income	4,980.22	4,838.04	4,344.06	142.18	2.94
Bad debts, doubtful accounts and impairment loss	(617.14)	(1,025.00)	(1,089.61)	(407.86)	(39.79)
Net interest income after deducting bad debts, doubtful accounts and impairment loss	4,363.08	3,813.04	3,254.45	550.04	14.43
Loan loss reserves (%)	186.08	185.50	180.42		

#### Other Operating Expenses

Other operating expenses consisted of employee's expenses, directors' remuneration, premises and equipment expenses, tax and duties, advertising and promotion expenses, amortization and intangible assets, and other expenses. In 2017, the bank had other operating expenses were Baht 2,345.94 million, increased by Baht 12.67 million or up to 0.54% compared to the year 2016, mainly from an increase in premises and equipment expenses. The operating expenses to total operating income ratio in 2017 was 40.49%, increased from 2016 which was 36.04%, as the follows:

Table: Other Operating Expenses

Other Operating Expenses	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
Employees' expenses	1,167.84	1,159.31	1,056.99	8.53	0.74
Directors' remuneration	17.41	15.31	13.75	2.10	13.72
Premises and equipment expenses	672.97	659.97	667.22	13.00	1.97
Tax and duties	220.09	219.73	217.06	0.36	0.16
Advertising and promotion expenses	89.71	90.12	92.23	(0.41)	(0.45)
Amortisation and Intangible assets	58.77	63.09	59.03	(4.32)	(6.85)
Other expenses	119.15	125.74	104.31	(6.59)	(5.24)
Total other operating expenses	2,345.94	2,333.27	2,210.59	12.67	0.54
Total operating expenses to total operating income ratio (%)	40.49	36.04	41.49		

- **Employees' Expenses**

The bank had employees' expenses were Baht 1,167.84 million, increased by Baht 8.53 million or up to 0.74% compared to the year 2016, resulting from an increase in salary and compensation of employees.

As of 31 December 2017, The Bank had 1,504 employees, decreased by 188 employees compared to the end of 2016.

**Table: Number of Employee**

	31 December 2017	31 December 2016	31 December 2015
The number of employee	1,504	1,692	1,653

- **Premises and Equipment Expenses**

The bank had premises and equipment expenses were Baht 672.97 million, increased by Baht 13.00 million or up to 1.97% compared to the year 2016.

- **Other Expenses**

The bank had other expenses was Baht 119.15 million, decreased by Baht 6.59 million or down to 5.24% compared to the year 2016.

**2. Asset Management Efficiency**

**An Analysis of Financial Positions**

An analysis of financial positions of Land and Houses Bank Public Company Limited was a comparison of financial positions as of 31 December 2017 and 31 December 2016.

**Table: Total Assets**

Total Assets	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
<b>Assets</b>					
Cash	1,994.55	2,109.13	2,242.56	(114.58)	(5.43)
Interbank and money market items - net	20,928.06	17,961.03	17,742.12	2,967.03	16.52
Investments - net	55,236.57	49,978.12	45,965.02	5,258.45	10.52
Investment in a subsidiary	-	-	257.29	-	-
Loans to customers and accrued interest receivables					
Loans to customers	154,067.28	141,236.44	132,906.68	12,830.84	9.08
Accrued interest receivables	257.01	229.43	222.89	27.58	12.02
Total loans to customers and accrued interest receivables	154,324.29	141,465.87	133,129.57	12,858.42	9.09
Less: Deferred revenue	(46.97)	(91.77)	(179.45)	(44.80)	(48.82)
Allowance for doubtful accounts	(3,388.69)	(3,078.63)	(2,555.27)	310.06	10.07
Revaluation allowance for debts restructuring	(14.02)	(15.23)	(8.74)	(1.21)	(7.94)
Loans to customers and accrued interest receivables - net	150,874.61	138,280.24	130,386.11	12,594.37	9.11
Properties foreclosed - net	102.14	107.32	99.34	(5.18)	(4.83)
Premises and equipment - net	258.31	317.88	409.04	(59.57)	(18.74)
Intangible assets - net	170.14	180.24	181.27	(10.10)	(5.60)
Deferred tax assets	210.00	263.45	190.71	(53.45)	(20.29)
Accrued interest receivables on investments	308.02	295.84	305.40	12.18	4.12
Other assets - net	313.87	201.72	259.97	112.15	55.60
<b>Total assets</b>	<b>230,396.27</b>	<b>209,694.97</b>	<b>198,038.83</b>	<b>20,701.30</b>	<b>9.87</b>

## Total Assets

Core assets of the bank included loans to customer and accrued interest receivables - net 65.48% of total assets, followed by investment - net 23.97% of total assets. As of 31 December 2017, total assets were Baht 230,396.27 million, increased by Baht 20,701.30 million or up to 9.87% compared to the year 2016, mainly from an increase in loans to customers and accrued interest receivables - net and investments - net.

## Investments - Net

As of 31 December 2017, investments – net which had book value were Baht 55,236.57 million, increased by Baht 5,258.45 million or up to 10.52% compared to the year 2016, mainly increase from invested in available-for-sale investments and held-to-maturity debt investments.

**Table: Investment Classified by Type of Investment at Book Value**

Net Investment	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount	Ratio
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	(%)
<b>Available- for -sale investments</b>					
Domestic marketable equity securities	8,085.41	4,169.39	1,135.56	3,916.02	93.92
<b>Total available-for-sale investments</b>	<b>8,085.41</b>	<b>4,169.39</b>	<b>1,135.56</b>	<b>3,916.02</b>	<b>93.92</b>
<b>Held-to-maturity debt investments</b>					
Government and state enterprise securities	18,221.11	18,313.43	22,073.90	(92.32)	(0.50)
Private sector debt securities	23,952.94	22,417.37	17,399.35	1,535.57	6.85
Other securities	4,971.86	5,072.68	5,350.96	(100.82)	(1.99)
<b>Total held-to-maturity debt investments</b>	<b>47,145.91</b>	<b>45,803.48</b>	<b>44,824.21</b>	<b>1,342.43</b>	<b>2.93</b>
<b>General Investments</b>					
Domestic non-marketable equity securities	5.28	5.28	5.28	-	-
Less: Allowance for impairment	(0.03)	(0.03)	(0.03)	-	-
<b>General investments - net</b>	<b>5.25</b>	<b>5.25</b>	<b>5.25</b>	<b>-</b>	<b>-</b>
<b>Investments - Net</b>	<b>55,236.57</b>	<b>49,978.12</b>	<b>45,965.02</b>	<b>5,258.45</b>	<b>10.52</b>

## Loans

Loans classified by business sector included Big Corporate & Corporate loans, SMEs & SSME loans and Retail loans.

As of 31 December 2017, the bank had loans net of deferred revenue (including interbank and money market items) were Baht 173,239.52 million, increased by Baht 15,745.68 million or up to 10.00% compared to the year 2016. Mainly from Big Corporate & Corporate loans 68.37%, followed by Retail loans 16.85% of total loans. When they were classified by type of loans, mainly from public utilities and services loans and manufacturing and commerce at 23.23% and 19.40% of total loans, respectively.

Table: Loans Classified by Business Sector (included interbank and money market items)

Loans Classified by Business Sector	Separate Financial Statements						Change (2017 compared to 2016) Increase (Decrease)	
	2017		2016		2015		Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)		
Big Corporate & Corporate loans	118,439.54	68.37	100,920.01	64.08	90,053.21	60.43	17,519.53	17.36
SMEs & SSME loans	25,601.25	14.78	25,441.42	16.15	27,143.71	18.22	159.83	0.63
Retail loans	29,198.73	16.85	31,132.41	19.77	31,813.10	21.35	(1,933.68)	(6.21)
<b>Loans net of deferred revenue</b>	<b>173,239.52</b>	<b>100.00</b>	<b>157,493.84</b>	<b>100.00</b>	<b>149,010.02</b>	<b>100.00</b>	<b>15,745.68</b>	<b>10.00</b>
Add : accrued interest receivables	275.94		243.64		236.52		32.30	13.26
<b>Total loans and accrued interest receivables net of deferred revenue</b>	<b>173,515.46</b>		<b>157,737.48</b>		<b>149,246.54</b>		<b>15,777.98</b>	<b>10.00</b>

Table: Loans Classified by Type of Loans (included interbank and money market items)

Loans Classified by Type of Loans	Separate Financial Statements						Change (2017 compared to 2016) Increase (Decrease)	
	2017		2016		2015		Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)		
Housing loans	27,342.41	15.78	29,134.89	18.50	29,812.73	20.01	(1,792.48)	(6.15)
Manufacturing and commerce	33,602.18	19.40	27,844.63	17.68	27,390.76	18.38	5,757.55	20.68
Public utilities and services	40,245.34	23.23	38,074.24	24.18	34,424.60	23.10	2,171.10	5.70
Real estate and construction	21,590.03	12.46	20,789.91	13.20	18,847.74	12.65	800.12	3.85
Agricultural and mining	183.27	0.11	488.40	0.31	386.13	0.26	(305.13)	(62.48)
Financial intermediation	32,856.15	18.96	23,877.22	15.16	21,938.64	14.72	8,978.93	37.60
Saving cooperative	15,469.21	8.93	15,229.17	9.67	14,093.29	9.46	240.04	1.58
Others	1,950.93	1.13	2,055.38	1.30	2,116.13	1.42	(104.45)	(5.08)
<b>Total loans net of deferred revenue</b>	<b>173,239.52</b>	<b>100.00</b>	<b>157,493.84</b>	<b>100.00</b>	<b>149,010.02</b>	<b>100.00</b>	<b>15,745.68</b>	<b>10.00</b>

### Quality of Assets

As of 31 December 2017, classified assets consisted of interbank and money market items and accrued interest receivables, investments, loans and accrued interest receivables and other assets. Assets categorized in compliance with the regulations of the Bank of Thailand as follows:

Table: Assets Classified by Type of Asset

Assets Classified by Type of Asset	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
<b>Interbank and money market and accrued interest receivables</b>					
- Pass	19,238.14	16,363.39	16,296.41	2,874.75	17.57
<b>Investments</b>					
- Doubtful of loss	21.16	71.72	50.66	(50.56)	(70.50)
<b>Loans and accrued interest receivables</b>					
- Pass	149,492.38	137,462.17	129,150.53	12,030.21	8.75
- Special - mention	1,521.18	1,146.01	984.94	375.17	32.74
- Sub - standard	169.47	912.01	347.08	(742.54)	(81.42)
- Doubtful	211.45	621.85	1,471.27	(410.40)	(66.00)
- Doubtful of loss	2,882.84	1,232.06	996.30	1,650.78	133.99
<b>Other assets</b>					
- Doubtful of loss	60.91	51.17	34.97	9.74	19.03
<b>Total</b>	<b>173,597.53</b>	<b>157,860.38</b>	<b>149,332.16</b>	<b>15,737.15</b>	<b>9.97</b>

### Allowance for Doubtful Accounts

As of 31 December 2017, allowance for doubtful accounts were Baht 3,388.69 million, increased by Baht 310.06 million or up to 10.07% compared to the year 2016, following the growth of loans and supporting to uncertainty of domestic economy. Allowance for doubtful accounts to total loans ratio was 2.22%, increase from 2016 which was at 2.19. LLR/NPL decreased from 119.62% to 110.15%.

Table: Allowance for Doubtful Accounts Classified by Debtor Classification (excluded interbank and money market items)

Loans to Customers and Accrued Interest Receivables and Allowance for Doubtful Accounts Classified by Debtor Classification	Separate Financial Statements								Change (2017 compared to 2016) Increase (Decrease)	
	2017				2016					
	Loans to customers and accrued interest receivables		Allowance for doubtful accounts		Loans to customers and accrued interest receivables		Allowance for doubtful accounts		Amount (Million Baht)	Ratio (%)
Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	
Pass	149,492.38	96.90	758.69	22.39	137,462.17	97.23	812.38	26.39	(53.69)	(6.61)
Special - mention	1,521.18	0.98	156.99	4.63	1,146.01	0.81	168.48	5.47	(11.49)	(6.82)
Sub - standard	169.47	0.11	77.55	2.29	912.00	0.65	202.31	6.57	(124.76)	(61.67)
Doubtful	211.45	0.14	111.11	3.28	621.85	0.44	49.61	1.61	61.50	123.97
Doubtful of loss	2,882.84	1.87	593.23	17.51	1,232.06	0.87	320.92	10.42	272.31	84.85
<b>Total</b>	<b>154,277.32</b>	<b>100.00</b>	<b>1,697.57</b>	<b>50.10</b>	<b>141,374.09</b>	<b>100.00</b>	<b>1,553.70</b>	<b>50.47</b>	<b>143.87</b>	<b>9.26</b>
Additional provision for specific debtors			750.00	22.13			571.54	18.56	178.46	31.22
General provision			941.12	27.77			953.39	30.97	(12.27)	(1.29)
<b>Total</b>	<b>154,277.32</b>	<b>100.00</b>	<b>3,388.69</b>	<b>100.00</b>	<b>141,374.09</b>	<b>100.00</b>	<b>3,078.63</b>	<b>100.00</b>	<b>310.06</b>	<b>10.07</b>

As of 31 December 2017, the bank had loans classified by overdue debtors as follows:

Table: Loans to Customers Classified by Periods to Maturity

Loans to Customers	Separate Financial Statements			Change (2017 Compared to 2016) Increase (Decrease)	
	2017	2016	2015		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
At call <sup>1</sup>	18,854.55	15,843.04	10,379.04	3,011.51	19.01
Less than 3 months	32,627.08	27,454.52	21,378.84	5,172.56	18.84
3 – 12 months	16,150.21	19,973.76	17,367.36	(3,823.55)	(19.14)
More than 1 year	86,435.44	77,965.12	83,781.44	8,470.32	10.86
<b>Total</b>	<b>154,067.28</b>	<b>141,236.44</b>	<b>132,906.68</b>	<b>12,830.84</b>	<b>9.08</b>

Note <sup>1</sup> Loans to customers maturing at call include defaulted loans and non-performing loans.

### Revaluation Allowance for Debts Restructuring

The bank recorded revaluation allowance for debts restructuring were Baht 14.02 million, decreased by Baht 1.21 million or down to 7.94% compared to the year 2016.

### Debt Restructuring

As of 31 December 2017, The bank had 12,138 debtors, which 284 debtors are under debt restructuring and had an outstanding debt for Baht 4,092.41 million.

**Table: Debt Restructuring**

Debtors	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
<b>Debtors</b>					
- Number of debtors	12,138	12,870	12,488	(732)	(5.69)
- Interest and principal on debt obligations	154,277.32	141,374.09	132,950.12	12,903.23	9.13
<b>Debtor under debt restructuring</b>					
- Number of debtors	284	287	342	(3)	(1.05)
- Interest and principal on debt obligations	4,092.41	3,622.18	3,258.77	470.23	12.98

### Non-Performing Loans

As of 31 December 2017, non-performing loans (gross) were Baht 3,263.76 million, increased by Baht 497.84 million or up to 18.00% compared to the year 2016. Non-performing loans to total loans ratio 1.88%, increased from 2016 which was at 1.76%.

Non-performing loans (net) were Baht 2,471.77 million, or 1.43% of total loans after deducting allowance for doubtful accounts of non-performing loans.

### Total Liabilities

As of 31 December 2017, the bank had total liabilities were Baht 195,273.95 million, increased by Baht 3,076.86 million or up to 1.60% compared to the year 2016, which was mainly from an increase in debts issued and borrowings.

**Table: Liabilities Classified by Type of Liabilities**

Liabilities Classified by Type of Liabilities	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
Deposits	143,741.92	149,639.50	137,300.10	(5,897.58)	(3.94)
Interbank and money market items	15,415.97	20,053.83	20,665.87	(4,637.86)	(23.13)
Liabilities payable on demand	219.79	75.99	176.52	143.80	189.24
Debts issued and borrowings	32,979.12	20,464.66	21,814.06	12,514.46	61.15
Others	2,917.15	1,963.11	2,069.37	954.04	48.60
<b>Total liabilities</b>	<b>195,273.95</b>	<b>192,197.09</b>	<b>182,025.92</b>	<b>3,076.86</b>	<b>1.60</b>

### Deposits

As of 31 December 2017, the bank had deposits were Baht 143,741.92 million, decreased by Baht 5,897.58 million or down to 3.94% compared to the year 2016, which was mainly from the decreased of fixed deposit receipt and the increased of savings deposits.

Table: Deposits Classified by Type of Deposits

Deposits Classified by Type of Deposits	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015		
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)	Ratio (%)
Demand deposits	3,623.02	5,061.09	5,678.02	(1,438.07)	(28.41)
Savings deposits	72,563.33	65,119.72	51,887.27	7,443.61	11.43
Time deposits	49,775.13	50,648.23	41,212.83	(873.10)	(1.72)
Fixed deposit receipt	17,780.44	28,810.46	38,521.98	(11,030.02)	(38.28)
<b>Total deposits</b>	<b>143,741.92</b>	<b>149,639.50</b>	<b>137,300.10</b>	<b>(5,897.58)</b>	<b>(3.94)</b>

### Owners' Equity

As of 31 December 2017, the bank had owners' equity were Baht 35,122.32 million, increased by Baht 17,624.44 million or up to 100.72% compared to the year 2016, which came from issuance of additional ordinary shares of LH Financial Group Public Company Limited amounted of Baht 16,598.92 million at the end of July 2017, which received from capital increase of CTBC Bank.

### 3. Capital Adequacy

#### Sources and Uses of Fund

As of 31 December 2017, capital structure according to the separated financial statements consisted of liabilities were Baht 195,273.95 million and owners' equity were Baht 35,122.32 million, or 5.56 times of debt to equity ratio. Sources of fund composition in terms of liabilities included deposits 62.39% of sources of fund, interbank and money market items 6.69%, debts issued and borrowings 14.31%, liabilities payable on demand and others 1.37%, while owners' equity 15.24%.

#### Relations of Sources and Uses of Fund

As of 31 December 2017, loans to customers (before deducting deferred revenue) were Baht 154,067.28 million. Loans to deposits ratio was 107.33%. The bank invested remaining liquidity in liquid assets such as interbank and money market items, investments and loans.

Significant sources and uses of fund as of 31 December 2017 could be classified by contract maturity date. Deposits less than 1 year were Baht 133,727.68 million, or 93.03% of total deposits. Loans less than 1 year were Baht 67,631.84 million, or 43.90%. Deposits more than 1 year were Baht 10,041.24 million, or 6.97%. Loans more than 1 year were Baht 86,435.44 million, or 56.10%.

Table: Sources and Uses of Fund

Periods	Deposits				Loans			
	2017		2016		2017		2016	
	Amount (Million Baht)	Ratio (%)						
Less than 1 year	133,727.68	93.03	142,298.50	95.09	67,631.84	43.90	63,271.32	44.80
More than 1 year	10,014.24	6.97	7,341.00	4.91	86,435.44	56.10	77,965.12	55.20
<b>Total</b>	<b>143,741.92</b>	<b>100.00</b>	<b>149,639.50</b>	<b>100.00</b>	<b>154,067.28</b>	<b>100.00</b>	<b>141,236.44</b>	<b>100.00</b>

#### 4. Change of Cash Flow

As of 31 December 2017, the cash of the bank were Baht 1,994.55 million, decreased by Baht 114.58 million compared to the year 2016. Net cash provided by and used in activities as the following.

- Net cash used in operating activities were Baht 13,131.80 million, which was from the profits from operation before changes in operating assets and liabilities were Baht 890.91 million and significant change of assets and liabilities were loans to customers increased by Baht 13,145.50 million, deposits decreased by Baht 5,897.58 million, Interbank and money market (liabilities) increased by Baht 4,637.86 million and short-term debts issued and borrowings increased by Baht 12,504.49 million.
- Net cash used in investing activities were Baht 3,091.87 million, mainly from invested in available-for-sale investments were Baht 3,544.76 million, invested in held-to-maturity investments were Baht 1,483.80 million and cash received on interest income on investments were Baht 1,669.62 million.
- Net cash provided by financing activities were Baht 16,109.09 million, which was from net proceeds from issuance of additional ordinary shares of LH Financial Group Public Company Limited were Baht 16,598.92 million.

#### 5. Adequacy of Liquidity

Items	31 December 2017	31 December 2016
Total assets	230,396.27	209,694.97
Deposits	143,741.92	149,639.50
Loan to customers (net deferred revenue)	154,020.31	141,144.67
Liquidity assets	62,826.27	54,957.23
Loan to customers/Deposits (%)	107.33	94.48
Liquidity assets/Total assets (%)	27.27	26.21
Liquidity assets/Deposits (%)	43.71	36.73

Note : Liquidity assets consists of Cash, Interbank and money market items – net (asset) and Investments - net

#### 6. Liquidity Assets Ratio

The bank maintained the reserve requirement on average at not lower than 1.00% of average deposits and borrowings according to the criteria of the Bank of Thailand. In case of the bank had cash at the cash center, the bank maybe average count at not exceed 0.20% of average deposits and borrowings.

As of 31 December 2017, cash at the cash center and cash at Bank of Thailand totalled Baht 2,149.52 million.

#### Capital Adequacy and the Ratio of Capital Fund to Risk Assets

As of 31 December 2017, the bank had the ratio of total capital fund to risk assets at 21.857%, higher than the 9.750% minimum rate required by the Bank of Thailand and increasing from BIS when compared with 31 December 2016 at 13.706%.

The ratio of Tier 1- capital fund to risk assets was 18.673%, higher than the 7.250% minimum rate required by the Bank of Thailand.

Table: Capital Fund to Risk Assets Ratio

Capital Fund to Risk Assets Ratio	31 December 2017		31 December 2016		31 December 2015	
	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)	Amount (Million Baht)	Ratio (%)
Common equity Tier 1 capital fund						
The bank	34,101.44	18.673	16,557.45	10.195	15,202.82	10.18
Minimum rates required by law *		5.750		5.125		4.50
The Difference		12.923		5.070		5.68
Tier 1 capital funds						
The bank	34,101.44	18.673	16,557.45	10.195	15,202.82	10.18
Minimum rates required by law *		7.250		6.625		6.00
The Difference		11.423		3.570		4.18
Total capital funds						
The bank	39,915.64	21.857	22,259.27	13.706	20,936.11	14.01
Minimum rates required by law *		9.750		9.125		8.50
The Difference		12.107		4.581		5.51

Note\* Additional Capital Fund Ratio for conservation buffer is required on the ratio of Common Equity Tier 1 capital fund to risk asset for of 0.625% per annum each year as from 1 January 2016 onwards until reaching 2.50% in 2019.

### Off-Balance Sheet Commitments

As of 31 December 2017, the bank had off-balance sheet commitments were Baht 35,392.75 million, increased by Baht 8,170.92 million or up to 30.02% compared to the year 2016.

Table: Off-Balance Sheet Commitments

Off-Balance Sheet Commitments	Separate Financial Statements			Change (2017 compared to 2016) Increase (Decrease)	
	2017	2016	2015	Amount (Million Baht)	Ratio (%)
	Amount (Million Baht)	Amount (Million Baht)	Amount (Million Baht)		
Avals to bills	149.60	23.95	119.46	125.65	524.63
Under unmatured import bills	-	8.02	-	(8.02)	(100.00)
Guarantee - others	3,642.23	4,020.78	4,334.09	(378.55)	(9.41)
Letters of credit	10.82	6.93	-	3.89	56.13
Undrawn bank overdrafts	4,773.90	4,901.75	5,039.80	(127.85)	(2.61)
Other commitments	26,816.20	18,260.40	15,201.72	8,555.80	46.85
<b>Total</b>	<b>35,392.75</b>	<b>27,221.83</b>	<b>24,695.07</b>	<b>8,170.92</b>	<b>30.02</b>

### Credit Rating

Land and Houses Bank Public Company Limited is assigned the company rating of “A-” (Single A Minus), affirms the rating of LH BANK’s hybrid Tier 2 capital securities at “BBB” and the results also affirmed the rating on credit alert with a “positive” by TRIS Rating reflecting continually improving business status, good asset quality and solid capital of the bank.

### 7. Factors Influencing Future Operating Results

The key factors which may affect future operation, namely, Thai economic outlook recovery is quite weak due to slow growth of global economy, fluctuations in currency market and capital market and weak domestic demand including agricultural households affected by agricultural price drop and droughts. These may result in loan demand and quality loan and affected to interest income of commercial banking system decreased including high level of NPLs problem and must conduct to set more doubtful.

### 3. New financial reporting standards

#### 3.1 Financial reporting standards that became effective in the current year

During the year, the Bank has adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

#### 3.2 Financial reporting standard that will become effective in the future

During the year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The management of the Bank believes that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

## THE CORPORATE GOVERNANCE COMMITTEE'S REPORT

The Corporate Governance Committee consists of 4 members as follows;

- |                            |               |  |
|----------------------------|---------------|--|
| 1. Mr. Phairoj             | Hengsakul     | Chairman of the Corporate Governance Committee |
| 2. Mr. Somsak              | Assavapokee   | Member of the Corporate Governance Committee   |
| 3. Mr. Adul                | Vinaiphat     | Member of the Corporate Governance Committee   |
| 4. Asso. Prof. Dr. Supriya | Kuandachakupt | Member of the Corporate Governance Committee   |
- And Ms. Chutima Boonmee, Executive Vice President, Control Group is the Secretary of the committee.

In addition, Asso. Prof. Dr. Supriya Kuandachakup have been appointed to be the member of the Corporate Governance Committee replacing the former directors who resigned and the appointment is effective from August 1, 2017 onwards.

The Corporate Governance Committee has performed duties under the scope of responsibilities prescribed in the announcement of the Corporate Governance Committee appointment assigned by the Board of Directors. During the year 2017, the bank arranged the Corporate Governance Committee meeting 5 times and reported the result of the meeting to the Board of Directors. The summary is as follows:

1. Review the Good Corporate Governance Policy for appropriateness and compliance with guidelines of government agencies regulating the bank in order to build the confidence that the bank conducts its business with responsibility, transparency and integrity and fairly treat all stakeholders.
2. Review the Corporate Social Responsibility Policy for Sustainable Business Development to achieve the bank sustainable growth and to promote the executives and employees to participate in social responsibility.
3. Review the Anti-Corruption Policy to enable the company's directors and executives holding it as an operational guideline on prohibitions of offering or receiving gifts, attending parties and other benefits, bribes and inducements, charitable contributions, financial sponsorships, political participations and activities as well as receiving reports or complaints.
4. Review the policy of preventing conflict of interest to ensure the trust of business operations and the interests of shareholders and all stakeholders, including protecting against damage that may have an effect on the bank's reputation and image
5. Consent the Whistleblower Policy for protecting persons who identify clues or make a complaint to the bank in order to ensure that the persons will not be suffered by damage or treated unfairly.
6. Review the bank's Code of Conducts, Directors' Ethics and Employees' Ethics for using as the good practices and the working standards for directors and employees at all levels. The mentioned Code of Conducts and Ethnics will help support the bank to operate its business with honesty, ensure a balance between earnings and the impact on shareholders and customer, including holding the principles of sustainable business and considering the Social and Environmental
7. Follow up the progress and give suggestion for renewing the Recertification and the Certificate of Thailand's Private Sector Collective Action Coalition Against Corruption
8. Represent the bank in communicating, supervising and promoting to comply with the Good Corporate Governance Policy and Anti-Corruption Policy.

We, Land and Houses Bank Public Company Limited recognizes the importance of the good corporate governance and business ethics in business operation for the company's sustainable growth and building the confidence among all stakeholders and the bank is confident that the good corporate governance will help maximize the value for shareholders.



(Mr. Phairoj Hengsakul)

Chairman of the Corporate Governance Committee

## MESSAGE FROM THE PRESIDENT



Land and Houses Bank Public Company Limited has the destination in operating a business in conformity with the good corporate governanc as the important principle together with the code of conduct and ethics for responding to the satisfaction of all stakeholders continuously which as a part of the business operation, especially, the good corporate governance at all of work contexts. In addition, all our performances have to agree with working standards, honesty, transparency and accountability. The company also operates its business by considering others corporate social responsibility, such as, fair business operation, anti-corruption, respect of human rights, fair treatment of labor, responsibility on the consumers, cooperation in the development of community and society and community, environmental management, and innovation and dissemination of innovative corporate social responsibilities. Including, all together leads the bank to achieve the sustainable growth. In addition, the company has provided the corporate social responsibility report with the 2017 annual report for communication in the social responsibility operation to all stakeholder.

The bank has promoted the information about financial discipline by passing the knowledge, proficiency and skills in the banking sector, which established in Land and Houses Bank Public Company Limited as the subsidiary of the company to create the benefits to communities and the society by giving the private financial management knowledge and instilling a financial discipline and money saving by participated with CSR club - the Thai Bankers' Association and the National Council for Child and Youth Development Under the Royal Patronage of HRH Princess Maha Chakri Sirindorn and other parties such as the Stock Exchange of Thailand, the Bank of Thailand, the Financial Consumer Protection Center, Office of the National Anti-Corruption Commission, and the Friends of Facilitator Networks about money saving project since 2014 including supporting the companies in the Land and Houses financial business group to operate the market conduct according to the official agencies guidelines.

We, Land and Houses Bank Public Company Limited sincerely hope that the report on sustainable businesses development will available for reaching our intention to take part of carrying forward and support in developing the business operation growth together with the world changing in financial system stability and sustainability. Finally, we would like to thanks shareholders, business partners, customers, all stakeholder groups and employees that have provided us a good continuous support. Additionally, we will maintain the intention and insist on the social responsibility for the stability and sustainable growth.

(Mrs. Sasitorn Phongsathorn)

President

## BUSINESS SUSTAINABILITY REPORT

Land and Houses Bank Public Company Limited has the intention in operating the business in conformity with the good corporate governance policy as the guideline along with the operation on social responsibility focusing on the ethics, business etiquette, and good corporate governance in response to the satisfaction of stakeholders in all dimensions. The company realizes that the sustainable and stable growth need the business operation with the vision and competence in managing business to achieve the mission with morality, ethics, and participation in social responsibility in affecting of the great value creation to the company and shareholders including the confident creation to shareholders.

### Guidelines for the Operation in Social Responsibility

The bank's board of directors pays attention to social responsibility operation in the CSR-in-process and CSR-after-process by encouraging sustainable company growth and all levels of employees to participate in the helping mind in the working awareness of social responsibility. The employees must adhere to the Code of conduct; instill a sense of social responsibility in operation. The chairman and the president acts as the representatives for driving the organization to sustainable development, the corporate governance committee has responsible for social responsibilities operation, consider, gives opinions and monitoring in social responsibilities operation plan and report to the company's board of directors. The president has duties for encouraging and supporting in operation following the bank's board of directors' guidelines.

The board's board of directors has determined the social responsibility for sustainable development following the Corporate Social Responsibility Institute guideline of the Securities and Exchange Commission and the Exchange of Thailand for the directors, the executives and all levels of employees adhere as guidelines in operation and review annually.

**Corporate social responsibility** means operating the business with the focus on the stakeholders, economics, society, and environment with morals, ethics and corporate governance in order to make the activities be held with honesty, transparency, and fairness. There is the awareness on negative impact to the economy, society, and environment with the readiness to solve the problems for mitigating the mentioned impact. The philosophy of sufficient economy is integrated to create the operation to the achievement and benefits in increasing the competitiveness in all trade forums which will be really advantageous for the sustainability of the operation, stakeholders, economy, society, and environment.

### The Logo of Corporate Social Responsibility



### The Corporate Governance of Market Conduct

The bank operates business with good governance and takes responsibility in economy, social and environment. In addition, the bank also pays attention in every aspects of risk management and emphasizes on implementation of corporate governance guidelines to provide quality service and fair business (Market Conduct) with aims to give customers the confidences that

1. Receiving sincere and fair services
2. Receiving the appropriate suggestions
3. Receiving the fair prices and conditions
4. Receiving the convenience in services and properly method of solutions
5. Receiving the knowledge and understanding of their own rights and duties

### The Operation in Social Responsibility

The social responsibility is one of the principles considered to be very important. The company perceives the importance of “dependence”. As all businesses have people in the society as the target group in offering products and services, no matter what direction the development of organization is, people in the society will give some support. The regulation of such policy and guideline for the practice will be able to guide the way for the personnel in the organization.

The bank operates the social responsibility in the CSR-in-process and CSR-after-process by encouraging the executives and all levels of employees to participate and voluntary for implanting the conscious mind of social responsibility. In addition, it is also to make the strong base of sustainable development and lead to society and country development to be truly stable.

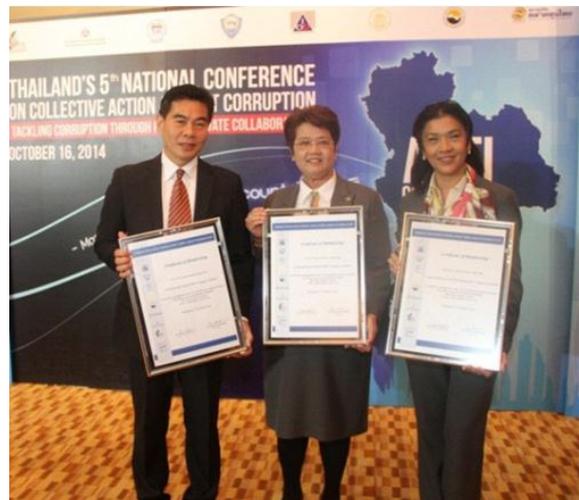
#### Operation of CSR-in-Process

CSR-in-Process means operating business with social responsibility by implementing the code of practice following the policy of social responsibility with the national and international standards to be applied for creating the business innovation which will become the activities in operating and developing the products as well as the standard of services for the main objective in reducing the negative impacts possibly occur with the stakeholders during the work process. It is also to create the conscious mind in social responsibility with the directors, the executives, and all levels of employees for building the same attitude in the organization and for indicating the intention to be the strong financial institution with the highest corporate social responsibility.

#### Operation of CSR-after-Process

CSR-after-Process means the activities operate apart from normal business operation by playing the role in promoting the social activities in each time and occasion. This is for the highest benefits to the society, communities, both in public and private sector for leading to lay the foundation for vigorous society and country permanently.

The bank aims for operating under the principles of law, integrity and ethical following the good corporate governance guidelines and code of conduct and ethics. Therefore, the directors, the executives and the employees are required to work under the cited principle. The bank has provided to participate the activities in Thailand's Private Sector Collective Action Coalition Against Corruption project in addition, the bank has determined the anti-corruption policy, practice guidelines for the directors, the executives and the employees and on October 16, 2014, the bank has been awarded the certification from Thailand's Private Sector Collective Action Coalition Against Corruption by Thai Institute of Directors.



## Social Responsibility for the Sustainable Development in Business

The bank is aware of operating business under the social responsibility making the business to be sustainable. This focuses on paying attention to the stakeholders, economy, society, and environment with morality, ethics, and business operation along with the honesty, transparency, and fairness. The negative impact on the economy, society, and environment must be well-aware. The bank regulates the policy on social responsibilities for the sustainably development in business for the practice so that the bank's board of directors, the executives and all levels of employees can conform to as the practice in 9 following areas:

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect to Human Rights
5. Fair Treatment of Labor
6. Responsibility on the Consumers
7. Cooperation in the Development of Community and Society
8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

 The bank reveals the details of Corporate Social Responsibility for Business Sustainability Policy are published on the bank in the bank's website ([www.lhbank.co.th](http://www.lhbank.co.th))

## 1. Good Corporate Governance

Land and Houses Bank Public Company Limited has the determination in operating business in conformity with the good corporate governance principle as the guideline along with the sustainably social and environmental development and also emphasizes on creating the culture of good governance in the organization. The bank established the Corporate Governance Committee in 2013 which had the duties in determine and review the corporate governance policy, and to be the bank's representative in communicate and operate the corporate governance activities as the same standard in organization. The bank had the ethics in business operation for creating the competitiveness and trust worthy among the shareholders, investors, stakeholders, and all related parties. This will be the important main factor in the operation of the company with the efficiency, transparency, and trustworthy. This includes the stable and promotion on management with honesty, increase of value in business, security, and sustainable growth as well as placing the importance on internal control systems, internal auditing, equitable treatment of shareholders and stakeholders, ethics in business operation, supervision to prevent conflicts of interest, adequate disclosure of information while considering risks and appropriate risk management.

The board of directors has established the sub-committees to give assistance in the close supervision on the operation of the company;

- The executive committee
- The audit committee
- The nomination and remuneration committee
- The corporate governance committee
- The risk management committee

Each sub-committee will supervise the bank's operation following the vision, the mission, the business operation plan and good corporate governance as well as indicating the roles and responsibilities clearly in written form. The good corporate governance of the bank consists of the main principle which the board of directors, the executives, and all employees consider as the guideline on the operation following 4 principles as follows;

1. Transparency : Transparency in the operation and the disclosure of information to related parties
2. Integrity : Honesty
3. Accountability : Responsibility on the performance in the duty
4. Competitiveness : Competitiveness in the competition

### Good Corporate Governance Policy

The good corporate governance policy is based on the principle of the Corporate Governance Code (CG Code) of the Office of the Securities and Exchange Commission. It consists of the principles and guidelines in relation to the good corporate governance for the bank's board of directors, the executives, and the employees to use as the guidelines for the operation. It is classified into 8 categories as follows;

Principle 1	Establish clear leadership role and responsibilities of the board
Principle 2	Define objectives that promote sustainable value creation
Principle 3	Strengthen board effectiveness
Principle 4	Ensure effective CEO and people management
Principle 5	Nurture innovation and responsible business
Principle 6	Strengthen effective risk management and internal control
Principle 7	Ensure disclosure and financial integrity
Principle 8	Ensure engagement and communication with shareholders

### Principle 1 Establish clear leadership role and responsibilities of the board

The Board of Directors is at the heart of the good corporate governance consists of the experts in various fields which they had expertise, experience, leadership, independent in making decision, devote time, working and responsibilities perfectly, carefully, and integrity for the maximum benefit of the bank and the shareholders and also supervise the bank in good management as the matters following:

- Determine the objectives and goals
- Determine the business strategy and the allocation of resources to achieve the objectives and goals
- Follow up, assessment and supervise the operation result report

The Board of Directors supervises the bank to the governance outcome as the matters following:

- Competition abilities and good performance by consider the long term affect
- Ethics in business operation, respect of the right and responsibilities to the shareholders and the stakeholders
- Social benefits and develop or decrease the environment affect
- Adjustment under the risk factors

The Board of Directors supervises the directors and the executives to perform their duties with responsibilities, be careful, integrity to the organization, supervises the operation according to the laws, Articles of Association, shareholders meeting resolutions, determine the duties assignment and the president responsibilities clearly including follow up and supervise the president in duties assignment performing.

The Board of Directors Meeting

- The Board of Directors and the sub-committee usually held the meetings. The meeting is scheduled in advance for a one-year period, and the additional special meetings are required. The company has informed all the directors in advance so that they can schedule and attend the meeting. The agenda of the Board of Directors' meeting shall be determined by the chairman and the president to jointly consider the matter to be included in the agenda pass through the company secretary. There will be a clear agenda and the important agenda items such as quarterly financial statements, the operation report for monthly.

However, in the Board of Directors meeting, the company's secretary will send the notice of the meeting; the meeting agenda and the documents are to be submitted to the directors at least 5 days prior to the meeting date for the directors to have the time to study the agenda and the supporting documents. Normally, each meeting takes about 2 - 2.30 hours. The company takes the minutes of the meeting is in writing, covering the complete essay at the appropriate time. The minutes of the meeting are certified by the Board of Directors and the meeting documents are kept systematically. The Board of Directors and the related parties can verify the documents and it is easy to find the references.

- The Board of Directors Meeting, the Chairman of the Board allocates sufficient time for the Board to discuss the important matters and in the consideration of certain agenda; the President will invite the executives to attend the meeting to provide more detailed information as it relates to the subject matter presented directly.
- The quorum of the Board of Directors Meeting must be not less than half of the total number of the directors in accordance with the company's regulation and the decision of the meeting requires a majority vote, if the votes are equal, the chairman of the meeting can exercise his casting vote.
- The Board may seek the opinion of the independent consultant or the external professional, if it is necessary; it deems the expense of the company.
- The Non-Executive Directors are able to held the meetings without the President attends the meeting to discuss the issues or the problem about the management is interesting and find the ways to improve or provide the useful suggestions to the management and report the resolutions and summarize the comments received from the meeting to the President to acknowledge.

The President's performance assessment of yearly

The Board of Directors provided the President's performance assessment by assigned the Nomination and Remuneration to consider the President's performance assessment guideline and determine the remuneration and bonus for the yearly performance which consider from the responsibilities to the bank.

- The President's performance assessment, the chairman has evaluated the performance according to the Nomination and Remuneration Committee guideline by use the indicators conform to the vision, mission and long-term goals of the bank, responsibilities considering, goal achievement, and consider the situation and business condition at that time. The assessment divided into 2 core categorizes consists of financial KPI and non-financial KPI.
- The chairman has evaluated the President's performance and proposed the assessment to the Nomination and Remuneration Committee meeting to consider for determine the remuneration and bonus when the Nomination and Remuneration Committee considered the Nomination and Remuneration Committee and will be propose the assessment to the Board of Directors for approval.

### **Principle 2: Define the objectives that Promote Sustainable Value Creation**

The Board of Directors shall define the bank's objectives and main goals for the sustainable growth comply with creating value to the bank, customers, stakeholders and the whole society.

There are supervised to ensure that the objectives, goals and strategy for each time correspond to the objectives and the core goals.

### **Principle 3: Strengthen Board Effectiveness**

Structure, Composition and Qualifications of the Board of Directors

- The Board of Directors structure is proportionate and fair and for the independence of the Chairman, and separates the powers and duties of regular policy oversight and management. The Chairman of the Audit Committee is not the same person as the President. The separation of powers between each other clearly does not allow anyone to have unlimited power to balance and review the management.

- The independent director at least 3 directors or at least one third of the number of all directors or higher.
- The Board of Directors and the Independent Directors required the qualifications are in line with the related laws, the regulations, the Articles of Associate for directors and good corporate governance principle. The Boards of Directors are selected based on knowledge, experience, skills, expertise, honestly and using the capabilities for the bank. There is the ability to provide the independent comments and understand into the business of the financial sector and not to deprive them of their sexuality and must be passed considering process of the Nomination and Remuneration Committee.

The Board of Directors appointment must be conformed to the determined agenda, transparency and clearly, for proposing the director or the former director returned to his/her position to be appointed the bank's director with his/her profile and details appropriately including the criteria and the nomination method for benefits in the shareholders resolution.

Director, President and the authority to handle will be in the position of Chairman, Executive Director or the authorized director which will be one or more in other companies which is not more than 3 business groups.

The term of position of the directors conform to the Public Limited Company Act and the bank's Articles of Association.

#### The Sub-Committees

The Board of Directors has appointed the sub-committees to help to study the details and screen the work so as to ease the burden of the Board of Directors and the sub-committees must to report the operation to the Board of Directors directly, the sub-committee consists of:

- The Executive Committee
- The Audit Committee
- The Nomination and Remuneration Committee
- The Corporate Governance Committee
- The Risk Management Committee

However, the Chairman of the Audit Committee, the Chairman of the Corporate Governance Committee and the Chairman of the Nomination and Remuneration Committee as the Independent Director who are transparent and independent in performing the duties.

#### The company secretary

The Board of Directors has appointed Mr. Vichian Amornpoonchai, the Executive Vice President, Corporate and Legal Affairs to be the Company Secretary of the Land and Houses Bank Public Company Limited since May 15, 2009 to serve as the Company Secretary as required by law. The Board of Directors has encouraged and encouraged the Company Secretary to receive training and development of knowledge in law, accounting, or corporate secretarial duties.

### Self-Assessment of the Board of Directors

The board of directors of the company has evaluated its overall performance to review the performance and the trouble last year and provide more efficiency performance because the boards of directors are clearly aware of their responsibilities. The self-evaluation is essential to assess the appropriateness of the Board of Directors' composition and performance. The board of directors shall analyze the evaluation results, recommendations and remarks from the board of directors' member by using form of self-evaluation of the Stock Exchange of Thailand and consider applying according to the company's business environment and operations. The self-evaluation is of the following details:

- Self- Assessment of the Board of Directors and all sub-committees
- Self- Assessment of the Board of Directors and the sub- committees as individual basis
- Corporate Governance Self-Assessment by the Corporate Governance Committee and the Board of Directors

### Self-assessment of the Board of Directors and all Sub-Committees

**Self-assessment** divided into 6 areas as follows;

1. Structure and qualifications of the Board of Directors
2. Roles, duties and responsibilities of the Board of Directors
3. Meeting of the Board of Directors
4. Performance of the Board of Directors
5. Relationship with the management team
6. Self-improvement of the directors and the development of the executives

**Scoring** To ensure year-to-year comparison, scoring can be marked in different methods but standardized. Here is the sample of scoring system from 0 to 4.

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

**Evaluation Method and Results**, at the meeting of the company's board of directors and the individual sub-committees, the directors thereof jointly conducted an evaluation by giving score in each assessment item. In a 2017 whole team self-evaluation, most assessment items were given the score of 4.

### Self -Assessment of the Board of directors and the Sub-Committees as Individual Basis

**The Assessment** divided into 3 areas as follows;

1. Structure and qualification of the Board of Directors
2. Meeting of the Board of Directors
3. Roles, duties and responsibilities of the Board of Directors

**Scoring** To ensure year-to-year comparison, scoring can be marked in different methods but standardized. Here is the sample of scoring system from 0 to 4.

- 0 = Strongly disagree or never conducted
- 1 = Disagree or seldom conducted
- 2 = Fair or moderately conducted
- 3 = Agree or well conducted
- 4 = Strongly agree or excellently conducted

**Evaluation Method and Results**, the company secretary sent the self-assessment of the individual members of committees in which they hold an office, for their self-evaluation. The completed forms were then returned to the company secretary for compilation and notification to the company's board of directors. Overall, in the year 2017 result of the evaluation the self-assessment of the individual members of committees, most assessment items were given the score of 4.

#### **Corporate Governance Self-Assessment**

The Board of Directors has provided the self-assessment of implementation according to the principles of good corporate governance for the company's board of directors and the management team of the company to evaluate on the issue that the company has done or not, which issue need to do and for an adequate disclosure of the company. The company's board of directors shall analyze the evaluation results, recommendations and remarks from the board of directors' member and consider applying according to the company's business environment and operations.

**The Assessment** divided into 4 areas as follows;

1. Right of Shareholders and equitable treatment of shareholders
2. Roles of stakeholders
3. Disclosures and transparency
4. Responsibilities of the Board of Directors

No score levels are specified in the evaluation form; only check boxes are provided for ticking off whether a particular practice had been followed or not:

- Put a check mark (✓) in a Yes field for a practice that had been followed
- Put a check mark (✓) in a No field for a practice that hadn't been followed or completed

**Evaluation Method and Results**, at the meeting of the company's board of directors and the corporate governance committee, the directors thereof jointly conducted an evaluation by the result of the self- assessment of implementation according to the principles of good corporate governance of the year 2017, most assessment items were given "Yes".

#### **Principle 4: Ensure Effective CEO and People Management**

The Board of Directors has appointed a Nomination and Remuneration Committee to clearly and transparently nominate and remuneration the directors and the President which consistent with the role. The remuneration of directors must be approved by the shareholders' meeting and disclosed in the annual report.

The Nomination and Remuneration Committee will select and screen the qualified persons with knowledge, ability and experience in various fields. Have a good understanding of the company's business, including the economy, the law and the others by considering the necessity of the organization and the good corporate governance. However, the Nomination and Remuneration Committee will listen to the suggestions of the minority shareholders which nominating the persons who should be nominated by election to be the Directors or Independent Directors of the company. The company has given the opportunity for the shareholders to nominate the candidates to be elected as the Directors at the Annual General Meeting of the shareholders in accordance with the criteria that established by the bank.

### Nomination of the Directors and the Highest Executive

Regarding to the criteria in the nomination of the company's directors, the nomination and remuneration committee will propose the company's board of directors to consider the appointment of directors and/or independent directors, in case of vacancy from other cause rather than completing the term or for proposing to the shareholder's meeting in order to elect the directors and/or independent directors in case of completion the term or election of the new directors.

The criteria for nomination and appointment of the Independent Director, such person must have the qualifications of the independent director as required by the company which is in accordance with the Notification of the Capital Market Supervisory Board and it is in line with the Good Corporate Governance Policy.

Regarding to the criteria in nominating the company's top executives, the nomination and remuneration committee will consider nominating the persons with the proper competence and qualification by considering the ethics and the honesty in the positions of the top executives including the president. The basic factors that used for consideration are the qualification, the knowledge, and the experience in the financial field. The selected persons should have the idea and vision of management in the same direction to the company's board of directors in order that the operation of the organization can successfully achieve the goal. The nomination and remuneration committee will propose the selected persons to the company's board of directors for considering the nomination.

### Remuneration of the Directors and the Executives

- The Nomination and Remuneration Committee chaired by the independent directors, to lay down the policies, methods and criteria in remunerating the directors and the president in a fair and transparent manner which links to the company's operating results and the performance of each director in line with industry's standards. The remuneration, which must be high enough to retain the directors with desirable qualifications.
- Directors' remuneration is fixed by the shareholders' meeting in pecuniary and other forms considered and proposed by the Nomination and Remuneration Committee. Remuneration consideration was taken on the basis of general practices of the industry taking in account work experience, knowledge and competencies, duties and responsibilities, including directors' contributions made towards the bank, in comparison to the similar industries and businesses and to a listed companies average according to a survey report on remuneration rates for directors of listed companies by the Thai Institute of Directors. The rates of remuneration for the directors approved by the 2017 Annual General Meeting held on March 20, 2017 and remuneration amounts and other compensation for the directors in 2017 are disclosed in the annual report.

### Development of the Directors, the Executives and the Employees

- The bank pays attention to increase efficiency in the company's board of directors performance by having the policy to encourage its directors, executives, employees, and secretary work, performance supervision, internal control, and corporate governance support staff to attend outside and in-house seminars as a regularly promoted development and enhancement of their skills, knowledge and competencies to accommodate both short- and long-term business growth, such as training courses held by the Institute of Directors, Office of the Securities and Exchange Commission, Stock Exchange of Thailand, and Thai Listed Companies Association, etc. In the year 2017, the directors attended the training seminars as follows;

Name of Directors	Training Seminars Program
<p>1. Mr. Rutt Phanijphand Chairman of the Board of Directors</p>	<ul style="list-style-type: none"> <li>- <b>A Review of Mid-Year of 2017 Plan and Budget Meeting</b> Arranged by LH Financial Group Public Company Limited Date: July 22, 2017 Venue: Sukhumvit Room, Sheraton Grande Sukhumvit, Bangkok</li> <li>- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel</li> <li>- <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand</li> </ul>
<p>2. Mr. Phairoj Hengsakul Independent Director Chairman of the Audit Committee Chairman of the Corporate Governance Committee</p>	<ul style="list-style-type: none"> <li>- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel</li> <li>- <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand</li> </ul>
<p>3. Mr. Adul Vinaiphath Independent Director Chairman of the Remuneration and Nomination Committee Member of the Audit Committee Member of the Corporate Governance Committee</p>	<ul style="list-style-type: none"> <li>- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel</li> <li>- <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand</li> </ul>
<p>4. Mr. Somsak Assavapokee Independent Director Member of the Audit Committee Member of the Corporate Governance Committee</p>	<ul style="list-style-type: none"> <li>- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel</li> <li>- <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand</li> </ul>
<p>5. Asso.Prof.Dr. Supriya Kuandachakupt Independent Director Member of the Audit Committee Member of the Corporate Governance Committee Member of the Nomination and Remuneration Committee</p>	<ul style="list-style-type: none"> <li>- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel</li> <li>- <b>Annual Seminar of 2017 “Business in the Age of Variation”</b> Arranged by EY Office Limited Date: November 22, 2017 Venue: Crystal Hall Room, The Athenee Hotel</li> <li>- <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand</li> </ul>

Name of Directors	Training Seminars Program
6. Mr. Sirichai Sombutsiri Chairman of the Executive Committee	- <b>A Review of Mid-Year of 2017 Plan and Budget Meeting</b> Arranged by LH Financial Group Public Company Limited Date: July 22, 2017 Venue: Sukhumvit Room, Sheraton Grande Sukhumvit, Bangkok
7. Mr. Naporn Sunthornchitcharoen Director	- <b>A Review of Mid-Year of 2017 Plan and Budget Meeting</b> Arranged by LH Financial Group Public Company Limited Date: July 22, 2017 Venue: Sukhumvit Room, Sheraton Grande Sukhumvit, Bangkok
8. Mr. Wu Kuo-Chin Director	- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel - <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand
9. Mr. Shih Jiing-Fuh Director	- <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel
10. Mrs. Sasitorn Phongsathorn President Chairman of the Risk Management Committee	- <b>A Review of Mid-Year of 2017 Plan and Budget Meeting</b> Arranged by LH Financial Group Public Company Limited Date: July 22, 2017 Venue: Sukhumvit Room, Sheraton Grande Sukhumvit, Bangkok - <b>Thailand's Eastern Economic Corridor (EEC) Seminar</b> Arranged by Land And House Bank Public Company Limited Date: October 7, 2017 Venue: Mandarin A Room, Mandarin Hotel - <b>Cyber Resilience Leadership Seminar</b> Arranged by the Bank of Thailand Date: November 23, 2017 Venue: Phatara Ruamjai Room, the Bank of Thailand

#### Orientation Program for New Directors

- The bank holds orientation meeting for new directors. In these meetings, the Chairman of Executive Director, the president and the top executives give briefings on the vision, mission, performance, strategies and key business targets including nature of business and documents for support their duties and additional to study.

### Succession Plan for Replacement of Executives and Key Positions

- On the purpose of preparing the bank for the importance position in the future. The company has developed successors by provided programs for top executives, provided the successors to attend the Executive Directors Committee and the Executive Committee meeting and assigned as the company's representative for many operation. Such the develop plan, the purpose is to ensure stability and continuity of the company business operation and to ensure that the company has the preparation of staff for the importance position of the company business operation.
- The bank has provided the Management Development Program Workshop for develop the executives in the future plan. The program has learned in 4 dimensions, namely, Visionary Leadership, Leadership Role & Situational Leadership, Change Leadership and Management & Developing People.

### Principle 5: Nurture Innovation and Responsible Business

The bank has determined the Code of Conduct and Ethics in written to serve as guidance to implement all groups of stakeholders, whether they are internal stakeholders such as the directors, the executives of the company or external stakeholders such as shareholders, customers, partners, competitors, government agencies and other related agencies. The company has determined to conduct its business transparently and support collaborative relationships the bank with stakeholders to mutually benefit, including ensure that the stakeholders are protected and treated well.

During the year 2017, the Board of Directors has approved the revised of the bank's Code of Conduct, Directors' Code of Ethics and Employees' Code of Ethics comply with the Banking Industry Code of Conduct which the bank has communicated for acknowledge to the executives and the employees via the bank's intranet channel by put the various knowledge program via Digital Learning System and the bank's website as follows;

#### Section 1 Intention

The purpose of the bank's Code of Conduct, directors' Code of Ethics and Employees' Code of Ethics is to provide good practice guidelines as a working's standard for all employees and directors.

The bank is considered the trusted financial institute as a source of funding and emphasizes on operating the business honestly and places important of balancing the operating results, impact on shareholders and customers. It also adheres to conduct the sustainable business operations by considering society and environment together with humanitarian principles.

In addition, the bank intends to operate its business under the principles of maintaining the honesty and reliability as well as provides beneficial to customers. The bank also performs its business with regard to the good governance principles to ensure the balance between the bank and the stakeholders. The bank's Code of Conduct, Directors' Code of Ethics and Employees' Code of Ethics can be categorized into 4 sections as follows;

Section 1: Intention

Section 2: The Bank's Code of Conduct

Section 3: Directors' Code of Ethics

Section 4: Employees' Code of Ethics

## Definitions

### “Code of Conduct”

Refers to rules of behavior that the financial institution has defined to maintain and improve a good reputation and status of the financial institution’s employees

### “Ethics”

Refers to the basic behavior rules for controlling physical and verbal behaviors that employees should adhere and practice habitually at work

### “Company”

Refers to LH Financial Group Public Company Limited

### “Director”

Refers to the Company’s Directors

### “Employee”

Refers to all types of the Company’s employees; trainee, permanent employee and the employee with special contract

## Section 2 The Bank’s Code of Conduct

2. The Bank’s Code of Conduct can be divided into 10 areas as follows;

### 2.1 Code of Business Ethics

The bank shall ensure that employees comply with the Code of Business Ethics as follows:

- 2.1.1 Perform duties with honesty, morality and responsibility conform to the laws, the government agencies’ regulations and related rules strictly, including Anti-Corruption policies, and Anti-Money Laundering and Combating the Financing of Terrorism policies.
- 2.1.2 Prevent and avoid any action that may lead to the conflict of interests.
- 2.1.3 Perform duties as the professional who has knowledge, abilities and skills cautiously.
- 2.1.4 Keep confidentiality and shall not use the internal information or the confidential information to seek benefits for his/herself or others improperly.

### 2.2 Director and Executive’s Roles

The bank’s directors and executives shall have conscious minds regard to duties and responsibilities under the morality and ethics’ framework to promote a good governance in the bank at all levels as follows;

- 2.2.1 Directors and executives shall perform their duties and operate a good corporate governance with honesty, fairness, morality, responsibility and ethics in business operations for the maximum benefit of the bank and stakeholders under the framework and guidelines of Business Judgment Rule, including considering and maintaining the bank’s benefits by paying attention to the incidents that occur to the bank or its operations.

- 2.2.2 Directors and executives will play an important role in creating the good corporate governance, which will enable the confidence for shareholders, customers, regulators and all stakeholders. It also makes maximum benefits to the bank, industry and the nations. For this reason the good corporate governance policies and ethnics has been set clearly in writing, as well as ethics to communicate with employees and executives to utilize effectively.
- 2.2.3 Directors shall follow the principle of good corporate governance and shall be the link between shareholders and management team by determining policies that relevant to business operations and directions. They are also responsible for setting the good corporate governance and supervise executives and management team to perform their duties in accordance with the defined policies efficiently and effectively.
- 2.2.4 The bank operates its business under the laws, regulations, standard rules and practices of the government agencies as well as many other related rules. Consequently, directors as the representatives of shareholders shall set policies while executives as the representatives of management team shall carry forward the policies to be implemented properly, efficiently and effectively. The bank shall provide the effective internal control system for governing the bank to operate its business appropriately in accordance with laws, rules and regulations strictly.
- 2.2.5 Directors shall govern that the bank has policies and the efficient risk management system to handle the significant risks of the bank. They shall supervise the risk management committee to perform its duties properly like an expertise and does not dominate by any business units. In addition, the executives shall be aware of risks that may occur in a business, including protection the bank's benefits and limit any damages that may occur to stay at the acceptable level under the effective risk management.
- 2.2.6 Any actions of directors and executives which link to the bank shall be at an appropriate level or shall be considered as the normal business transactions as the transactions with general person who is not special related to the bank. The transactions shall adhere to the bank's benefits and avoid any conflict of interest that may occur or be expected to occur. In case of conflict of interests, they must be handled fairly and immediately.

### 2.3 Service Standards

The bank will enhance the confidence of its customers and stakeholders by providing service standards as follows.

- 2.3.1 Manage its business effectively to provide good services to customers and stakeholders.
- 2.3.2 Set a good corporate governance system to provide services comply with the related regulations of the government agencies.
- 2.3.3 Cautiously set an internal management and control system cautiously to prevent service errors.
- 2.3.4 Set the risk management system that agreed with the business to ensure that the bank is able to manage risks that may occur and handle them properly.

## 2.4 Employees and Work Environment

In order to support the employees to work effectively, the bank will provide them the following facilities;

- 2.4.1 Provide a good and safe of working environment, therefore employees are ready to service customers.
- 2.4.2 Pay attention to treat all employees fairly and honorably.
- 2.4.3 Promote and support employees to have the opportunities to improve themselves by attending training regularly.
- 2.4.4 Compensate employees fairly according to their performance evaluation.
- 2.4.5 Keep employees' personal information confidential and do not take their information to find other benefits.
- 2.4.6 In case of employee investigation on his/her operations, the company will supervise its employee to cooperate both internal and external compliance and audit office to ensure fairness.
- 2.4.7 Do not discriminate on the differences of gender, race, age, religion or disability.
- 2.4.8 Supervise to prevent threat by word and behavior that may affect the honor or human dignity of others in the workplace.
- 2.4.9 Provide the appropriate communication channels for complaints and clues.

## 2.5 Customer Responsibility

The bank will pay attention to and treat responsible for treat the customers as follows;

- 2.5.1 Deliver products and services that meet the customers' needs and capabilities.
- 2.5.2 Disclose the information of the bank's products and services covering the relevant conditions and risks, as well as inform the service fee and interest rate correctly, clearly and timely to help customers for more understanding and provide them with the sufficient information for making decisions, moreover, the advertising and public relations must be communicated transparently with clear messages without misleading.
- 2.5.3 Protect the confidential information of customers, except in case that receiving the permission from those customers or in case that the bank has to abide by laws.
- 2.5.4 Provide a complaint process and handle the customers' complaint issues clearly and properly.
- 2.5.5 Keep a sustainable relationship with customers and do not take a bribe and/or benefits, gifts, assets and any reception parties arranged with the intention that could be implied to incorrectly benefit customers incorrectly.

## 2.6 Conflicts of Interest

The bank will provide measures to manage conflicts of interest in operating the business as follows;

- 2.6.1 Protection of internal information
  - (1) Provide measures to control securities trading and disclose securities trading account of directors, executives, and employees who may have access to internal information, including the related person to protect the use of internal information from their positions, duties or operations for personal interest or other interest inadvertently.

- (2) Arrange a separate working area to prevent information leakage between business units by separating the working areas for the business units that may have conflicts of interest.

#### 2.6.2 Transaction with Related Persons and Connected Transaction

- (1) Transaction between the bank and directors, executives, major shareholders and related persons shall not be within the scope of transferring the benefits of the bank to the related person.
- (2) The bank's employee who have interest or is involved in any transaction shall not participate in the transactional decision-making process to ensure that the decision-making is considered for the maximum benefits of the bank.
- (3) Set the regulations regard to connected transactions and also set the process of consideration carefully to ensure the benefits of the bank and its shareholders.

#### 2.6.3 Receiving and giving gifts, receptions and other benefits

- (1) Receiving and giving gifts, receptions and other benefits of the bank to promote business relationships, the company shall operate with carefulness, reasonability and proper value suit with the occasion and tradition.
- (2) Do not offer a bribe, reward, provide or claim for any other inappropriate benefits either directly or indirectly for customers, a government agencies, a private sector, or a third party to influence their neutral judgment or to influence others on their duties to gain the improper benefits.

## 2.7 Information Management

The bank has appropriately managed and communicated its information as follows;

#### 2.7.1 Information Management

- (1) Protect, keep and maintain customers' information, including the company's information that is not required by laws to disclose by collecting and maintaining and using the customers' personal information appropriately.
- (2) Not disclose customers and the company's information, except in case that customer give consent or to with the related laws.

#### 2.7.2 Communication

Communications, statements or providing any information related to the bank, the bank business and customers shall conduct properly and correctly. Any such action to mass media or any media shall be made by the person assigned to perform on behalf of the bank.

## 2.8 The overall supervision

The bank shall operate its business in accordance with the related laws, regulations, policies, the bank's principle and good governance as follows;

- 2.8.1 Provide employees with knowledge and understanding of laws and regulations, and encourage them to realize about risks that may occur when violate regulations that may affect the company's operations, image, reputation and the responsibilities of the employees.

- 2.8.2 Establish the department that responsible for compliance according to laws and regulations. The department shall perform its duties independently from the bank's management, including allocating human resources and other resources for the department appropriately and sufficiently.
- 2.8.3 Provide the supervision to regularly verify the compliance with the laws, regulations of the related government agencies, policies and regulations of the bank by managing and finding solutions and measurement under the framework of laws, principles, good governance, policies and procedures of the bank.
- 2.8.4 Provide a disciplinary action against those who do not comply with the laws and regulations appropriately by considering the effect and nature of the offense and the fairness to all parties without discrimination.
- 2.8.5 Provide communication channels for receiving clues or reporting suspicions about honesty or any action that not comply to the related laws and regulations.

## 2.9 Trade Competition and Dispute resolution

To ensure that the company's operation has been performed efficiently and sustainably, the company shall proceed as follows;

- 2.9.1 The bank shall operate its business freely and compete fairly without making agreement between the companies to determine the purchase price, selling price, or terms of service that are unfair to customers.
- 2.9.2 The bank shall provide products and services that benefit customers worthily so that customers are able to select products and services freely and shall not obstruct them when they change to use other bank's services.
- 2.9.3 The bank shall not attack its competitors or perform any action that considered a monopoly or reduce competition or restrict competition in the market.
- 2.9.4 In case of dispute, the bank will provide the appropriate process to settle or mediate a dispute.

## 2.10 Society and Environment

The bank adheres to operate its business by considering the responsibility to society and environment and carefully operates any action that may affect the public sentiment and inspires employees to have a conscious mind and sense of the environmental responsibility.

## Section 3 Code of Ethics for the directors

Due to the board of directors plays an important role in leading the company to success by determining policies and directing the employees' behavior in the right directions. Consequently, for performing as the good directors under the Code of Conduct and Ethics to serve as a good role model for the executives and all levels of employees, the Board of Directors adhere to the principles and practices as follows;

### 3. The Directors' Code of Ethics consists of 3 areas as follows;

#### 3.1 Business Management

- 3.1.1 Supervise the bank to operate its business without security risks.
- 3.1.2 Perform the duties with integrity, transparency, morality and justice to ensure that the maximum benefits of the bank has been taken into consideration when making any decision or taking any action without discrimination or abstention by upholding the principle of equality.

- 3.1.3 Perform the duties as professionals, with knowledge, skills, determination and caution and apply the existing knowledge and skills to manage duties for the bank properly.
- 3.1.4 Refrain from seeking the personal and related persons' interests by disclosing or exploiting internal information which has not yet been disclosed to the public, or doing any act that may constitute conflicts of interest both intentionally and unintentionally with a third party. Information gained from their positions is not used for the personal and other person's interests.
- 3.1.5 Supervise the bank's operations to in compliance with related laws, regulations and the government's policies, including handling to ensure that no facts are concealed and the information is reported accurately, completely, timely and regularly.
- 3.1.6 Perform the duties according to the laws and regulations relating to the business operations.

### 3.2 Relationship with the Shareholders, Customers, Creditors, Trade Partners and Employees

- 3.2.1 Directors have responsibilities to shareholders such as disclosing the information, accounting practices, using the internal information and conflicts of interest.
- 3.2.2 Protect customers' interests, pay attention and take responsibility to them, including providing them with a best and quality products as well as keeping products' standards.
- 3.2.3 Behave within the rules of good competition by refraining from tarnishing the reputation of competitor and do not seek their information dishonestly and unfairly.
- 3.2.4 Supervise to ensure the equal employment opportunities and establish other employee-related principles to build confidence that the employees have the knowledge and skills necessary for the operations.

### 3.3 Social and Environmental Responsibilities

- 3.3.1 Operates the business with the responsibilities to the society and the environment.
- 3.3.2 Take precaution and pay attention to any operations that may affect to the public.
- 3.3.3 Promoting the environmental awareness and responsibility.

## Section 4 Code of Ethics for Employees

4. Code of Ethics for Employees is grouped into 4 categories as follows;

### 4.1 Integrity

Integrity is a fundamental quality of the employees and the executives of all levels of the bank. The employees and the executives at all levels have opportunities to provide gains or incur damages to the customers, colleagues, shareholders, financial systems and the whole society. As a consequence, in order to win trust and credibility among the customers, shareholders and regulators, all employees and all executives must be honest, mentally strong and ethical and perform their duties with justice. They may not succumb to bribery or personal gains and have to act in the best interests of the customers, as well as the public.

**A. Code of Conducts for the Company's Supervisor and Executives**

- (1) Understand the important of Code of Ethics for Financial Professionals and companies that they have to adhere to honestly as the first priority.
- (2) Be a coordinator for passing on the policies of the government agencies and shareholders to related person to be understood and put into practices.
- (3) Be a leader by behaving his/herself as a good role model.
- (4) Encourage and support employees to realize the importance and virtue of performing duties honestly and fairly by providing them the related knowledge and understanding as well as appreciation and/or reward employees, executives who work with honesty, sincerity and morality to all related persons.
- (5) Build trust, reliability, satisfaction to customers by clarifying about the disadvantage, inaccuracy and impact that derive from giving bribery, reward or other benefits to employees and executives.

**B. Code of Conducts for the Company's Employees**

- (1) Understand that honesty is the foundation of building trust and confidence for customers to achieve the success in operating business and to develop a higher ethics.
- (2) Perform duties with honesty and maintain the bank's benefits as his/her own business.
- (3) Provide the services to customers with a purpose to maximize their benefits on the basis of honesty and legitimacy.
- (4) Shall not pay attention to personal interests over responsibility to the bank and shall not seek to benefits or embezzle the assets that should belong to the company or its customers.
- (5) Shall not disclose the information about the customer's project to another person or shall not run a business as the competitor of the customer.
- (6) Shall be honest with the customers and shall not use the customer's trust to find personal benefits.
- (7) Avoid receiving valuable things or gifts but in case of unavoidable situation, the employee shall receive the gift as a service provider who is the bank's representative and shall not hold it for his/her own benefit.
- (8) Shall not use his/her company's position for personal benefits and shall not allow another person to seek benefits from his/her own name or position.
- (9) Shall not ask for any other assets from customers, except expenses, and fee charged by the bank.
- (10) Approve loan in line with the scope of authority delegated and uphold the bank's regulations.
- (11) Give priority to the supervision and follow up of the loan agreement to comply with the agreement and shall not conceal the problem when it arises.
- (12) Analyze loan under trusted data and shall not report false statements.
- (13) Analyze loan with the concept of equality and without bias by realizing that the bank's business and customer's business depend on each other and have mutual benefits.
- (14) Shall not give hope or pledge to customers with regard to the particular subject that he/she has no authority delegated.

- (15) Attempt to resolve customer problems and be ready to assist as much as possible if the case does not contrary to the company's benefits and it shall not cause damage to the bank.
- (16) When receiving money from customers to pay to the bank, he/she shall submit and deliver the receipt to the customer promptly.

## 4.2 Confidentiality

In the bank's business, keeping confidentiality means securing all important information of the bank. The important information includes:

- Financial information, account, and name and address of customers
- Information about the company's assets
- Information about the internal management of the bank, including statistical figures and various reports
- Information on the bank's former and existing employees
- Information about the bank's trade partners
- Information about business communications with the government or its agencies

Keeping the confidentiality of the bank is very important for any financial and banking business, of which businesses are closely linked. Due to the nature of the business, the employees are privy to the confidential information of customers, which, if disclosed, can cause damage to the customers or other parties. Therefore, a guideline has been laid down to protect the reputation and avoid damage to the bank which the employees work for, the customers or the public.

### A. Code of Conducts for the Company's Supervisor and Executives

- (1) Receive guidelines and regulations from the coordinator and control the business ethics of the bank to apply to the guidelines and policies by setting as the bank's practices.
- (2) The supervisor shall create the bank's environment to support the protection of confidential information.
- (3) Set up the department that responsible for control the employees' operations in accordance with the regulations of keeping the confidential information.
- (4) When all employees realize about the practice, supervisor and executives are responsible for advising them in case of any interruption, including paying attention to their opinions and suggestions. Consequently, supervisors and executives will use their opinions and suggestions to adjust the bank's practices to suit with its operations.

### B. Code of Conducts for the Company's Employees

- (1) Keeping the confidentiality of the bank and its customers is a fundamental principle of the bank's business. The bank's employees shall maintain customer confidentiality and they shall not disclose the bank's information that have not yet been disclosed to the public, except when get permission from the customer or in accordance with the laws or get permission from top executives.
- (2) The bank's employees shall not use the information obtained or has been prepared by their assigned duties to make personal benefits or other persons' benefits.
- (3) The bank's employees shall be aware of the defined procedures, in case of any obstacle or opinion and suggestion, the employees shall consult with the supervisors and executives to adjust the procedures to suit with the bank's operations.

- (4) The bank's employees shall keep the confidentiality of the customers' information strictly and shall not use customers' information for their own benefits.
- (5) In some cases, the bank's employees shall not disclose customers' information to other employees or other departments because it may lead to conflicts of interest.
- (6) Employees who are responsible for the personal information of all employees such as salary and benefits are able to disclose the information to the internal and external persons when necessary with carefulness and it must be strictly confidential.
- (7) The bank's employees shall not take personal matters or the customers' information and colleagues' information to criticize in the way.

#### C. Exceptions

The company may disclose confidential information in some case as follows;

- As required by laws such as court writ
- As the social responsibility and obligation
- As the special request and the customer has given permission in writing

### 4.3 Professional Ethics

To create a common sense of the bank's executives and employees at all levels to be aware of working under the proper framework of procedures by considering the principles of morality, ethics and justice that will result in a positive image of the bank.

#### A. Code of Conducts for the Company's Supervisor and Executives

- (1) Set a guideline or work manuals concisely and clearly as the standards in operating business consistent with ethics, ethics and justice.
- (2) Supervise the operations of employees who are controlled and / or in departments related to their duties to comply with the bank's guidelines.
- (3) Executives shall place themselves and act as role models to employees at level.
- (4) Executives shall develop its employees to have knowledge and expertise in products and services for maximum benefit to customers.
- (5) Shall not induce customers to use the bank's products or services through fraudulent propaganda or information that exaggerate facts which will lead to the misunderstanding among customers.

#### B. Code of Conducts for the Company's Employees

- (1) Have a good attitude and loyalty to the bank.
- (2) Perform duties with the best knowledge and all abilities efficiently under the standards of their duties attentively.
- (3) Provide the important information to customers regard to their benefits and conditions based on the fact completely and clearly.
- (4) Avoid the inappropriate behavior, such as temptation, drug, all types of gambling, getting into debts and immoral, which may have a negative effect on their image and bank.
- (5) Treat all customers with equality be honest and always have good manners.
- (6) Cooperate and promote activities that will generate mutual understanding at all levels.
- (7) Follow the laws, regulations and standards that related to the company's business strictly.
- (8) Provide customers' information adequately for using in performing duties and service customers efficiently.

- (9) Manage the business efficiently in accordance with a stable of financial status to ensure that it will not cause damage to customers and the public.
- (10) Compete with another person of the bank under the defined rules and regulations without blaming and defame others.
- (11) Behave properly to external person on behalf of the bank representative.

#### 4.4 Service to Community

The bank's business operations is not only limited to related associates, industries, companies and customers, as a person and a juristic person in the society of the country and a financial professional, the bank shall realize of social benefits both in business operation or individual.

##### A. Code of Conducts for the Company's Supervisor and Executives

- (1) Receive guidelines and regulations from coordinating departments or control of business ethics to use as guidelines for setting the company's policies to suit the environment of the bank.
- (2) The executives shall behave as an example and encourage the members of the bank to realize of the treatment of society.
- (3) Specify the purposes of the business to benefit the society and be aware of not operating any business that cause damage to society.
- (4) Support and follow the government policies and cooperate in the government's activities.

##### B. Code of Conducts for the Company's Employees

- (1) Comply with the policies or regulations, according to the scope of social practice as the bank has defined strictly.
- (2) Participate in social and community activities by cooperating and support suitable for the status and opportunity.
- (3) Preserve the nation's arts and culture.
- (4) Shall not cooperate or support any operation that lead to damage on the environment and society.
- (5) Shall not cooperate or support any operations which aim to endanger the morality or to promote vigil.

#### The Social Responsibility Policy for Business Sustainable Development

The bank realizes the business operation under the social responsibility for the sustainability in the business with the focus on supervising the stakeholders, economy, and environment with morality and ethics as well as the good corporate governance. The business operations must be conducted with honesty, transparency, and fairness with the awareness of negative impact to the economy, society, and environment. The company regulates the policy of social responsibilities for sustainably developing the business in written form following the guideline of Corporate Social Responsibility institute, The Office of The Securities and Exchange Commission and the Stock Exchange of Thailand. The company regulates the policy and guideline for the practice as the Company sees the importance of "dependence". In all businesses, people in the society are the target group in offering the products and services. Therefore, no matter how the business organization develops their organization in any direction, people in the society will give some support. The regulation on the policy and guideline for the practice will lead the way for people in the organization to operate in relation with social responsibility which are the responsibility in and out the society in the main process of business operation or CSR-in-process and CSR-after-process by focusing on the participation of the executives and all levels of employees in having the consciousness on the social responsibilities.

The policy on social responsibilities for sustainably developing the business consists of the principle and guideline for the practice so that the board of directors, the executives and all levels of employees can conform to as the practice in 9 following areas;

1. Good Corporate Governance
2. Fair Business Operation
3. Anti-Corruption
4. Respect to Human Rights
5. Fair Treatment of Labor
6. Responsibility on the Consumers
7. Cooperation in the Development of Community and Society
8. Environmental Management
9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

#### **Health and Safety Policy for the Workplace**

The bank has determined the health and safety policy for the workplace and established the Safety Healthy Environment committee (SHE) in order to promote the achievement policy.

#### **Fair Treatment of Labor**

The bank has provided a fair and reasonable system of remuneration and benefits including provident fund, so that employees could have the better quality of life.

The bank refrains from violating the basic rights of others and takes caution in every process with respect to sensitive issues.

#### **Fair Treatment of Trade Partners, Trade Competitors and Creditors**

The bank has encouraged treating the trade partners, trade competitors and creditors fairly both in costs and compensation. For example, the bank manages its purchasing and procurement by determining adequately delivery period, fair trade agreements and not related to activities that violations of property and intellectual property infringement including payments by using or acquisition of properties fairly and timely.

#### **Disclosure for the Practice Following the Policy and Conducting the Report on Social Responsibility**

The bank discloses the practice following the policy of social responsibility in the Annual Registration Statement (Form 56-1), the annual report and the company's website, including the participation of employees in conforming to the policy and creating the awareness of social responsibility.

The bank conducts the sustainable report on the social responsibility and publishes in the annual report and the bank's website.

The bank pays attention the rights of all stakeholders according to the related laws, without the infringement of the stakeholders and encourages the responsibilities between the bank and all stakeholders.

#### **The Determining of the Code of Conduct for Stakeholders**

- The bank has embraced the operational guidelines with honesty, sincerity and righteousness in their treatment of the bank and all stakeholder groups, the public and society.

- The bank has disclosed the information of the bank to the shareholders, the investors and general people with accuracy, completeness and in a timely manner following the related law and regulations as well as the cooperation to the governing organization by reporting the information with accuracy, completeness and in a timely manner.

- The bank has determined the good corporate governance policy for support the management with integrity, honesty, accuracy, transparency and efficiency for increasing the value of the business in the long term, including for the stability and sustainable growth.

- The bank has determined the Code of Conduct and Ethics in written to serve as guidance to implement all groups of stakeholders, whether they are internal stakeholders such as the directors, the executives of the bank or external stakeholders such as shareholders, customers, partners, competitors, government agencies and other related agencies. The bank has determined to conduct its business transparently and support collaborative relationships the bank with stakeholders to mutually benefit, including to ensure that the stakeholders are protected and treated well.

- The bank determined the Code of Ethics for the directors and the employees and encouraged the participating for holds as the principle and the operation measures in ethic practical, honestly, morally, carefully, and protect the infringement of the rules and regulations which may effect of the bank's reputation.

- The bank provides various channels allowing the stakeholders to express their opinions, complaints or other significant information directly to the independent directors and the bank's website and treat and protect the complaints.

- The bank determined the social responsibilities for business sustainability policy by use the ethics and the good corporate governance, the responsibility in the society in the main process of business operation (CSR-in-process) and CSR-after-process by focusing on the participation of the executives and all levels of employees in having the consciousness on the social responsibilities including build a strong sustainability business sustainability basis and lead to the social development and the real sustain in the country.

- The bank disclosed the report on social responsibility policy in the bank's activities for participation of conforming to the policy and creating the awareness of social responsibility for the employees of all level in the organization continuously.

- The bank has encouraged the stakeholder's treatment fairly both in costs and compensation. For example, the company manages its purchasing and procurement by determining adequately delivery period, fair trade agreements and not related to activities that violations of property and intellectual property infringement including payments by using or acquisition of properties fairly such as monthly payment to the creditors timely.

## **Principle 6: Strengthen Effective Risk Management and Internal Control**

### **1. Internal Control and Internal Audit**

The Board of Directors has promoted and pays attention to internal control and internal audit consists of 5 configurations to ensure the company has the internal control system adequacy and appropriately which will achieve the operation business objective under the good compliance and good internal control.

### **2. Risk Management**

The Board of Directors pays attention to risk management across the organization. The process of risk management is comprised of such major steps as risk identification, risk assessment, risk monitoring and controls, and risk reporting, with adequacy of the risk management and risk management effectiveness regularly considered and reviewed.

### **Whistleblower Policy**

The bank has determined the whistleblower policy for protecting the whistleblowers and to ensure that the whistleblowers will not gain the suffering, damage or unfairness after notify to the bank. The policy is to protect the right of the complainant and informants, and keep information secret by limiting those responsible

for perception. In addition, if the company has found data misuse or data without proper disclosure which breaches of the bank rules, the bank will consider taking disciplinary action.

### Informational and Complaints

The bank provided various channels allowing the stakeholders to express their opinions complaints or other significant information directly to the independent directors. The bank's secretary is responsible for the investor relation to receive the opinions and complaints from the shareholders and investors in selecting and reporting the important subjects to related bureaus for operating the correction and/or reporting to the audit committee for the consideration following the appropriateness. The audit committee will report to the board of directors later for acknowledgement.

### The Complaint via Independent Directors

The company has channels for shareholders, investors, customers, and public can complaint via independent directors of the company which consists of 3 members.

Mr. Phairoj Hengsakul	Chairman of the Audit Committee Email: phairojh@lhbanks.co.th Tel. 08 1990 7448
Mr. Somsak Assavapokee	Member of the Audit Committee Email : somsaka@lhbanks.co.th Tel. 08 5485 4269
Mr. Adul Vinaiphath	Chairman of the Audit committee Email: adulv@lhbanks.co.th Tel. 08 1834 0104
Prof. Dr. Supreeya Kuandechakupt	Member of the Audit Committee Email: supriyak@lhbanks.co.th Tel. 08 5901 5888
The Bank's Website	www.lhbanks.co.th
The Bank's Email Address	presidentoffice@lhbanks.co.th

### Role of Stakeholders

The bank pays attention to and considers the rights of stakeholders. There is no act in the infringement of the rights of the stakeholders to create the responsibilities between the bank and all groups of stakeholders.

### Specifying the Policy in Treating the Stakeholders

The bank is the financial institution entrusted to raise capital in the country. It is thus responsible for protecting the interests of depositors and customers. The company must maintain its good reputation, honor, and image as a quality bank which embraces transparency, integrity and responsibilities in order to create confidence among investors in financial institutions. Furthermore, all directors, executives and employees have the duty to comply with the Code of Ethics to instill in them conscience of ethical operations, as well as to embrace the operational guidelines with honesty, sincerity and righteousness in their treatment of the bank and all stakeholder groups, the public and society.

### 3. The Interests of the Directors

The bank has determined that the directors, the top executives or top 4 executives whose ranks are subsequent to the top executives, any person holding the equivalent position of the fourth ranked management, and Accounting department managers must report their securities holding in the company, as well as the securities holding of their spouse and any minor children must report the LH Financial Group Public Company Limited's securities holding and changing within 3 days from the date of the change.

In addition, the directors and the executives shall file with the company a report on his interest or a related person's interest in relation to management of the bank according to the Securities and Exchange Commission B.E. 2535 and the of the Capital Market Supervisory Board's Notification. This report must be filed within 1 month from the date of appointment or the date of the latest change and send the report to the company secretary for keeping and also send the copy report to the Chairman and the Chairman of the Audit Committee.

### 4. Conflicts of Interest Prevention

The Board of Directors realizes to establish trust and build credibility in business operation and benefits of shareholders and all stakeholder groups including protecting them from damages and affect the reputation and the image of the company. The company has determined the conflicts of interest prevention policy for the operational guideline as follows;

#### The Principle of Conflict of Interest Prevention

1. The transaction of the bank shall avoid the conflict of interests deliberately and reasonably. Moreover, the transaction should conduct independently under the good ethical framework for benefits of the bank, the shareholders and all the stakeholder groups. Therefore, the directors or executives who may have benefits related the bank's transaction shall not be permitted to join in considering and approving the transaction.
2. In conducting transactions between the bank and the companies in the financial group of the bank, the transaction should follow the same rules and conditions which similar to those applied to other persons in the normal course of business at a similar level of risk including disclosures required by the policy, regulations and related laws.
3. The related party transactions, transactions with connect to a related party and an information disclosure shall being in line with all regulations, rules and laws.
4. The directors, the executives and the employees shall follow the use of inside information using policy strictly.
5. The directors, the executives and the employees shall disclose the information about the transaction which making with the company within the financial group properly and adequately for the benefit in making decision, considering and approving the bank's transaction or the companies in the financial group of the bank.
6. Trading of the securities must be in accordance with the rules and regulations of trading securities.

#### The Practical Guidelines for Conflicts of Interest Prevention

The bank pays attention to conflicts of interest prevention. The guidelines are as follows;

1. The bank determined the working system and the measures for the Conflict of Interest Prevention as the rules following;
  - 1.1 Treat all group of customers with fairly for the highest benefits of customers.
  - 1.2 Prevent the information internal usage or opportunities from the service inadvertently. (need to know basic)

- 1.3 Classify the departments and the employees who the conflicts of interest or separate the working space (Chinese Wall) such as the private banking office and the bank operation group.
- 1.4 To determine the operational regulations to prevent any action that may cause conflicts of interest.
2. Determine the measures of following, controlling and monitoring the operation in order to comply with the measures.
3. Determine the appropriate review of the measures and the working system usually, at least immediately review when had the affect situation and report the reviewing according to the bank determined.
  - At the meeting of the Board of Directors or shareholders' meeting, the company has determined the Board of Directors, the executives, or shareholders with the stake holding in any agenda must reveal the information about their stakes and related persons to the meeting. They have no rights to vote in such agenda in order to make the meeting be able to consider the transaction with the possible interest conflict and make the decision for the company's benefits and cannot consider the matters including record the interest conflict in the resolution on the matters in the minutes.
  - Any director or the person who may have the conflicts or the conflict of interest, that director does not have the authority to approve the operation of the company or its subsidiaries as required by the Office of the Securities and Exchange Commission and / or the Stock Exchange of Thailand.

#### Anti-Corruption Policy

The bank regulates the policy in preventing the dishonest seeking of benefits, the directors and the employees should know the duties and responsibilities in anti-corruption. The company operates the business following the morality and ethics in operating business with the principle in all forms of anti-corruption.

#### Principle 7: Ensure Disclosure and Financial Integrity

The bank pays attention to disclosure of its important Information both in financial and non-financial and the information must be completed, timely, transparent, easy access, equal and credible.

The financial and non-financial disclosure

- The bank provided the department for respond in information disclosure with transparency and determined the department of information coordination and relationship between the bank, the shareholders, the investors, the analysts and the related agencies.
- The bank has disclosed the shareholding structure and shareholding information of the directors and the executives both direct and indirect in the annual report.
- The bank has disclosed the information to the shareholders, investors and public with accuracy, timeliness and accountability comply with the related laws and the regulations including collaborated with the regulatory department by report the information accuracy, completely and timely.

- The bank has disclosed the important information to the shareholders, investors and general public with transparency, accuracy, completeness, adequacy, timeliness and verifiability, according to all applicable laws and regulations both in Thai and English languages via easy channels, easy access with fairly and the information must be always up to date as follows;

1. The bank's website (www.lhbank.co.th) information available in 2 languages: Thai and English
2. IR/PR news of the bank
3. Analyst meetings
4. Press conferences
5. Newspaper announcement

- The Board of Directors places emphasis on the quality of financial statements and adequately disclosed important information. The disclosures were in line with regulations of the Bank of Thailand, the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission and the Financial Reporting Standards. The financial statements were reviewed / audited by certified the public accountants and were endorsed by the Audit Committee and the Board of Directors before disclosure.

In addition, the bank has disclosed unreviewed/unaudited quarterly financial statements, Capital Requirement Disclosure (Pillar III Report) of the financial business group for investors to acknowledge information and the changing of financial position and operation result which could be benefits for the shareholders, investors and the general public.

- The Board of Directors provided the Board of Directors responsibility for financial statement's report which show together with the auditor's in the annual. The bank provided the bank's financial statement comply with the Financial Reporting Standards and used the appropriate policy as well as practice regularly.

- The bank published the 2017 annual report within 120 days from the end of the fiscal year through the bank's website on March 3, 2017.

- The bank published the minutes of the 2017 Annual General Meeting of Shareholders through the bank's website on March 30, 2017.

The bank has the channels of information and contact at:

Address : Q. House Lumpini Building, 5<sup>th</sup> Floor, South Sathorn Rd.,  
Thungmahamek, Sathorn, Bangkok 10120  
Telephone : 0 2359 0000 Ext. 2019, 2020, 2021, 2024  
Fax : 0 2677 7223  
Email : presidentoffice@lhbank.co.th  
Website : www.lhbank.co.th

#### **The Appointment and Determine the Remuneration of the Auditors**

The Audit Committee considered the qualifications and the performance of the auditors propose to the Board of Directors for approve to the shareholders meeting in appointment the auditors and determine the audit fee of the year. The auditors' name to propose candidate for consider as the company's auditors must to consent by the Bank of Thailand and disclosed in the annual report.

According to the bank's policy, all companies in the LH Financial Group Public Company Limited's financial group have the same audit which currently is EY Office Limited.

- The bank shall indicate the performance of the bank and important business activities over the course of the year to shareholders and has accountable for assessing the bank's internal control system, which is primarily assessed by the audit committee was the auditors.
- Certification of financial report accuracy, the board of directors assigned the Audit Committee to review the financial statements of the bank to ensure that they are presented in accordance with the financial reporting standard and disclosed in an accurate.
- The bank has disclosed the executive committee's report, the audit committee's report, the corporate governance committee's report, the nomination and remuneration committee's report and the auditors' report shall be included in the annual report. The bank arranges for the disclosure of the names and responsibilities of the board of directors and the sub-committees, the number of meetings, each director's meeting attendance record, their remuneration, profile of the directors, the executives and the corporate information in the annual report and the bank's website.
- The bank has notification of meeting details and documents of the shareholder meeting and notifies the meeting details to investors prior to the meeting date through the bank's website to allow shareholders adequate time to study meeting materials. In addition, the bank shall publish Notice of the shareholder meeting in a daily newspaper for 3 consecutive days at least 3 days prior to the date of the meeting and being proposed for acknowledgement, for approval, or for consideration, as the case may be, and include the opinions of the board of directors in said matters.

#### Investor Relations Function

The bank assign the company secretary to be responsible for investor relations in publicize the information of the organization both in financial and general information to the shareholders, investors, securities analysts, and related supervising bodies via the channels which are Stock Exchange of Thailand, the Securities and Exchange Commission and the Stock Exchange of Thailand, and the bank's website in the topic of "Investor Relations" in order that the interested persons can study the information conveniently. Moreover, the activities are held for publicizing and explaining the information as well as opening the chance for the participants to make the inquiries with transparency opening the chance for the participants to make the inquiries with transparency participated by the top executives. In the year 2017, the company has provided investor relation activities as follows;

1. To arrange 1 time of the analyst meetings with approximately 32 analysts attended the meeting.
2. To arrange 8 times of giving the information in type one-on-one meeting.
3. To arrange 1 time of the press conferences with approximately 30-40 mass media per time.
4. Sending the media, interviews the top executives several times.

#### Principle 8: Ensure Engagement and Communication with Shareholders

1. This means not to conduct any act which is the infringement or derogation of the rights of shareholders and encourage all shareholders to use their fundamental rights as regulated by law.

- In recognition of the significance of the basic shareholders' rights, the bank committed to ensure their equitable treatment for all shareholders. The shareholders' basic legal rights include buying, selling or transferring shares; receiving their rightful portion of bank profits, rights to receive the dividend, rights to appoint a proxy to attend the meeting and vote, rights to attend and vote for the election of appointment, resignation or removing the directors and determining the director's remuneration, appointment the auditors and determining audit fees, rights of proposing an opinion and question in the shareholders' meeting and rights to obtain relevant and adequate information in time via easy communication channels and in the appropriate time.

- The boards of directors have given the importance to the rights of all groups of stakeholders, whether they are internal stakeholders such as the directors, the executives and the employees of the bank or external stakeholders such as all groups of shareholders, competitors, government agencies and other related agencies. The bank has a policy to conduct its business transparently with good corporate governance, including supporting the cooperation between the bank and its stakeholders for mutual benefits and to ensure that the stakeholders are well protected and good treated.

- The board of directors has given the importance to disclose the bank's information and news which is accurate, complete, timely and transparent. The information and news has been disclosed on the bank's website which is [www.lhbank.co.th](http://www.lhbank.co.th) for all stakeholders in order to perceive the information. The website showed the information about Financial Statement Report, management discussion, activities for social aid, annual report invitation letters for shareholders meeting, and the bank's activities.

- The bank also encourages shareholders to fully exercise their rights by providing them with convenient access to exercise of the right to participate in the Annual General Meeting of shareholders and voting and not restrict attending and voting opportunities and the voting process has a hassle-free way such as a relevant information via its website, setting up a dedicated company secretary function for direct communication with shareholders and facilitation attendance in shareholders' meetings.

## 2. To protect shareholders' right and ensure equitable treatment for shareholders

- All shareholders as the owners of the bank and received the basic right with equity, the bank protected and treated the shareholder rights, the benefits of all group of shareholders with equity, encouraged all group of shareholders and the institute shareholders to use their right. The shareholders' basic legal rights include receiving their rightful portion of bank profits, rights to receive the dividend, buying, rights in selling or transferring shares, right to obtain relevant and adequate information in time via easy communication channels and in the appropriate time for decision in them and the company's affect, rights in election of appointment or removing the directors, right to determine the director's remuneration, rights in auditors appointment, rights to attend the meeting and voting.

- Provided the measures to prevent the interest conflicts or the use of internal data for taking advantages for their own and other people dishonestly.

- Provided the channels allowing shareholders to express their opinions, complaints or other significant information to the board of directors and the audit committee.

- Provided the website for up to date the information and news of the bank and easy to use such as the financial statements, management discussion and analysis, the financial position, news to shareholders, social activities, the annual report, the shareholder's meeting invitation, and the bank's activities etc.

- Informed the shareholders in advance of the criteria and the measures in the attendance of the shareholder's meeting, prepared the information in each agenda and appropriate of the shareholder's decision in advance and timely and also disclosed the information in the bank's website prior to submit the documents to the shareholders for give the opportunities to the shareholders has the appropriate time to study in advance. The bank provided the convenience and the channels to all shareholders in use their rights to attend the meeting and voting or rights to appoint a proxy to attend the meeting and voting with fully and simple. The bank doesn't restrict the opportunities in attendance or voting and provided the simple measures of shareholder's registration and voting.

## 3. Shareholder's Meeting

- Before the Annual General Meeting of Shareholders, to encourage and support all group shareholders to attend the meeting due to the shareholders had the rights as the bank's owner via to appoint the Board of Directors action as the shareholders and rights in decision of the bank's significant changing.

- The bank pays attention in attendance the meeting which the bank delivers an invitation letter in paper to the shareholders together with the annual report in CD-ROM not less than 7 days prior to the date of the shareholder's meeting as required by law. The invitation letter specifies the date, time, place of the meeting, documents for meeting, regulations for the shareholders' meetings, proxy form according to the regulation of the Ministry of Commerce and map of the meeting venue. The proxies can use the proxy form attached to this Notice of Meeting for specifying the opinion of vote. The agenda is specified clearly in propose such as for acknowledgement and for approval. Moreover, the agenda includes clearly with fact, reason and opinion of the company's board of directors and the sub-committees for the shareholders to consider and make a decision on voting. The Notice of Meeting has disclosed on the company's website [www.lhbank.co.th](http://www.lhbank.co.th) prior 7 days from the shareholder's meeting day for giving the shareholders enough time of considering.

- The bank promulgates in the daily Thai newspaper for 3 consecutive days at least 3 days prior to the meeting day and disclosed on the bank's website together with the Notice of Meeting and documents for meeting in Thai language.

- With regard to the shareholder meeting, in addition to the annual general meeting of shareholders which must be convened within 4 months of the date ending the accounting period, the company's board of directors may summon an extra-ordinary meeting at such date, time and place as determined by the board. Shareholders who hold an aggregate number of shares not less than one-fifth of total paid-up shares capital may also request that the board of directors convene an extra-ordinary meeting by listing their names in a notice and submitting their reasons. Similarly, a group of shareholder numbering not less than 25, who hold an aggregate number of shares not less than one-tenth of total paid-up shares capital, may also request an extra-ordinary meeting. In such case, the board of directors shall clearly specify the objective of the meeting and set the date, time and place of the meeting within 1 month of the date of receiving the notice.

- The bank encouraged and support the institute shareholders to attend the meeting due to the shareholders had the rights as the bank's owner via to appoint the Board of Directors action as the shareholders and rights in decision of the bank's significant changing.

#### 4. Operation on the Date of the Shareholders' Meeting

- The bank implemented the computer system in the shareholders' meeting in order to make the meeting proceed quickly, correctly, and accurately for respond the shareholders receive convenience and quickly.

- On the date of the shareholders' meeting, the shareholders can register 2 hours before the meeting start. The bank provides the convenience for the shareholders prior to the meeting such as preparing place and staffs in order to run the registration smooth and fast.

- The Board of Directors, the Chairman of all sub-committees and the top executives has the duty in allocate the shareholder's meeting attendance for respond the queries of the shareholders except they cannot attend the shareholder's meeting due to has the important tasks.

- The bank provided the vote for each agenda especially the agenda of the director appointment replace who are retired, the shareholders can vote for individual for transparency and accountabilities.

- During the meeting, the shareholders can register to attend the meeting and can exercise to voting in the agenda that is not yet available to vote.

- The bank allowed enough time and encouraged the shareholders to give the opportunity for inquiring, opinion showing and any suggestion, the directors and the related executives has the duty for declaration and respond any inquires.

5. The bank provided the meeting's minutes and disclosed the resolution

- The bank created the minutes of shareholders' meeting by recording the queries and answers, the voting measures, voting result in each agenda, and name list of the attending directors and absent directors and also disclose via the bank's website.

6. Equitable treatment of shareholders

- The bank ensures that the shareholder are treated and protected in their fundamental rights equally and fairly as well as the measures to prevent the interest conflicts or the use of internal data for taking advantages for their own and other people dishonestly.

7. Information provision prior to the shareholders' meeting

- The bank prepares the notice of the shareholder's meeting and notifies the meeting details, the agenda and the documents of the meeting, which the bank has determined the agenda stating clearly whether they will be for the acknowledgement, for approval or for considering including the director's suggestion, fact and reason each agenda to allow shareholder adequate time to study meeting materials and disclose via the bank's website prior to the shareholder's meeting.

- The bank provided the proxy form according to the laws in the form that the shareholders can determine the voting direction.

- The bank proposed 2 independent directors, chairman of the audit committee and chairman of the nomination and remuneration committee. The bank has sent the notice and attached Proxy Form B and Proxy Form C to the shareholders that they can determine the direction of voting. In addition, the shareholders can download other types of proxy forms from the bank's website.

- The bank notifies the shareholders to know the rules used in the meeting in the invitation letter. The details are about the principles and methods in participating the meeting, the process of resolution voting, the rights in voting, and the vote counting.

8. Protection of rights of the minorities

- The Board of Directors is aware of the rights and equitability of the shareholders and treats all group shareholders fairly and equally. All shareholders receive important and accurate information at the same time.

9. Protection of internal information usage

- The bank has determined protection of internal information usage policy in written for the directors, the executives and the employees including their spouses and minor children who are privy to sensitive information and the financial statements of the bank for keeping the internal confidential strictly.

- The bank regulates the guideline for the practice of the employees to work with honesty and conformity to the law and regulation. This is for making the employees not pay attention to their own benefits rather than the responsibility to the bank and the employees not bring the internal information usage for their benefits.

## 2. Fair Business Operation

Land and Houses Bank Public Company Limited operates the business adhering to good corporate governance principles specified in writing in order to be used as guidelines for the directors, the executives and all levels of employees for consistency with the law and fair business operation without prioritizing other interest, and by avoiding operation which may cause conflict of interest, taking into consideration the utmost interest of the bank, the customers and stakeholders.

The bank is confident that the fair business operation would bring about confidence of relevant sectors, which will in turn long-term benefit of the business. The bank operates its activities in accordance with the fair business operation principles for sustainable business development. In this regard, the bank conducts activities consistent with the law and fair competition and coordinate with the government officers such as by making employees aware of the importance of compliance with the law on trade competition, fair competition, supporting free trade under the scope of law, creating awareness of employees in keeping trade secrets, and refraining from obtaining information of partners and trade competitors unfairly in bad faith.

The bank promotes fair treatment for stakeholders both in terms of cost and returns, such as purchasing and procurement, determining appropriate the delivery period, fair trade agreements and provision of property right, refrains from any activity which infringes property and intellectual property rights, and settles utilization fees or acquisition fees fairly such as by making payment to the creditors in a timely manner every month.

The bank determines the purchasing and procurement method, and other outsources service method for receiving quality products and services at the appropriate price by specifying the methods in 6 ways as follows; agree on prices method, check prices method, bidding method, continued method, special method and urgent method. The appropriate method depends on financial amounts of the operation in each time. In addition, the bank determines the criteria for selecting suppliers and service providers in order to have fairness and equity by selecting from the stability of their businesses, the quality of products and services and prices considered by the procurement committee.

### 3. Anti-Corruption

Land and Houses Bank Public Company Limited has the termination in operating the business under the principles of law which are honesty and morality following the good corporate governance guideline, code of conduct and business ethics practices of the directors, the executives and the employees. The bank also promotes the participation in the activities of the anti-corruption project of private sector of Thailand in order to maintain the ethical reputation of the company. The bank regulates the anti-corruption policy of being the guidelines for the directors, the executives, and the employees of the company to be acknowledged and strictly comply.

#### Roles and Responsibilities

The bank's board of directors approved the anti-corruption policy and responsible for operating the bank's business with honesty, carefulness, and protection on the entire benefits of the organization.

The corporate governance committee monitors and promotes the implementation of the anti-corruption policy and also communication with the companies in the financial business group.

#### Practical Guidelines

The bank pays attention to the prevention on the abusive exploitation of advantages for oneself or other people in the following areas:

1. Must not give or accept gifts and benefits that motivate to perform or refrain to perform duties wrongfully causing the compromise in the inappropriate business agreement. It should follow the code of conduct and business ethics practices for the directors, the executives and the employees.
2. Must not give or receive bribes and inducements of any form, including prohibiting to assign other person to give or receive bribes and incentives on their own behalf.
3. Donation to charity and contribution must be transparent and in accordance with the law and morality.
4. Not use the fund or the resources of the bank in political promotion to the candidates of a politician or political party for political campaign or political activities except that such promotion is legally permitted and entirely promote the permission by law and support the democracy. This must be approved by the bank's board of directors before starting the operation.
5. Providing the bank's business operation in corporate governance under better control where there are assessments of significant risks, effective control activities and appropriate segregation of duties. Moreover, the bank has provided adequate and reliable information system as well as evaluating the internal control regularly.
6. Providing the channel in receiving the information, suggestion, or claims through the independent directors or the bank's website at [www.lhfg.co.th](http://www.lhfg.co.th), or e-mail at [presidentoffice@lhbank.co.th](mailto:presidentoffice@lhbank.co.th)

The bank signed the Collective Action Coalition of Thai private sector in anti-corruption for presenting the intention in anti-corruption and business operation with the principle in against corruption in all its forms with the following details:

1. Arranging the assessment of the risks related to the corruption in the bank, including implementing the anti-corruption policy, operational control plan and auditing plan as well as providing the handbook/guideline for the business operation to the executives and the employees.

- The policy prohibited all types of bribe in every activity under the control. Moreover, it must be ensured that the donation to charity and the donation given to political parties, business gift giving, and sponsoring any activity must be transparent without the intention to convince the government / private officials to operate inappropriately.
- The policy will be announced and publicized in the organization in the form of “code of business conduct” in order to be the guidelines for the executives and employees to practice with ethics and responsibilities in all occasions as well as specifying the punishment in case of infringement.
- The policy provided the training for the employees to enhance the honesty and responsibility in the conformity to the duties and responsibilities, including presenting the determination of organization in conforming to the good corporate governance guideline.
- The policy provided the proper system of internal control for preventing the employees to misconduct and elevating the value of integrity and responsibilities to be the organization’s culture
- The policy provided the mechanism in reporting the financial status transparency and accurately.
- The policy provided the communicating channel so that the employees and related persons can notify the suspected clue with the certainty for being protected and the inspecting officers are appointed to inspect all notified clues

2. Disclosing and exchanging the internal policies, experience, good practice, and ways to success in promoting the business transaction with morality, accuracy, and transparency in Thailand

- Supporting the initiation of the national project for creating the conditions in fair and transparent competition in business operation including ensuring the good corporate governance.
- Participating in the seminar and discussion for expressing the opinion in the meeting in order to create the understanding of the concerns and problems occurring nowadays affecting the private business on the honesty and transparency in business operation.

3. Cooperating with other companies in the same type of industry, trade partners, and other groups of stakeholders by creating the practice and participating in the activities of anti-corruption

- Sharing the good practice and frameworks as we hope all organization can implement for achieving the goal of the project.
- Participating in the Integrity Pacts with other organizations and government agencies in auctions and purchasing the raw materials, equipment and the construction.
- Cooperating in thinking of developing the code of business conduct that can be applied to all organizations and are acceptable among all organizations participating in the project.
- Cooperating in regulating the measures and audit system for promoting the transparency and integrity in business operation.
- Cooperating with the society and mass media in creating the awareness and giving the education to public for changing the value to the anti-corruption in all types.
- Supporting the audit and certifying project as well as arranging the training for the consultant officers and auditors in order to be the guideline for the companies participating in the project by operating the business following the ethics and elevates this process to be the organization’s culture for enhancing the stability of the project.
- Willing to be audited and certified by the committee of Thailand's Private Sector Collective Action Coalition Against every 3 years.

The bank's board of directors has provided the whistleblower policy for stakeholders to complain any clue that illegal, fraud or corruption via the bank's channels and fair treating the rights of whistleblowers and related persons, including to provide the anti-corruption policy for employees to adhere to the practice of management and review the whistleblower policy annually and published on the bank's website as well as internal channel communication of the bank.

The bank has determined the anti-corruption policy as the framework and direction of sustainable development which reflected the importance of commitment and dedication of transparency organization and without corruption. The company aims to provide participation of the related persons with good supporting including pays attention that the executives and the employees must be strictly comply following the anti-corruption policy such as not give or accept gifts and benefits in new year occasion or communicate via any occasion according to the employees Code of Conduct strictly by commucate via any company's channel.

#### 4. Respect of Human Rights

Land and Houses Bank Public Company Limited emphasizes on treating with relevant people such as employees, surrounding community and society with fairness and equality. Respect all people and dignity. Refraining from violation of others basic right. and takes caution in every process with respect to sensitive issues. This is considered as the foundation of management and the development of human resource.

The bank pays attention to all levels of employees to ensure employees obtain fair return and benefits. It also provides opportunities for the employees to improve their capacity for occupational progress, and encourages participation of employees by providing various channels for accepting complaints and submitting reports of inappropriate behaviors. The employees are open to provide opinions, reports, or complaints regarding unfair, corrupted or incorrect action through supervisors or other channels. In this regard, the company has determined the process for accepting complaints which has the independence in inspection and decision-making by seeing the results. Any remedy shall be in accordance with the human right principles. The company also encourages and allows employees to participate in sharing opinions on whether any acts of the business or personnel may violate human rights for the purpose of reflecting the problem and finding the solution.

The bank has supported and respected the protection of human dignity with no forced labor and child labor that effect on confidence of external shareholders.

The bank pays attention to the respect of human rights as a basic practical guideline, by determining the best practical guidelines as follows;

- Arranging vacation leaves and holidays in accordance with the requirements of the law or more than the requirements of the law for some holidays, so employees can manage the balancing of working life and private life plan.
- Determining the criteria for investigation and disciplinary action clearly for fair punishment along with the similarly practical guidelines standard.
- Supporting staff’s activities for communication and strengthen teamwork in the bank.
- Supporting the departments in the company set the Staff Activity according to the bank’s policy for promote and support the relationship, connection and harmony in coordinate their activities.



The executive and the employees arranged the Staff Activity  
 “Create a Love for Young People” Project at Wat Phadung Tham School, Phachi, Ayutthaya

## 5. Fair Treatment of Labor

Land and Houses Bank Public Company Limited focused on human resource management by determining the missions of the bank to develop and support the human resource management system both of knowledge and benefit of the employees sides. The bank has been established the Human Resources Development Committee in order to manages and develops the human recourses effectively, efficiently and consistent with the bank's strategic.

### Important Principle of Human Resource Management and Development

The bank pays attention to improve human resource management by using innovations comparable to the leading organizations in country as well as to support proactive operation of all departments in order to achieve business goals and continually strives to provide employees with further knowledge and working life improvement, by considering the fair treatment of employees principle and human rights.

For sustainable growth, the bank focused on taking care of the employees in various ways. The bank believes that the -skills of development, competences, motivation, positive work environment, good occupational health and good welfare benefits will help the employees to perform their duties with full potential which will have an effect with clients and stakeholders.

The number of employees of the bank as of 31 December 2017 was 1,504 persons.

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จำนวนพนักงาน 1,504 คน



### Employee Recruitment

The bank has provided the employee recruitment policy that focuses on selecting personnel based on abilities, and appropriate qualification which suit the positions and the bank's value "PRO-Active". The bank has provided the recruitment channels namely, arranging activities and creating different channels that can access to the target applicant groups such as "Toward Success Together Day" activity, "Mobile Recruitment" activity, "Friend get Friends" activity. In addition, the bank also announces the recruitment through the bank's website and Social Media, such as LINE and Facebook to reach desired applicant groups.

**LH BANK**

*Pleased invite you*

*Join together the growth*

**Urgent recruit!!** Various positions

Contact

**Tel. 08 1448 4346**

(Mon. - Fri. 08.30 a.m - 17.30 p.m.)

LH BANK

Click ►►  
f | | | | | 0 2359 0299

### Employees Selection Criteria

The bank recruit employees, besides considering knowledge, competences and other required criteria, the bank also realizes the importance of recruitment the employee who has the same beliefs and values that conform to the bank's direction. All candidates have to do the behavioral test which is developed from PRO-Active values, and adopt the test results as one part of recruiting employees to hire the appropriate employees for each department and the bank.

## Equality and Diversity

The bank has the regulations to treat employee fairly, such as operating in accordance with the labor law and human rights without discrimination by race, skin color, sex, religion, political views, revocation of citizenship, social background and any other discrimination related to both of internal and external stakeholders. The bank does not use illegal labor and child labor. These guidelines are applied to all levels of employees from the executives to operational employees. Moreover, the bank gives work opportunities for people with disabilities.

- **Hiring Employee with Disabilities**

**Coordinate the project for supporting and developing disabilities people**

The bank has promoted the opportunity and income for people with disabilities by participating in the project which arranged by the Thai Bankers' Association, where contractors hired people with disabilities to work for The Red Cross Society in many provinces. However, the bank has also hire disabled as employees.



## Sustainable Growth and Human Resources Development

The bank has supported and developed its employees with PRO-Active value, which is a core value, by operating role-playing plans which including creating recognition and perception attitude through communication channels, the Practice Believe & Individual Mindsets activity and the Group Habit Norm & Corporate Value. The bank has consistently encouraged the value to both new employees and existing employees.



## Welcome Newcomer Activity

All new employees have to join the “Welcome Newcomer activity” which aim to build a sense of well-being, the bank’s core values knowledge and everyday life in the bank such as introduce a newcomer to colleagues, recommend a canteen nearby the office so the new employees could have a good understanding and awareness that will help them to adapt themselves to working life in the bank.

## Activities to Support Organization's Core Values in Orientation Program

The bank has arranged the promoting corporate values activity together with the orientation program to promote its core values by providing learning activities. New employees have to practice activities through the role play or “Action Learning”.

## Performance Management

The bank provided the Key Performance Indicator system for evaluating the performance of all levels of employees and used the indicators tool to evaluate the Pro-Active organization value behavior via the Performance Appraisal System (PAS).

## Employee's Potential Development

The bank pays attention to human resource development and all levels of employees' learning such as the executives, managements, middle managements, supervisors and officers by supporting the development of knowledge, abilities and skills to suit with job functions. The bank also gives an opportunity for the employees to develop their full potential abilities, including self-development and various training courses. In addition, the principles of human resource development played a significant role in considering the career path of the employees.

The bank has improved employees' potential by providing learning opportunities according to an annual training plan, which consists of the following learning types.

1. Compulsory Program
2. Compliance Program
3. Work System Program
4. Leadership Development Program
5. Events & Meetings

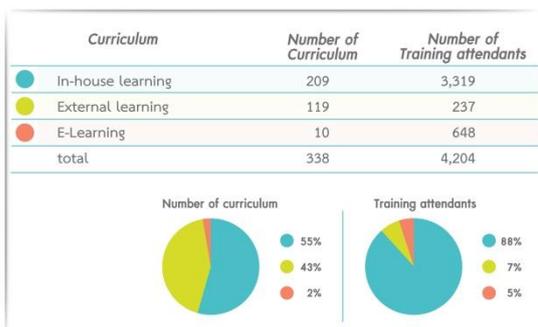
The learning plan starts from the employee's first day of work with the bank until probation period is completed. This includes the development of knowledge, skills, abilities and Soft Skills that important and necessary to work in all positions. For example, the standard course to manage the branches for all positions and the standard loan course, which is the basic knowledge of employees.

Furthermore, the bank also has provided the executive development course listed under the Leadership Development Program category consists of;

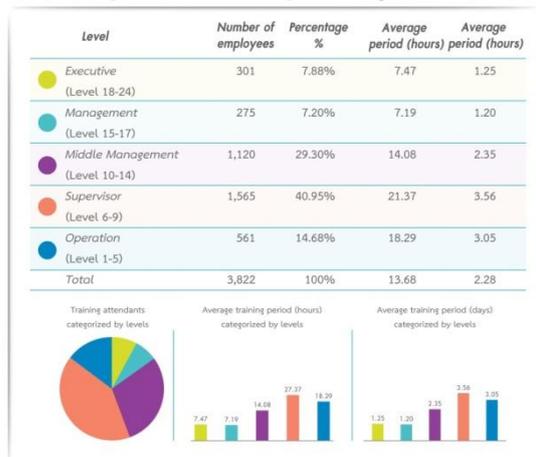
1. Supervisory Development Program
2. Management Development Program
3. Executive Development Program

All 3 courses are employee development courses for the supervisor to executive level, starting from department manager, section manager, assistant vice president, vice president as well as the top executives. The learning formats are a combination of Lecture, Workshop, Best Practice, Problem Based, Company Case, and Discussion. In addition, the bank also encourages learning with other methods such as Keynote Speaker, Company Visit, and Self-Initiative Program. All of the above will be designed into a learning method used in the course to create a variety of learning processes and to maximize learning performance.

**Training data in 2017**



**Training attendants categorized by levels**



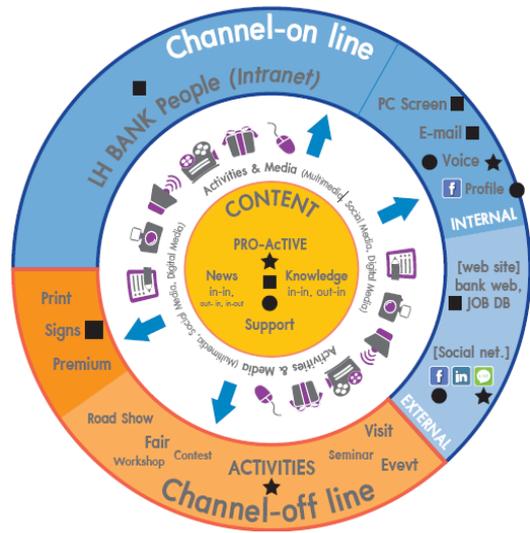
## Succession Plan

The bank has prepared the Succession Plan, the nomination remuneration committee determined the policy and the Succession Plan method which covered criteria, guidelines, and methods.

## Communication and Building a strong sense of Pride in the Organization

The bank pays attention to the communication and makes the employees proud of the organization by providing the multimedia and communication channels in the organization to ensure that employees recognize and exchange the information within the organization thoroughly. In addition, the company provided various activities to create the participation, make the employees proud and promote a good work environment in the organization.

The bank considers that the main factor of driving organization is communication, making a unity and creating the participation for sustainability of the organization. The bank has also provided a various strategies and communication plans covering both of internal and external communications as shown in the figure below;



## Creating Awareness - Knowledge through Communication Channels

The bank emphasizes on employee potential development through different internal communication channels for convenient access to information and making continuous communications. To create the awareness, the bank uses the guidelines of content and communication channels management to achieve its goal for creating the awareness of knowledge and attitude shared value. However, there are divided the media into 2 types as follows;



**1. Online Media:** consists of LH Bank People Intranet, LH Bank People Voice, LH Bank People TV, Line, Facebook, etc. By the way, the bank has developed and released new channels named LH People LIVE.

- **LH BANK People Intranet:** is an information source accessible to employees. The source includes general knowledge, various news announcements, and opinion center of the employees in sharing any issue opinions for analysis and further development such as clicking Like, Comment, Vote.

- **LH BANK People Voice:** is a radio broadcast for internal communication to ensure that the employees have perceived the information effectively by encouraging the employees' involvement as moderators.

- **Social Media:** Line and Facebook is another communication channel relating to personnel recruitment and various news and information within the bank, which is a suitable method to build good image for the outsiders to recognize the organization.

2. **Offline Media:** consists of making the employees proud of the organization, creating the participation and building relationships between the bank and the employees, such as, Zone Visit, Staff Activity, and 10 years pin of honor activity etc.

- **Zone Visit:** is an activity which aims to gives the knowledge of the policy direction as well as to build relationships between the employees who work in various branches across the country including, improve the employee's quality of life (Care & Share). Therefore, this is another channel that can easily reach out to employees.

- **10 Years Pin of Honor Activity:** Is arranged to improve the employee's morale and to congratulate the employees for growing together with the bank.



A Part of Passion  
The Employees  
From the First Step to 10 Years

### Digital Handbook

The bank has prepared the employees handbook in digital handbook consists of the visions, the missions, the organization's core values, service standards and business ethics.

### Digital Learning

The bank has developed training channels and courses to learn via Digital Learning System, which includes the following courses: All about LH BANK, We are LH BANK, Risk Management, Compliance, Product & Service, IT Security, IT Helpdesk, Internal Control, Investment Advisor etc.

The course “We are LH BANK” is the course for learning about PRO-Active value. The company has determined all employees to learn as a guideline for their working behavior and all probation employees are assigned to study and should pass the Pre-test and Post-test before being permanent employees.

### Good Quality of Life

In order to support the employee's good quality of life, the bank offered the appropriate compensation and benefits including taking care of good environment and work safety for making the employees happy at work.

Click  
LH BANK People+

**Time Change** knowledge **Change**  
หลักสูตร Online ฉบับอัปเดต 6 หลักสูตร พร้อมให้ท่านเรียนรู้แล้ววันนี้

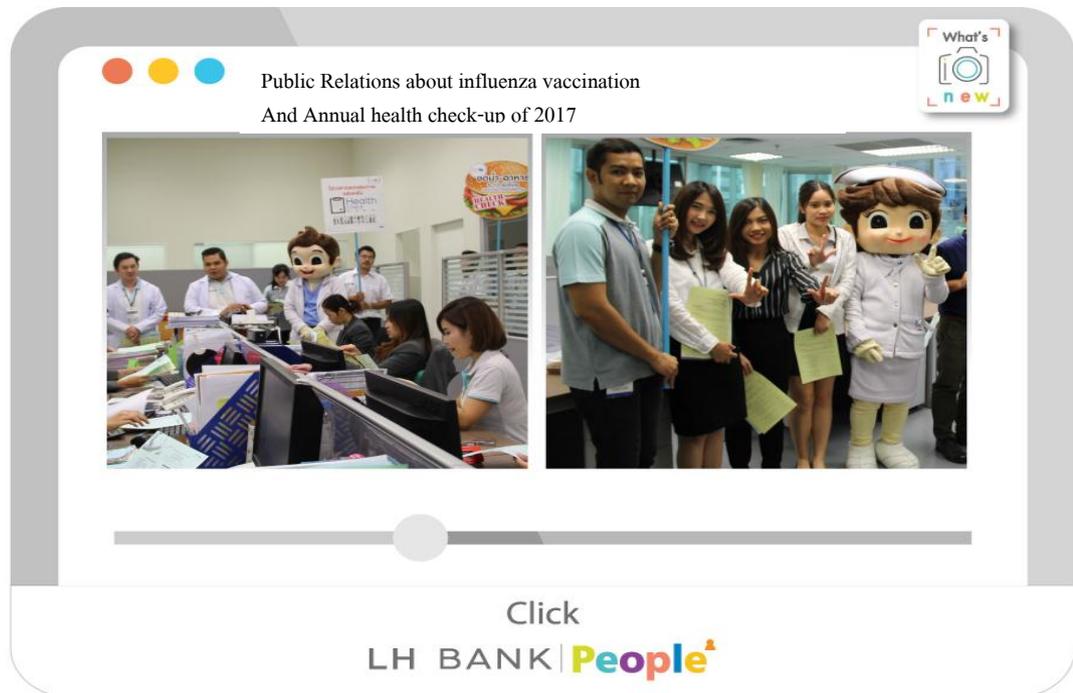
- We are LH BANK
- All about LH BANK
- Risk Management
- Product&Service
- IT Helpdesk
- IT Security Awareness

**LMS**  
ช่องทางการเรียนรู้ ONLINE

## Good Health

In order to support good health, the bank arranged various activities for the employees as follows;

- Annual health check-up and influenza vaccination



- Providing the certified nurse and medical room open every day during working hours for giving the first aid to the employees who become injured or ill at work, including to provide bed and first aid equipment.
- Improving the benefits to suit with the current situation and covering both care and safety of the employees.

## Emotionally Healthy

The bank arranged various activities aimed at building the sense of well-being and supporting emotionally healthy as follows;

- Welcome Newcomers activity, helps to greet new employees and build a sense of well-being.
- How are you questionnaire for employees on probation, aimed at understanding of their feelings and collecting opinions on the job, working environment and the organization.
- Zone Visit activity, aimed to “share & care” that take care of the life of the employees in branches and support their needs.

## Good Remuneration and Benefits

Good remuneration and benefits package is the important factor of good working spirit. The bank has built a fair and reasonable system of remuneration and benefits, so that employees could have the good quality of life. The benefits include:

- Staff Uniform
- Provident Fund
- Medical Service, Dentist Service and Medical Check-up
- Group Life and Health Insurance
- Housing and Car Loans

### Good Environment and Work Safety

The bank emphasizes the good working environment and safety for the employees. So, we have been established the Safety Healthy Environment committee (SHE) in order to promote the policy, the safety plan and occupational health and safety in working as follows;

- Communication of knowledge and understanding of occupational safety through various communication channels
- Annual fire drill



- Establishing the SHE Hotline that receives reports on unsafe conditions and coordinates with the divisions concerned in order to provide immediate help. However, in 2017 no employees injury while working.
- CARE Project, the activity to support health.

For the safety, the bank has selected and trained the representative from departments to be the leaders in fire escape and installed fire escape routes. In addition, the bank also provided health and safety communication and prepared the manuals for employees to acknowledge in various information that benefit themselves and their families. Moreover, the bank will communicate to warn the employees in any situations that may affect health and safety during various incidents or abnormal situations and long holiday information.

## 6. Responsibilities to the Consumers

As the financial business is the business depending on the economics and financial conditions of the country, the impact on business operation can also affect the economics driving and investment in a wider area than other types of business. Land and Houses Bank Public Company Limited has the determination in regulating the standard of operation of the bank to be efficient along with the social responsibility, especially for the responsibility of the stakeholders which is the priority of the bank.

The bank mainly considered the benefits and satisfaction of the customers by offering the products and services with quality that can respond to the demands of customers. We improve the process for creating the convenience in services used by the customers. The information on the products and services is presented accurately for using in making decisions through various channels and can be easily accessed. The information will be provided for the customers to clearly understand products and services.

### Fundamental Rights of Consumers

The bank announces the fundamental rights of consumers in order to make them aware about the rights deserved to receive from using the service of the bank via the bank's website.

Rights of Consumers	Products	Personnel or Processes
1. Right in receiving correct information	<ul style="list-style-type: none"> <li>● The consumers must receive clearly explained about the difference between the main products of commercial banks and products of securities and insurance.</li> <li>● The consumers must receive the information of product details, risks, conditions, benefits such as in the form of APR (Annual Percentage Rate) or IRR (Internal Rate Return) and related hypotheses.</li> <li>● The consumers must receive the information of an advertisement or the use of marketing media in promoting the sale correctly and appropriately.</li> </ul>	<ul style="list-style-type: none"> <li>● The consumers must receive the documents summarizing the main information for offering the sale of products of securities and insurance (fact sheet) indicated the characteristics and risks of the products with the concise and easy to be understood words following the form required by the Office of The Securities and Exchange Commission (SEC) and Office of Insurance Commission (OIC) supplementary for making the decision in buying the products.</li> </ul>
2. Right in choosing the financial products and services freely		<ul style="list-style-type: none"> <li>● The consumers have right to freely invest and can deny buying the products of securities and insurance.</li> <li>● The consumers have right to deny buying the products of securities and insurance together with the products of commercial banks. The commercial banks must give the right to the consumers in choosing to buy or not to buy such products.</li> <li>● The consumers have right to give the consent or deny revealing the information following the letter of consent separated from the contract of product purchase</li> </ul>

<p>3. Right in claiming for fairness</p>		<ul style="list-style-type: none"> <li>● The consumers have right to claim to all branches of commercial banks selling the products of securities and insurance (point of sale) with the evidence to prove that the commercial banks acknowledge the claims.</li> <li>● The consumers must be able to ask for the information for the understanding in the products from the call center of the seller's bank.</li> </ul>
<p>4. Right in being considered on the compensation in case of damage</p>		<ul style="list-style-type: none"> <li>● The consumers have right to be compensated appropriately if it is proved that the commercial bank does not conform to the policy of good product selling with intention or negligence causing damage to the consumers.</li> </ul>

### Fair Treatment of Consumers

The bank continually operates the social responsibility in CSR-in-Process by implementing the code of practice following the policy of social responsibility to create the business innovation until it becomes the process occurring in the procedure of work and product development as well as the standard of services for the main objective in reducing the impact possibly occurring to the stakeholders during the procedure of work. This includes creating the awareness of social responsibility among the board of directors, the executives and the employees.

The bank has developed a working process following the social responsibility for sustainable business development policy by determining the regulation and the standard operating manual, focusing on dividing the duties of employees suitably with clear process of operation, quick system, accuracy, and control of the operation. The transaction evidences can be kept in the safely stored with important documents for service provision. The employees and related persons can have the correct understanding, reduce the error in service provision, can be audited, observed, and evaluated efficiently for the highest benefits of the customers who use the services, for example;

- For managing the savings and current accounts without contractual transaction for more than 1 year, the Bank will notify the balance and conditions in deducting the account preservation cost to the customers 30 days in advance.

- For the collection of debt, the collectors must introduce themselves to the customers by telling their names and objective in communication to the customers correctly and appropriately. In case of face to face communication, the documents must be shown to prove that they are permitted by the bank for the collection of debt. The bank specifies the time and frequency of collection of the debt which is proper and does not disturb personal time as follows;

- Monday - Friday                      8.00 AM - 8.00 PM
- Official holidays                      8.00 AM - 6.00 PM

- The bank focuses on publicizing the data of products and services in full details following the real supplementary for the decision making of consumers with details and conditions easily to understand. The terms and conditions must not be confused and must be revealed to the customers with the practice that make the customer accept in the terms and conditions before making decision to use the service.

- The bank publicizes the announcement on the interest rates and fees in advance before the change in order to let the customers know and make the decision by using the service. The publication will be done by announcing in all departments via our [www.lhbank.co.th](http://www.lhbank.co.th) website. Moreover, the interest rate is clearly indicated in the announcement following the financial budget, type of customers, details and conditions of such products so that the customers can use for the decision making.

The bank provides various communication channels which can be easily accessed by the customers in order to receive the news and information. The customers can observe the details of products and services of the bank conveniently, quickly, and thoroughly. The channels for publicizing the details of products and services of the bank are divided into 2 mains sectors;

- Off-Line media consists of many types of publication media at the branches of the bank and outside media including the Direct Mail directly sent to the customers
- On-Line media consists of via ATM machines, LCD, Website, Line, Facebook, Youtube, radio, television including SMS Alert service for inform the movement of customer accounts

The bank provides the employees with the knowledge in products and services in order to be able to give the information of the bank correctly and quickly. This is for the convenience in using service and also provided the Call Center Department that advisory service all 24 hours, telephone number 0 2359 0000.

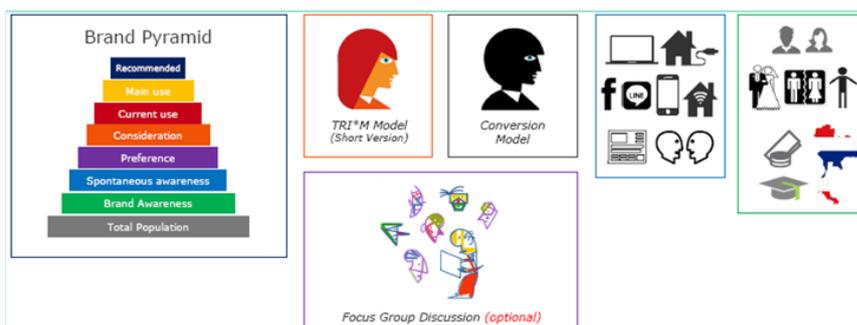
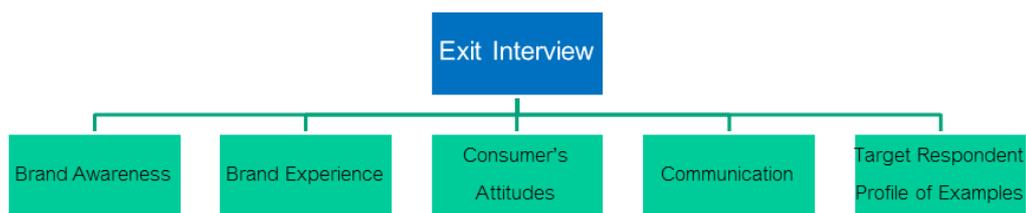
The bank provides the channels in receiving the claims by having the independent bureau to receive the claims and process the solution to the claims. The information is collected for improving the standard of operation and service which the bank provides various channels in receiving the claims as follows;

- Head Office / The Bank's Branches
- Contact Center: Calling 0 2359 0000
- Website: [www.lhbank.co.th](http://www.lhbank.co.th)
- Official Facebook Fanpage

The bank pays attention to the confidentiality of customers by not revealing the information of customers except for receiving the consent in written form from the customers.

### The Research and Customers' Satisfaction Measurement

The bank considers high satisfaction of customer to ensure the customers receive products and services with fairness and quality. The bank has provided external agencies with experience in customer satisfaction researching and general public's recognition of our brand and products to measure customer satisfaction levels by using standardized methods, and recorded the data for both quality and quantity to obtain complete and transparent information. However, the bank will use the collected information in developing and improving our products and services of the bank to conform to the needs of customers in each group, and increase customers satisfaction.



### Opening the Account for Blind Persons

The bank pays attention to access in the financial services of all segments of the population by the bank has provided the service for blind persons to access the financial services as the general people.

#### 1. Service Types

1. Providing to open the deposit account, deposit/withdrawal from deposit account and closing the deposit account only.
2. Opening the deposit account, savings and fixed deposit account only.
3. Withdrawal and closing the deposit account, the account owner's branch only.

#### 2. Conditions of Service

1. Signing the application form and payment condition by fingerprint instead of a signature.
2. Operation for the blind persons
  - 2.1 Fill out the application form
  - 2.2 Read the requested services list, including the agreements and condition of service.
  - 2.3 Check the accuracy of the document or count the cash.
  - 2.4 Sign as a witness in the application form and payment condition by
    - 2.4.1 In case the blind persons have a family member or trusted person
      - The 1<sup>st</sup> witness is a family member or trusted person
      - The 2<sup>nd</sup> witness is a branch employee who provides the service
    - 2.4.2 In case the blind not have a family member or trusted person
      - The 1<sup>st</sup> witness is a branch employee who reads the document for the blind persons
      - The 2<sup>nd</sup> witness is a branch employee who fill out the document for the blind persons
3. The blind's representative
  - 3.1 In case the blind have a family member or trusted person
    - Family member or trusted person is allowed to proceed.

### 3.2 In case the blind not have a family member or trusted person

- One branch employee proceeds by filling out the documents and reading the documents or agreements and the conditions of service which different person.

#### Participation in Opening the Baht Zero Deposit Account Project

As the National e-Payment committee agreed to provide the social welfare data base integration and the payment of social welfare through electronics project.

The bank pays attention the responsibility to consumers, so the bank participated Opening the baht zero deposit account project for social security benefit payments and other expenses similar to the Comptroller General's Department, Ministry of Finance. The bank provided the in opening the baht zero deposit account and waiver of account maintenance fee for eligible persons as follows;

1. Persons eligible to receive subsidy for newborn nursing.
2. Persons eligible to receive health fund from Village Health Volunteer (VHV.)
3. Persons eligible to receive disability allowance.
4. Persons eligible to receive elderly allowance.

#### Arbitration Proceedings and Notify the Result of Whistleblowers to Acknowledge According to the Service Level Agreement (Service Level Agreement: SLA)

Regarding to the Thai Bankers' Association participated commercial bank to determine the Service Level Agreement for set the duration of financial services process of retail individual customers. This covers services in the field of credits, deposits, electronic cards and general services to be the standard upgrade of financial services as well as set the standards in receiving and taking care of customer complaints which will help decrease the complaint issues.

The bank has determined the Service Level Agreement, which is the bank's commitment to give services efficiently and response the customers' needs so that our customers will receive services that are convenient and fast including to acknowledge the bank's operation which the Service Level Agreement considered the needs and completeness of facts and/or information including the cooperation of the customers, force majeure, unprotected situation and/or the situation must to perform according to the continue support operation plan.

However, the bank has disclosed the Service Level Agreement on the bank's website at [www.lhbank.co.th](http://www.lhbank.co.th), which consists of the following 5 financial services;

##### 1. Receiving and Taking Care of Complaints consists of

- The confirmation of complaints through various channels
- The informing of conclusion or progress of improving complaints for every complaint channel

##### 2. Loan for Retail Individual Customers consists of

- Redemption of warranty
- Ownership transfer of cars/motorcycle to borrower when debt is completely paid.
- Consideration of revising debt structure and issuing a written confirmation of complete debt payment.
- Issuing the debt settlement confirmation letter
- Checking request of credit account status

**3. Deposits** consists of

- Banking transactions such as deposit/withdraw cash through ATM/CDM of the same bank or different bank, but an error occurred, did not receive money or the amount did not match with the account.

- Banking transactions, transferring, through e-wallet such as ATM/CDM/Internet/ Mobile Banking but an error occurred and the system malfunctioned causing the money not to be received, the bank will check the error information, result informing, and improving the information correctly.

- Request to check list of transfers to wrong account in the case of transfers to the same bank or other bank or e-wallet, the bank will check the error information and inform the information to the customers. However, this case not include suspected fraud.

**4. Electronic Cards** consists of

- Withhold the electronic cards such as ATM cards and debit cards

- Notice the debit card holder's payment

- Check the debit card's transaction data at the sale place in country and return money to owner

**5. General Services** consists of

- The bank will inform the information letter for requesting of various information for retail individual customers about the calculation of credit/hire-purchase interest for information not longer than 12 months.

- The bank will inform the information letter to customers for acknowledgement for bank statement information item not longer than 6 months.

**Market Conduct**

All companies in the LH Financial Group Public Company Limited's financial business group has been emphasizing and supporting to follow the Market Conduct operating of government in order to operate the sustainable business. However, we aim to receive the reliability from our customers as the following details;

- Receiving sincere and fair services
- Receiving the appropriate suggestions
- Receiving the fair prices and conditions
- Receiving the convenience in services and properly method of solutions
- Receiving the knowledge and understanding of their own rights and duties

## 7. Cooperation in the Development of Community and Society

Land and Houses Bank Public Company Limited has the intention in operating the business together with social responsibility following the business ethics and good corporate governance. The bank focuses on the employees' participation in volunteering for making awareness of social responsibility. The bank plays the role in promoting the social activities in the occasions with the expectation for the highest benefits to the society and community. The creative and beneficial activities are conducted for promoting the activities of public and private sectors as well as supporting the scholarship, donating books or drinking water to non-profit organizations. The bank operates the activities for helping and enhancing the quality of life of young people and Thai society with the hope to enhance and strengthen Thai society for sustainable Development.

The bank operated the social activities in 3 areas as follows:

1. Education
2. Society and Environment
3. Art and Culture

### 1. Education

Education is the foundation of every kind of success. The Bank continually realizes the importance of giving the educational support to develop knowledge, abilities and quality of young Thai people. For example, our executives and officers participated in donating books to prisoners in the project "Give Books and Learning Materials to the Department of Corrections". The Bank also supports the scholarship program throughout the country. The purpose is to promote young people who are well-educated and capable to study at a higher level, but lacking of the money to have the opportunity to study.



The bank donated books to the Department of Corrections for prisoners to develop themselves and their knowledge.

- **Scholarship Project**

The bank realizes the importance of education and the development of youth which will be the country's main strengths and power moving forward in the long-term future. Therefore, the company has created the scholarship project which offers 89 scholarships across the country for youths for the second consecutive year with the high academic performance, capability, and determination in pursuing higher level education but lack of the money. The project's goal is to cultivate youths with values and the importance of education as well as providing a sustainable way of improving the quality of the human resources.

### Project Objectives

- To create educational opportunities for youths with high academic performance, capability, and good behavior with loss of financial.
- To cultivate youths with values and the importance of education.
- To increase the quality and performance of human resources to the society.
- To carry out activities that benefits and help society and the country overall (Corporate Social Responsibilities).

### The Nature of Scholarship

- To offer the scholarships to high school students that have excellent academic record and good behavior.
- To divide the scholarship area through branch networks of the bank in 6 regions.
- To offer the scholarships total of 89 scholarships.

### Scholarship Qualifications

- Thai nationality and hometown is located in Thailand.
- Age between 11 – 18 years old.
- A person who lacks of the opportunities due to the poverty, or a person who is orphan and look after by a guardian that is poor, or a person who is under the care of a foster home or various foundations.
- Good behavior and discipline person.

The bank has permitted its branches in the 6 regions across the country to select the schools and the students that have suitable qualifications and meet the scholarship requirements.

List of schools in the Scholarship Project of 2017 are as follows:

- Satri Si Suriyothai School, Bangkok
- Watsuthiwararam School, Bangkok
- Thammasatkhlongluangwithayakhom School, Pathumthani
- Samut Prakarn School, Samut Prakarn
- Cheun Chom Pittayakarn School, Mahasarakham
- Boonwattana School, Nakhonratchasima
- Ban Makkhaeng School, Udon Thani
- Wat Piam Nigrodharam School, Chachoengsao
- Thoengwittayakhom School, Chiang Rai
- Sankamphaeng School, Chiang Mai
- Thunghong School, Phrae
- Noenmakuk School, Phitsanulok
- Thairathwittaya (8) School, Phitsanulok
- Watjantawanook School, Phitsanulok
- Watpongmkhaow School, Phitsanulok
- Nongkula School, Phitsanulok
- Pranarai School, Lopburi
- Kannasootsuksalai School, Songkla
- Hatyaiwittayalai School, Songkla
- Hatyaiwittayalai (2) School, Songkla

Scholarship's activity photos



2. Society and Environment

The bank promotes the project to continuously give the support in society and environment. The bank supports the projects and activities with associations and foundations by charitable donations made through LH Bank ATM machines and all branches of the bank counter. In addition, the bank has invited the executives, employees and customers to participate in donating money to help the victims including the bank supports anti-corruption activities to encourage Thai society to resist all kinds of corruptions.

- Society

The bank welcomes the donation via ATM of the bank for supporting public organizations such as Thammasat Chalermpkrakart Hospital, the Foundation for Employment Promotion for the Blind and Phrakhruba Noi Khemmapunyo Foundation etc.

**Participating in the Soft Loan Project to Help SMEs**



As the Ministry of Industry has assisted SMEs, Land and Houses Bank Public Company Limited has joined the SME Support & Rescue Center to support the entrepreneurs for small and medium enterprises which encounter the business development and financial problems to increase the opportunities for SMEs to access more loans including strengthen the investment climate and creating money circulating in Thailand's economy.



Land and Houses Bank Public Company Limited collaborate with the Thai Bankers Association, the Bank of Thailand and the Telecommunications Association of Thailand under the Royal Patronage (Telecommunications Association) jointly signed a memorandum of understanding for enhancing the security of mobile financial services. This project will start with the PromptPay to transfer the money in order to make the payment transactions through the electronic system safely. This will affect to the customers to have the confidence and benefit to the society and economy of the country.

- Environment

As the flooding situation in the southern of Thailand since January 2017, Land and Houses Bank Public Company Limited has been concerned about the people and the customers who live in the flooding area of many southern provinces of Thailand, the bank has provided the various assistance to invite the executives, the employees and the customers who supporting the bank by donating to the Thai Red Cross Society.



- Volunteering activity to develop the social



- Blood donation activity with the Thai Red Cross Society



Participating the seminar “Train the Trainer” project in subject "New Thais ... Pay attention to the money" which is one of the five-year strategic plan of the Thai Bankers Association to focus on education about the financial literacy and modify the attitude about the financial discipline to the people. The target group is youth and the students in the university both in Bangkok and the perimeter.

- Encouraging and Developing the Education of the Thai Youth

The bank realized about the Thai youth as the future of the nation and how to make the youth to be smart and good. The bank joined the CSR club of the Thai Bankers Association and the Council for the Organization of Children and Youth under the Royal Patronage, her Royal Highness Princess Maha Chakri Sirindhorn the Crown Prince under the project name "Saving for Change" continuously from 2014 to 2018 (Year 1 project) until the year 2016-2017 (Year 2 project) to provide the knowledge of the personal financial management and instill the financial discipline to the undergraduate students in the educational institutions in Nakhon Pathom by collaboration with the social organizations, the council for child and youth development

under the Royal Patronage of her Royal Highness Princess Maha Chakri Sirindhorn, and other parties, such as the Stock Exchange of Thailand, the Bank of Thailand and the Financial Services User Protection Center (STC.), the Office of the National Counter Corruption Commission (NCDC) and the Friends of the process network to create a positive change, attitude and behavior to the youth target.

Saving for Change project has the 3 objectives:

- (1) Developing the speakers of the CSR Club of the Thai Bankers' Association to provide the skills to educate the youth.
- (2) Creating the core of students to have the basic knowledge in personal financial planning and can extend the effect to the community.
- (3) Developing the standard curriculum that the financial institutions will use to educate the youth.

### Project Implementation Model

- (1) There is the 15 members of the knowledge Bank, the Financial Education, Technique for youth and the financial disaster.
- (2) The lecturer who passed the training in number (1) went to Nakorn Pathom province to provide the basic knowledge about the financial planning to the students.
- (3) The speakers from the Office of National Counter Corruption instill the concept of anti-corruption into the student leaders.
- (4) The trainers from the network of trainers educate the students about the Project Management so that they can develop their projects around the community.
- (5) Evaluation of Phase 1 and Phase 2
- (6) Organize the ceremony to provide a platform for the students to present their work to the public.

### "Saving for Change" Project Portfolio

- (1) Improve the financial skills and financial discipline of the 15 banks members, total 133 persons.
- (2) Training for 614 students from 10 higher education institutions and youth councils of these, 206 were able to lead the peer educators, with 34 outreach activities and 6,261 beneficiaries.
- (3) Develop a wealth management curriculum 4 to be used as a standard course for the financial institutions to educate the youth in the university.
- (4) Improve the attitudes of the youth target towards the bank in a better way.
- (5) A prototype project for the financial discipline campaign to commemorate Her Majesty Queen Sirikit on the occasion of the 7<sup>th</sup> cycle Birthday Anniversary of Her Majesty Queen on 12<sup>th</sup> August, 2017 initiated by the Federation of Business and Professional Women's Associations of Thailand under The Royal Patronage of H.M. the Queen. It is supported by 5 main partners: Ministry of Social Development and Human Security, The Stock Exchange of Thailand, Thai Chamber of Commerce, and the Thai Bankers' Association and National Council for Child and Youth Development under the Royal Patronage of HRH will organize the financial discipline program for the employees and the 66 employees of corporate organizations in 2016-2018.
- (6) The social entrepreneurs recognize the benefits that the banking sector provides to the society in this project. They have a good attitude towards the banking sector and such as the CCF Foundation in the Royal Patronage has expressed the appreciation for the project and bring a program to educate totaled 79 disadvantaged children in the foundation. In addition, the network of the new developers in the east has changed their attitudes and their spending habits since they had attended the training "Train the Trainers" of the club.

Land and Houses Bank Public Company Limited is the 1 of the 15 members of the CSR Club of the Bank of Thailand (BOT) has continuously cooperated in the implementation of the project "Saving for Change" and being aware of the importance of cultivating the knowledge of planning, financial discipline and the moral of anti-corruption integrated into the society from the youth. This is a great way to build a strong and sustainable foundation for the society in the future.

This is a campaign to strengthen the financial discipline for young people who are the leaders from various universities to develop the potential of the leading role in the dissemination of the financial discipline by bringing the knowledge the expertise and the skills of the banking sector. In order to serve the community, the bank realizes the importance of creating the intellectual capital for the society in order to develop the society into the sustainable society.



The bank arranged the activity “My Bank My Love” which is an annual event that aims to build up the good relationship between the customers and the bank on a regular basis. The bank has provided the elderly with the expertise in various fields as a speaker to transfer the knowledge to the customers. As a result, the customers who come to the event can bring their knowledge to the job, such as aromatherapy activity, making perfumes activity, flower arrangement, embroidery activity, soil sculpture activity and making herbal inhalant medicine.



The bank supported the project to promote and improve the quality of life of the disabled person by donating 271 computers to the Association of Persons with Physical Disability International in order to the association can dismantle, recyclable or modified the parts for adding value and to distribute to find the income to help the disabled person.



The bank supported the sport activities which as a part for participating to develop the youth as a strong discipline and healthy by supported the handball clothes to the Institute of Physical Education, Lampang Campus.



### 3. Art and Culture

The bank has arranged the traditional activities with people who live in the areas located near the bank, for example, supporting the Chinese New Year's activity, supporting for Children's Day activities to strengthen and promoting the traditions, arts and culture with the community around the branches of bank.



Support children's day activities at Lumpini Discovery Learning Library



LH Bank, Chinatown, join the Chinese New Year Festival,  
by giving the water of wealth and the sacred oranges to the customers of the bank.

## 8. Environmental Management

Land and Houses Bank Public Company Limited realizes the importance of environmental problems as we see that the operation of activities cause the environmental impact both directly and indirectly. When the time passes, such impact will become environmental pollution and cause natural disaster resulting in the huge loss. The Bank operates several measures in reducing the problem of pollution for preserving the environment by promoting the energy saving inside the organization and the saving of paper consumption.

### Green Office Project

All implementations of the Bank consume resources and energy and cause environmental impacts such as waste and polluted water. Inevitably, the Bank shares a part in greenhouse gas emission into the atmosphere which in turn causes climate change and global warming, a critical environmental issue affecting the whole nation and the world.

The bank understands the importance of good environmental management and has assigned the Occupational Safety, Health, and Environment Committee to study and improve the practice for introducing Green Office Project. The project has been carried out since 2012. The main focus is to educate the employees about management of resources, energy, and environment, and environment-friendly procurement. The final goal is to have an efficient use of resources and energy to alleviate the standard to environment-friendly level. By achieving that, the bank will be successful in reducing the emission of greenhouse gasses and environmental impact. It all can start with the environment-friendly activities to change the behavior of the officers in the bank and encourage them to join the minimized consumption of energy and emission of pollution to the public.

### Implementation of the Green Office Project

1. Use energy saving device
2. Take advantage of the natural light
3. Design an efficient office layout
4. Promote 5S activity
5. Check illumination in the office with the standard value
6. Increase green space in the office

### Energy Management

The bank is continuously trying to do a good energy management including electricity and tap water in order to achieve efficient use and sustainability of the corporate such as:

- The bank has improved the office and supplies in an environmental-oriented manner and protects its employees from pollution. The focus is the management to reduce pollution, energy usage, and costs.
- The bank has reduced the old technology devices and the single function items and shift to new technologies that help reduce pollution and save energy. The outcome of constant implementation since 2012 showed that the activity has helped reduce the energy costs and other expenses greatly, especially paper usage, supplies procurement, maintenance cost, and the space of the office.
- The bank has used the energy saving devices and the LED tube light, watt bulb with a suitable space, the suitable size of cable, in addition to decorate the office with soft color, use natural light as much as possible and also has used water-saving tap.

During 2016-2017, the bank has a plan to replace incandescent light bulbs to LED, which could help to reduce power consumption by 25% and greatly reduces the radiation heat when compared to the incandescent light bulbs. The bank implemented the project throughout the organization.

**LED หลอดไฟรักษ์โลก**  
เริ่มต้นได้ที่บ้านคุณ..

หลอดไส้ (Incandescent)	หลอด LED (LED)
11 WATTS	7 WATTS
หลอดไส้	หลอด LED
อายุการใช้งาน : 2 ปี	อายุการใช้งาน : 8 ปี 6 เดือน
UV : มี	UV : ไม่มี
ค่าไฟ : 64.- ต่อหลอด/ต่อปี	ค่าไฟ : 40.- ต่อหลอด/ต่อปี
สารปรอท : มี	สารปรอท : ไม่มี
36 WATTS	18 WATTS
หลอดฟลูออโรสเซนต์	หลอด LED
อายุการใช้งาน : 3 ปี 4 เดือน	อายุการใช้งาน : 10 ปี
UV : มี	UV : ไม่มี
ค่าไฟ : 326.- ต่อหลอด/ต่อปี	ค่าไฟ : 128.- ต่อหลอด/ต่อปี
สารปรอท : มี	สารปรอท : ไม่มี

\* คำนวณจากการใช้งานต่อหลอดไฟ 1 หลอด ระยะเวลา 8 ชั่วโมงต่อวัน \*

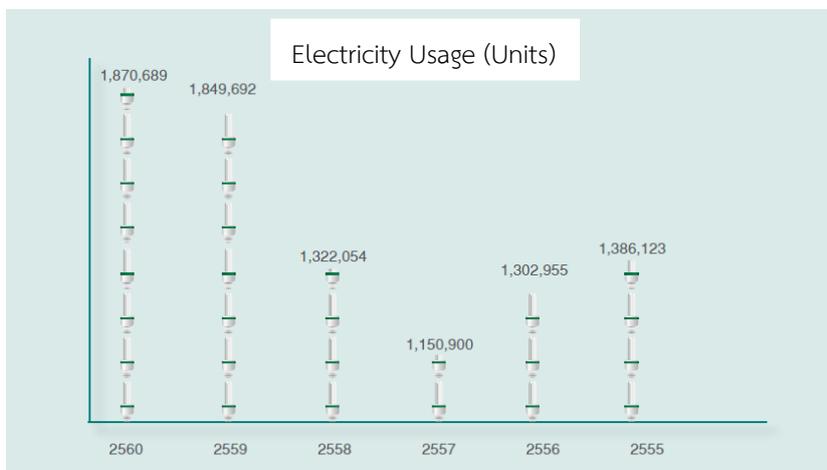
บ้านของเรา โลกของเรา  
ช่วยกันวันนี้ เพื่อมีวันข้างหน้าด้วยกัน

Sense of **Belonging**  
สำนึก **ความเป็นเจ้าของ**

**PRO-ACTIVE**  
PROfessional • ACcountability • Teamwork • Integrity • Visioning • Excellence Service

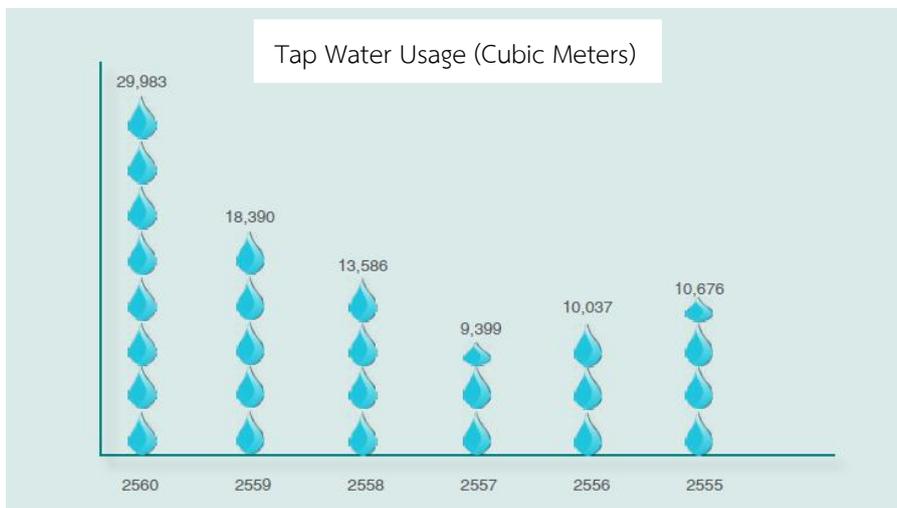
### Electricity Usage

Electricity usage of 2017 totaled 1,870,689 units (kWh) compared to 2016 due to an increase in electricity usage totaled 1,849,692 units (kWh) or increasing by 1.14%. The electricity usage in 2017 increased from using meeting rooms and multi-purpose spaces for seminars and activities.



### Tap Water Usage

The tap water usage in 2017 totaled 29,983 units, increasing by 18,390 cubic meters of tap water or increasing by 63.04% compared to 2016. The tap water usage in 2017 increased from using meeting rooms and multi-purpose spaces for seminars and activities.



### Shifting from Printed Meeting Invitation Letter to Saving the Letter in iPad

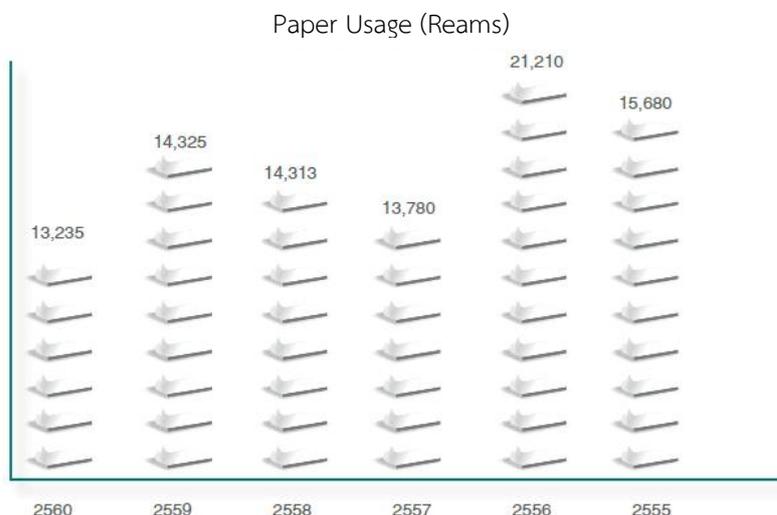
The bank has changed the process of preparing the meeting’s materials of the bank’s board of directors, the executive committee, the audit committee, the corporate governance committee and the nomination and remuneration committee by changing the meeting’s materials from paper to e-documents which recorded in iPad. As a result, this process can help to reduce paper consumption by approximately 5,000 pieces a month.

### Pool Printer Management Project

The bank has improved the way its department use the printers. Formerly, the departments used the single-function printers but now they have shifted to use the multi-function (4 in 1) printers. One printer is shared among a pool of departments. The result is the lower usage of paper, electricity, and space.

### Paper Usage

The amount of paper used in the year 2017 was 13,235 reams and decreased by 7.61% compared to the year 2016 which was 14,325 reams.



## Measurement of Intensity of Light in Workplace

The bank pays attention to the dangers of light that may impact to the employees. In case of insufficient illumination, it will cause negative symptoms to the eyes and may cause simple accidents like failing to catch an object or touching the dangerous part of the tools by mistake including affects the mental health, slow performance and lower motivation to work.

Since 2014, the bank has measured the intensity of light in all areas of the office to ensure the working area has a proper light and also conducts the light measurement every 3 years.

### Measurement Data and Data Collection Process

1. Measure at working area points: focus on the intensity of light on the spots that operators need to perform sight-specific work
2. Measure and average of the general area: measure the intensity of light in general areas such as walkways and working areas.

**The results of measurement of intensity of light in workplace:** After the actual measurement of the intensity of light in lux unit, it was found that illumination in the office was sufficient and compliant with the standard of not less than and more than 400 lux.

## 5S Activity

The bank has applied the 5S activity which consists of sort, set in order, shine, standardize and sustainable. The activity is the neater workplace and environment free of dirt and unnecessary objects, healthier and more disciplined staff. This in turn results in saving of resources and costs. In addition, it contributes to a quality and efficient work which the 5S activity gained well cooperation from the employees and the bank has a continuous implementation of the activity.

### 5S Activity Results

1. Result of **Sort**
  - Cutting down the waste of resources
  - Having spare space for other purposes
  - Have a more spacious workplace and spacious clean resulting in a better mood of the employees
2. Result of **Set in order**
  - Settling the common and troublesome searches
  - Increased work efficiency
  - Creating good image for the bank
3. Result of **Shine (Cleaning)**
  - A pleasant working environment
  - Cutting down the waste of resources
  - Increased efficiency of tools and equipment and decreased breakdown of office supplies
4. Result of **Standardize**
  - Neat and tidy workplace
  - Employees in a good mood and willing to work better
5. Result of **Sustain**
  - All employees have a good habit and attitude toward work
  - Customers receive quality and fast service

### LH BANK ATM Stops Global Warming

The bank has played a part in helping slow down global warming constantly by reducing usage of electricity and printing of the transaction receipt from using ATM machines. This can be said that we save the environment through our ATM machines. As of 31 December 2017, the bank has totally 204 ATM machines including reduce the usage of electricity especially those in shopping malls which is accomplished by setting the switch of electricity and illumination according to operating hours of the mall.

### The Communication of Social Responsibilities Campaign

The bank focuses on creating environmental awareness to participate in saving energy and conserving the environment through internal communication channel or intranet; the intranet, LH BANK People and Pro Eco column. The mentioned channels provide the employees about the contents that could be applied in real practice both at their home and in the workplace such as;

- Easy ways to save water, saving several liters of water
- 10 ways to reduce waste
- Easily saving energy for office man/women
- Save water methods to fight with drought crisis and having awareness, but don't panic for the situation.
- Knowing tissue before using it via a topic “the new way in conserving the environment from the recycle paper”.

LH BANK | People+
PRO | ECO

Easy ways to save water...  
saving several liters of water

LH BANK | People+
PRO | ECO

Knowing tissue  
before using it

via a topic the new way in conserving the environment from the recycle paper

LH BANK | People+
PRO | ECO

Easily saving energy

LH BANK | People+
PRO | ECO

10 ways to reduce waste

## 9. Innovation and Dissemination of Innovative Corporate Social Responsibilities

Land and Houses Bank Public Company Limited is determined to come up with business innovation to create the highest benefits for the business and society. Moreover, financial products and services are being promoted continuously to facilitate and meet customers' needs. We are also preparing for the government's policy that aims toward Digital Transformation and Digital Economy which the bank aware to promote the product innovation development and digital financial service in digital banking form for helping customers' save traveling time, reduce their expenses and have more convenient service.

**Banking Service on Mobile Vans** is similar to a mobile branch, helping increase channels of financial service for customers in several places. This service also allows customers to save time and expense in traveling to make transactions at the bank branches.

**No Slip Deposit – Withdrawal and Transfer Service** is another way to provide more convenient and faster transactions to customers.

**Financial Services via Mobile Phone (LH Bank M Choice)** provides a channel to carry on transactions via mobile phones, which have now become a part of customers' daily life. This new service channel is not limited to places and time but still maintains the same form and safety standard as transactions at the bank branches.

**Internet Banking Service (LH Bank Speedy)** provides convenient services of financial transactions both to individual and juristic persons every day at any places and time. Our internet banking comes with the double security system to ensure financial transaction safety. LH Bank Speedy is user-friendly with various services such as fund transfers within the bank and inter-bank transfers, payment of goods and services, loan payment, cheque status and stop cheque status inquiries, as well as account status inquiry. The bank will send a message to inform the transaction to customers after each transaction on mobile phone.

**ATM Chip Card and Debit Chip Card Service** provides the security card usage by using chip card to record customer's data. And the Debit Card provides more convenience for financial transactions 24 hours a day and ensures the security of financial transactions. The services provide the customers to do the following transactions; withdrawal, money transfer, loan payment, and product and service payment etc.



In addition, the customers can use the cards to require the account balance and withdrawal at UnionPay International ATM and purchase the commodities, services or online shopping conveniently as well as the customers will receive the privilege from Union Pay International shop members

**Premium Debit Card Service (LH Bank Premium)** is a personal accident protection card highest Baht 300,000 which guaranteed by CHUBB, the customers just inform his/her health profile in the application form, this service will be effective immediately by covered medical expenses from the accident. The customers must to show the LH Bank Premium card together with the infirmity following the contract.

**LH Bank PromptPay Service** is a new service to transfer funds for decreasing cash transactions by linking the citizen ID card and mobile phone numbers with LH Bank's account number.



In addition, money transfers easily by using their

citizen ID card number or mobile phone number without using their account number which the bank provides the LH Bank PromptPay service via 4 channels as follows;

1. Mobile Phone (LH Bank M Choice)
2. Internet Banking (LH Bank Speedy)
3. LH Bank's ATM machines
4. Branches of the bank

**LH Bank Business PromptPay Service** is a new choice for the companies or the corporates in fund transfer which requires transferees to link their account and business registration number.

**My Portfolio Service** is a service for personal information checking to 9 products via online banking (LH Bank M Choice and LH Bank Speedy) consists of safe box, deposit, loan, over draft (OD), securities, mutual fund, debenture, private fund and insurance.

However, the bank has been publicizing these products and services to ensure efficiency and accuracy among customers and society.

The bank promotes creativity and development of new innovation which will result in continuity of the bank improvement. At the same time, social responsibility and regular observations on the business operation are ensured to avoid risks or negative impacts to the society and environment. However, if such risks or negative impacts are found, the bank will try to seek for proper solutions immediately.

## INTERNAL CONTROL AND RISK MANAGEMENT

The Board of Directors and Executives of the bank emphasize the importance of good internal control and the significance of risk management and also sufficient internal controls in every aspect of the bank's operations, especially market conduct, banking product and cross selling, by requiring every unit of the bank to adhere to the internal control management as a good principle for business operation and employee performance. Moreover, the bank provides the unit responsible for risk management and risk management policy as the guideline for operation.

The bank determines that review of the efficiency and adequacy of the risk management process and internal control system by the Audit Committee is required. The essence consists of considering the appropriateness of scope of responsibilities, operation plan, including the results of the evaluation of adequacy and quality of risk management process, internal control system, corporate governance process and compliance with the rules and regulations of the bank and government authorities. This is reported to the Board of Directors in the case that a significant deficiency is found so that improvement and correction can be carried out and suggestions can be provided.

The bank emphasizes good corporate governance and internal control, provides the written policy and procedure manual, and arranges training to educate its people in order to develop the operational skills of the employees. This is to encourage them to be able to perform their work properly and effectively.

The bank has developed an employee handbook, discipline, professional code of ethics, code of conduct and ethics of the Thai Bankers' Association, and measures of disciplinary actions to make their performance effective, transparent and fair for the stakeholders, to continuously promote the strength of the good corporate governance and internal control in accordance with all levels of the bank, and to comprise the aforementioned matters into training programs for all level of employees.

The bank has determined the internal control activities as a part of the operational processes and control structures to be appropriate for all bank units. The bank divides the responsibilities between the operators and persons responsible for monitoring and evaluating in order to balance and check each other appropriately. The activities that may have a conflict of interest will be identified and implemented in compliance with the rules, business conditions and regulations in relation to the bank.

The information system of the bank has been developed continuously, including the financial information system, the operations in compliance with the principle of good corporate governance regarding information technology risk of the bank and other regulations. This is to follow up and evaluate the internal control system of the bank and for promptly correcting significant deficiencies to have accurate, complete and up-to-date information which will be useful for the Board of Directors and Executives to make decisions, and to have a quality channel of communications to ensure that all of the Executives and employees truly understand the policy and operational processes in relation to their responsibilities.

Monitoring and following up of the bank operations are carried out by the control group, which is independent in performing their work, and reports directly to the Audit Committee, by using a working principle that focuses on risk management which covers compliance with the laws, government regulations, policy, rules, operational procedures and code of conduct, in order to evaluate the adequacy of internal control, the appropriateness of the risk management, the effectiveness of resource management and the accuracy and reliability of the data.

Control group is obligated to consult on the implementation of the units responsible for verifying and monitoring according to the characteristic and scope of work. The objective is to add value and improve the operation of Land and Houses Financial Group by applying the principle of continuous audit and integrated audit along with evaluating and improving the quality of the work pursuant to the vocation of internal audit in 2018, for the Audit Department to improve the quality of internal audit in accordance with the international standards regarding the internal audit operations.

The bank is always aware that its internal control is a significant procedure of business operations which can provide effective performance, confidence that the bank's operation can achieve the objectives and create long-term benefit, financial reports, reliable operations, compliance with the laws, rules and regulations, and prevention of activities which may cause damage to the bank's assets and reputation.

Therefore, the bank has provided the monitoring and evaluation of internal control during operations and regular follow-up evaluation to ensure that the internal controls of the bank still conform and the changing risks during the period can be managed. The deficiencies of internal control will be reported to the Executives responsible for such work, and the significant deficiencies will also be reported to the Top Executives, the Audit Committee and the Board of Directors as appropriate.

### Appointment and Remuneration of the Auditor

The Audit Committee has the role of appointing the auditors by considering the qualifications and performance of the auditors before proposing to the Board of Directors each year. This includes the auditor's remuneration in order to propose to the Shareholders' Meeting for approval. In this regard, the name list of the auditors will be approved by the Bank of Thailand in relation to the additional auditors.

In 2017, the auditors of the bank which was EY Office Limited, the auditor of the financial statements in the fiscal year 2017, proposed the financial statement report based on unconditional opinion.

### Internal Control Monitoring

- **Internal Audit Department and Information Technology Audit Office**

The Internal Audit Department and Information Technology Audit Office have the duty of auditing and monitoring the operations in compliance with policy, regulations, operational process, code of conduct, as well as the requirements under the laws and government regulations, auditing the internal control system to evaluate the efficiency of resource management, the validity and reliability of the data, and proposing guidelines for improving operations to reduce risk. In addition, the bank has determined the audit system and internal control to strictly maintain the customer information in accordance with the laws and regulations specified by the bank.

- **Compliance Office and Information Technology Compliance Office**

Compliance Office and Information Technology Compliance Office have the duty of monitoring the operations in compliance with the laws and government regulations in relation to the financial business, providing the compliance operation system pursuant to international standards, reviewing operations according to the rules, reporting the monitoring and reviewing results to the Audit Committee and the Board of Directors regularly, and paying attention to the laws and government regulations that are revised from time to time in addition to emphasizing good corporate governance.

### Duties and Responsibilities of the Head of Control Group

1. Compliance
2. Information Technology Compliance
3. Credit Review
4. Internal Audit
5. Information Technology Audit
6. Special Audit and Fraud

### Profile of the Head of Control Group

<b>Name</b>	Miss Chutima Boonmee
<b>Position</b>	Executive Vice President, Control Group
<b>Age (Years)</b>	<b>65</b>
<b>Education</b>	- Master of Public Administration (M.PA.) National Institute of Development Administration (NIDA) - Master Degree, Srinakharinwirot University
<b>Training</b>	- Success Factors and Raising Anti-Corruption Standard Guidelines in the ASEAN Community, National Institute of Development Administration - Thailand's 5 <sup>th</sup> National Conference on Collective Action Against Corruption "Tackling Corruption through Public – Private Collaboration": IOD - Anti-Corruption for Executive Program 4/2012: IOD - Compliance Training Program for the Head of Compliance unit along with the SEC regulations Class 1/2013 of 2015 and 2017) arranged by the Thai Bankers Association - Leadership Program for Managers: CC Knowledge Base Co., Ltd. - Compliance Officer: Faculty of Law, Chulalongkorn University - Certificate of Pacific Rim International Conference The Anti-Money Laundering Office on Money Laundering and Financial Crime: Anti-Money Laundering Office (AMLO) - Risk Management for Financial Institutions: Kenan Institute Asia - Best Practices in Credit Risk Management & Operational Risk Management: PricewaterhouseCoopers (PwC)
<b>Shareholding (%)</b>	-None-
<b>Family Relationship with the Executives</b>	-None-
<b>Work Experience in the Past 5 Years</b>	

❖ None Current Position in Listed Company

Period	Position	Organization/Company
Apr. 2002 – Oct. 2010	Senior Vice President, Compliance Office	Siam City Bank PLC

❖ Current Position in 1 Non-Listed Company

Period	Position	Organization/Company
Aug 2013 – Present	First Executive Vice President, Control Group	Land and Houses Bank PLC
Mar. 2012 – Aug. 2013	First Senior Vice President Control Group	
Nov. 2010 – Feb. 2012	Senior Vice President Compliance Office	

### Duties and Responsibilities for the Review of Compliance and Information Technology Compliance

- Supervise and monitor all the bank's units to have efficiency and effectiveness in accordance with the government sector, which is in line with rules of the bank for International Settlements (BIS) in April 2005, the Financial Action Task Force on Money Laundering (FATF 40+9 Recommendations), and BOT : IT Best Practice Phase I and Phase II.
- Develop the risk management system for the operations as required by the relevant regulations.

### Duties and Responsibilities for Internal Audit and Information Technology Audit

- Determine the objectives, goal and scope of the internal audit and internal audit planning.
- Provide and improve the internal audit manual in accordance with the principles of corporate governance regarding information technology risk of the Bank of Thailand.
- Administrate the internal audit and information technology risk audit, and supervise the performance of the internal audit team.
- Verify the approvals of the audit program, evaluate the sufficiency and efficiency of the internal control system to reduce risk but increase quality of the assigned works.
- Evaluate the credibility and reliability of the financial and operational information.
- Consider all the operations to follow the Company's policy, goal, objectives, plan and rules as well as relevant laws and regulations.
- Set the work standard guidelines, review the auditors' performance to be in compliance with the specified audit standard, as well as control the implementation of audit plan.
- Propose the audit results to the Audit Department, President, Top Executives, the Audit Committee and the Company's Board of Directors as appropriate.
- Enhance the potential of the auditors to have knowledge and competence according to the changes of the economy and social conditions.
- Provide the performance evaluation for all levels of internal auditors.
- Provide advice, opinions and suggestions about the operational guidelines in accordance with the rules, order and internal control.
- Perform other work assigned by the Audit Committee.

### Duties and Responsibilities for Special and Fraud Audit

- Determine the monitoring of unusual transactions in the work system of the bank and especially high-risk transactions of the branch banking system which are transfer transactions of call-center scam groups, etc.
- Propose the special audit analysis results to the President for acknowledgement and coordination with internal departments of the bank to determine the correct and complete operational guideline.
- Propose the special audit results with documentary evidences to the President, the Top Executives, and report to the Audit Committee.
- Follow up the progress of the special inspection work, such as the resolution of the discipline committee, legal proceedings, etc.

### The Number of Employees in the Internal Audit Department

The number of employees who work as auditors is 29 persons, consisting of general auditors and branch auditors totaling 20 persons, and information technology auditors totaling 9 persons.

## RELATED PARTY TRANSACTIONS

Related party transactions are defined as transactions which are similar to or competitive with one another or have any other relation that may constitute conflicts of interest between the bank and a party with potential conflicts of interest. In considering related party transactions with related persons/companies, the bank applies normal policies, trade terms, and conditions in accordance with predefined processes in an appropriate, transparent, and accurate manner, taking into consideration the utmost benefits of the bank and its shareholders.

Related party transactions which the bank had transactions with persons or related parties, the bank has policies and procedures to prevent conflict of interest and comply with the Bank of Thailand's notification and the bank's regulators. The related party transaction was considered by the same policies with general customers and normal trade terms through the transparent approval process regarding to the advantages of the bank and its shareholders.

The person or related party of the bank has defined as a person or company that has the authorities to control the bank or under the same control directly or indirectly with the bank. Moreover, person or related parties comprise of enterprises and person who have significant influence to the bank, whether directly or indirectly to the bank which their related party transactions are disclosed in the notes to the financial statements under the subject "Related party transactions".

### Necessities and Rationales of the Transactions

The bank conduct the related party transactions with care and take into account the maximum benefit to be received by the bank and its shareholders. All related party transactions conducted by the bank with the person who has conflicts of interest are either normal business operation or reasonable and appropriate to support the normal business of the bank. The terms and conditions of the related party transactions use the normal trade terms, the regular market prices. Including the bank has operated follow the regulation and has disclosed the information completely.

Furthermore, the audit committee shall examine related party transactions that may occur in the future with persons who have potential conflicts of interest or stakeholders, and gives opinions on the necessity and rationale of such transactions. In the case where the audit committee does not have the expertise in considering such transactions, the bank will assign independent experts or its auditors to give opinions on the transactions on which the bank its shareholders, whichever is applicable, will base their decisions. In any case, the bank will always disclose such transactions in its audited financial statements.

### Measures for Approving Related Party Transactions

In approving the related party transactions, the bank takes into consideration the interests of the bank, and its shareholders. Such transactions are subjected to due procedures based on the regulations of the bank and scrutinized by responsible committees and price them based on comparable trade terms with a third party. The bank has sought approval in principle for the bank to conduct transactions with normal trade terms with their directors, executives and related persons. In addition, the audit committee shall examine related party transactions that may occur in the future with persons with potential conflicts of interest or stakeholders and gives opinions on the necessity and rationale of such transactions. In the case where the audit committee does not have the expertise in considering such transactions, the bank will assign independent experts or its auditors to give opinions on the transactions on which the bank or the shareholders, whichever is applicable, will base their decisions. In any case, the bank will always disclose such transactions in its audited financial statements.

## Policies and Trends for Future Related Party Transactions

The bank has a policy of continuing to conduct related party transactions with persons who have potential conflicts of interest in the future by treating them as normal transactions with other customers. The important guidelines for such transactions are that they must be priced fairly and in line with normal trade terms which are competitive with other financial institutions. They must also undergo clear, transparent and fair approving process in accordance with good corporate governance principles and the guidelines set by the bank and its subsidiary. They must also be approved only by the authority assigned to approve the related party transactions.

For related party transactions which may occur in the future, the board of directors and the audit committee of the bank shall comply with the law on equities and the stock exchange, as well as related regulations, notifications, and orders.

## The Director with Vested Interest in Any Contract of the Bank during the Fiscal Year

- None -

## Information Disclosure

The bank discloses related party transactions and connected transactions in the annual report.

## Related Party Transactions

Significant business transactions with their related parties, including transactions with directors, executive or other persons with equivalent position, including entities that the persons or related persons have management authorities, or entities in which the Bank or directors or such executives hold in aggregate of more than 10 percent of the paid-up share capital of those entities, which were disclosed in the Note No. 38 to the financial statements of the bank. The details were as follows:



### The Outstanding Balances as at 31 December 2017

As at 31 December 2017, the outstanding balances of transactions between the bank and their related parties can be summarized as follows:

(Unit: Million Baht)

Relationship <sup>1</sup>	Separate Financial Statements													
	Interbank and money market items (assets)	Investments - Cost	Accrued interest receivables on investments	Loans to customers	Accrued interest receivables on loans to customers	Other assets	Deposits	Interbank and money market items (liabilities)	Debts issued and borrowings	Accrued interest payables	Accounts payable on securities trading	Dividend Payable	Other liabilities	Commitments – letters of bank guarantee
1. Parent company	-	-	-	1,398.00	0.16	0.30	6.10	-	84.10	0.48	-	1,000.00	-	-
2. Subsidiaries of the Bank's parent company	1,900.10	-	-	-	-	7.22	5.13	69.83	-	-	40.74	-	-	-
3. The major shareholders of the Bank's parent company	-	-	-	-	-	6.15	3,478.62	-	-	0.45	-	-	0.12	-
4. Related companies	-	1,787.15	15.81	5,557.20	3.84	28.61	5,093.93	-	-	3.94	-	-	2.23	196.89
5. Directors and executives	-	-	-	18.97	0.02	-	96.24	-	48.00	0.32	-	-	0.04	-
6. Related persons	-	-	-	27.83	0.01	-	1,002.38	-	41.20	1.45	-	-	-	-
<b>Total</b>	<b>1,900.10</b>	<b>1,787.15</b>	<b>15.81</b>	<b>7,002.00</b>	<b>4.03</b>	<b>42.28</b>	<b>9,682.40</b>	<b>69.83</b>	<b>173.30</b>	<b>6.64</b>	<b>40.74</b>	<b>1,000.00</b>	<b>2.39</b>	<b>196.89</b>

Notes <sup>1</sup>The nature of the relationships are described in the Note No. 38 to the financial statements "Related party transactions"

### Transactions during the year 2017

During the year 2017, the bank had significant business transactions with its related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the bank and their related parties are as follows:

(Unit: Million Baht)

Relationship <sup>1</sup>	Separate Financial Statements						
	Interest income	Fees and service income	Dividend income	Other operating income	Dividends paid	Interest expenses	Other operating expenses
1. Parent company	14.24	0.27	-	-	1,499.80	7.63	1.34
2. Subsidiaries of the Bank's parent company	26.79	53.53	-	0.88	-	2.95	-
3. The major shareholders of the Bank's parent company	-	-	-	-	-	38.37	24.74
4. Related companies	175.05	-	19.64	-	-	58.31	106.12
5. Directors and executives	0.42	-	-	-	-	6.51	-
6. Related persons	1.17	-	-	-	-	13.83	-
<b>Total</b>	<b>217.67</b>	<b>53.80</b>	<b>19.64</b>	<b>0.88</b>	<b>1,499.80</b>	<b>127.60</b>	<b>132.20</b>

Notes <sup>1</sup>The nature of the relationships are described in the Note 38 to the financial statements "Related party transactions"

## THE AUDIT COMMITTEE'S REPORT

The Audit Committee of Land and Houses Bank Public Company Limited consists of 4 independent directors who are experts in several areas with adequate knowledge and experience to perform the review of the reliability of the financial statements. In addition, all of the Members of the Audit Committee do not perform in other sub-committees nor were assigned from the Board of Directors to consider decisions on any operation of the bank or relevant business. The Audit Committee consists of:

- |                             |              |                                 |
|-----------------------------|--------------|---------------------------------|
| 1. Mr. Phairoj              | Hengsakul    | Chairman of the Audit Committee |
| 2. Mr. Somsak               | Assavapokee  | Member of the Audit Committee   |
| 3. Mr. Adul                 | Vinaiphath   | Member of the Audit Committee   |
| 4. Asst. Prof. Dr. Supreeya | Kuandechakup | Member of the Audit Committee   |

And Ms. Chutima Boonmee, Executive Vice President, Control Group is the Secretary of the committee.

Asst. Prof. Dr. Supreeya Kuandechakup has been appointed as the Member of the Audit Committee by replacing the resigned member on 1 August 2017.

In 2017, the Audit Committee arranged a meeting 15 times to perform the duties under the scope of responsibilities prescribed in the Auditor Committee Charter assigned by the Board of Directors. The Audit Committee has performed independently without limitation in obtaining information. Moreover, the aim of the Audit Committee is for the bank to operate in accordance with good corporate governance, including to perform the assigned duties with transparency, fairness, reliability, verifiability and balance of power system for the utmost benefit for not only the shareholders but also the employees and other relevant persons in compliance with the requirements of the Stock Exchange of Thailand and Bank of Thailand. The Audit Committee has reported the results of each meeting to the Board of Directors with the summary as follows:

### 1. Financial Report Review

The bank's quarterly, half-year and annual financial statements have been reviewed by conducting a meeting with the auditors, the manager of financial group and the manager of control group in order to consider the financial report, disclosure of information supplementing the financial statements, accounting policy, significant estimates and notes to the financial statement audit and review of the auditors.

In addition, the consideration of the bank's turnover has been carried out on a monthly basis and the meeting with the auditors has been arranged for discussing the independence in performing work and for the auditors to give their opinions. The auditors confirmed that the operation can be carried out in accordance with the plan and guideline as specified without any obstacles or limitations, and express their opinions independently pursuant to the accepted accounting standards

According to the aforementioned operation, the Audit Committee has an opinion that the financial statements of Land and Houses Bank Public Company Limited for the year then ended 31 December 2017 are accurate in the main point of compliance with the financial reporting standard. The information has been disclosed adequately and appropriately. The auditors have expressed their opinions in the auditor's report which is proposed to the Board of Directors and shareholders, and they have performed their duties and expressed their opinions independently.

## 2. Internal Control and Internal Audit

The annual audit plan of the control group has been considered for approval in which the audit process has been developed and improved by emphasizing risk evaluation of activity levels for increasing efficiency and covering the work/units that are important and have a high-risk level. Additionally, the performance results of the control group that is carried out according to the specified plan on a monthly basis has been considered. In addition, appointments, transfers, performance evaluation and integrity have been considered for approval to the Head of the Control Group, the Vice President of Control Department/Office in compliance with the regulations and criteria specified by the bank. The audit reports of the Bank of Thailand, the Office of the Securities and Exchange Commission, the Office of Insurance Commission (OIC) and the auditors have considered the status of the internal control system and risk management. The operation improvements and correction results have been followed up regularly every quarter.

The Audit Committee has expressed the opinion that the bank possess an internal control system and internal audit that is adequate, appropriate and developed continuously.

## 3. Compliance with Regulations

The operation of the bank has been reviewed according to the requirements and the laws in relation to banking businesses, including the Public Limited Companies Act, Financial Institutions Businesses Act, Securities and Exchange Act, relevant regulations, other criteria of the agencies responsible for monitoring the banks' operations and the compliance policy specified by the bank as a foundation and guideline for all Members, Executives and Employees to comply with, by considering the compliance of the operation monitoring results of the monitoring departments, and examination of the control group results by the Bank of Thailand and auditors regularly.

The Audit Committee has expressed the opinion that the bank closely monitors and audits the operation of its departments for proper operations and compliance with the relevant requirements and criteria of all departments.

## 4. External Auditor

The auditors of the bank have been considered and chosen by considering their knowledge, competence, experience, reliability, sufficient resources, independency of their evaluations, and the quality of the auditors' works in the past years. For the remuneration of the auditors, the scope of responsibilities of the auditors has been considered.

The Audit Committee has considered and chosen the auditors from EY Office Limited as the auditors of the bank for the year 2018. Furthermore, appropriate remuneration has been considered and proposed to the Board of Directors to present in the Shareholders' Meeting for consideration and appointment by preparing the opinions and suggestions to the Board of Directors.

## 5. Related Transactions or Any Other Transactions Likely to Have Conflict of Interest

The Audit Committee will consider the related transactions or any other transactions that may have conflict of interest in accordance with the relevant laws and government regulations to ensure that the aforementioned transactions are reasonable and have the most benefit for the bank, and to review the information disclosures of the bank to ensure accuracy and completeness pursuant to the policy regarding monitoring business in relation to the related transactions or any other transactions that may have conflict of interest.

The Audit Committee has completely performed its duties in compliance with the scope of responsibilities as assigned by applying the knowledge and competence with prudence and independence and by directly expressing opinions for the utmost benefit of the bank without limitations in obtaining information, resources and cooperation from the bank. The Board of Directors have a self-performance evaluation to ensure that the operation of the Audit Committee in 2017 is efficient and effective and achieves the objectives as assigned by the Board of Directors.

#### 6. Risk Management

The review and evaluation have been carried out according to the proposal of the Executives regarding the effectiveness of the risk management, possessing sufficient funds, operational risk management, acknowledging incidents of damage, significant operations and the evaluation of the causes and appropriateness of the guidelines for preventing the aforementioned incidents from occurring in the future. The Auditor Committee is satisfied with the risk management system of the bank.

#### 7. Anti-Corruption Measures

The self-evaluation results of the bank in relation to its anti-corruption measures have been acknowledged by assigning the Audit Department by the bank to review the aforementioned self-evaluation results. After proposing the self-evaluation results to allies of the Thai private sector for anti-corruption operations (Allies), the bank is currently in the process of getting its certification renewed as a member of the Allies of 2018.

#### 8. Self-Evaluation

According to the self-performance evaluation results by comparing the significant activities of the Audit Committee and the Auditor Committee Charter, the relevant rules and the good guideline, it is found that the Audit Committee has performed its duties and responsibilities adequately and effectively as specified in the Auditor Committee Charter and the relevant rules assigned by the Board of Directors.



(Mr. Phairoj Hengsakul)

Chairman of the Audit Committee

## THE NOMINATION AND REMUNERATION COMMITTEE'S REPORT

The Board of Directors of Land and Houses Bank Public Company Limited has appointed the Nomination and Remuneration Committee, consisting of 3 directors as follows: Mr. Adul Vinaiphat, as the Chairman, Mr. Naporn Sunthornchitcharoen and Mr. Somsak Assavapokee, as the Members.

During the year 2017, Chinatrust Commercial Bank Company Limited: CTBC Bank has entered as a business partner of LH Financial Group Public Company Limited: LHFG. As a result, part of the Board of Directors has been modified.

The Nomination and Remuneration Committee was assigned to search for directors by their authorization. Land and Houses Bank Public Company Limited and CTBC has proposed a list of candidates for nomination under agreement of their business partner.

The Nomination and Remuneration Committee has jointly considered and proposed a list of people who have full qualifications and the appropriate experience for consideration of the Board of Directors. In addition, the Board of Directors has approved the appointment of Mr. Chee Ching-Foo, Mr. Woo Ko-Chin and Asst. Prof. Dr. Supreeya Kuandechakup to be Members of the Committee, whereas Asst. Prof. Dr. Supreeya Kuandechakup has been appointed as a Member of the Nomination and Remuneration Committee replacing Mr. Somsak Assavapokee.

In the year 2017, the Nomination and Remuneration Committee held 6 meetings and all Members of the Committee attended the meetings.

During the year 2017, the Nomination and Remuneration Committee was assigned by the Board of Directors to increase its duties, including considering the scope of operations regarding the remuneration structure, annual salary increases, other benefits of the Executives and local staff, and the remuneration of expatriate staffs who are business partner companies.

In the year 2017, the Nomination and Remuneration Committee considered the core agenda as follows:

- Procurement of new directors and for directors whose terms have expired.
- Determine the scope of remuneration, meeting allowances and pension for the Board of Directors, the Executive Directors Committee, the Audit Committee, the Corporate Governance Committee and the Nomination and Remuneration Committee for proposing to the Board of Directors.
- Consider the annual bonus and annual salary increase of the employees.
- Consider the annual bonus and annual salary increase of the president.
- Consider the retired employees who still have good performances but do not meet the criteria as a special case.
- Consider the approval of the types and criteria regarding remuneration and welfare determination for expatriate staffs from CTBC Bank.
- Acknowledge and comment about the preparation of the succession plan and the development of the Executives holding important positions.
- Acknowledge the Memorandum of Understanding of the Expatriate Management between Land and Houses Bank Public Company Limited and Chinatrust Commercial Bank Company Limited.
- Evaluate the self-performance of the Nomination and Remuneration Committee of the year 2017 according to the corporate governance criteria.



(Mr. Adul Vinaiphat)

Chairman of the Nomination and Remuneration Committee

**Notes :** Term of Office:

Mr. Somsak Assavapokee, acting as a Member of the Nomination and Remuneration Committee from 1 January 2017 to 31 July 2017.

Asst. Prof. Dr. Supreeya Kuandechakup, acting as a Member of the Nomination and Remuneration Committee from 1 August 2017 to present.

## THE BOARD OF DIRECTORS' RESPONSIBILITY FOR FINANCIAL STATEMENT'S REPORT

The Board of Directors of Land and Houses Bank Public Company Limited are responsible for the separated and consolidated financial statements and the financial information presented in this annual report. The aforementioned financial statements were prepared in accordance with the generally accepted accounting principles, applying appropriate and consistent accounting policies and with careful judgments. The important information is adequately and transparently disclosed for shareholders and other investors in the notes to financial statements.

The Board of Directors has established and maintained the appropriate and effective risk management and internal control system in order to rationally assure that the accounting information is correctly and completely recorded and adequate to sustain assets of the bank.

The Board of Directors has appointed the Audit Committee comprised of independent directors responsible for the quality of the financial statements and an internal control. The Audit Committee's comments in these issues are included in the Audit Committee Report in this annual report.

The separated and consolidated financial statements of the bank were audited by the certified public accountant of EY Office Limited. In the audit, the bank has supported all information, data and documents in order that the auditor would be able to audit and address opinions to the auditing standards. The auditor's opinions were included in the Report of independent Auditor in this annual report.

In the Board of Directors' point of view, the bank has an appropriate and adequate internal audit control system for the credibility of the separated and consolidated financial statements of the bank as of December 31, 2017.



(Mr. Rutt Phanijphand)  
Chairman



(Mrs. Sasitorn Phongsathorn)  
President

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Land and Houses Bank Public Company Limited

### Opinion

I have audited the accompanying financial statements of Land and Houses Bank Public Company Limited (the Bank), which comprise the statement of financial position as at 31 December 2017, the related statements of comprehensive income, changes in owners' equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Land and Houses Bank Public Company Limited as at 31 December 2017, its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Bank in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the 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 Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Bank's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 am responsible for the audit resulting in this independent auditor's report.



Rachada Yongsawadvanich  
Certified Public Accountant (Thailand) No. 4951

EY Office Limited  
Bangkok: 21 February 2018

Land and Houses Bank Public Company Limited

Statements of financial position

As at 31 December 2017 and 2016

(Unit: Thousand Baht)

	Note	2017	2016
<b>Assets</b>			
Cash		1,994,550	2,109,131
Interbank and money market items - net	6	20,928,063	17,961,031
Derivative assets	7	103,651	2,858
Investments - net	8	55,236,564	49,978,116
Loans to customers and accrued interest receivables	9		
Loans to customers		154,067,279	141,236,436
Accrued interest receivables		257,014	229,428
Total loans to customers and accrued interest receivables		154,324,293	141,465,864
Less : Deferred revenue		(46,971)	(91,770)
Allowance for doubtful accounts	10	(3,388,686)	(3,078,627)
Revaluation allowance for debt restructuring	11	(14,023)	(15,232)
Loans to customers and accrued interest receivables - net		150,874,613	138,280,235
Properties foreclosed - net	13	102,137	107,322
Premises and equipment - net	14	258,313	317,877
Intangible assets - net	15	170,134	180,245
Deferred tax assets	16.1	210,002	263,446
Accrued interest receivables on investments		308,023	295,841
Other assets - net	17	210,220	198,868
<b>Total assets</b>		<b>230,396,270</b>	<b>209,694,970</b>

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

Land and Houses Bank Public Company Limited

Statements of financial position (continued)

As at 31 December 2017 and 2016

		(Unit: Thousand Baht)	
	Note	2017	2016
<b>Liabilities and owners' equity</b>			
Deposits	19	143,741,919	149,639,499
Interbank and money market items	20	15,415,970	20,053,826
Liabilities payable on demand		219,784	75,991
Debts issued and borrowings - net	21	32,979,124	20,464,660
Interest payables		434,648	600,890
Accrued expenses		476,004	461,196
Provisions for liabilities	22	117,942	98,790
Tax payable		325,786	333,799
Revenue received in advance		269,013	235,879
Accounts payable on securities trading		40,741	5,122
Dividend payable		1,000,000	-
Other liabilities	23	253,018	227,440
<b>Total liabilities</b>		<b>195,273,949</b>	<b>192,197,092</b>
<b>Owners' equity</b>			
Share capital	24		
Registered			
2,000,000,000 ordinary shares of Baht 10 each		20,000,000	20,000,000
Issued and paid-up			
2,000,000,000 ordinary shares of Baht 10 each			
(2016: 1,400,000,000 shares of Baht 10 each)		20,000,000	14,000,000
Share premium	24	10,598,915	-
Other component of owners' equity			
Revaluation surplus (deficit) on available-for-sale			
investments - net of income taxes	8.3	145,098	(82,251)
Retained earnings			
Appropriated - statutory reserve	25	588,700	473,000
Unappropriated		3,789,608	3,107,129
<b>Total owners' equity</b>		<b>35,122,321</b>	<b>17,497,878</b>
<b>Total liabilities and owners' equity</b>		<b>230,396,270</b>	<b>209,694,970</b>

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

Land and Houses Bank Public Company Limited

Statements of comprehensive income

For the years ended 31 December 2017 and 2016

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

	Note	2017	2016
<b>Profit or loss:</b>			
Interest income	28	8,653,690	8,816,327
Interest expenses	29	(3,673,471)	(3,978,289)
<b>Net interest income</b>		4,980,219	4,838,038
Fees and service income	30	400,579	336,899
Fees and service expenses	30	(74,856)	(75,742)
<b>Net fees and service income</b>		325,723	261,157
Gains on trading and foreign exchange transactions		989	1,369
Gains on investments	31	65,774	1,135,620
Dividend income		392,829	210,634
Other operating income		28,659	27,477
<b>Total operating income</b>		5,794,193	6,474,295
<b>Other operating expenses</b>			
Employees' expenses		1,167,839	1,159,311
Directors' remuneration	32	17,414	15,311
Premises and equipment expenses		672,973	659,965
Taxes and duties		220,086	219,731
Advertising and promotional expenses		89,708	90,124
Amortisation on intangible assets		58,770	63,094
Other expenses		119,149	125,738
<b>Total other operating expenses</b>		2,345,939	2,333,274
<b>Bad debts, doubtful accounts and impairment loss</b>	33	617,142	1,025,000
<b>Profits before income tax expenses</b>		2,831,112	3,116,021
Income tax expenses	16.2	(519,047)	(613,718)
<b>Profits for the years</b>		2,312,065	2,502,303

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

Land and Houses Bank Public Company Limited  
 Statements of comprehensive income (continued)  
 For the years ended 31 December 2017 and 2016

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

	Note	2017	2016
<b>Other comprehensive income (loss):</b>	34		
Items to be recognised in profit or loss in subsequent periods:			
Gains (losses) on revaluation of available-for-sale investments			
- net of income taxes		227,349	(84,935)
Total items to be recognised in profit or loss in subsequent periods		227,349	(84,935)
Items not to be recognised in profit or loss in subsequent periods:			
Actuarial losses - net of income taxes		(14,086)	-
Total items not to be recognised in profit or loss in subsequent periods		(14,086)	-
<b>Other comprehensive income (loss) for the years</b>		213,263	(84,935)
<b>Total comprehensive income for the years</b>		2,525,328	2,417,368
<b>Earnings per share:</b>			
Basic earnings per share	35		
Profits for the years (Baht per share)		1.40	1.79
Weighted average number of shares (Thousand shares)		1,653,151	1,400,000

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

Land and Houses Bank Public Company Limited  
 Statements of Changes in owners' equity  
 For the years ended 31 December 2017 and 2016

(Unit: Thousand Baht)

Note	Issued and paid-up share capital	Share premium	Other component of owners' equity - Revaluation surplus (deficit) on available-for-sale investments - net of income taxes	Retained earnings		Total
				Appropriated - statutory reserve	Unappropriated	
	14,000,000	-	2,684	347,800	1,662,426	16,012,910
<b>Balance as at 1 January 2016</b>						
25	-	-	-	125,200	(125,200)	-
Dividends paid	-	-	-	-	(932,400)	(932,400)
26	-	-	-	-	-	-
Profit for the year	-	-	(84,935)	-	2,502,303	2,502,303
Other comprehensive loss for the year	-	-	(84,935)	-	-	(84,935)
Total comprehensive income (loss) for the year	-	-	(84,935)	-	2,502,303	2,417,368
<b>Balance as at 31 December 2016</b>	14,000,000	-	(82,251)	473,000	3,107,129	17,497,878
	-	-	-	-	-	-
<b>Balance as at 1 January 2017</b>	14,000,000	-	(82,251)	473,000	3,107,129	17,497,878
24	6,000,000	10,598,915	-	-	-	16,598,915
Issuance of additional ordinary shares	-	-	-	115,700	(115,700)	-
25	-	-	-	-	-	-
Appropriated to statutory reserve	-	-	-	-	(1,499,800)	(1,499,800)
26	-	-	-	-	-	-
Dividends paid	-	-	-	-	-	-
Profit for the year	-	-	227,349	-	2,312,065	2,312,065
Other comprehensive income (loss) for the year	-	-	-	-	(14,086)	213,263
Total comprehensive income for the year	-	-	227,349	-	2,297,979	2,525,328
<b>Balance as at 31 December 2017</b>	20,000,000	10,598,915	145,098	588,700	3,789,608	35,122,321

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

Land and Houses Bank Public Company Limited

Statements of cash flows

For the years ended 31 December 2017 and 2016

(Unit: Thousand Baht)

	2017	2016
<b>Cash flows from operating activities</b>		
Profits before income tax expenses	2,831,112	3,116,021
Adjustments to reconcile profits before income tax expenses		
to net cash provided by (paid from) operating activities		
Depreciation and amortisation	183,964	212,701
Bad debts, doubtful accounts and impairment loss	617,142	1,025,000
Provisions for employee benefits	22,595	20,993
Losses on impairment of properties foreclosed	1,660	-
(Gains) losses on disposals/write-offs of premises and equipment	87	(132)
Gains on sales of investments	(65,774)	(1,135,620)
Net interest income	(4,980,219)	(4,838,038)
Dividend income	(392,829)	(210,634)
Cash received on interest income	7,025,600	7,097,602
Cash paid on interest expenses	(3,827,292)	(4,163,778)
Cash paid on income taxes	(525,132)	(619,486)
<b>Profits from operation before changes in operating assets and liabilities</b>	<b>890,914</b>	<b>504,629</b>
(Increase) decrease in operating assets		
Interbank and money market items	(2,990,992)	(218,980)
Loans to customers	(13,145,499)	(8,922,316)
Properties foreclosed	3,525	19,627
Other assets	(21,265)	43,570
Increase (decrease) in operating liabilities		
Deposits	(5,897,580)	12,339,404
Interbank and money market items	(4,637,856)	(612,046)
Liabilities payable on demand	143,793	(100,526)
Short-term debts issued and borrowings	12,504,485	(1,349,404)
Accrued expenses	2,387	19,538
Provisions for liabilities	(21,315)	(4,703)
Other liabilities	37,604	18,583
<b>Net cash provided by (used in) operating activities</b>	<b>(13,131,799)</b>	<b>1,737,376</b>

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

Land and Houses Bank Public Company Limited

Statements of cash flows (continued)

For the years ended 31 December 2017 and 2016

(Unit: Thousand Baht)

	Note	2017	2016
<b>Cash flows from investing activities</b>			
Proceeds from sales of available-for-sale investments		430,321	4,926,686
Proceeds from held-to-maturity investments		2,646,200	14,690,637
Proceeds from sale of investments in a subsidiary		-	325,417
Cash received on interest income on investments		1,669,620	1,755,999
Cash received on dividend income on investments		392,829	210,634
Invested in available-for-sale investments		(3,975,080)	(7,799,007)
Invested in held-to-maturity investments		(4,130,000)	(14,955,000)
Proceeds from disposals of equipment		462	1,057
Cash paid for purchases of leasehold improvements and equipment		(67,794)	(55,379)
Cash paid for purchases of intangible assets		(58,434)	(39,450)
<b>Net cash used in investing activities</b>		<b>(3,091,876)</b>	<b>(938,406)</b>
<b>Cash flows from financing activities</b>			
Long-term debts issued and borrowings		9,979	-
Dividends paid	26	(499,800)	(932,400)
Proceeds from issuance of additional ordinary shares	24	16,598,915	-
<b>Net cash provided by (used in) financing activities</b>		<b>16,109,094</b>	<b>(932,400)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(114,581)</b>	<b>(133,430)</b>
<b>Cash and cash equivalents as at 1 January</b>		<b>2,109,131</b>	<b>2,242,561</b>
<b>Cash and cash equivalents as at 31 December</b>		<b>1,994,550</b>	<b>2,109,131</b>

Supplemental cash flows information

Non-cash related items:

Purchases of assets on credit	18,849	30,466
Transfers of properties foreclosed from debtors to settle debts	-	27,609
Bad debts written-off	14,509	76,111
Decrease in loans to customers due to debts forgiven	-	29,084
Dividend payable	1,000,000	-

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

# LAND AND HOUSES BANK PUBLIC COMPANY LIMITED

## NOTES TO FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31 DECEMBER 2017 AND 2016

#### 1. The Bank's information

Land and Houses Bank Public Company Limited (“the Bank”) was incorporated as a public limited company under Thai laws and has been operating a commercial bank business in Thailand. LH Financial Group Public Company Limited is the parent company, holding 99.99% of the issued and paid-up share capital of the Bank.

The Bank's registered office is located at No. 1, on the G, 1st, 5th, 6th and 32nd floors of Q-House Lumpini Building, South Sathorn Road, Thungmahamek Sub-district, Sathorn District, Bangkok. As at 31 December 2017 and 2016, the Bank has 1 head office and 132 branches in Thailand.

#### 2. Basis for preparation of financial statements

These financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and with reference to the principles stipulated by the Bank of Thailand (“BoT”). The presentation of the financial statements has been made in compliance with the Bank of Thailand's regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 4 December 2015.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in Note 4 to the financial statements regarding a summary of significant accounting policies.

The financial statements in Thai language are the official statutory financial statements of the Bank. The financial statements in English language have been translated from the financial statements in Thai language.

#### 3. New financial reporting standards

##### 3.1 Financial reporting standards that became effective in the current year

During the year, the Bank has adopted the revised (revised 2016) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Bank's financial statements.

##### 3.2 Financial reporting standard that will become effective in the future

During the year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which is effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The management of the Bank believes that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

## 4. Summary of significant accounting policies

### 4.1 Revenue recognition

#### (a) Interest and discount on loans to customers

The Bank recognises interest and discount on loans to customers as revenue on an accrual basis, based on the amount of principal outstanding. For (a) loans to customers on which principal or interest payments have been defaulted for more than three months from the due date; (b) loans to customers on which principal or interest payments have been defaulted for not more than three months but are classified as sub-standard, doubtful or doubtful of loss; or (c) factoring loans which have been defaulted from the due date, the Bank ceases accrual of interest income and instead recognises interest income on cash basis and reverses any interest previously accrued as revenue, in accordance with the BoT's Notification. Interest is then recognised as income on cash basis until settlement of such overdue balance has been received from the debtors.

The Bank recognises interest income from hire purchase as revenue over the period of the contracts, using the effective interest rate method. If hire purchase receivables default on installments and are overdue more than three months from the due date, the Bank ceases accrual of revenue and reverses the revenue previously recorded from its accounts.

The Bank recognises interest income on restructured loans as revenue on the same accrual basis as applied on loans to customers discussed above, with the exception of restructured loans that are subject to monitoring for compliance with restructuring conditions. On those loans, the Bank recognises interest income on cash basis until the borrower has been able to comply with the restructuring conditions for a period of not less than three consecutive months or three consecutive installments, whichever is longer.

Interest or discount which are already included in the face value of notes receivable or loans are recorded as deferred revenue, which will be amortised to income evenly throughout the term of the notes or loans.

#### (b) Fees and service income

Fees and service are recognised as revenues on an accrual basis, taking into account the stage of completion.

#### (c) Gains (losses) on investments

Gains (losses) on investments are recognised as revenues or expenses on the transaction dates.

#### (d) Interest and dividends

Interest is recognised as revenues on an accrual basis. Dividends are recognised as revenues when the right to receive the dividends is established.

### 4.2 Expense recognition

#### (a) Interest expenses

Interest expenses are recognised on an accrual basis. Interest on notes payable included in the face value is recorded as deferred interest expense, which will be amortised as expenses evenly throughout the term of the notes.

## (b) Commission and direct expenses charged on hire purchase

Commission and direct expenses incurred at the inception of a hire purchase contract i.e. commission expenses, are to be gradually amortised, using the effective interest rate method, to be presented net of interest income on hire purchase.

## (c) Fees and service expenses and other expenses

Fees and service expenses and other expenses are recognised as expenses on an accrual basis.

**4.3 Cash and cash equivalents**

Cash and cash equivalents are the amounts included in the statements of financial position under the caption of “Cash”, which consists of cash on hand and cheques in transit.

**4.4 Securities purchased under resale agreements/securities sold under repurchase agreements**

The Bank enters into agreements to purchase securities or to sell securities that include agreements to sell or purchase the securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to resale commitments are presented as assets under the caption of “Interbank and money market items” in the statements of financial position, and the underlying securities are treated as collateral to such receivables, while securities sold subject to repurchase commitments are presented as liabilities under the caption of “Interbank and money market items” 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 differences between the purchase price and the sale considerations are recognised as interest income or expenses, as the case maybe, over the transaction periods.

**4.5 Investments**

Available-for-sale investments are stated at fair value. Changes in the fair value of these investments are recognised in other comprehensive income (loss), and will be subsequently recognised in profit or loss when the investments are sold.

Held-to-maturity investments are presented at amortised cost less allowance for impairment (if any). The premium/discount on debt securities is amortised by the effective interest rate method with the amortised amount presented as an adjustment to interest income.

Investments in non-marketable equity securities, which are classified as general investments, are stated at cost less allowance for impairment (if any).

The fair value of marketable equity securities is based on the last bid price of the last working day of the reporting periods on the Stock Exchange of Thailand. The fair value of debt securities is based on the yield rates quoted by the Thai Bond Market Association.

Loss on impairment (if any) of investments is recognised in profit or loss.

In cases where there is reclassification of investment type from one type to another, such investments will be readjusted to their fair value as at the reclassification dates. The difference between the carrying amount and the fair value on the date of reclassification are recorded in profit or loss or other comprehensive income (loss), depending on the type of reclassified investment.

The Bank records purchases and sales of investments on the transaction date. On disposal of an investment, the difference between net disposal proceeds and the cost of an investment is recognised in profit or loss. The Bank uses the weighted average method for computation of the cost of an investment when it is sold.

#### 4.6 Loans to customers

Loans to customers are presented at the principal balances, excluding accrued interest receivables, except for overdrafts which are presented at the principal balances plus accrued interest receivables. Deferred revenue and unearned discount on loans to customers are deducted from the balances of loans to customers.

Hire purchase receivables are stated at the outstanding balances under the agreements less the balances of deferred revenue, which are presented net of deferred initial direct costs.

#### 4.7 Allowance for doubtful accounts

The Bank provides allowance for doubtful accounts in accordance with the BoT's guidelines, using the minimum rates stipulated by the BoT, based on loan classification as follows:

For loans classified as "pass" (including restructured loans) and "special-mention", the minimum rates stipulated by the BoT are 1% and 2%, respectively, of the loan balances net of deferred revenue (excluding accrued interest receivables) after deducting collateral value in accordance with criteria stipulated by the BoT.

For non-performing loans, which are loans classified as "sub-standard", "doubtful" and "doubtful of loss", the minimum rate stipulated by the BoT is 100% of the excess of the loan balances over the present value of expected future cash flows from debt collection or from collateral disposal. The discount rates and expected durations required to dispose collateral used in determining the present value are in accordance with criteria stipulated by the BoT.

Moreover, the Bank sets up, in addition to aforementioned minimum rates, an additional allowance for doubtful accounts to reflect the amounts that are not expected to be collectible from debtors, based on evaluation of the probability of default and loss given default. The evaluation takes into consideration debtors' collection history, default experience and the value of the underlying collateral.

Allowance for doubtful accounts additionally set up or reversed is charged to increase or reduce bad debts and doubtful accounts expenses for each year.

Amounts written off as bad debts are deducted from allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines. In case of recovery being made from bad debts, the recovered amount is recognised as revenue in the year they are recovered.

#### 4.8 Troubled debt restructuring and loss from debt restructuring

The Bank records troubled debt restructuring transactions with reference to criteria stipulated by the BoT. In cases where the troubled debt restructuring involves modification of the repayment conditions, the Bank will determine the present value of expected future cash flows to be received in accordance with the new restructuring agreements, discounted by the loan's original contract rates. And in cases where the debt restructuring has been processed through the courts, the Bank will calculate discounted cash flows from the disposal of collateral or expected future cash flows from repayment using the original contract rates. The excess of the recorded outstanding loans to customers balances over the determined present value of future cash flows is accounted for as revaluation allowance for debts restructuring and is recognised as expenses in profit or loss on the debt restructuring date (only if the determined revaluation allowance for debts restructuring exceeds the allowance for doubtful debts already provided for such loans to customers). After restructuring troubled debt, the Bank will review allowance based on present value of remaining future cash flows and adjusts allowance against allowance for doubtful account.

In cases where the troubled debt restructuring involves assets swap and/or equity swap, the Bank recognises loss from debt restructuring in profit or loss equal to the excess of the recorded outstanding loans to customers balances with the fair value of assets and/or equity received in settlement of debts (after deducting the estimated selling expense). However, the value of assets being transferred to the Bank will be recorded at the amount not exceeding the sum of the book value of loans to customers and non-accrued interest income to which the Bank is entitled legally.

In cases where the troubled debt restructuring involves reduction of principal and/or accrued interest receivables, the Bank recognises the reduced amounts immediately as expenses.

#### 4.9 Properties foreclosed

Properties foreclosed are stated at the lower of cost or net realisable value. The cost is the carrying value of debt balance of the debtor on the date the Bank is entitled to such properties foreclosed to settle debt. Net realisable value is determined with reference to the latest appraisal value less estimated selling expenses.

Gain (loss) on disposal of properties foreclosed is recognised as revenue (expense) in profit or loss when sold. Impairment loss is recognised as expenses in profit or loss.

#### 4.10 Premises and equipment and depreciation

Land is stated at cost less allowance for impairment (if any). Buildings and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any). Depreciation is calculated by reference to their costs on the straight-line basis over the following estimated useful lives.

Buildings	-	20 years
Leasehold improvements	-	3 and 5 years
Furniture and fixtures	-	5 years
Office equipment	-	5 years
Vehicles	-	5 years

Depreciation is recognised in profit or loss.

No depreciation is provided on land and assets in progress.

An item of land, buildings 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 is included in profit or loss when the asset is derecognised.

#### 4.11 Intangible assets and amortisation

Intangible assets are measured at cost upon initial recognition and subsequently measured at cost less any accumulated amortisation and allowance for impairment (if any).

Intangible assets with finite useful lives are amortised on a systematic basis over their economic useful lives and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and method for such intangible assets are reviewed at least at the end of year. The amortisation expense and impairment loss are charged to expenses in profit or loss.

Intangible assets with finite useful lives are computer softwares and deferred membership and license fee, which have estimated useful lives of 5 and 10 years, respectively. No amortisation is provided on computer softwares under development.

#### 4.12 Impairment of assets

At the end of each reporting period, the Bank performs impairment reviews in respect of assets whenever events or changes in circumstances indicate that an asset may be impaired. The Bank recognises impairment loss in profit or loss when the recoverable amount of asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

In determining 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. In determining fair value less costs to sell, the calculations are based on the amount that they could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

#### 4.13 Provisions for liabilities

Provisions for liabilities are recognised when the Bank has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### 4.14 Employee benefits

##### (a) Short-term employment benefits

Salary, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### (b) Post-employment benefits

###### Defined contribution plan

The Bank and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank. The fund's assets are held in a separate trust fund and the Bank's contributions are recognised as expenses when incurred.

###### Defined benefit plan

The Bank treats the severance payments they must make to employees upon retirement under labor law as a defined benefit plan.

The Bank's obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the Projected Unit Credit Method.

Actuarial gains or losses arising from the defined benefit plan are recognised in other comprehensive income (loss) and directly charged to retained earnings.

#### 4.15 Derivatives

The Bank enters into derivative transactions for its banking book whereby the Bank records them as off-balance items, which are presented on an accrual basis. The foreign exchange components of those derivatives are recognised based on exchange rates ruling at the end of the reporting periods in the same manner as the hedged items. Unrealised gains or losses on exchange rates are recognised in profit or loss whereas the interest components of those derivatives are recognised on an accrual basis, in the same manner as the hedged assets and liabilities, as a part of interest income or expense over the term of the contracts.

#### 4.16 Foreign currencies

The financial statements are presented in Baht, which are also the Bank's functional currency.

Transactions in foreign currencies, which occurred during the year, are translated into Thai Baht at the reference rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies and commitment outstanding on the financial reporting date have been translated into Baht at the rates ruling at the end of the reporting periods.

Gains or losses on exchange are recognised as revenues or expenses in profit or loss and are presented as a part of gains (losses) on trading and foreign exchange transactions.

#### 4.17 Income taxes

Income taxes represent the sum of income taxes currently payable and deferred income taxes.

##### (a) Current income taxes

Current income taxes are provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

##### (b) Deferred income taxes

Deferred income taxes are provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting periods.

The Bank recognises deferred tax liabilities for all taxable temporary differences while it recognises deferred tax assets for all deductible temporary differences and tax loss carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax loss carried forward can be utilised.

At each reporting date, the Bank reviews and reduces the carrying amount of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or a part of deferred tax assets to be utilised.

The Bank records deferred taxes directly to owners' equity if the taxes relate to items that are recorded directly to owners' equity.

#### 4.18 Long-term leases

Leases that do not transfer substantially all the risks and rewards of ownership to the Bank, as being the leasees, are classified as operating leases. Operating leases are recognised as expenses in profit or loss on the straight line basis over the lease periods.

#### 4.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Bank applies a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except when there is no active market of an identical assets or liabilities or when a quoted market price is not available. The Bank measures fair value using a valuation technique that is appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categories of inputs to be used in fair value measurement as follows:

- Level 1 Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 Use of unobservable inputs such as estimations of future cash flows

At the end of each reporting periods, the Bank determines whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting periods that are measured at fair value on a recurring basis.

#### 4.20 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by the Bank, whether directly or indirectly, or which are under common control with the Bank.

They also include individuals which directly or indirectly own a voting interest in the Bank that give them significant influence over the Bank, key management personnel, directors, and officers with authority in the planning and direction of the Bank's operations, together with closed family members of such persons and companies which are controlled or significantly influenced by them, whether directly or indirectly.

#### 5. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ from these estimates. Significant judgments and estimates are as follows:

##### 5.1 Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statements of financial position or disclosed in note to financial statements that are not actively traded and for which quoted market prices are not readily available, the management exercise judgment, using valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit, liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these variables could affect the fair value reported in the statements of financial position and disclosed in their disclosure notes of the fair value hierarchy.

##### 5.2 Allowance for impairment on investments

The Bank considers setting up an allowance for impairment on investments whenever there is an indication of impairment. The management is required to use judgment in loss estimation of each item, based on analysis of current status.

##### 5.3 Allowance for doubtful accounts

Allowance for doubtful accounts on loans to customers and accrued interest receivables are intended to adjust the value of loans to customers for probable credit loss. The management follows the BoT's guidelines regarding setting up allowance for doubtful accounts, including the use of judgment to estimate losses expected to be incurred on loans and/or accrued interest receivables, taking into consideration an analysis of status of each individual debtor and group of debtors, probability of default, loss given default, debtors collection history, values of collateral, and economic conditions.

#### 5.4 Premises and equipment and depreciation

In determining depreciation of buildings and equipment, the management is required to make estimate of the useful lives and residual value of buildings and equipment and to review estimated useful lives and residual value when circumstances change.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and records impairment loss when it is determined that their recoverable amounts are lower than their carrying values. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

#### 5.5 Intangible assets

The initial recognition and measurement of intangible assets, including subsequent impairment testing, require management to make estimates of cash flows to be generated by the assets or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### 5.6 Deferred tax assets

Deferred tax assets are recognised in respect of temporary differences only to the extent that it is probable that taxable profit will be available against which those temporary differences and tax loss carried forward can be utilised. Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimated future taxable profits.

#### 5.7 Provisions for employee benefits

Provisions for employee benefits are determined using actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary incremental rate, staff turnover rate and mortality rate, based on their best knowledge of current events and arrangement.

#### 5.8 Litigation

The Bank has contingent liabilities as a result of claim litigation. The management has used judgment to assess the outcome of the litigation cases and believe that loss will not be incurred. Therefore no contingent liabilities are recognised at the end of reporting periods.

#### 5.9 Recognition and derecognition of assets and liabilities

In considering whether to recognise or derecognise assets and liabilities, the management is required to make judgment on whether risks and rewards of those assets and liabilities have been transferred, based on their best knowledge of current events and arrangements.

### 6. Interbank and money market items (assets)

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	At call	Term	Total	At call	Term	Total
<b>Domestic</b>						
Bank of Thailand	1,413,580	318,000	1,731,580	1,562,923	-	1,562,923
Commercial banks	150,509	-	150,509	198,213	-	198,213
Other financial institutions	13,959,211	5,260,000	19,219,211	4,540,000	11,809,172	16,349,172
Total domestic items	15,523,300	5,578,000	21,101,300	6,301,136	11,809,172	18,110,308
Add: Accrued interest receivables	12,602	6,353	18,955	4,899	9,316	14,215
Less: Allowance for doubtful accounts	(139,592)	(52,600)	(192,192)	(45,400)	(118,092)	(163,492)
Interbank and money market items - net	15,396,310	5,531,753	20,928,063	6,260,635	11,700,396	17,961,031

## 7. Derivative assets

As at 31 December 2017 and 2016, the carrying values and the notional amounts of derivatives held for banking book of the Bank were classified by type of risk as follows:

Types of risk	31 December 2017			31 December 2016		
	Carrying value		Notional amounts *	Carrying value		Notional amounts *
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate and interest rate	103,651	-	1,045,789	2,858	-	1,146,582
Total	103,651	-	1,045,789	2,858	-	1,146,582

\* Disclosed only in case that the Bank has an obligation to pay.

Derivatives held for banking book are obligations under contracts, which are not held for trading, and are measured on an accrual basis. Components of foreign exchange are recognised as gains (losses) on exchange at the end of the reporting periods as revenues or expenses in profit or loss and are presented under derivatives assets or liabilities, as the case maybe. Components of interest rate are recognised as interest income or expense according to the contracted installments as they fall due and recorded as accrued interest receivables or payables and presented as a part of accrued interest receivables on investments or interest payables, as the case maybe.

## 8. Investments

### 8.1 Classified by investment classification

	31 December	
	2017	2016
<b>Available-for-sale investments - fair value</b>		
Domestic marketable equity securities		
- Stocks	304,325	-
- Investment units	7,781,075	4,169,389
Total available-for-sale investments	8,085,400	4,169,389
<b>Held-to-maturity investments - cost/amortised cost</b>		
Government and state enterprise securities	18,221,113	18,313,426
Private sector debt securities	23,952,936	22,417,366
Other debt securities	4,971,859	5,072,679
Total held-to-maturity investments	47,145,908	45,803,471
<b>General investments - cost</b>		
Domestic non-marketable equity securities		
- Stocks	5,281	5,281
Less: Allowance for impairment	(25)	(25)
General investments - net	5,256	5,256
Investments - net	55,236,564	49,978,116

## 8.2 Classified by remaining periods to maturity of the debt securities

(Unit: Thousand Baht)

	31 December 2017				31 December 2016			
	Due within				Due within			
	Within 1 year	1 - 5 years	Over 5 years	Total	Within 1 year	1 - 5 years	Over 5 years	Total
<b>Held-to-maturity investments</b>								
Government and state enterprise securities	3,915,613	9,803,814	4,501,686	18,221,113	1,551,094	9,591,900	7,170,432	18,313,426
Private sector debt securities	182,425	15,065,511	8,705,000	23,952,936	267,854	12,174,512	9,975,000	22,417,366
Other debt securities	-	1,926,070	3,045,789	4,971,859	-	1,926,097	3,146,582	5,072,679
<b>Total held-to-maturity investments</b>	<b>4,098,038</b>	<b>26,795,395</b>	<b>16,252,475</b>	<b>47,145,908</b>	<b>1,818,948</b>	<b>23,692,509</b>	<b>20,292,014</b>	<b>45,803,471</b>
<b>Total investments in debt securities</b>	<b>4,098,038</b>	<b>26,795,395</b>	<b>16,252,475</b>	<b>47,145,908</b>	<b>1,818,948</b>	<b>23,692,509</b>	<b>20,292,014</b>	<b>45,803,471</b>

## 8.3 Revaluation surplus (deficit) on available-for-sale investments

As at 31 December 2017 and 2016, revaluation surplus (deficit) on available-for-sale investments consisted of:

(Unit: Thousand Baht)

	31 December	
	2017	2016
<b>Revaluation surplus on the reclassified investments</b>		
Debt securities	533	1,474
<b>Total</b>	<b>533</b>	<b>1,474</b>
<b>Revaluation deficit on the reclassified investments</b>		
Debt securities	(136,729)	(150,374)
<b>Total</b>	<b>(136,729)</b>	<b>(150,374)</b>
<b>Revaluation surplus on investments</b>		
Equity securities	336,910	115,993
<b>Total</b>	<b>336,910</b>	<b>115,993</b>
<b>Revaluation deficit on investments</b>		
Equity securities	(19,341)	(69,906)
<b>Total</b>	<b>(19,341)</b>	<b>(69,906)</b>
Revaluation surplus (deficit) on available-for-sale investments	181,373	(102,813)
Add (less): Income taxes	(36,275)	20,562
<b>Revaluation surplus (deficit) on available-for-sale investments - net of income taxes</b>	<b>145,098</b>	<b>(82,251)</b>

For the years ended 31 December 2017 and 2016, changes in revaluation surplus (deficit) on available-for-sale investments were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Balances - beginning of the years	(82,251)	2,684
Unrealised gains on revaluation of available-for-sale investments during the years	338,865	92,251
Realised gains from sales transferred to be recognised in profit or loss	(67,383)	(46,946)
Losses from reclassification of investments	-	(152,160)
Amortisation of deficit on the reclassified investments	12,704	686
Total gains (losses) on revaluation of available-for-sale investments	284,186	(106,169)
Add (less): Income taxes	(56,837)	21,234
Gains (losses) on revaluation of available-for-sale investments - net of income taxes	227,349	(84,935)
Balances - end of the years	145,098	(82,251)

#### 8.4 Investments of 10% or more held by the Bank

As at 31 December 2017 and 2016, the following investments of 10% or more held by the Bank, that were not treated as investments in subsidiaries and associates, were as follows:

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
Infrastructure Fund	371,000	-
	371,000	-

#### 8.5 Investments in companies having problems relating to financial position and operating results

	(Unit: Thousand Baht)							
	31 December 2017				31 December 2016			
	Number of companies	Cost	Fair value	Allowance for impairment	Number of companies	Cost	Fair value	Allowance for impairment
<b>General investments</b>								
Companies which auditors' report indicating going concern issues	1	25	-	25	1	25	-	25
	1	25	-	25	1	25	-	25

#### 8.6 Investments subject to restriction

As at 31 December 2016, the Bank placed government and state enterprise securities totaling Baht 2,911 million (face value) as securities against those sold under repurchase agreements (31 December 2017: Nil).

## 8.7 Reclassification of investment types

During the year ended 31 December 2016, the Bank reclassified its investments in government and state enterprise securities from available-for-sale investments to be held-to-maturity debt securities, as approved by the resolution of its Executive Director Committee, whereby the fair value at the reclassification date and the original cost of the reclassified investments amounted to Baht 3,634 million and Baht 3,786 million, respectively, and the difference of Baht 152 million was recognised as revaluation deficit on investments in owners' equity, which will be amortised throughout the remaining periods of such investments.

## 9. Loans to customers and accrued interest receivables

### 9.1 Classified by loan types

Unit: Thousand Baht)

	31 December	
	2017	2016
Overdrafts	4,856,319	4,798,901
Loans	104,330,635	98,525,852
Bills	44,267,046	36,751,326
Hire purchase receivables	613,279	1,160,357
Total loans to customers	154,067,279	141,236,436
Less: Deferred revenue	(46,971)	(91,770)
Loans to customers net of deferred revenue	154,020,308	141,144,666
Add: Accrued interest receivables	257,014	229,428
Total loans to customers and accrued interest receivables	154,277,322	141,374,094
Less: Allowance for doubtful accounts	(3,388,686)	(3,078,627)
Revaluation allowance for debt restructuring	(14,023)	(15,232)
Loans to customers and accrued interest receivables - net	150,874,613	138,280,235

### 9.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	154,020,308	-	154,020,308	141,144,666	-	141,144,666
	154,020,308	-	154,020,308	141,144,666	-	141,144,666

### 9.3 Classified by business types and loan classification

(Unit: Thousand Baht)

	31 December 2017					
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss	Total
Agricultural and mining	183,267	-	-	-	-	183,267
Manufacturing and commerce	32,310,410	459,631	40,881	162,568	628,693	33,602,183
Real estate and construction	20,549,393	217,654	-	-	822,979	21,590,026
Public utilities and services	38,800,549	524,411	73,946	17,580	828,856	40,245,342
Housing loans	26,449,373	240,532	45,054	24,534	582,917	27,342,410
Financial intermediation	29,067,918	38,231	-	-	-	29,106,149
Others	1,886,855	28,328	9,582	6,769	19,397	1,950,931
Loans to customers net of deferred revenue	149,247,765	1,508,787	169,463	211,451	2,882,842	154,020,308

(Unit: Thousand Baht)

	31 December 2016					Total
	Pass	Special-mention	Sub-standard	Doubtful	Doubtful of loss	
Agricultural and mining	488,398	-	-	-	-	488,398
Manufacturing and commerce	27,009,922	326,264	41,264	38,757	428,419	27,844,626
Real estate and construction	19,836,069	142,477	131,439	258,518	421,405	20,789,908
Public utilities and services	36,795,085	363,584	624,195	36,729	254,644	38,074,237
Housing loans	28,365,779	262,237	108,099	282,226	116,548	29,134,889
Financial intermediation	22,757,226	-	-	-	-	22,757,226
Others	1,989,735	41,972	7,009	5,622	11,044	2,055,382
Loans to customers net of deferred revenue	137,242,214	1,136,534	912,006	621,852	1,232,060	141,144,666

#### 9.4 Classified by loan classification

(Unit: Thousand Baht)

	31 December 2017			
	Loans to customers and accrued interest receivables	Net amount used for setting allowance for doubtful accounts <sup>(1)</sup>	Minimum rates	Allowance for doubtful accounts
			(Percent)	
Provision at BoT's minimum required rates				
Pass	149,492,387	75,868,885	1	758,689
Special-mention	1,521,179	210,670	2	156,988
Sub-standard	169,463	77,545	100	77,545
Doubtful	211,451	111,115	100	111,115
Doubtful of loss	2,882,842	525,999	100	593,225
Total	154,277,322	76,794,214		1,697,562
Additional provision for specific debtors				750,000
General provision				941,124
Total				3,388,686

(1) For loans classified as pass and special-mention, net amount used for setting allowance for doubtful accounts means principal balance excluding accrued interest receivables and net of collateral. For loans classified as sub-standard, doubtful and doubtful of loss, it means the principal balance after deduction of the present value of future cash flows expected to be received from debt collection or from the disposal of collateral.

(Unit: Thousand Baht)

	31 December 2016			
	Loans to customers and accrued interest receivables	Net amount used for setting allowance for doubtful accounts <sup>(1)</sup>	Minimum rates	Allowance for doubtful accounts
			(Percent)	
Provision at BoT's minimum required rates				
Pass	137,462,167	58,494,562	1	812,374
Special-mention	1,146,009	239,510	2	168,479
Sub-standard	912,006	202,312	100	202,312
Doubtful	621,852	48,580	100	49,614
Doubtful of loss	1,232,060	313,070	100	320,919
Total	141,374,094	59,298,034		1,553,698
Additional provision for specific debtors				571,544
General provision				953,385
Total				3,078,627

(1) For loans classified as pass and special-mention, net amount used for setting allowance for doubtful accounts means principal balance excluding accrued interest receivables and net of collateral. For loans classified as sub-standard, doubtful and doubtful of loss, it means the principal balance after deduction of the present value of future cash flows expected to be received from debt collection or from the disposal of collateral.

## 9.5 Non-performing loans

As at 31 December 2017 and 2016, the Bank has the following non-performing loans:

	31 December	
	2017	2016
Non-performing loans (Thousand Baht)	3,263,756	2,765,918
Percentage of non-performing loans to total loans <sup>(1)</sup>	1.88%	1.76%

<sup>(1)</sup> The denominator base included interbank and money market items

Non-performing loans calculated based on the notification of the BoT. Those included sub-standard, doubtful and doubtful of loss, and exclude outstanding loans for which debt restructuring agreements had been made and which have already met the conditions for upgrading to pass or special-mention under the BoT's criteria.

## 9.6 Non-accrued loans to customers

As at 31 December 2017 and 2016, the Bank had the following loans to customers on which interest income recognition has been ceased on an accrual basis:

	31 December	
	2017	2016
Non-accrued loans (Thousand Baht)	3,288,689	2,796,969
Percentage of non-accrued loans to total loans <sup>(1)</sup>	1.90%	1.78%

<sup>(1)</sup> The denominator base included interbank and money market items

## 9.7 Loans to customers that have repayment problems or defaulted payments

As at 31 December 2017 and 2016, the Bank had loans to customers and accrued interest receivables due from companies and persons, which had repayment problems or defaulted payments, against which allowance for doubtful accounts, was made as follows:

(Unit: Thousand Baht)

	31 December 2017			
	Number of debtors	Debt balances	Collateral value	Allowance for doubtful accounts/Revaluation allowance
Companies and persons that have repayment problems or defaulted payments	330	4,784,935	3,847,214	951,044

(Unit: Thousand Baht)

	31 December 2016			
	Number of debtors	Debt balances	Collateral value	Allowance for doubtful accounts/Revaluation allowance
Companies and persons that have repayment problems or defaulted payments	306	3,911,927	3,098,981	745,957

The Bank has inadequate information to disclose transactions in respect of companies whose auditors' reports indicate that there is substantial doubt about their ability to continue their business as a going concern, and unlisted companies whose financial position and results of operations are the same as those of listed companies delisting criteria. However, the Bank has taken into accounts the guidelines of the BoT in classification and provision for doubtful accounts.

## 9.8 Troubled debt restructuring

For the years ended 31 December 2017 and 2016, the Bank had completed restructuring of troubled debts, which were summarised as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2017						
	Number of debtors	Debt balances (principal and accrued interest receivables)		Type of assets to be transferred	Amount of assets to be transferred agreement	Debt hair-cut loss per agreements	Losses on debt restructuring
		Before restructuring	After restructuring				
Modification of terms of payments	63	1,504,204	1,504,204	-	-	-	1,437
Total restructured debts	63	1,504,204	1,504,204			-	1,437

(Unit: Thousand Baht)

	For the year ended 31 December 2016						
	Number of debtors	Debt balances (principal and accrued interest receivables)		Type of assets to be transferred	Amount of assets to be transferred agreement	Debt hair-cut loss per agreements	Losses on debt restructuring
		Before restructuring	After restructuring				
Modification of terms of payments	69	2,173,622	2,173,622	-	-	-	10,290
Transfers of assets and/or modification of terms of payments	1	41,062	12,322	Lands and construction thereon	1,274	28,740	-
Total restructured debts	70	2,214,684	2,185,944			28,740	10,290

For the years ended 31 December 2017 and 2016, the debts restructured as referred to above can be classified by terms of repayment under the restructuring agreements as follows:

(Unit: Thousand Baht)

Term of repayment under restructuring agreements	For the years ended 31 December			
	2017		2016	
	Number of debtors	Debt balances after restructuring	Number of debtors	Debt balances after restructuring
Less than 5 years	25	722,955	17	663,305
5 - 10 years	18	711,877	36	953,913
10 - 15 years	3	11,518	3	510,643
More than 15 years	17	57,854	14	58,083
Total	63	1,504,204	70	2,185,944

Supplemental information for the years ended 31 December 2017 and 2016, relating to the restructured debts, were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Interest income recognised in profit or loss	132,779	139,859
Cash settlement by debtors	757,189	780,586
Transfers of assets from debtors	-	1,274
Losses on debt restructuring	1,437	10,290
Debt hair-cut loss per agreements	-	28,740

As at 31 December 2017 and 2016, the Bank had restructured debtors with outstanding debt balances as follows:

(Unit: Thousand Baht)

	Total debts		Restructured debts	
	Number of debtors	Debt balances (principal and accrued interest)	Number of debtors	Debt balances (principal and accrued interest)
31 December 2017	12,138	154,277,322	284	4,092,409
31 December 2016	12,870	141,374,094	287	3,622,176

As at 31 December 2017 and 2016, the Bank had no outstanding commitments to provide additional loan facilities after restructuring.

### 9.9 Hire purchase receivables

As at 31 December 2017 and 2016, the Bank had hire purchase receivables, on which the terms of the agreements were generally between 2 and 8 years and they carried interest at fixed rates stipulated in the agreements.

(Unit: Thousand Baht)

	31 December 2017			
	Amounts due under the contracts			
	Less than 1 year	1 - 5 years	More than 5 years	Total
Aggregate initial investments under the hire purchase agreements	351,346	261,933	-	613,279
Less: Deferred revenue	(25,869)	(14,479)	-	(40,348)
Present value of minimum lease payments	325,477	247,454	-	572,931
Less: Allowance for doubtful accounts				(57,270)
Hire purchase receivables - net				<u>515,661</u>

(Unit: Thousand Baht)

	31 December 2016			
	Amounts due under the contracts			
	Less than 1 year	1 - 5 years	More than 5 years	Total
Aggregate initial investments under the hire purchase agreements	581,128	579,187	42	1,160,357
Less: Deferred revenue	(50,567)	(37,565)	-	(88,132)
Present value of minimum lease payments	530,561	541,622	42	1,072,225
Less: Allowance for doubtful accounts				(84,406)
Hire purchase receivables - net				987,819

## 10. Allowance for doubtful accounts

(Unit: Thousand Baht)

	For the year ended 31 December 2017							
	Provision at BoT's minimum required rates					Additional provision for specific debtors	General provision	Total
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss			
Balances - beginning of the year	812,374	168,479	202,312	49,614	320,919	571,544	953,385	3,078,627
Increase (decrease) during the year	(43,765)	27,332	(114,278)	71,247	473,186	178,456	(13,470)	578,708
Bad debts written off	-	-	-	-	(14,509)	-	-	(14,509)
Decrease as a result of disposals	(9,920)	(38,823)	(10,489)	(9,746)	(181,527)	-	-	(250,505)
Transfer from revaluation allowance for debts restructuring	-	-	-	-	-	-	1,209	1,209
Transfer to allowance for doubtful accounts for other assets	-	-	-	-	(5,084)	-	-	(5,084)
Others	-	-	-	-	240	-	-	240
Balances - end of the year	758,689	156,988	77,545	111,115	593,225	750,000	941,124	3,388,686

(Unit: Thousand Baht)

	For the year ended 31 December 2016							
	Provision at BoT's minimum required rates					Additional provision for specific debtors	General provision	Total
	Pass	Special- mention	Sub- standard	Doubtful	Doubtful of loss			
Balances - beginning of the year	498,049	2,851	108,239	367,301	347,820	508,603	722,410	2,555,273
Increase (decrease) during the year	448,487	183,193	134,900	(180,052)	120,723	62,941	209,201	979,393
Bad debts written off	-	-	(3,072)	(52,804)	(18,841)	-	-	(74,717)
Decrease as a result of disposals	(134,162)	(17,565)	(37,755)	(56,091)	(116,494)	-	-	(362,067)
Transfer to revaluation allowance for debts restructuring	-	-	-	(28,740)	-	-	21,774	(6,966)
Transfer to allowance for doubtful accounts for other assets	-	-	-	-	(11,569)	-	-	(11,569)
Others	-	-	-	-	(720)	-	-	(720)
Balances - end of the year	812,374	168,479	202,312	49,614	320,919	571,544	953,385	3,078,627

## 11. Revaluation allowance for debt restructuring

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Balances - beginning of the years	15,232	8,740
Increase during the years	4,633	39,030
Decrease during the years	(6,001)	(6,866)
Debt hair-cut loss per agreements	-	(28,740)
Adjustment during the years	159	3,068
Balances - end of the years	14,023	15,232

## 12. Disposals of non-performing loans

During the years ended 31 December 2017 and 2016, the Bank entered into the sale and purchase agreements, as a seller, to sell non-performing loans, were summarised as follows:

(Unit: Million Baht)

For the year ended 31 December 2017				For the year ended 31 December 2016			
Batch	Month sold	Outstanding balances (including relevant other assets)	Selling price	Batch	Month sold	Outstanding balances (including relevant other assets)	Selling price
1	November	515	259	1	September	534	391
				2	December	519	288
		<u>515</u>	<u>259</u>			<u>1,053</u>	<u>679</u>

The Bank already received full payments under such non-performing loans sale and purchase agreements. Under the agreements, the buyer can cancel the transfer of any particular asset by no later than November 2018 (for the first batch of 2017) in the event that the rights over the debt and the collateral of the sold assets cannot be transferred to the buyer because the documentation with respect to the debt and collateral is absent or incomplete, the collateral is evicted, or the courts do not permit the buyer to assume the rights of litigant from the Bank. Should the transfer of any assets be cancelled, the buyer is to receive the money back equivalent to the purchase price as settled on the settlement date while the Bank is to receive any income generated on such assets, after deducting any costs, during the period of cancellation. During the year ended 31 December 2017, the buyer cancelled the transfer of non-performing loans 1 debtor (for the first batch sale in 2016) with booked outstanding balance (including relevant other assets) of Baht 5 million.

### 13. Properties foreclosed

(Unit: Thousand Baht)

	For the year ended 31 December 2017				31 December 2017
	31 December 2016	Increase	Disposal/ decrease	Change of appraisers	
<b>Properties foreclosed - Immovable assets</b>					
Appraised by external appraisers:					
Cost	24,487	36	(2,614)	(12,485)	9,424
Allowance for impairment	-	-	-	-	-
Net book value	24,487	36	(2,614)	(12,485)	9,424
Appraised by internal appraisers:					
Cost	79,275	5,231	(6,178)	12,485	90,813
Allowance for impairment	-	-	-	-	-
Net book value	79,275	5,231	(6,178)	12,485	90,813
Properties foreclosed - Immovable assets	103,762	5,267	(8,792)	-	100,237
<b>Properties foreclosed - Movable assets</b>					
Appraised by external appraisers:					
Cost	3,560	-	-	-	3,560
Allowance for impairment	-	(1,660)	-	-	(1,660)
Net book value	3,560	(1,660)	-	-	1,900
Properties foreclosed - Movable assets	3,560	(1,660)	-	-	1,900
<b>Total properties foreclosed</b>	<b>107,322</b>	<b>3,607</b>	<b>(8,792)</b>	<b>-</b>	<b>102,137</b>

(Unit: Thousand Baht)

	For the year ended 31 December 2016				31 December 2016
	31 December 2015	Increase	Disposal	Change of appraisers	
<b>Properties foreclosed - Immovable assets</b>					
Appraised by external appraisers:					
Cost	21,473	25,431	(4,007)	(18,410)	24,487
Allowance for impairment	-	-	-	-	-
Net book value	21,473	25,431	(4,007)	(18,410)	24,487
Appraised by internal appraisers:					
Cost	77,867	6,099	(23,101)	18,410	79,275
Allowance for impairment	-	-	-	-	-
Net book value	77,867	6,099	(23,101)	18,410	79,275
Properties foreclosed - Immovable assets	99,340	31,530	(27,108)	-	103,762
<b>Properties foreclosed - Movable assets</b>					
Appraised by external appraisers:					
Cost	-	5,400	(1,840)	-	3,560
Allowance for impairment	-	-	-	-	-
Net book value	-	5,400	(1,840)	-	3,560
Properties foreclosed - Movable assets	-	5,400	(1,840)	-	3,560
<b>Total properties foreclosed</b>	<b>99,340</b>	<b>36,930</b>	<b>(28,948)</b>	<b>-</b>	<b>107,322</b>

As at 31 December 2017 and 2016, the Bank's properties foreclosed were not obligated under the agreements to sell to the former debtors at fixed prices and within the specified periods and were not subject to the first refusal rights granted to the former debtors.

## 14. Premises and equipment

(Unit: Thousand Baht)

	Land	Buildings	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicles	Assets in progress	Total
<b>Cost</b>								
1 January 2016	40,589	10,211	399,372	136,113	542,298	18,533	-	1,147,116
Additions	-	-	15,421	8,194	23,914	6,100	6,038	59,667
Written-offs/disposals	-	-	(6,123)	(934)	(14,308)	(4,656)	-	(26,021)
Transferred in (out)	-	-	5,834	204	-	-	(6,038)	-
31 December 2016	40,589	10,211	414,504	143,577	551,904	19,977	-	1,180,762
Additions	-	-	7,431	7,117	49,494	-	1,910	65,952
Written-offs/disposals	-	-	(3,315)	(903)	(39,796)	(1,435)	-	(45,449)
Transferred in (out)	-	-	1,904	6	-	-	(1,910)	-
31 December 2017	40,589	10,211	420,524	149,797	561,602	18,542	-	1,201,265
<b>Accumulated depreciation</b>								
1 January 2016	-	1,477	261,678	95,611	369,359	9,951	-	738,076
Accumulated depreciation on written-offs/disposals	-	-	(5,004)	(858)	(14,160)	(4,656)	-	(24,678)
Depreciation charged for the year	-	511	59,242	17,695	68,869	3,170	-	149,487
31 December 2016	-	1,988	315,916	112,448	424,068	8,465	-	862,885
Accumulated depreciation on written-offs/disposals	-	-	(2,840)	(809)	(39,778)	(1,435)	-	(44,862)
Depreciation charged for the year	-	510	47,248	14,925	58,537	3,709	-	124,929
31 December 2017	-	2,498	360,324	126,564	442,827	10,739	-	942,952
<b>Net book value</b>								
31 December 2016	40,589	8,223	98,588	31,129	127,836	11,512	-	317,877
31 December 2017	40,589	7,713	60,200	23,233	118,775	7,803	-	258,313
<b>Depreciation for the years</b>								
2016								149,487
2017								124,929

As at 31 December 2017 and 2016, the Bank had certain items of leasehold improvements, equipment and vehicles, which were fully depreciated but are still in use. The original costs before deducting accumulated depreciation of those assets totalled Baht 610 million and Baht 462 million, respectively.

## 15. Intangible assets

	(Unit: Thousand Baht)			
	Computer softwares	Deferred membership and license fee	Computer softwares under development	Total
<b>Cost</b>				
1 January 2016	488,738	33,170	36,313	558,221
Additions	47,262	2,091	12,715	62,068
Transferred in (out)	17,642	-	(17,642)	-
31 December 2016	553,642	35,261	31,386	620,289
Additions	22,795	-	25,864	48,659
Transferred in (out)	11,629	-	(11,629)	-
31 December 2017	588,066	35,261	45,621	668,948
<b>Accumulated amortisation</b>				
1 January 2016	363,779	13,171	-	376,950
Amortisation charged for the year	59,647	3,447	-	63,094
31 December 2016	423,426	16,618	-	440,044
Amortisation charged for the year	55,244	3,526	-	58,770
31 December 2017	478,670	20,144	-	498,814
<b>Net book value</b>				
31 December 2016	130,216	18,643	31,386	180,245
31 December 2017	109,396	15,117	45,621	170,134
<b>Amortisation for the years</b>				
2016				63,094
2017				58,770
<b>Remaining amortisation periods (years)</b>	0 - 5	3 , 7 and 8	-	

As at 31 December 2017 and 2016, the Bank had certain items of computer softwares, which were fully amortised but are still in use. The original costs before deducting accumulated amortisation of those assets totalled Baht 384 million and Baht 246 million, respectively.

## 16. Deferred tax assets and income taxes

### 16.1 Deferred tax assets

The components of deferred tax assets included deferred income taxes arose from the following transactions:

	(Unit: Thousand Baht)			
	31 December		Changes in deferred income taxes for the years ended	
	2017	2016	31 December	
	2017	2016	2017	2016
Deferred tax assets arose from:				
Allowance for doubtful accounts				
- general provision	188,225	190,677	(2,452)	46,195
Allowance for doubtful accounts				
- other assets	12,182	10,235	1,947	3,931
Non-accrued interest income	10,409	9,690	719	(791)
Assets written off	152	939	(787)	(1,089)
Bad debts written off	11,505	11,505	-	-
Provisions for employee benefits	22,415	18,638	3,777	3,258
Vacation leave accruals	1,200	1,200	-	-
Unrealised (gains) losses on revaluation of available-for-sale investments	(36,275)	20,562	(56,837)	21,234
Others	189	-	189	-
Deferred tax assets	<u>210,002</u>	<u>263,446</u>		
Total			<u>(53,444)</u>	<u>72,738</u>
Changes in deferred income taxes:				
Recognised in profit or loss			(128)	51,504
Recognised in other comprehensive income (loss)			(53,316)	21,234
Total			<u>(53,444)</u>	<u>72,738</u>

## 16.2 Income taxes

Income tax expenses reported in profit or loss for the years ended 31 December 2017 and 2016 were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
<b>Current income taxes:</b>		
Corporate income taxes for the years	(518,919)	(665,222)
<b>Deferred income taxes:</b>		
Deferred income taxes from temporary differences and reversal of temporary differences	(128)	51,504
Income tax expenses reported in profit or loss	<u>(519,047)</u>	<u>(613,718)</u>

Reconciliations between income tax expenses and the product of accounting profits for the years ended 31 December 2017 and 2016 multiplied by the applicable tax rate were as follows:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Accounting profits before income tax expenses	<u>2,831,112</u>	<u>3,116,021</u>
Applicable tax rate	20%	20%
Income taxes calculated based on accounting profits	(566,222)	(623,204)
Tax effects of:		
Tax-exempted revenues	33,529	15,810
Expenses with additional privilege for more tax-deductible	7,739	2,462
Non-tax deductible expenses	(1,387)	(1,645)
Others	7,294	(7,141)
Income tax expenses reported in profit or loss	<u>(519,047)</u>	<u>(613,718)</u>

The amounts of income tax recognised in other comprehensive income (loss) for the years ended 31 December 2017 and 2016 were summarised below:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Deferred taxes relating to:		
(Gains) losses on revaluation of available-for-sale investments	(56,837)	21,234
Actuarial losses	3,521	-
Income tax reported in other comprehensive income (loss)	<u>(53,316)</u>	<u>21,234</u>

## 17. Other assets

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
Deposits and guarantees	84,925	80,266
Suspense accounts - debtors	62,987	53,420
Deferred expenses	32,804	28,913
Prepaid expenses	28,696	26,380
Token money	26,328	19,891
Accrued income	21,840	14,753
Receivables on disposals of properties foreclosed through auctions	9,244	20,244
Others	4,303	6,174
Total	<u>271,127</u>	<u>250,041</u>
Less: Allowance for doubtful accounts/allowance for impairment	<u>(60,907)</u>	<u>(51,173)</u>
Other assets - net	<u>210,220</u>	<u>198,868</u>

## 18. Quality of assets

As at 31 December 2017 and 2016, the Bank had assets categorised in compliance with the regulations of the BoT as follows:

	(Unit: Thousand Baht)				
	31 December 2017				
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	Total
<u>Classification of assets</u>					
Pass	19,238,140	-	149,492,387	-	168,730,527
Special-mention	-	-	1,521,179	-	1,521,179
Sub-standard	-	-	169,463	-	169,463
Doubtful	-	-	211,451	-	211,451
Doubtful of loss	-	21,159	2,882,842	60,907	2,964,908
Total	<u>19,238,140</u>	<u>21,159</u>	<u>154,277,322</u>	<u>60,907</u>	<u>173,597,528</u>

(Unit: Thousand Baht)

	31 December 2016				Total
	Interbank and money market items and accrued interest receivables	Investments	Loans to customers and accrued interest receivables	Other assets	
<u>Classification of assets</u>					
Pass	16,363,387	-	137,462,167	-	153,825,554
Special-mention	-	-	1,146,009	-	1,146,009
Sub-standard	-	-	912,006	-	912,006
Doubtful	-	-	621,852	-	621,852
Doubtful of loss	-	71,725	1,232,060	51,173	1,354,958
Total	16,363,387	71,725	141,374,094	51,173	157,860,379

## 19. Deposits

### 19.1 Classified by type of deposits

(Unit: Thousand Baht)

	31 December	
	2017	2016
Demand deposits	3,623,020	5,061,089
Savings deposits	72,563,329	65,119,722
Time deposits	49,775,132	50,648,233
Fixed deposit receipts	17,780,438	28,810,455
Total deposits	143,741,919	149,639,499

### 19.2 Classified by currency and residency of depositors

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	Domestic	Overseas	Total	Domestic	Overseas	Total
Baht	143,741,919	-	143,741,919	149,639,499	-	149,639,499
Total	143,741,919	-	143,741,919	149,639,499	-	149,639,499

## 20. Interbank and money market items (liabilities)

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	At call	Term	Total	At call	Term	Total
<b>Domestic:</b>						
Bank of Thailand	-	359,985	359,985	-	4,451,250	4,451,250
Commercial banks	1,364	3,501,000	3,502,364	5	2,001,000	2,001,005
Specialised financial institutions	-	7,304,577	7,304,577	-	9,445,053	9,445,053
Other financial institutions	1,637,543	2,611,501	4,249,044	1,238,183	2,918,335	4,156,518
Total interbank and money market items	1,638,907	13,777,063	15,415,970	1,238,188	18,815,638	20,053,826

## 21. Debts issued and borrowings

(Unit: Thousand Baht)

	31 December 2017					31 December 2016				
	Interest rate per annum	Matured in year	Domestic	Overseas	Total	Interest rate per annum	Matured in year	Domestic	Overseas	Total
Bills of exchange	1.35%-1.625%	2018	29,011,000	-	29,011,000	1.50%-1.75%	2017	14,064,151	-	14,064,151
Subordinated debentures <sup>(1)</sup>	5.125%	2025	4,000,000	-	4,000,000	5.125%	2025	4,000,000	-	4,000,000
Unsubordinated and unsecured debentures	-	-	-	-	-	1.95%	2017	2,400,000	-	2,400,000
Borrowings from Department of Alternative Energy Development and Efficiency	0%	2021- 2022	16,377	-	16,377	0%	2021	6,398	-	6,398
Total			33,027,377	-	33,027,377			20,470,549	-	20,470,549
Less: Deferred expenses			(48,253)	-	(48,253)			(5,889)	-	(5,889)
Debts issued and borrowings - net			<u>32,979,124</u>	<u>-</u>	<u>32,979,124</u>			<u>20,464,660</u>	<u>-</u>	<u>20,464,660</u>

(1) Counted as a part of Tier 2 capital, which is determined under the conditions as specified in the BoT's Notification.

### 21.1 Subordinated debentures

On 21 May 2015, the Bank issued 4 million units with a par value of Baht 1,000 each, totaling Baht 4,000 million of the subordinated debentures No.1/2558, to be counted as Tier 2 Capital. The subordinated debentures have a term of 10-year period, which matures in 2025 and carry interest at a fixed rate of 5.125% per annum, payable quarterly in February, May, August and November of every year. The Bank can early redeem the subordinated debentures after 5 years from the issuing date or under certain conditions.

## 22. Provisions for liabilities

(Unit: Thousand Baht)

	For the year ended 31 December 2017			Total
	Provisions for employee benefits	Provisions for decommissioning cost	Provisions for other liabilities	
As at 1 January 2017	93,190	5,360	240	98,790
Increase during the year	40,202	265	-	40,467
Decrease as a result of payment	(21,315)	-	-	(21,315)
As at 31 December 2017	112,077	5,625	240	117,942

(Unit: Thousand Baht)

	For the year ended 31 December 2016			Total
	Provisions for employee benefits	Provisions for decommissioning cost	Provisions for other liabilities	
As at 1 January 2016	76,900	5,360	120	82,380
Increase during the year	20,993	-	120	21,113
Decrease as a result of payment	(4,703)	-	-	(4,703)
As at 31 December 2016	93,190	5,360	240	98,790

### 22.1 Provisions for employee benefits

Movements of provisions for employee benefits were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Provisions for employee benefits at the beginning of the years	93,190	76,900
Current service costs	19,816	18,662
Interest costs	2,779	2,331
Actuarial losses arose from:		
Demographic assumption changes	2,379	-
Financial assumption changes	6,046	-
Other changes	9,182	-
Benefits paid during the years	(21,315)	(4,703)
Provisions for employee benefits at the end of the years	112,077	93,190

Employee benefit expenses recognised in profit or loss are as follows:

(Unit: Thousand Baht)

	For the years ended 31 December	
	2017	2016
Current service costs	19,816	18,662
Interest costs	2,779	2,331
Total employee benefit expenses	22,595	20,993

As at 31 December 2017 and 2016, the Bank expected to pay approximately Baht 11.3 million and Baht 0.6 million, respectively, on employee benefits within the next 1-year period.

As at 31 December 2017 and 2016, the Bank's weighted average durations of employee benefit payments were estimated to be 10 years and 9 years, respectively.

The principal assumptions used in actuarial valuation as at the revaluation dates were summarised below.

	31 December	
	2017	2016
	(% per annum)	(% per annum)
Future salary incremental rates	5.00	5.00
Turnover rates	0 - 30	0 - 30
Discount rates	2.44	3.00

The impacts from changes in significant assumptions on provisions for employee benefits as at 31 December 2017 and 2016 were summarised below.

Significant assumptions	(Unit: Thousand Baht)			
	31 December 2017		31 December 2016	
	Increase (decrease) in provisions for employee benefits		Increase (decrease) in provisions for employee benefits	
	+ 0.5%	- 0.5%	+ 0.5%	- 0.5%
Future salary incremental rates	5,830	(5,463)	5,198	(4,856)
Discount rates	(5,569)	6,011	(4,075)	4,387

### 23. Other liabilities

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
Suspense accounts - creditors	222,936	183,065
Accounts payable on acquisition of equipment and intangible assets	18,849	30,466
Deposits received	6,495	6,558
Account payable - Revenue Department	3,733	5,762
Others	1,005	1,589
Total other liabilities	253,018	227,440

### 24. Share capital/share premium

On 12 July 2017, the Board of Director's Meeting No. 8/2560 of the Bank passed a resolution approving the allotment of additional 600,000,000 ordinary shares at a par value of Baht 10 per share to LH Financial Group Public Company Limited for Baht 27.664858254 per share, amounting to Baht 16,598,914,952.40 and the determination of the date for capital call to be on 27 July 2017. The Bank already received payment of the additional shares in full and registered the increase in its issued and paid-up capital with the Ministry of Commerce on 31 July 2017. This allotment of additional ordinary shares was in accordance with the resolution of the 2012 Annual General Meeting of shareholders of the Bank.

Reconciliation of issued and paid-up share capital and share premium during the years ended 31 December 2017 and 2016 as follows:

	For the years ended 31 December				
	2017			2016	
	Share capital		Share premium	Share capital	
	Number of shares	Baht	Baht	Number of shares	Baht
<b>Issued and paid-up share capital</b>					
Ordinary share capital at beginning of the years	1,400,000,000	14,000,000,000	-	1,400,000,000	14,000,000,000
Add: Issuance of additional ordinary shares during the years	600,000,000	6,000,000,000	10,598,914,952	-	-
Ordinary share capital at end of the years	2,000,000,000	20,000,000,000	10,598,914,952	1,400,000,000	14,000,000,000

## 25. Statutory reserve

Pursuant to Section 116 of the Public Company Limited Act B.E. 2535, the Bank is required to set aside to a statutory reserve at least 5 percent of its net profits for the year, after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of its registered share capital. This statutory reserve is not available for dividend distribution.

## 26. Dividends paid

During the years ended 31 December 2017 and 2016, the Bank paid dividends as follows:

Dividends	Approved by	Dividends paid (Thousand Baht)	Dividends paid per share (Baht per share)
The interim dividends for the three-month period ended 31 March 2016	Board of Director's Meeting of the Bank held on 25 April 2016	400,400	0.286
The interim dividends for the nine-month period ended 30 September 2016	Board of Director's Meeting of the Bank held on 7 November 2016	532,000	0.380
Total dividends paid in 2016		932,400	0.666
The interim dividends for the three-month period ended 31 March 2017	Board of Director's Meeting of the Bank held on 23 May 2017	499,800	0.357
The interim dividends for the nine-month period ended 30 September 2017	Board of Director's Meeting of the Bank held on 18 December 2017	1,000,000	0.500
Total dividends paid in 2017		1,499,800	0.857

## 27. Capital funds

The primary objectives of the Bank's capital management are to maintain its ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking Business B.E. 2551.

As at 31 December 2017 and 2016, capital funds of the Bank calculated under Basel III consisted of the following:

	(Unit: Thousand Baht)	
	31 December 2017	31 December 2016 (Revised)
<u>Common Equity Tier 1 capital fund</u>		
Issued and fully paid up share capital	20,000,000	14,000,000
Share premium	10,598,915	-
Statutory reserve	588,700	473,000
Retained earnings after appropriation	3,107,128	2,490,646
Revaluation surplus (deficit) on available-for-sale investments	166,890	(34,603)
Deduction items on Common Equity Tier 1 capital fund	(360,194)	(371,592)
Total Common Equity Tier 1 capital fund	<u>34,101,439</u>	<u>16,557,451</u>
Total Tier 1 capital fund	<u>34,101,439</u>	<u>16,557,451</u>
<u>Tier 2 capital fund</u>		
Subordinated debentures	3,922,200	4,000,000
Reserve for assets classified as pass and general reserve	1,892,005	1,701,823
Total Tier 2 capital fund	<u>5,814,205</u>	<u>5,701,823</u>
Total capital funds	<u><u>39,915,644</u></u>	<u><u>22,259,274</u></u>

	(Unit: Percentage)			
	31 December 2017		31 December 2016	
	The Bank	Minimum and additional rates required by law *	The Bank	Minimum and additional rates required by law *
			(Revised)	
The ratio of Common Equity Tier 1 capital fund to risk assets	18.673	5.750	10.195	5.125
The ratio of Tier 1 capital fund to risk assets	18.673	7.250	10.195	6.625
The ratio of total capital fund to risk assets	21.857	9.750	13.706	9.125

\* Additional rate for conservation buffer is required on the ratio of Common Equity Tier 1 capital fund to risk asset for of 0.625% per annum each year as from 1 January 2016 onwards until reaching 2.50% in 2019.

The Bank disclosed capital adequacy and capital risk exposure information as of 31 December 2016 through the Bank's website at [www.lhbank.co.th](http://www.lhbank.co.th) on 26 April 2017 and and the Bank will disclose capital adequacy and capital risk exposure information as of 31 December 2017 within April 2018.

## 28. Interest income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Interbank and money market items	583,593	607,357
Investments in debt securities	1,626,905	1,664,666
Loans to customers	6,395,743	6,459,888
Hire purchase	47,449	84,416
<b>Total interest income</b>	<b>8,653,690</b>	<b>8,816,327</b>

## 29. Interest expenses

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Deposits	2,154,870	2,465,419
Interbank and money market items	98,216	206,891
Contributions to the Deposit Protection Agency and the Bank of Thailand	807,513	761,966
Debts issued		
- Subordinated debentures	205,578	206,109
- Unsubordinated and unsecured debentures	42,312	28,080
Borrowings	364,982	309,824
<b>Total interest expenses</b>	<b>3,673,471</b>	<b>3,978,289</b>

## 30. Fees and service income

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
<b>Fees and service income</b>		
Acceptances, avals and guarantees	41,109	46,048
Commission income	245,438	206,253
Others	114,032	84,598
<b>Total fees and service income</b>	<b>400,579</b>	<b>336,899</b>
<b>Fees and service expenses</b>		
Fees and charges	58,852	56,677
Others	16,004	19,065
<b>Total fees and service expenses</b>	<b>74,856</b>	<b>75,742</b>
<b>Net fees and service income</b>	<b>325,723</b>	<b>261,157</b>

## 31. Gains on investments

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
Gains on sales:		
Available-for-sale investments	64,149	191,478
Held-to-maturity investments	1,625	876,014
Investment in a subsidiary	-	68,128
<b>Total gains on investments</b>	<b>65,774</b>	<b>1,135,620</b>

During the year ended 31 December 2016, the Bank sold held-to-maturity investments with amortised costs Baht 10,337 million, by approvals resolved by the meetings of the Board of Directors of the Bank, and incurred net realised gains on sales of investments Baht 876 million.

During the year ended 31 December 2017, the Bank sold held-to-maturity investments with amortised costs Baht 650 million because the issuer called debentures prior to the maturity date, and incurred net realised gains on sales of investments Baht 2 million.

### 32. Directors' remuneration

Directors' remuneration represents the benefits, exclusive of salaries and related benefits payable to executive directors, paid to the directors of the Bank in accordance with Section 90 of the Public Company Limited Act.

### 33. Bad debts, doubtful accounts and impairment loss

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
<b>Bad debts and doubtful accounts (reversal)</b>		
Loans to customers <sup>(1)</sup>	578,708	1,008,133
Interbank and money market items	28,700	664
Other assets	9,734	16,203
<b>Total bad debts, doubtful accounts and impairment loss</b>	<b>617,142</b>	<b>1,025,000</b>

(1) For the year ended 31 December 2016, such amount included a debt hair-cut loss per agreements of Baht 28.7 million.

### 34. Components of other comprehensive income (loss)

Components of other comprehensive income (loss) for the years ended 31 December 2017 and 2016 consisted of the following:

	(Unit: Thousand Baht)	
	For the years ended 31 December	
	2017	2016
(a) Items to be recognised in profit or loss in subsequent periods:		
Gains (losses) on revaluation of available-for-sale investments		
Unrealised gains on revaluation of investments during the years	338,865	92,251
(Gains) losses transferred to be recognised in profit or loss for the years due to		
- Sales of available-for-sale investments	(67,383)	(53,654)
- Sales of available-for-sale investments, reclassified from other types	-	6,708
Losses from reclassification of investments	-	(152,160)
Amortisation of revaluation deficit on the reclassified investments	12,704	686
<b>Total gains (losses) on revaluation of available-for-sale investments</b>	<b>284,186</b>	<b>(106,169)</b>
Add (less): Income taxes	(56,837)	21,234
Gains (losses) on revaluation of available- for-sale investments - net of income taxes	<b>227,349</b>	<b>(84,935)</b>
(b) Items not to be recognised in profit or loss in subsequent periods:		
Actuarial losses	(17,607)	-
Add: Income taxes	3,521	-
Actuarial losses - net of income taxes	(14,086)	-
<b>Other comprehensive income (loss) for the years</b>	<b>213,263</b>	<b>(84,935)</b>

### 35. Earnings per share

Basic earnings per share is calculated by dividing profits for the years (excluding other comprehensive income (loss)) by the weighted average number of ordinary shares which issue during the years.

### 36. Provident fund

The Bank and its employees have jointly established provident funds as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is monthly contributed to by employees at the rate of 3 - 15% of basic salaries, and the Bank contributes at rates ranging from 3 - 7%, depending on the number of years of service of each employee. The fund will be paid to employees upon termination in accordance with the rules of the funds. During the years ended 31 December 2017 and 2016, the Bank contributed Baht 37.3 million and Baht 34.2 million, respectively, to the provident fund.

### 37. Commitments and contingent liabilities

#### 37.1 Commitments

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	Baht	Foreign currency	Total	Baht	Foreign currency	Total
Avals to bills	149,598	-	149,598	23,953	-	23,953
Under unmatured import bills	-	-	-	8,021	-	8,021
Guarantee - others	3,642,226	-	3,642,226	4,020,780	-	4,020,780
Letters of credit	10,823	-	10,823	6,927	-	6,927
Undrawn bank overdrafts	4,773,906	-	4,773,906	4,901,743	-	4,901,743
Other commitments	26,816,197	-	26,816,197	18,260,401	-	18,260,401
<b>Total</b>	<b>35,392,750</b>	<b>-</b>	<b>35,392,750</b>	<b>27,221,825</b>	<b>-</b>	<b>27,221,825</b>

#### 37.2 Commitments under long-term lease agreements

(a) As at 31 December 2017 and 2016, the Bank entered into a number of long-term leases and service agreements for office building, equipment and motor vehicles. The terms of the agreements were between 1 and 8 years, which future minimum rental and service fees, which are to payable by the Bank, can be summarised as follows:

(Unit: Million Baht)

Payable within	31 December	
	2017	2016
Up to 1 year	319	296
Over 1 and up to 5 years	328	293
Over 5 years	3	8

As at 31 December 2017 and 2016, the above commitments of the Bank included rental and service agreements with related parties amounted to Baht 277 million and Baht 113 million, respectively.

(b) The Bank entered into various consultancy service agreements relating to software development and installation services. As at 31 December 2017 and 2016, the Bank is obligated to pay further Baht 47 million and Baht 10 million, respectively.

### 37.3 Obligation under the Employee Joint Investment Program (EJIP)

On 21 October 2013, the Board of Director's Meeting No. 11/2556 of the Bank passed a resolution approving the Employee Joint Investment Program (EJIP) for its employees, with the following details:

Period of EJIP	1 January 2014 to 31 December 2018, with a total duration of 5 years
Eligible employees	Management of Land and Houses Bank Public Company Limited with level of assistant vice president or equivalent onwards, who have passed probation periods and are not functioning in an acting capacity.
EJIP arrangement	Employee contribution at no more than 5 percent of the employee's basic salary. The Bank's contribution at 5 percent of the employees' basic salary.
Execution	Every month
Conditions for holding the securities	Within the first three years, employees cannot sell any shares. After 3 years, employees can sell 25% of accumulated shares. After 4 years, employees can sell 50% of accumulated shares. After 5 years, employees can sell all shares. Upon resignation from the Program in any circumstances, employees can sell all of the shares immediately.

The Program was approved by the Office of the Securities and Exchange Commission on 7 January 2014 and the Bank contributed to the Program members and recognised these contributions as employee expenses for the years ended 31 December 2017 and 2016 of Baht 6.8 million and Baht 7.1 million, respectively.

### 37.4 Litigation

As at 31 December 2017 and 2016, the Bank was sued in many litigation cases being claimed for compensations totaling Baht 1,195 million and Baht 845 million, respectively. Final judgments have not yet been reached in respect of these cases. The management of the Bank has exercised judgment to assess the outcome of the cases and is confident that it will not incur any significant loss and therefore contingent liabilities on such litigation cases are not provided.

## 38. Related party transactions

The Bank had significant business transactions with their related parties, including transactions with directors, executive or other persons with equivalent position, including entities that the persons or related persons have management authorities, or entities in which the Bank or directors or such executives hold in aggregate of more than 10 percent of the paid-up share capital of those entities.

Relationship with related parties can be summarised as follows:

1. The Bank's parent company is LH Financial Group Public Company Limited.
2. The subsidiaries of the Bank's parent company are as follows:
  - 2.1 Land and Houses Securities Public Company Limited
  - 2.2 Land and Houses Fund Management Company Limited
  - 2.3 Land and Houses Advisory Company Limited (the subsidiary of the company as stated in No. 2.1 above)

3. Any persons or companies who hold more than 10 percent of shares in the Bank’s parent company (“the major shareholders of the Bank’s parent company”) are as follows:
  - 3.1 CTBC Bank Company Limited
  - 3.2 Land and Houses Public Company Limited
  - 3.3 Quality Houses Public Company Limited
  - 3.4 Ms. Piengjai Hampanich
4. Related companies include companies related by way of the following:
  - 4.1 The subsidiaries of the major shareholders of the Bank’s parent company (shareholders as stated in No. 3 above).
  - 4.2 The associates of the major shareholders of the Bank’s parent company (shareholders as stated in No. 3 above).
  - 4.3 The companies that are related to the Bank’s directors.
  - 4.4 The companies that are related to the major shareholders of the Bank’s parent company (shareholders as stated in No. 3 above).
  - 4.5 The companies that are controlled by the Bank’s related persons.
5. Directors and executives who are the Bank’s directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent.
6. Related persons who are the directors of the parent company, the directors of the major shareholders of the parent company (shareholders as stated in No. 3 above) and persons with close relationship with related persons and directors and executives.

### 38.1 Transactions during the years

During the years, the Bank had significant business transactions with its related parties. Such transactions, which were summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Bank, and their related parties.

(Unit: Thousand Baht)

	For the years ended		Pricing policy
	2017	2016	
<b>Interest income</b>			
Parent company	14,239	8,323	The same rates as charged to general customers
Subsidiary of the Bank’s parent company	26,789	21,348	The same rates as charged to general customers
Related companies	175,052	134,004	The same rates as charged to general customers and as specified in prospectus
Directors and executives	420	446	The same rates as charged to general customers
Related persons	1,173	1,475	The same rates as charged to general customers
	<b>217,673</b>	<b>165,596</b>	
<b>Fees and service income</b>			
Parent company	265	126	The same rates as charged to general customers
Subsidiaries of the Bank’s parent company	53,531	60,522	The same rates as charged to general customers and as specified in the agreements

	For the years ended 31 December		Pricing policy
	2017	2016	
	53,796	60,648	
<b>Gains on investment</b>			
Parent company	-	68,128	Reference to net asset value as of 29 February 2016
	-	68,128	
<b>Dividend income</b>			
Related companies	19,635	15,804	As announced by the funds
	19,635	15,804	

(Unit: Thousand Baht)

	For the years ended 31 December		Pricing policy
	2017	2016	
<b>Other operating income</b>			
Subsidiary of the Bank's parent company	881	401	As mutually agreed and as specified in the agreements
	881	401	
<b>Dividends paid</b>			
Parent company	1,499,800	932,400	As announced by the Bank
	1,499,800	932,400	
<b>Interest expenses</b>			
Parent company	7,631	8,181	The same rates as paid to general depositors and as specified in prospectus
Subsidiaries of the Bank's parent company	2,952	933	The same rates as paid to general depositors
The major shareholders of the Bank's parent company	38,366	24,966	The same rates as paid to general depositors
Related companies	58,311	51,950	The same rates as paid to general depositors
Directors and executives	6,513	10,263	The same rates as paid to general depositors and as specified in prospectus
Related persons	13,826	13,184	The same rates as paid to general depositors and as specified in prospectus
	127,599	109,477	
<b>Other operating expenses</b>			
Parent company	1,342	1,320	As specified in the agreements
The major shareholders of the Bank's parent company	24,734	21,404	As specified in the agreements
Related companies	106,121	102,090	As specified in the agreements
	132,197	124,814	

## 38.2 The outstanding balances

As at 31 December 2017 and 2016, the outstanding balances of significant transactions between the Bank and its related parties can be summarised as follows:

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
<b>Interbank and money market items (assets)</b>		
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	1,900,100	765,038
	<u>1,900,100</u>	<u>765,038</u>
<b>Investments - cost</b>		
<u>Related companies/persons</u>		
Related companies	1,787,154	1,681,709
	<u>1,787,154</u>	<u>1,681,709</u>
<b>Accrued interest receivables on investments</b>		
<u>Related companies/persons</u>		
Related companies	15,806	15,806
	<u>15,806</u>	<u>15,806</u>
<b>Loans to customers</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	1,398,000	415,000
<u>Related companies/persons</u>		
Related companies	5,557,200	1,389,601
Directors and executives	18,976	8,107
Related persons	27,828	33,205
	<u>7,002,004</u>	<u>1,845,913</u>
<b>Accrued interest receivables on loans to customers</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	160	31
<u>Related companies/persons</u>		
Related companies	3,840	861
Directors and executives	23	4
Related persons	10	9
	<u>4,033</u>	<u>905</u>

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
<b>Other assets</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	300	300
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	44	64
Land and Houses Fund Management Company Limited	7,178	4,137
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	6,145	4,715
<u>Related companies/persons</u>		
Related companies	28,612	27,182
	<u>42,279</u>	<u>36,398</u>
<b>Deposits</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	6,100	536,976
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Advisory Company Limited	5,134	5,377
<u>The major shareholders of the Bank's parent company</u>		
Land and Houses Public Company Limited	1,400,753	599,947
Quality Houses Public Company Limited	1,972,397	961,933
Ms. Piengjai Harpanich	105,471	35,424
<u>Related companies/persons</u>		
Related companies	5,093,924	6,316,396
Directors and executives	96,241	755,320
Related persons	1,002,382	1,009,058
	<u>9,682,402</u>	<u>10,220,431</u>
<b>Interbank and money market items (liabilities)</b>		
<u>Subsidiaries of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	27,826	3,077
Land and Houses Fund Management Company Limited	41,999	40,897
	<u>69,825</u>	<u>43,974</u>
<b>Debts issued and borrowings</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	84,100	137,800
<u>Related companies/persons</u>		
Directors and executives	48,000	28,000
Related persons	41,200	12,500
	<u>173,300</u>	<u>178,300</u>

	(Unit: Thousand Baht)	
	31 December	
	2017	2016
<b>Accrued interest payables</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	484	793
<u>The major shareholders of the Bank's parent company</u>		
Land and Houses Public Company Limited	128	-
Quality Houses Public Company Limited	93	-
Ms. Piengjai Harnpanich	224	28
<u>Related companies/persons</u>		
Related companies	3,940	5,582
Directors and executives	320	1,623
Related persons	1,447	1,758
	<u>6,636</u>	<u>9,784</u>
<b>Accounts payable on securities trading</b>		
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Securities Public Company Limited	40,741	5,122
	<u>40,741</u>	<u>5,122</u>
<b>Dividend payable</b>		
<u>Parent company</u>		
LH Financial Group Public Company Limited	1,000,000	-
	<u>1,000,000</u>	<u>-</u>
<b>Other liabilities</b>		
<u>Subsidiary of the Bank's parent company</u>		
Land and Houses Fund Management Company Limited	3	3
<u>The major shareholder of the Bank's parent company</u>		
Quality Houses Public Company Limited	118	71
<u>Related companies/persons</u>		
Related companies	2,233	2,943
Directors and executives	39	27
	<u>2,393</u>	<u>3,044</u>
<b>Commitments - letters of bank guarantees</b>		
<u>Related companies/persons</u>		
Related companies	196,887	220,434
	<u>196,887</u>	<u>220,434</u>

### 38.3 Movements of related party balances

The movements of interbank and money market items (assets), loans to customers, deposits, interbank and money market items (liabilities), and debts issued and borrowings having with their related parties during the year ended 31 December 2017 were as follows:

(Unit: Thousand Baht)

	For the year ended 31 December 2017			Ending balances
	Beginning balances	Increase	Decrease	
<b>Interbank and money market items (assets)</b>				
<u>Subsidiary of the Bank's parent company</u>				
Land and Houses Securities Public Company Limited	765,038	6,360,100	(5,225,038)	1,900,100
	<u>765,038</u>	<u>6,360,100</u>	<u>(5,225,038)</u>	<u>1,900,100</u>
<b>Loans to customers</b>				
<u>Parent company</u>				
LH Financial Group Public Company Limited	415,000	2,181,000	(1,198,000)	1,398,000
<u>Related companies/persons</u>				
Related companies	1,389,601	13,436,410	(9,268,811)	5,557,200
Directors and executives	8,107	18,317	(7,448)	18,976
Related persons	33,205	41,079	(46,456)	27,828
	<u>1,845,913</u>	<u>15,676,806</u>	<u>(10,520,715)</u>	<u>7,002,004</u>
<b>Deposits</b>				
<u>Parent company</u>				
LH Financial Group Public Company Limited	536,976	20,735,149	(21,266,025)	6,100
<u>Subsidiary of the Bank's parent company</u>				
Land and Houses Advisory Company Limited	5,377	333	(576)	5,134
<u>The major shareholders of the Bank's parent company</u>				
Land and Houses Public Company Limited	599,947	111,407,473	(110,606,667)	1,400,753
Quality Houses Public Company Limited	961,933	38,534,752	(37,524,288)	1,972,397
Ms. Piengjai Harnpanich	35,424	302,440	(232,393)	105,471
<u>Related companies/persons</u>				
Related companies	6,316,396	208,299,423	(209,521,895)	5,093,924
Directors and executives	755,320	1,791,080	(2,450,159)	96,241
Related persons	1,009,058	1,880,982	(1,887,658)	1,002,382
	<u>10,220,431</u>	<u>382,951,632</u>	<u>(383,489,661)</u>	<u>9,682,402</u>
<b>Interbank and money market items (liabilities)</b>				
<u>Subsidiaries of the Bank's parent company</u>				
Land and Houses Securities Public Company Limited	3,077	12,696,444	(12,671,695)	27,826
Land and Houses Fund Management Company Limited	40,897	38,014,496	(38,013,394)	41,999
	<u>43,974</u>	<u>50,710,940</u>	<u>(50,685,089)</u>	<u>69,825</u>
<b>Debts issued and borrowings</b>				
<u>Parent company</u>				
LH Financial Group Public Company Limited	137,800	-	(53,700)	84,100
<u>Related companies/persons</u>				
Directors and executives	28,000	20,000	-	48,000
Related persons	12,500	28,700	-	41,200
	<u>178,300</u>	<u>48,700</u>	<u>(53,700)</u>	<u>173,300</u>

### 38.4 Directors' and executives' compensation

During the years ended 31 December 2017 and 2016, compensations incurred on directors and executives of the Bank, which were recognised in profit or loss, were classified as follows.

	(Unit: Million Baht)	
	For the years ended 31 December	
	2017	2016
Short-term employee benefits	136	97
Post-employment benefits	13	11
<b>Total</b>	<b>149</b>	<b>108</b>

Directors and executives of the Bank are directors, president, senior executive vice president, first executive vice president, executive vice president, first senior vice president and equivalent.

### 39. Operating segments

The Bank has two principal operating segments: lending segment and other segments and they operate their businesses in Thailand. For management purposes of the banking business, the Executive Board of Directors of the Bank has been identified as the chief operating decision maker, and the operating segment is divided into the lending segment: housing and retail, and other loans.

The Executive Board of Directors monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. The Bank measures segment performance based on operating profit or loss and total assets, and on a basis consistent with that used to measure operating profit or loss in the financial statements. In addition, recording for inter-segment (if any) is reported on a basis consistent with external customers.

Operating segment information of the Bank was as follows:

	(Unit: Thousand Baht)			
	For the year ended 31 December 2017			
	Lending		Other segments	Total
Housing and retail	Other loans			
Interest income from external customers	1,357,767	5,665,312	1,630,611	8,653,690
Net interest income				4,980,219
Net fees and service income				325,723
Gains on trading and foreign exchange transactions				989
Gains on investments				65,774
Dividend income				392,829
Other operating income				28,659
Other operating expenses				(2,345,939)
Bad debts, doubtful accounts and impairment loss				(617,142)
Income tax expenses				(519,047)
<b>Profit for the year</b>				<b>2,312,065</b>

(Unit: Thousand Baht)

	For the year ended 31 December 2016			
	Lending			Total
	Housing and retail	Other loans	Other segments	
Interest income from external customers	1,419,003	5,732,583	1,664,741	8,816,327
Net interest income				4,838,038
Net fees and service income				261,157
Gains on trading and foreign exchange transactions				1,369
Gains on investments				1,135,620
Dividend income				210,634
Other operating income				27,477
Other operating expenses				(2,333,274)
Bad debts, doubtful accounts and impairment loss				(1,025,000)
Income tax expenses				(613,718)
Profit for the year				2,502,303

(Unit: Thousand Baht)

	As at 31 December 2017			
	Lending			Total
	Housing and retail	Other loans	Other segments	
Loans to customers/interbank and money market items	28,667,723	144,571,796	-	173,239,519
Cash				1,994,550
Interbank and money market items - net				20,928,063
Investments - net				55,236,564
Loans to customers and accrued interest receivables - net				150,874,613
Other assets				1,362,480
Total assets				230,396,270
Deposits				143,741,919
Interbank and money market items				15,415,970
Debts issued and borrowings - net				32,979,124
Other liabilities				3,136,936
Total liabilities				195,273,949

(Unit: Thousand Baht)

	As at 31 December 2016			
	Lending		Other segments	Total
	Housing and retail	Other loans		
Loans to customers/interbank and money market items	30,636,552	126,857,286	-	157,493,838
Cash				2,109,131
Interbank and money market items - net				17,961,031
Investments - net				49,978,116
Loans to customers and accrued interest receivables - net				138,280,235
Other assets				1,366,457
Total assets				209,694,970
Deposits				149,639,499
Interbank and money market items				20,053,826
Debts issued and borrowings - net				20,464,660
Other liabilities				2,039,107
Total liabilities				192,197,092

The Bank operates in Thailand only. As a result, all of the revenues, profits and assets as reflected in these financial statements pertain to the aforementioned geographical reportable. Moreover, during the years ended 31 December 2017 and 2016, the Bank had no major customer with revenue of 10 percent or more of total revenues.

#### 40. Financial instruments

Financial instruments are any contracts which give rise to both a financial asset of one enterprise and a financial liability or equity security of another enterprise.

The Bank's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items, derivative assets, investments, loans to customers, deposits, liabilities payable on demand, debts issued and borrowings and accounts payable on securities trading.

The Bank's risk management policies, principally the Bank's manages and controls risk to be within an acceptable level. These policies are annually reviewed for reflecting of the risk from environmental change and the risk from internal and external factors as follows:

##### 40.1 Credit risk

Credit risk is the chance or probability that debtors or counterparties will not be able to meet their obligations including from chance in credit risk of counterparties is downgraded and the risk of deterioration of investment or credit quality and unable to adjust the price to compensate for the additional risk, which may affect the revenues and capital funds of the Bank.

Credit risk is recognised as highly significant to financial institutions, especially those associated with credit transactions, which are the core transactions of the Bank, both in terms of loans and commitments. Maximum exposure to credit loss of the Bank is the carrying value of loans to customers, including commitments in respect of provisions of guarantees, avals or other types of guarantee with similar characteristics.

The Bank manages credit risk by imposing on credit granting in order to control, detect and reduce the risk of credit transactions. Criteria of credit granting must be considered from various conditions such as target market, business type, loan type, transaction type, loan limit to each debtor to reduce the risks of concentration of credit, collateral to decrease credit risk and person or corporate that the Bank doesn't support. Moreover, the Bank has key risk management measurements, include the following:

(a) Risk identification

The Bank considers factors that are relevant to a borrower and the borrower/ counterparty's business, and external factors that may adversely impact the revenues and the operations of the borrower/counterparty. It also monitors changes in credit quality and historical payment trends, which help provide the picture of asset quality and credit risk. In addition, the Bank conducts reviews of borrower risk level and their alignment with the identified risk factors.

(b) Risk measurement

The Bank has developed tools to measure credit quality. These are a Credit Rating Model, which is used to assign credit ratings to corporate banking customers, and a Credit Scoring Model which is used for personal banking customers. Both tools were developed by the risk management department in order to reduce the use of judgment by credit approvers during the credit approval process.

(c) Risk monitoring and reporting

The Bank has developed a process of monitoring counterparties' credit risk, so that it is aware of the current size and level of risk associated with its borrowers. Financial reviews and customer visits are required to be carried out at least annually, and the value and liquidity of collateral is appraised, the status of borrowers and their compliance with conditions are reported to executives on a regular basis.

(d) Risk control and mitigation

The Bank sets credit concentration limits at the industry level, and individual client level, in order to ensure the Bank's risk exposure to a particular industry or client is not excessive. If a limit is reached, the responsible department is to investigate the reason of an abnormal circumstance, in order to maintain risk exposure within acceptable parameters. The Bank also has internal control and audit procedures in place to ensure that its risk management is in accordance with the frameworks and processes laid down by the Bank.

Furthermore, the Bank conducts stress testing that covers credit risk at least annually, in order to forecast potential losses on individual accounts or counterparties and on different types of credit in its portfolio, and consider whether the resulting deterioration in credit quality within its portfolio would affect its capital adequacy and its current loan provisions, so the Bank will be able to take timely action to mitigate the risk.

## 40.2 Market risk

Market risk is the risk that changes in interest rate, foreign exchange rate and securities prices in money market/equity market which may negative affect the revenues and capital funds of the Bank. The Bank's market risk consists of interest rate risk, foreign exchange risk and equity position risk.

### (a) Interest rate risk

Interest rate risk is the risk that volatility in market interest rates will result in changes in the value of financial instruments, or fluctuations in income or the value of financial assets and liabilities. Interest rate risk is a consequence of the structure and the nature of the items in assets, liabilities, and equity, and mismatches between the maturities and the repricing terms of assets and liabilities.

Most of the Bank's assets consist of deposit at financial institutions, loans to customers and held-to-maturity debt securities, and its liabilities mainly consist of deposits from individuals. These key items may be affected by interest rate fluctuations, and whenever such fluctuations occur the Bank is exposed to the risk that its income, expenses and/or economics value (equity value) may be affected. The Bank therefore needs to manage interest rate risk in its banking books in order to mitigate the impact.

Interest rate risk in its banking books adversely affects the income or capital adequacy of the Bank as fluctuations in interest rates impact all rate-sensitive assets, liabilities and commitments. The cause is maturity mismatch and repricing risk for assets and liabilities in the Bank's statements of financial position.

The nature of the Bank's exposures to interest rate risk in the banking book are as follows:

#### (1) Repricing Risk

This arises due to mismatches between the maturities of assets and liabilities, or when interest rate reset dates are not matched.

#### (2) Basis Risk

This arises because change of reference interest rates of assets and liabilities are not matched.

#### (3) Option Risk

The Bank has option risk in financial contract both debtor and creditor that counterparties have right to change payment plans or redemption from the original plan when the market rate is changed. Rights holders will exercise when it is in an unfavorable position as the original payment plan. So it makes cost of interest, return or net interest income including assets and liabilities' structure in statements of financial position changed for the worse.

The Bank has developed interest rate risk measurement tools to evaluate interest rate risk in the banking books. The Bank sets risk limits in order to keep risk levels within stipulated parameters and to report risk levels to Asset and Liability Committee on a monthly basis.

Moreover, the Bank performs stress tests by simulating an interest rate crisis, using simulations provided by the BoT and/or appropriate simulations it has established itself.

As at 31 December 2017 and 2016, financial assets and liabilities, classified by types of interest rate, were as follows:

(Unit: Thousand Baht)

Descriptions	31 December 2017			
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	1,994,550	1,994,550
Interbank and money market items	350,004	19,187,211	1,564,085	21,101,300
Derivative assets	-	-	103,651	103,651
Investments	1,045,789	46,100,119	8,090,681	55,236,589
Loans to customers <sup>(1)</sup>	88,959,506	61,840,479	3,267,294	154,067,279
<b>Financial liabilities</b>				
Deposits	76,191,355	67,429,968	120,596	143,741,919
Interbank and money market items	1,474,877	13,837,063	104,030	15,415,970
Liabilities payable on demand	-	-	219,784	219,784
Debts issued and borrowings	-	33,011,000	16,377	33,027,377
Accounts payable on securities trading	-	-	40,741	40,741

(1) In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates. In addition, non-interest bearing loans include non-performing loans.

(Unit: Thousand Baht)

Descriptions	31 December 2016			
	Floating interest rates	Fixed interest rates	Non-interest bearing	Total
<b>Financial assets</b>				
Cash	-	-	2,109,131	2,109,131
Interbank and money market items	200,004	16,149,172	1,761,132	18,110,308
Derivative assets	-	-	2,858	2,858
Investments	1,146,582	44,656,889	4,174,670	49,978,141
Loans to customers <sup>(1)</sup>	68,936,277	69,530,017	2,770,142	141,236,436
<b>Financial liabilities</b>				
Deposits	69,086,753	80,376,016	176,730	149,639,499
Interbank and money market items	1,045,735	18,981,638	26,453	20,053,826
Liabilities payable on demand	-	-	75,991	75,991
Debts issued and borrowings	-	20,464,151	6,398	20,470,549
Accounts payable on securities trading	-	-	5,122	5,122

(1) In case that the loan agreements indicate the charge of fixed interest rate over a certain period and the charge of floating interest rate over further periods, the whole outstanding balances under the loan agreements are classified at the rate enacted on the reporting dates. In addition, non-interest bearing loans include non-performing loans.

The remaining periods counting from 31 December 2017 and 2016 to the repricing dates or maturity dates (whichever are sooner) of financial instruments carrying interest at fixed rates were as follows:

(Unit: Thousand Baht)

Descriptions	31 December 2017						Interest rates (% p.a.)
	Remaining periods to repricing dates or maturity dates					Total	
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	13,959,211	5,228,000	-	-	-	19,187,211	1.00 - 4.50
Investments	-	1,046,018	3,052,020	26,795,395	15,206,686	46,100,119	1.83 - 5.35
Loans to customers	9,896,256	22,041,518	9,297,688	19,639,824	965,193	61,840,479	1.80 - 5.75
<b>Financial liabilities</b>							
Deposits	2,340,435	19,361,225	36,716,337	9,011,971	-	67,429,968	0.80 - 3.00
Interbank and money market items	60,000	11,056,540	1,524,426	866,362	329,735	13,837,063	0.01 <sup>(1)</sup> , 0.1 <sup>(2)</sup> , ,0.75 - 1.50
Debts issued and borrowings	-	20,777,000	8,234,000	-	4,000,000	33,011,000	1.35 - 5.125

(1) The interest rate of 0.01% is charged on the balance of Baht 360 million obtained for financial assistance to debtors affected by the floods in 2011.

(2) The interest rate of 0.1% is charged on the balance of Baht 3,305 million obtained for financial assistance to SMEs' debtors that lack of liquidity.

(Unit: Thousand Baht)

Descriptions	31 December 2016						Interest rates (% p.a.)
	Remaining periods to repricing dates or maturity dates					Total	
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
<b>Financial assets</b>							
Interbank and money market items	4,740,000	11,409,172	-	-	-	16,149,172	2.05 - 4.30
Investments	-	367,854	1,451,094	23,692,509	19,145,432	44,656,889	1.83 - 5.35
Loans to customers	6,396,922	28,399,208	15,711,233	17,767,347	1,255,307	69,530,017	2.73 - 5.68
<b>Financial liabilities</b>							
Deposits	3,835,603	27,998,126	42,188,801	6,353,486	-	80,376,016	0.80 - 3.00
Interbank and money market items	166,000	10,886,084	6,226,883	426,326	1,276,345	18,981,638	0.01 <sup>(1)</sup> , 0.1 <sup>(2)</sup> , ,0.75 - 2.75
Debts issued and borrowings	-	6,274,151	10,190,000	-	4,000,000	20,464,151	1.50 - 5.125

(1) The interest rate of 0.01% is charged on the balance of Baht 4,451 million obtained for financial assistance to debtors affected by the floods in 2011.

(2) The interest rate of 0.1% is charged on the balance of Baht 3,466 million obtained for financial assistance to SMEs' debtors that lack of liquidity.

In addition, the average balances of the financial assets and liabilities of the Bank generating revenues/incurred expenses, calculated based on the average balances outstanding during the years, and the average interest rate for the years ended 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

	For the years ended 31 December					
	2017			2016		
	Average balances	Interest income/expenses	Average rate (% per annum)	Average balances	Interest income/expenses	Average rate (% per annum)
<b>Performing financial assets</b>						
Interbank and money market items	17,108,450	583,593	3.41	15,300,554	607,357	3.97
Investments in debt securities	46,711,562	1,626,905	3.48	46,644,251	1,664,666	3.57
Loans to customers	143,155,160	6,443,192	4.50	141,178,835	6,544,304	4.64
<b>Performing financial liabilities</b>						
Deposits	145,236,925	2,837,639	1.95	147,250,628	3,117,058	2.12
Interbank and money market items	13,418,863	112,062	0.84	23,470,346	226,568	0.97
Debts issued and borrowings	28,111,019	723,770	2.57	18,607,682	634,663	3.41

(b) Foreign exchange risk

Foreign exchange risk is the risk that changes in foreign exchange rates may result in changes in the value of financial instruments, and fluctuations in revenues or the values of financial assets and liabilities.

Since the Bank has foreign exchange transactions, it may be exposed to foreign exchange risk. The Bank operates Thai Baht currency exchange services, with both of buying and selling services. The Bank has determined foreign currency position at the end of day not more than amount permission by the BoT, so the Bank has insignificant foreign exchange risk.

As at 31 December 2017 and 2016, foreign currency positions of the Bank were as follows:

(Unit: Thousand Baht)

	31 December 2017				
	USD	EUR	JPY	CNY	Others
<b>Foreign currency in the statements of financial position</b>					
Cash	478	156	155	27	166
Investments	1,045,789	-	-	-	-
Total assets	1,046,267	156	155	27	166

(Unit: Thousand Baht)

	31 December 2016				
	USD	EUR	JPY	CNY	Others
<b>Foreign currency in the statements of financial position</b>					
Cash	152	52	12	16	55
Investments	1,146,582	-	-	-	-
Total assets	1,146,734	52	12	16	55

In addition, the Bank had commitments in respect of cross currency and interest rate swap contracts held for banking book, which were to settle in foreign currencies as follows:

(Unit: Thousand Baht)

	31 December 2017				
	USD	EUR	JPY	CNY	Others
Cross currency and interest rate swap contracts					
- Sold	1,045,789	-	-	-	-

(Unit: Thousand Baht)

	31 December 2016				
	USD	EUR	JPY	CNY	Others
Cross currency and interest rate swap contracts					
- Sold	1,146,582	-	-	-	-

(c) Equity position risk

Equity position risk is the risk that changes in the market prices of equity securities or stocks may result in changes in the value of investments, and fluctuations in revenue and the value of financial assets.

The maximum equity position risk exposure is the carrying value of investments in equity securities as presented in the statements of financial position.

**40.3 Liquidity risk**

Liquidity risk is the risk that the Bank will be unable to liquidate their financial assets and/or procure sufficient funds to discharge their obligations in a timely manner, resulting in the Bank incurring a financial loss.

The Bank manages their liquidity risk by performing through net liquidity status report or liquidity gap analysis. The Bank's analysis has two components, which are a Contractual Liquidity Gap report and a Behavior Liquidity Gap report, that analyse the net liquidity status at each point in time and consider the cash flow adequacy over the next year. Moreover, the Bank assesses liquidity risk based on the accumulated outstanding net liquidity by maturity, adjusted to reflect depositor behaviour, in order to maintain liquidity risk at the appropriate levels stipulated by the Bank.

The Bank conducts a study of the effect on liquidity of various factors, such as early deposit withdrawal and deposit rollover, by creating simulations incorporating normal scenarios and stress scenarios which cover the effect of liquidity management of the Bank. The Risk Management Department is responsible for carrying out the study and reporting the results to Asset and Liability Committee, which measures liquidity requirements under each scenario, and provides a framework for establishing contingency plans.

In addition, the Bank also monitors its liquidity risk relating to regulation of maintaining liquid assets for supporting crisis situation (Liquidity Coverage Ratio: LCR), which determines assumptions for total cash inflows and outflows to reflect withdrawal behavior of each counterparty and transaction type both on/off balance sheet items, which are affected by different cash flow indicators. The assumptions should also reflect the business group structure that the group's commercial banks may need to help their liquidity in a severe and continuous cash outflow crisis. Therefore, the Bank sets risk limits for monitoring its liquidity risk levels, which enable the Bank to maintain appropriate amounts of liquid assets and efficiently cope with fluctuations in cash inflows and outflows.

The periods to maturity, counting from the financial position dates, of financial instruments outstanding as at 31 December 2017 and 2016 were as follows:

(Unit: Thousand Baht)

Descriptions	31 December 2017					Total
	At call	Less than 3 months	3 - 12 months	More than 1 year	No maturity	
<b>Financial assets</b>						
Cash	1,994,550	-	-	-	-	1,994,550
Interbank and money market items	15,523,300	5,228,000	-	350,000	-	21,101,300
Derivative assets	-	-	-	103,651	-	103,651
Investments	-	1,046,018	3,052,020	43,047,870	8,090,681	55,236,589
Loans to customers <sup>(1)</sup>	18,854,553	32,627,077	16,150,213	86,435,436	-	154,067,279
<b>Financial liabilities</b>						
Deposits	76,186,349	19,942,663	37,598,670	10,014,237	-	143,741,919
Interbank and money market items	1,638,907	11,056,540	1,524,426	1,196,097	-	15,415,970
Liabilities payable on demand	219,784	-	-	-	-	219,784
Debts issued and borrowings	-	20,777,000	8,234,000	4,016,377	-	33,027,377
Accounts payable on securities trading	-	40,741	-	-	-	40,741

<sup>(1)</sup> Loans to customers maturing at call included defaulted loans and non-performing loans.

(Unit: Thousand

Baht)

Descriptions	31 December 2016					Total
	At call	Less than 3 months	3 - 12 months	More than 1 year	No maturity	
<b>Financial assets</b>						
Cash	2,109,131	-	-	-	-	2,109,131
Interbank and money market items	6,501,136	11,409,172	-	200,000	-	18,110,308
Derivative assets	-	-	-	2,858	-	2,858
Investments	-	367,854	1,451,094	43,984,523	4,174,670	49,978,141
Loans to customers <sup>(1)</sup>	15,843,040	27,454,522	19,973,758	77,965,116	-	141,236,436
<b>Financial liabilities</b>						
Deposits	70,180,811	28,610,989	43,506,697	7,341,002	-	149,639,499
Interbank and money market items	1,238,188	10,886,084	6,226,883	1,702,671	-	20,053,826
Liabilities payable on demand	75,991	-	-	-	-	75,991
Debts issued and borrowings	-	6,274,151	10,190,000	4,006,398	-	20,470,549
Accounts payable on securities trading	-	5,122	-	-	-	5,122

<sup>(1)</sup> Loans to customers maturing at call included defaulted loans and non-performing loans.

Moreover, as at 31 December 2017 and 2016, the Bank had the following commitments from avals to bills, under unmatured import bills, guarantee, letters of credit, undrawn bank overdrafts and other commitments as summarised by the periods to maturity, counting from the financial report dates, of the contracts:

(Unit: Thousand Baht)

	31 December 2017			31 December 2016		
	No more than 1 year	Over 1 year	Total	No more than 1 year	Over 1 year	Total
Avals to bills	149,598	-	149,598	23,953	-	23,953
Under unmaturred import bills	-	-	-	8,021	-	8,021
Guarantee - other	2,861,132 <sup>(1)</sup>	781,094	3,642,226	3,678,406 <sup>(1)</sup>	342,374	4,020,780
Letters of credit	10,823	-	10,823	6,927	-	6,927
Undrawn bank overdrafts	4,773,906	-	4,773,906	4,901,743	-	4,901,743
Other commitments	-	26,816,197	26,816,197	-	18,260,401	18,260,401

<sup>(1)</sup> As at 31 December 2017 and 2016, these amount included contracts with no maturity date amounting to Baht 1,073 million and Baht 1,241 million, respectively.

#### 41. Fair value of financial instruments

##### 41.1 Assets and liabilities measured at fair value

As at 31 December 2017 and 2016, the Bank had assets that were measured at fair value using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2017				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Assets measured at fair value</u>					
Available-for-sale investments					
Domestic marketable equity securities	8,085,400	8,085,400	-	-	8,085,400
Total available-for-sale investments	8,085,400	8,085,400	-	-	8,085,400

(Unit: Thousand Baht)

	31 December 2016				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Assets measured at fair value</u>					
Available-for-sale investments					
Domestic marketable equity securities	4,169,389	4,169,389	-	-	4,169,389
Total available-for-sale investments	4,169,389	4,169,389	-	-	4,169,389

During the current year, there was no transfers within the fair value hierarchy.

## 41.2 Financial assets and liabilities for which fair values are disclosed

As at 31 December 2017 and 2016, the Bank had financial assets and liabilities that were measured at cost, and for which fair values were disclosed using different levels of inputs as follows:

(Unit: Thousand Baht)

	31 December 2017				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets for which fair values were disclosed</u>					
Cash	1,994,550	1,994,550	-	-	1,994,550
Interbank and money market items - net	20,909,108	1,882,090	-	19,026,192	20,908,282
Derivative assets	103,651	-	110,418	-	110,418
Investments - net	47,151,164	-	48,594,517	5,256	48,599,773
Loans to customers - net	150,617,599	-	-	151,212,484	151,212,484
<u>Financial liabilities for which fair values were disclosed</u>					
Deposits	143,741,919	76,311,951	67,435,666	-	143,747,617
Interbank and money market items	15,415,970	1,578,907	13,846,457	-	15,425,364
Liabilities payable on demand	219,784	219,784	-	-	219,784
Debts issued and borrowings	33,027,377	16,377	33,067,430	-	33,083,807
Accounts payable on securities trading	40,741	-	40,741	-	40,741

(Unit: Thousand Baht)

	31 December 2016				
	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<u>Financial assets for which fair values were disclosed</u>					
Cash	2,109,131	2,109,131	-	-	2,109,131
Interbank and money market items - net	17,946,816	1,761,136	-	16,186,551	17,947,687
Derivative assets	2,858	-	23,273	-	23,273
Investments - net	45,808,727	-	46,347,255	5,256	46,352,511
Loans to customers - net	138,050,807	-	-	137,801,499	137,801,499
<u>Financial liabilities for which fair values were disclosed</u>					
Deposits	149,639,499	69,263,483	80,380,771	-	149,644,254
Interbank and money market items	20,053,826	1,072,188	18,983,471	-	20,055,659
Liabilities payable on demand	75,991	75,991	-	-	75,991
Debts issued and borrowings	20,470,549	6,398	20,607,952	-	20,614,350
Accounts payable on securities trading	5,122	-	5,122	-	5,122

The methods and assumptions used by the Bank in estimating the fair values of financial instruments are as follow:

- The fair values of financial assets and liabilities, which have short-term maturity periods or bear interest at rates close to market interest rates (i.e. cash, liabilities payable on demand and accounts payable on securities trading), approximate their carrying values.
- The fair values of investments in debt securities are determined based on the yield rates quoted by the Thai Bond Market Association.
- The fair values of non-marketable equity securities are determined based on generally accepted pricing models.

- (d) The fair values of loans to customers and interbank and money market items (assets) that bear floating interest rates are assumed to approximate their carrying values, net of allowance for doubtful accounts and revaluation allowance for debts restructuring. The fair values of loans to customers and interbank and money market items (assets) that bear fixed interest rates are the present value of the expected future cash flows, discounted by the interest rates the Bank offer on similar loans. The fair values of non-performing loans are the present value of the expected future cash flows from the disposal of the loan collaterals, discounted by the rates and durations as referred in the BoT's guidelines regarding provision.
- (e) The fair values of deposits and interbank and money market items (liabilities) that are payable on demand or bear floating interest rates are assumed to approximate their carrying values. The fair values of deposits and interbank and money market items (liabilities) that bear fixed interest rates are determined by discounting the expected future cash flows at the Bank's announced interest rates for deposits of similar characteristics.
- (f) The fair values of derivative assets are determined using fair values obtained from its counterparties, who are banks.
- (g) The fair values of debts issued and borrowings that are subordinated and unsubordinated debentures are determined using yield rates quoted by Thai Bond Market Association. The fair values of debts issued and borrowings that bear fixed interest rates are determined by discounting the expected future cash flows by market interest rates on borrowings of similar conditions.

#### 42. Events after the reporting period

On 21 February 2018, the Board of Director's Meeting No.2/2561 of the Bank passed a resolution approving issuance and offering of short term and/or long term debt securities with a limit of not exceeding Baht 10,000 million and a term of not over 10 years and 6 months. Issuance and offering of short term and/or long term debt securities must be approved by the 2018 Annual General Meeting of shareholders to be held on 19 March 2018 and the Securities and Exchange Commission.

#### 43. Approval of financial statements

These financial statements were authorised for issue by the Bank's Board of Directors on 21 February 2018.

## REFERENCE INFORMATION

<b>Auditor</b>	:	<b>EY Office Limited</b>
<b>Auditors</b>		Miss Ratana Jala Certified Public Accountant (Thailand), registration No. 3734 Miss Somjai Khunapasut Certified Public Accountant (Thailand), registration No. 4499 Miss Rachada Yongsawadvanich Certified Public Accountant (Thailand), registration No. 4951
<b>Address:</b>		193/136-137, 33 <sup>rd</sup> Floor, Lake Rajada Office Complex, Rajadapisek Road, Klongtoey, Bangkok 10110
<b>Tel:</b>		0 2264 0777
<b>Fax:</b>		0 2264 0789-90
<b>Website</b>		<a href="http://www.ey.com/th">www.ey.com/th</a>
<b>Financial Advisor</b>	:	<b>Asia Plus Advisory Company Limited</b>
<b>Address:</b>		175, 11 <sup>th</sup> Floor, Sathorn City Tower, South Sathorn Road, Thungmahamek, Sathorn , Bangkok 10120
<b>Tel:</b>		0 2680 4000
<b>Fax:</b>		0 2670 9291-2
<b>Website</b>		<a href="http://www.asiaplus.co.th">www.asiaplus.co.th</a>

## BRANCH INFORMATION

AREA	BRANCH		TELEPHONE
BANGKOK	LUMPINI OFFICE	G floor, Q House Lumpini	0 2359 0000 # 4801-4, 0-2677-7111
AND	Q House Asoke Branch	G floor, Q House Asoke	0 2204 2515-7
BOUNDARY	Q House Sathorn Branch	G floor, Q House Sathorn	0 2286 2646-7, 0 2105 3994
	Thonglo Branch	Near TSL showroom	0 2392 6053-5
	Park Lane (Ekkamai) Branch	1 floor, Park Lane Community Mall	0 2381 6573-5, 0 2714 4182
	Terminal 21 Branch	LG floor, next to Boots Shop	0 2254 0045-7, 0 2108 0674
	Wave Place (Phloen Chit) Branch	2 floor, Wave Place Building (Phloen Chit)	0 2254 4150-3, 0 2655 7128
	Silom Branch	Near Silom Complex	0 2235 8372-4
	Bangrak Branch	Opposite Robinson Bangrak	0 2235 7050-3
	Thanon Chan Branch	Soi Chan 18/8, Chan Road	0 2212 8639-41, 0 2212 8634, 0 2673 0453
	Maboonklong Center Branch	4 floors, Banking Zone	0 2853 3930-2
	Pratunam Branch	Behind Indra Square and next to KBank	0 2208 0860-2, 0 2656 3162
	Yaowaraj Branch	Soi Texas, Yaowaraj Road	0 2221 4600-2
	Sampheng Branch	Soi Wanit1, Mangkorn Road	0 2225 3552, 0 2225 3556-7, 0 2622 4938
	Wongwian 22 Karakada Branch	Soi Wat Phlaphla Chai	0 2223 4194-5, 0 2223-4280, 0 2623 0218
	Khlongthom Branch	Near SAB Junction	0 2223 2024-6
	Worachak Branch	In front of Worachak market	0 2221 6946-8, 0 2621 2026
	Bobae Branch	Entrance Princess Hotel	0 2280 9518, 0 2280 9530, 0 2280 9541, 0 2628 1356
	Banglamphu Branch	Sip Sam Hang Road	0 2282 4712-4, 0 2629 4162
	Talat Noi Branch	1 floor, Nattapoom Building, Song Wat Yak, Charoen Krung Road	0 2235 7463-5, 0 2639 6103
	The Old Siam Branch	1 floor, Burapha Road	0 2223 9866-8
	Pakhlomg Talat Branch	Opposite Thai Agriculture Promotion Market	0 2225 4932-4, 0 2623 7316
	Sena Fest (Charoen Nakorn) Branch	1 floor, Sena Fest, Charoen Nakorn Road	0 2437 0038-41, 0 2108 9040
Suksawat Branch	Sookniwate 3 Project, Soi Wat Khru Nok	0 2462 8364-6, 0 2819 2726	
Phrannok Branch	Opposite Phran Nok Market	0 2411 1272-4, 0 2866 0314	
Fashion Island Branch	2 floors, next to Nitipon Clinic	0 2947 5588	
The Promenade Branch	G floor, Near Gourmet Market	0 2947 5056-8, 0 2130 4200	
The Paseo Town (Ramkhamhaeng) Branch	2 floors, Near Daiso Shop	0 2111 3007-9	
The Circle Ratchapruk Branch	Next to Kids Park Zone	0 2863 8757-9, 0 2863 8762	
Sena Nikhom Branch	Opposite Mayo Hospital	0 2561 5577, 0 2561 2376, 0 2561 1957, 0 2941 1051	

AREA	BRANCH		TELEPHONE
BANGKOK AND BOUNDARY (CON.)	Saphankhwai Branch	On the same side of Big C, Near Saphan Khwai Junction	0 2278 1755-7, 0 2616 9407
	Talat Thai Branch	Near Fruit Market	0 2529 6162-3, 0 2529 6176-7, 0 2908 3420
	Future Park Rangsit Branch	2 floors, Central Zone	0 2958 5271-3
	Saphanmai Branch	Opposite Ying Charoen Market	0 2522 7088-91, 0 2971 1404
	Samutprakan Branch	Prakhonchai Road	0 2389 1683-5, 0 2702 6721
	Big C Rama 2 Branch	1 floor, near True Move Shop	0 2415 3737, 0 2415 3313, 0 2415 5423, 0 2415 7236
	Big C Bangna Branch	1 floor, next to Black Canyon	0 2361 6324-6
	Big C Bangplee Branch	1 floor, Banking Zone	0 2312 2626, 0 2312 2665, 0 2312 2667
	Big C Onnut Branch	3 floors, Food Court	0 2331 6471-3, 0 2742-6800
	Big C Tiwanon Branch	1 floor, next to Bangkok Bank	0 2527 4551-2, 0 2527 4557, 0 2968 3932
	Big C Rattanathibetch Branch	1 floor, gold shop area	0 2594 2578-80
	Tesco Lotus Rama I Branch	3 floors, Tesco Lotus Rama I	0 2214 3568-70, 0 2612 4920
	Tesco Lotus Rama 4 Branch	2 floors, Near the escalator	0 2249 5758-60, 0 2671 4697
	Tesco Lotus Bangna-Trad Branch	1 floor, Banking Zone	0 2316 3184-6, 0 2752 8143
	Tesco Lotus Srinakarin Branch	2 floors, near the cinema	0 2175 7712-4, 02 105 3995
	HomePro Phet Kasem Branch	1 floor, Plaza Zone, on the same side of HomePro area	0 2444 3045-7
	HomePro Suvarnaphumi Branch	3 floors, Banking Zone	0 2316 6701-4, 0 2002 1024
	Home Pro Ekamai-Ramindra Branch	Near Maesriruen Restaurant	0 2514 9112-4
	HomePro Prachachuen Branch	1 floor, HomePro Prachachuen	0 2589 6015, 0 2589 6071, 0 2589 6074, 0 2951 8353
	HomePro Phutthamonthon Sai 5 Branch	1 floor, HomePro Phuttamonthon	0 2482 1286-7, 034 109605
	Megahome Rangsit Branch	1 floor, Mega Home Rangsit	0 2516 0971-2, 0 2105 3935
	Central Rama 9 Branch	5 floors, Banking Zone	0 2160 3866-8
	Central Pinklao Branch	4 floors, Banking Zone	0 2433 1155, 0 2433 1352-3
	The Mall Thapra Branch	8 floor, in front of the supermarket	0 2477 9525, 0 2477 9497, 0 2477 9540
	The Mall Bangkae Branch	3 floors, Banking Zone	0 2454 9204-6
	The Mall Bangkok Branch	2 floors, opposite Nokia shop, on the same side of Plaza	0 2363 3489-91
	The Mall Ngamwongwan Branch	1 floor, opposite DTAC shop	0 2550 1287-9
	Seacon Bangkae Branch	3 floors, Banking Zone	0 2458 2846-9

AREA	BRANCH		TELEPHONE
BANGKOK	Seacon Square Branch	3 floors Banking Zone	0 2138 6180-2, 0 2721 9246
AND	Nakhonpathom Branch	Ratchawithi Road	0 3427 1981-3, 0 3421 0143
BOUNDARY	Samutsakhon Branch	Opposite Mahachai Christian School	0 3487 0737-9, 0 3487 0741, 0 3481 0877
(CON.)	Central Plaza Chaengwattana Branch	4 floors, near True Move Shop	0 2193 8130-2, 0 2024 8430
	HomePro Rama 3 Branch	1 floor, HomePro Rama 3	0 2164 4390-1, 0 2024 8959
	The Paseo (Ladkabang) Branch	Near McDonald's	0 2346 4211-3, 0 2024 8564
NORTH	HomePro Chiangrai Branch	1 floor, HomePro Chiangrai	0 5360 4430-1, 0 5202 9835, 0 5360 4430-1
	HomePro Phrae Branch	1 floor, HomePro Phrae	0 5453 1955-6, 0 5406 9505, 0 5453 1955-6
	HomePro Lampang Branch	1 floor, HomePro Lampang	0 5481 1481-2, 0 5481 1481-2
	Tesco Lotus Ruamchok (Chiang Mai) Branch	2 floors, Tesco Lotus Ruamchok	0 5301 4285, 0 5385 2027, 0 5301 4124-5
	Big C Hangdong Branch	1 floor, Banking Zone	0 5344 7855-7
	Talat Warorot Branch	Entrance Warorot Market	0 5325 2223-5
	Chiangrai Branch	Thanalai Road	0 5371 7873-6
NORTH EAST	HomePro Roiet Branch	1 floor, HomePro Roiet	0 4351 6849-50, 0 4303 9805
	HomePro Sakonnakhon Branch	1 floor, HomePro Sakonnakhon	0 4271 2862, 0 4271 2868, 0 4209 9705
	HomePro Loei Branch	1 floor, HomePro Loei	0 4284 5827-8, 0 4203 9805
	HomePro Ubonratchathani Branch	1 floor, HomePro Ubonratchathani	0 4534 4738-9, 0 4595 9715
	HomePro Chaiyaphum Branch	1 floor, HomePro Chaiyaphum	0 4405 1842-3, 0 4410 9705
	HomePro Buriram Branch	1 floor, HomePro Buriram	0 4469 0490-1, 0 4411 9805
	HomePro Surin Branch	1 floor, HomePro Surin	0 4451 9902-3
	HomePro Khao Yai Branch	1 floor, HomePro Khao Yai	0 4492 9458-9, 0 4432 8033
	HomePro Nakhonratchasima (Huathalae) Branch	1 floor, HomePro Nakhonratchasima (Huathalae)	0 4492 0530-1
	Mega Home Nongkhai Branch	1 floor, Mega Home Nongkhai	0 4299 0453-4, 0 4246 4229
	Khonkaen Branch	Sri Chan Road	0 4323 5244, 0 4323 5258, 0 4323 5260, 0 4324 5364, 0 4324 5366, 0 4324 5415
	Central Khonkaen Branch	2 floors, Central Plaza Khonkaen	0 4328 8540-3
	Central Udonthani Branch	3 floors, Central Udonthani	0 4213 6155-7, 0 4234 3341
NORTH EAST	Udonthani Branch	Near 5 Yaek Namphu	0 4223 0280-2, 0 4223 0284, 0 4223 0286,
(CON.)	Ubon Ratchathani Branch	Chayangkun Road	0 4234 3788, 0 4223 0308 0 4524 2584-6, 0 4526 2311
	The Mall Nakhonratchasima Branch	B floor, next to TMB Bank	0 4439 3925-7, 0 4428 8118
	Pak Chong Branch	Pak Chong Market	0 4431 4882-4, 0 4408 1114

AREA	BRANCH		TELEPHONE
NORTH EAST	Megahome Nakhonphanom Branch	1 floor, Mega Home Nakhonphanom	0 4251 1981-2, 0 4219 9783
(CON.)	Terminal 21 Korat Branch	2 floors, Terminal 21 Korat	0 4449 8511-4, 0 4408 1115
MIDDLE	HomePro Saraburi Branch	1 floor, HomePro Saraburi	0 3622 4471-2, 0 3667 9715
	HomePro Lopburi Branch	1 floor, HomePro Lopburi	0 3677 6095-6, 0 3668 9805
	HomePro Suphanburi Branch	Malai Man Road	0 3552 2346-7, 03596 9605
	Big C Ayutthaya Branch	2 floors, Big C Ayutthaya	0 3574 7133-4, 0 3595 9715
	HomePro Sukhothai Branch	1 floor, HomePro Sukhothai	0 5561 6631-2, 0 5562 0004
	HomePro Nakhonsawan Branch	1 floor, HomePro Nakhonsawan	0 5637 1357-8, 0 5600 9735
	HomePro Phetchabun Branch	1 floor, HomePro Phetchabun	0 5671 9541-2, 0 5602 9705
	Phitsanulok Branch	Baromatrilokanart Road	0 5525 8051-3, 0 5521 9033
	Nakhonsawan Branch	Sawan Withi Road	0 5622 8521-3, 0 5631 1015
	Ayutthaya City Park Branch	1 floor, opposite Boots Shop	0 3580 1929-31, 0 3590 2349
WEST	HomePro Kanchanaburi Branch	1 floor, HomePro Kanchanaburi	0 3460 2695-6, 0 3462 2043
	HomePro Samutsongkhram Branch	1 floor, HomePro Samutsongkhram	0 3477 0898-9, 0 3472 3027
	HomePro Phetchaburi Branch	1 floor, HomePro Phetchaburi	0 3247 4575-6, 0 3241 0062
	HomePro Prachuap Khiri Khan Branch	1 floor, HomePro Prachuap Khiri Khan	0 3265 2151-2
	Robinson Ratchaburi Branch	1 floor, Robinson Ratchaburi	0 3232 8025-7, 0 3231 0330
	Hua Hin Branch	Opposite Prachuap Khiri Khan Highway District	0 3251 3420-2
	Megahome Mae Sot Branch	1 floor, Mega Home Mae Sot	0 5550 6993-4
EAST	HomePro Chonburi Branch	2 floors, HomePro Chonburi	0 3838 7924-6
	HomePro Chonburi (AMATA) Branch	1 floor, HomePro Chonburi (AMATA)	0 3824 2052-4, 0 3304 6235
	HomePro Chachoengsao Branch	1 floor, HomePro Chachoengsao	0 3851 3418-9, 0 3359 9515
	Home Pro Chanthaburi Branch	1 floor, Home Pro Chanthaburi	0 3941 8112-3, 0 3960 9815
	Home Pro Prachinburi Branch	1 floor, Home Pro Prachinburi	0 3748 2338-9, 0 3762 9755
	Mega Home Bowin Branch	1 floor, Mega Home Bowin	0 3811 9168-9
	Mega Home Kabinburi Branch	1 floor, Mega Home Kabinburi	0 3748 0314-5, 0 3720 2003
	Mega Home Aranyaprathet Branch	1 floor, Mega Home Aranyaprathet	0 3724 7440-1, 0 3760 9824
	Sri Racha Branch	SI Racha Nakorn Road	0 3832 5693-5
	Big C Pattaya Klang Branch	2 floors, next to 3BB Shop	0 3842 8946-8, 0 3836 0200
	Rayong Branch	Sukhumvit road, Next to TMB Bank	0 3861 9434-6, 0 3886 4486
SOUTH	HomePro Phuket (Chalong) Branch	1 floor, HomePro Phuket (Chalong)	0 7638 4618-9, 0 7668 1135
	HomePro Phuket (Thalang) Branch	1 floor, HomePro Phuket (Thalang)	0 7639 0430-1

AREA	BRANCH		TELEPHONE
SOUTH	HomePro Trang Branch	1 floor , HomePro Trang	0 7550 2276-7, 0 7582 9705
(CON.)	HomePro Phatthalung Branch	1 floor, HomePro Phatthalung	0 7460 3663, 0 7460 3667, 0 7462 1219
	HomePro Chumphon Branch	1 floor, HomePro Chumphon	0 7765 8893-4, 0 7797 9905
	Tesco Lotus Samui Branch	1 floor, Tesco Lotus Samui	0 7743 0628-30, 0 7725 6091
	Tesco Lotus Phuket Branch	G floor, Banking Zone	0 7630 4113-5
	Phuket Branch	ThepKasattri Road	0 7635 5305-9
	Patong Branch	In front of Soi The Royal Paradise	0 7634 0770-1, 0 7634 0773, 0 7634 0775, 0 7634 0778, 0 76340 0801, 0 7629 2013
	Krabi Branch	Maha Rat Road	0 7562 0292-3, 0 7562 0377, 0 7563 0027
	Nakhonsithammarat Branch	Pattanakarn-Khukhwang Road	0 7535 7617-9, 0 7531 7770, 0 7535 7617-20
	Hatyai Branch	Niphat Uthit 2 Road	0 7422 5622-3, 0 7422 5628, 0 7435 0067
	Big C Hat Yai 2 Branch	1 floor, Big C Hat Yai	0 7455 5211, 0 7455 5281-2, 0 7434 4014
	Central Suratthani Branch	3 floors, Banking Zone	0 7760 2709-12
	Samui (Lamai) Branch	Rob Koh road, opposite Lamai Resort	0 7745 8599, 0 7745 8600, 0 7795 4031, 0 7745 8640

ธนาคารแลนด์ แอนด์ เฮาส์ จำกัด (มหาชน)

1 อาคารคิวเฮาส์ ลุมพินี ถนนสาทรใต้

แขวงทุ่งมหาเมฆ เขตสาทร กรุงเทพฯ 10120

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