

**Report of Independent Financial Advisor's Opinions on
Business Restructuring and Merger Appropriateness**

of



Thanachart Capital Public Company Limited

by



Silom Advisory Company Limited

21 August 2019

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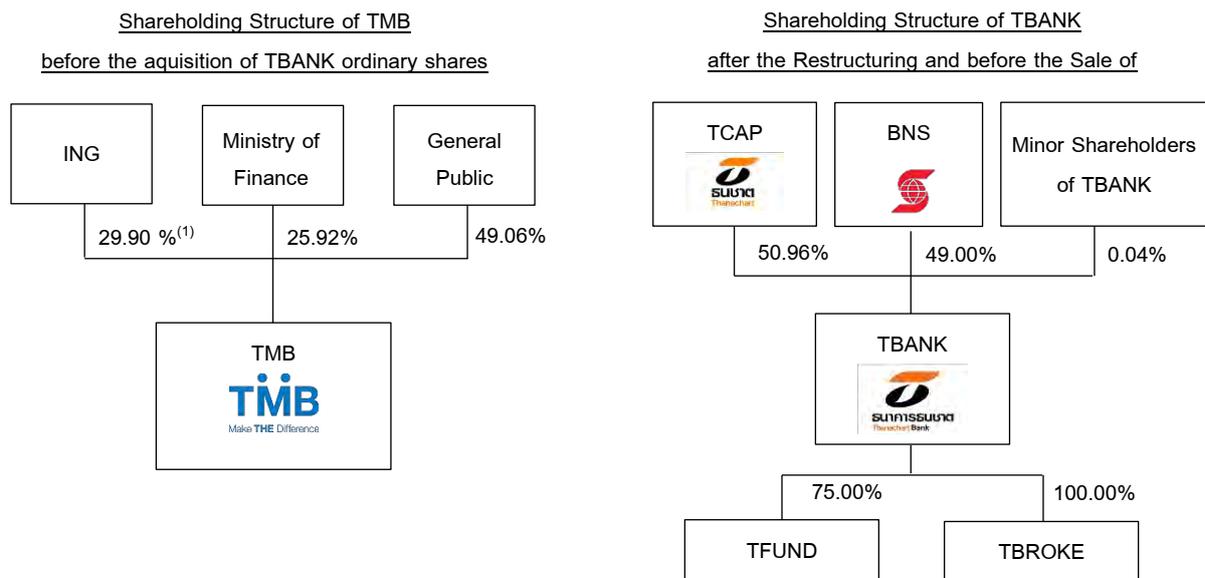
To Shareholders
Thanachart Capital Public Company Limited ("The Company" or "TCAP")

Subject Opinion of the Independent Financial Advisor Regarding to the Asset Acquisition

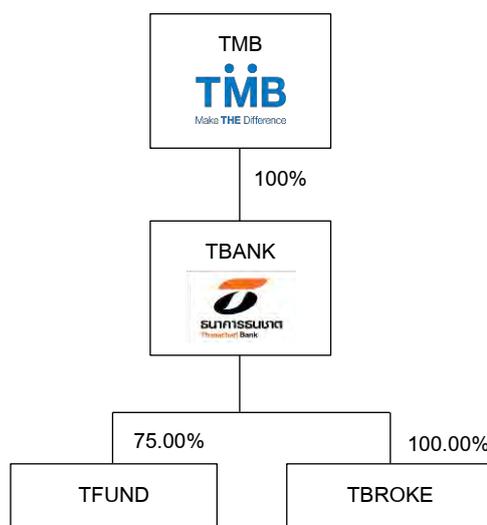
TCAP's Board of Directors, in its Meeting No. 9/2019 on August 7, 2019, has resolved to approve the Restructuring, the Merger, and the relevant arrangements, including such approval to convene the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on September 23, 2019 to consider approving the relevant arrangements, with the essential details as follows:

- (a) the business restructuring of TCAP and TBANK (the "**Business Restructuring**"),
- (b) the sale of ordinary shares of TBANK,
- (c) the acquisition of the newly issued ordinary shares of TMB, and
- (d) the transfer of the entire business of TBANK to TMB. Initially,

the undertakings as per items (a) – (c) have been scheduled to take place within December 2019 (the "**Transaction Date**") and the entire business transfer as per item (d) has been scheduled to take place within 2021. The details of the above undertakings are shown in Enclosure 1 (*Information Memorandum regarding the Business Restructuring and Merger Plan between Thanachart Bank Public Company Limited and TMB Public Company Limited (Schedule 1)*).



Shareholding Structures of TMB and TBANK
after the Sale of TBANK Ordinary Shares



In addition, the Board of Directors' Meeting also resolved to approve the relevant undertakings in relation to a transaction occurring after the completion of the Business Restructuring, which are the acquisition of the ordinary shares of the following companies made by TCAP from Scotia Netherlands Holdings B.V. ("**BNS**"),

TBANK will sell all of ordinary shares held by it in its subsidiaries as well as certain other companies (collectively, "**Subsidiaries and Other Companies**") to all of TBANK's shareholders in proportion to their respective shareholdings, by offering shares in the Subsidiaries and Other Companies to (a) TCAP, a shareholder of TBANK who holds 50.96 percent of shares in TBANK, (b) Scotia Netherlands Holdings B.V. ("**BNS**"), a shareholder of TBANK who holds 49.00 percent of shares in TBANK, and (c) TBANK's minority shareholders (as

of April 4, 2019, TBANK has 743 minority shareholders), holding collectively 0.04 percent of total issued shares of TBANK, in order to ensure the equal treatment of all shareholders in TBANK.

As part of the Restructuring, TBANK will sell such shares in the Subsidiaries and Other Companies to all shareholders of TBANK in proportion to their respective shareholdings, with the details as follows:

- Enter to the acquisition of ordinary shares of A special-purpose vehicle no. 1 (“SPV1”) incorporated by TBANK for 49.02 of total paid-up share capital
- Enter to the acquisition of ordinary shares of A special-purpose vehicle no. 2 (“SPV2”) incorporated by TBANK for 49.00 of total paid-up share capital
- Enter to the acquisition of ordinary shares of TSAMC for 49.00 of total paid-up share capital
- Enter to the acquisition of ordinary shares of MBK for 4.85 of total paid-up share capital
- Enter to the acquisition of ordinary shares of PRG for 4.81 of total paid-up share capital

and the entering into the term sheet by and between TCAP (as the purchaser) and BNS (as the seller) (the “**Term Sheet**”) in respect of the above undertakings. However, the above undertakings would not be considered as a part of the Business Restructuring and the merger between TBANK and TMB. The transactions are considered as following

The Sale of TBANK Ordinary Shares held by TCAP, representing 50.96 percent of all issued shares of TBANK, to TMB is not deemed as a connected transaction under the Notifications on Connected Transactions. However, this transaction is deemed as a disposal of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Sale of TBANK Ordinary Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 145.56 percent. Therefore, the Sale of TBANK Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Sale of TBANK Ordinary Shares to the SET, obtain approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer its opinion on the Sale of TBANK Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP's shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition or Disposal of Assets. Moreover, the Sale of TBANK Ordinary Shares is also deemed as a disposal or transfer of TCAP's business in substantial part to another person pursuant to Section 107(2)(a) of the Public Company Limited Act, and as such, TCAP requires approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.

Subscription of TMB Newly Issued Ordinary Shares: TCAP's acquisition of approximately 20.1 - 23.3 percent of TMB's newly issued ordinary shares is not deemed as a connected transaction under the Notifications on

Connected Transactions. However, this transaction is deemed as an acquisition of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Subscription of TMB Newly Issued Ordinary Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 92.37 percent. However, upon combination of this transaction size with other acquisition transactions of the past months which have not been approved by the shareholders' meeting, namely the acquisition of shares of the Subsidiaries and Other Companies from BNS, as detailed in the Annex 2 (*Information Memorandum on the Acquisition of Assets after the Business Restructuring (Schedule 1)*), the transaction size is equal to 107.44 percent. Therefore, the Subscription of TMB Newly Issued Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Subscription of TMB Newly Issued Ordinary Shares to the SET, obtain approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholder who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer an opinion on the Subscription of TMB Newly Issued Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP's shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition or Disposal of Assets.

Restructuring: The offering for sale of shares of the Subsidiaries and Other Companies of TBANK to all shareholders to TBANK in proportion to their respective shareholding, whereby TCAP, as a major shareholder of TBANK, will acquire such shares of the Subsidiaries and Other Companies in proportion to their respective shareholdings, is regarded as a shareholding restructuring by way of share transfer and acceptance of share transfer between companies within the same group. As such, this is not deemed as an acquisition or disposal of assets under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (the "Notifications on Acquisition or Disposal of Assets"), and is not deemed as a connected transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003)) as amended((the "Notifications on Connected Transactions"). However, the acquisition of shares of the Subsidiaries and Other Companies from TBANK under the Restructuring is deemed as an acquisition or acceptance of transfer of business of another company or private company as part of TCAP pursuant to Section 107)2)(b)(of the Public Company Limited Act B.E. 2535 (1992))and its amendment)(the "Public Company Limited Act", and as such, TCAP requires approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.

In order to calculate the number in this report, some figures and values are typically rounded up by two or three digits based on case by case in which the derived numbers may not equal to such figure and value appeared in this report.

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Attachment

Attachment 1	Details of relevant Agreement
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Glossary

Abbreviation	Definition
TCAP or The Company	: Thanachart Capital Public Company Limited
TBANK	: Thanachart Bank Public Company Limited
THANI or Ratchthani	: Ratchthani Leasing Public Company Limited
MBK	: MBK Public Company Limited
PRG	: Patum Rice Mill and Granary Public Company Limited
TNS	: Thanachart Securities Public Company Limited
TNI	: Thanachart Insurance Public Company Limited
SEACON	: Seacon Development Public Company Limited
TSAMC	: TS Asset Management Company Limited
AJNMT	: Ajinomoto Co., (Thailand) Ltd.
SPV1	: special-purpose vehicle no. 1
SPV2	: special-purpose vehicle no. 2
TFUND	: Thanachart Fund Management Company Limited
TMS	: Thanachart Management and Service Company Limited
TTD	: Thanachart Training and Development Company Limited
TBROKER	: Thanachart Broker Company Limited
SSV	: Security Scib Services Company Limited
TGL	: Thanachart Group Leasing Company Limited
TMB	: TMB Bank Public Company Limited
TMBAM	: TMB Asset Management Co., Ltd.
PHAMC	: Phahonyothin Asset Management Co., Ltd.
IFA or The IFA	: Silom Advisory Company Limited
SEC	: The Securities and Exchange Commission
SET	: The Stock Exchange of Thailand
Opinion of the Independent Financial Advisor	: Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness
Notifications on Asset Acquisition and Disposal	: The Notification of the Capital Market Supervisory Board No. TorChor. 20/2551, Re: Rules on Entering into Material Transactions Deemed as Acquisition or Disposal of Assets, dated 31 August 2008 (as amended), and the Notification of the Board of Governors of the Stock Exchange of Thailand, Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets, dated 29 October 2004 (as amended)

Section 1 : Executive Summary

Whereas, (a) Thanachart Capital Public Company Limited (“**TCAP**”) and The Bank of Nova Scotia, and (b) TMB Bank Public Company Limited (“**TMB**”) have voluntarily contemplated to merge the businesses of Thanachart Bank Public Company Limited (“**TBANK**”) and TMB in accordance with the policy supported by the government, which includes tax incentives pursuant to the measures applicable to such transaction. The business merger between the two banks will result in the formation of a larger-scale commercial bank, improve the competitiveness in financial business sector, minimize management costs, enhance the efficiency of provision of a wider variety of products and services to cater to customers’ needs, and efficiently promote the economic development to the country, which will strengthen and stabilize the financial institution system, and boost the people’s confidence in Thailand’s financial institution system. The major shareholders of the bank formed by the merger between TBANK and TMB (the “**Merged Bank**”) will comprise ING Group N.V. (“**ING**”), TCAP, and the Ministry of Finance.

The merger will significantly build up the Merged Bank’s business size and potential towards being the leading large-scale bank in the country. After the merger, the Merged Bank will have total assets of approximately THB 1.9 Trillion, with over 10 million customers, and will be ranked as the sixth largest bank in the Thai commercial bank industry.

The strengths of both banks’ businesses are supportive to each other. In other words, TMB’s strengths stand out by its ability to strategically raise deposits through innovative deposit products distinctively from conventional products, while TBANK is the leader in retail lending portfolios, particularly auto loan portfolio. Therefore, the merger will help improve the potential for raising deposits from more customers and create a well-balanced loan portfolio, which will optimize the business operations in three key synergies:

Balance Sheet Synergies: The merger will increase the business value as a result of the balance sheet optimization through utilization of assets and fund raising with efficiency, which will bring about the opportunity of deriving a higher rate of return on assets and keeping the cost of fund down.

Cost Synergies: The merger will enjoy the benefit of greater economy of scale, particularly the integration of key supporting units, such as, IT investment infrastructures and marketing.

Revenue Synergies: The merger will help double size the customer base and generate revenue synergies. The integrated operations will efficiently enhance the ability to introduces more innovative financial products and services to cater customers’ needs.

In this respect, TCAP and the respective parties, namely, 1) ING; 2) The Bank of Nova Scotia; 3) TBANK; and 4) TMB, have signed a Non-binding Memorandum of Understanding in relation to the merger between TBANK and TMB on February 26, 2019 to set out the scope of their mutual understanding and basis of further discussion in relation to series of transactions among the parties. The purpose of such business merger between TBANK and TMB is to integrate the business operations for a larger and stronger commercial bank.

The implementation for the merger between TBANK and TMB can be divided into 2 phases as follows

1. Prior to the Merger, through the business restructuring of TBANK and TCAP, whereby TBANK will sell all ordinary shares held by it in subsidiaries and certain other companies to all TBANK's shareholders in proportion to their respective shareholdings.
2. The Merger, of which the plan comprises 1) TMB offering to purchase ordinary shares of TBANK from all of TBANK's shareholders, 2) TMB offering its newly issued ordinary shares to all of TBANK's shareholders, and 3) TBANK's entire business transfer to TMB.

and the approve entering into the term sheet by and between TCAP (as the purchaser) and BNS (as the seller) (the "**Term Sheet**") to acquire various companies shares which BNS received from the restructuring. However, the above undertakings would not be considered as a part of the Business Restructuring and the merger between TBANK and TMB.

(Please see the detail of procedure, price and other detail of the transaction in section 3 : Details of the Transaction)

The transactions are considered as following

- 1) **Restructuring:** The offering for sale of shares of the Subsidiaries and Other Companies of TBANK to all shareholders to TBANK in proportion to their respective shareholding, whereby TCAP, as a major shareholder of TBANK, will acquire such shares of the Subsidiaries and Other Companies in proportion to their respective shareholdings, is regarded as a shareholding restructuring by way of share transfer and acceptance of share transfer between companies within the same group. As such, this is not deemed as an acquisition or disposal of assets under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (the "Notifications on Acquisition or Disposal of Assets"), and is not deemed as a connected transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003)) as amended((the "Notifications on Connected Transactions"). However, the acquisition of shares of the Subsidiaries and Other Companies from TBANK under the Restructuring is deemed as an acquisition or acceptance of transfer of business of another company or private company as part of TCAP pursuant to Section 107)2)(b) of the Public Company Limited Act B.E. 2535 (1992)) and its amendments) (the "Public Company Limited Act", and as such, TCAP requires approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.

- 2) **The Sale of TBANK Ordinary Shares** held by TCAP, representing 50.96 percent of all issued shares of TBANK, to TMB is not deemed as a connected transaction under the Notifications on Connected Transactions. However, this transaction is deemed as a disposal of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Sale of TBANK Ordinary Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 145.56 percent. Therefore, the Sale of TBANK Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Sale of TBANK Ordinary Shares to the SET, obtain approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer its opinion on the Sale of TBANK Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP's shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition or Disposal of Assets. Moreover, the Sale of TBANK Ordinary Shares is also deemed as a disposal or transfer of TCAP's business in substantial part to another person pursuant to Section 107(2)(a) of the Public Company Limited Act, and as such, TCAP requires approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.
- 3) **Subscription of TMB Newly Issued Ordinary Shares:** TCAP's acquisition of approximately 20.1 - 23.3 percent of TMB's newly issued ordinary shares is not deemed as a connected transaction under the Notifications on Connected Transactions. However, this transaction is deemed as an acquisition of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Subscription of TMB Newly Issued Ordinary Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 92.37 percent. However, upon combination of this transaction size with other acquisition transactions of the past months which have not been approved by the shareholders' meeting, namely the acquisition of shares of the Subsidiaries and Other Companies from BNS, as detailed in the Annex 2 (*Information Memorandum on the Acquisition of Assets after the Business Restructuring (Schedule 1)*), the transaction size is equal to 107.44 percent. Therefore, the Subscription of TMB Newly Issued Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Subscription of TMB Newly Issued Ordinary Shares to the SET, obtain approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholder who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer an opinion on the Subscription of TMB Newly Issued Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP's shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its

independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition

By studying relevant information including various conditions as well as advantages-disadvantages of entering into the transaction, risks from entering into the transaction in opinion of the advisor on each transaction against the agenda of Extraordinary General Meeting of Shareholders of Thanachart Capital No.1/2019 on September 23, 2019 can be summarized as follows:

Agenda	Agenda of Extraordinary General Meeting of Shareholders of TCAP No.1/2019 ¹	IFA's Opinion ²
1	To consider and adopt the minutes of the 2019 Annual General Meeting of Shareholders;	-
2	To consider and acknowledge the business restructuring of TCAP and Thanachart Bank Public Company Limited and merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited;	-
3	<p>To consider and approve the important undertakings in relation to the business restructuring of TCAP and Thanachart Bank Public Company Limited as follows:</p> <p>3.1 To consider and approve that TCAP purchase ordinary shares of the subsidiaries and other companies held by Thanachart Bank Public Company Limited, in the proportion to be offered to TCAP;</p> <p>3.2 To consider and approve that TCAP purchase ordinary shares of the subsidiaries and other companies held by Thanachart Bank Public Company Limited, in the proportion to be offered to minority shareholders of Thanachart Bank Public Company Limited through the account "TCAP for Offering to Minority Shareholders of TBANK" in order for TCAP to be able to offer the ordinary shares of the Subsidiaries and Other Companies as contained in such account to the minority shareholders of Thanachart Bank Public Company Limited;</p>	<p><u>The IFA opines that it is appropriate, and the shareholders should approve this agenda</u> Since the restructuring will result in the flexibility in managing the investment as TCAP will hold the investment directly instead of holding through TBANK. The restructuring will offer the shares to the TBANK shareholders according to the shareholding proportion in TBANK therefore the Company has to acquire the shares under the restructuring instead of 743-retail investors and reoffer them later in order to facilitate the restructuring process which has to complete before the merger between 2 banks as the conditions precedence defined. The basis determining value of the transaction classified into 1) Listed shares which is the 90 percent of the 30 days weighted average market price 2) Non-listed shares which is book value or accounting cost of TBANK. The IFA views that the basis determining value is appropriate for the restructuring from indirect to direct investment (Please see the detail in Section 3 Page 46 no. 3.6.1 Basis for Determination of the Selling Price of the Ordinary Shares of the Subsidiaries and Other Companies)</p>

Agenda	Agenda of Extraordinary General Meeting of Shareholders of TCAP No.1/2019 ¹	IFA's Opinion ²
4	<p>To consider and approve the important undertakings in relation to merger plan between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited as follows:</p> <p>4.1 To consider and approve that TCAP sell all of ordinary shares of Thanachart Bank Public Company Limited held by it to TMB Bank Public Company Limited;</p> <p>4.2 To consider and approve that TCAP purchase newly issued ordinary shares of TMB Bank Public Company Limited in proportion to be offered to TCAP;</p> <p>4.3 To consider and approve that TCAP purchase newly issued ordinary shares of TMB Bank Public Company Limited in proportion to be offered to minority shareholders of Thanachart Bank Public Company Limited through the account "TCAP for Offering to Minority Shareholders of TBANK" in order for TCAP to be able to offer the newly issued ordinary shares as contained in such account to the minority shareholders of Thanachart Bank Public Company Limited;</p>	<p>The IFA opines that it is appropriate, and the shareholders <u>should approve this agenda</u> Since the merger will result in greater benefit e.g. increasing the future competitiveness of merged bank by merger customer base , integration strength in terms of loan, deposit, capital and others knowledge, the economy of scale etc. even the Company will hold only 20.1 - 23.3 of paid up share capital of the merged bank, the Company still involve in the management as one of major shareholder. However, the Company has to subscribe the newly-issue shares of TMB for the 743 - retail investors of TBANK which will be reoffered the subscription shares later in order to facilitate the transaction on the transaction date.</p> <p>The acquisition and disposal shares of TBANK and TMB, The IFA opines that the pricing is appropriate assumed the transaction date is 31 December 2018 where the transaction price is in range of IFA's fair value. The IFA has evaluated fair value of TBANK after the restructuring, the fair value is 130,481.00 – 164,369.84 Million Baht comparing to the selling value of TBANK at 158,371.28 Million Baht under the assumption that the transaction occurred on 31 December 2018 is appropriate. The IFA has evaluated fair value of TMB after increasing its share capital, the fair value is between 131,268.69 – 157,940.77 Million Baht or equivalent to 0.93 – 1.12 times of book value of TMB as of 31 December 2018 adjusted by proceeds from increasing share capital. Comparing the implied fair value per book value at 0.93 – 1.12 times and 1.10 times, the TMB subscription price is appropriate. (Please see the detail in Section 5: Valuation)</p>
5	<p>To consider and approve that TCAP purchase ordinary shares of certain subsidiaries and other companies to be held by Scotia Netherlands Holdings B.V. after the business restructuring of TCAP and Thanachart Bank Public Company Limited; and</p>	<p>The IFA opines that it is appropriate, and the shareholders <u>should approve this agenda</u> The acquisition of the shares from BNS is the utilization of proceeds from the restructuring and merger, and it will result in the increasing investment in the financial sector which is the company main business and the non-financial sector which diversifies portfolio of the Company to the non-financial sector. In addition, the acquisition value is appropriate by the assumption pricing on 31 December 2018, BNS will receive the shares from the restructuring for 10,701 Million Baht, then offer the whole package to the Company for 12,082 Million Baht. The IFA views that the acquisition is appropriate since the fair value evaluated by IFA is between 12,732.85 – 13,650.06 Million Baht. However, the total package value might differ on the</p>

Agenda	Agenda of Extraordinary General Meeting of Shareholders of TCAP No.1/2019 ¹	IFA's Opinion ²
		<p>transaction date due to the adjustment of negotiation value and the market price of the listed company.</p> <p>(Please see the detail in Section 5 Page 76 no. 5.6 Advisor's opinion regarding the appropriateness of the purchase price of ordinary shares of various companies from BNS after the restructuring)</p>

Remark : 1 The consideration and approval in Agenda 3 and Agenda 4 are conditional upon each other. Therefore, if any of such matters is disapproved, the other matter that has already been approved shall be cancelled and no other related matter shall be further considered.

2 Please consider the details of the opinion of the independent financial advisor in Section 4 Reasonableness of the Transaction

The IFA has evaluated the fair value of all ordinary shares of the company related to this transaction by evaluating the fair value of the equity of the companies related to this transaction and divide the value with the total number of ordinary shares sold in the companies related to this transaction in order to obtain the fair value of the ordinary shares of the companies. As the entry into this transaction is based on the price of the transaction from the financial statements, audited or reviewed in the future, adjusted with future operating results that are not yet known. Therefore, IFA considered as if the restructuring and merger transaction occurred based on information and numbers in the financial statements for the year ended 31 December 2018 and adjusted with items that can be estimated in the future according to information that appears in the public of both the Company and TMB for information to shareholders in principle of entering into the transaction and is the information for the shareholders' decision to enter into this transaction.

IFA has summarized the valuation of TBANK and TMB groups as follows.

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	Shareholding Proportion of TBANK / TMB (%)	Value of Ordinary Shares in Proportion (Million Baht)
Thanachart Bank Public Company Limited Group (TBANK)				
1. TBANK Group Valuation using Sum of the Parts				
1. Thanachart Bank Public Company Limited	Discounted Dividend Approach	96,363.34 – 115,376.92	N/A	96,363.34 – 115,376.92
2. Thanachart Fund Management Company Limited	Discounted Cash Flows Approach	8,648.91 – 9,726.57	75.00%	6,486.68 – 7,294.93
3. Thanachart Broker Company Limited	Discounted Cash Flows Approach	1,008.63 – 1,109.70	99.99%	1,008.63 – 1,109.70
4. Cash expected to be received from the post-tax restructuring	-	26,622.46	N/A	26,622.46
Total value of TBANK Group according to the Sum of the Parts				130,481.00 – 150,403.90

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	Shareholding Proportion of TBANK / TMB (%)	Value of Ordinary Shares in Proportion (Million Baht)
2. TBANK Group Valuation using Price-to-Book Value (PBV)				
1. Thanachart Bank Public Company Limited	Price-to-Book Value	153,712.92 – 164,369.84	N/A	153,712.92 – 164,369.84
Total value of TBANK Group according to the Sum of Parts and Price-to-Book Value Approach				130,481.00 – 164,369.84 Million Baht or 21.51 – 27.10 Baht per Share
TMB Bank Public Company Limited Group (TMB)				
1. TMB Group Valuation using Sum of the Parts				
1. TMB Bank Public Company Limited	Discounted Dividend Approach	126,664.75 – 143,140.62	N/A	126,664.75 – 143,140.62
2. TMB Asset Management Company Limited	Book Value		35.00%	4,577.26
3. Phahonyothin Asset Management Company Limited	Book Value		100.00%	26.69
Total value of TMB Group according to the Sum of the Parts				131,268.69 – 147,744.57
2. TMB Group Valuation using Price-to-Book Value (PBV)				
1. TMB Bank Public Company Limited	Price-to-Book Value	147,700.68 – 157,940.77	N/A	147,700.68 – 157,940.77
Total value of TMB Group according to the Sum of Parts and Price-to-Book Value Approach				131,268.69 – 157,940.77 Million Baht or 1.74 – 2.10 Baht per Share

The book value of TMB Asset Management Company Limited and Phaholyothin Asset Management Company Limited are the book value according to the proportion that TMB holds as appeared in the financial statements for the year ended 31 December, 2018 of TMB.

According to the resolution of the Board of Directors of TMB No. 4/2019, 7 August 2019, the purchase price of TBANK's shares has been estimated from the book value of TBANK in the consolidated financial statements, add the gain from the restructuring, add an additional 9,245.00 million baht, less the book value of TBROKER according to the consolidated financial statements of TBANK, less the book value of TFUND according to the consolidated financial statements of the TBANK. IFA, therefore, considered as if the transaction was

occurred on 31 December 2018, which can simulate the value that TMB will buy from TBANK as per below table. The values shown below may differ from the actual trading values that will occur in the future.

	As of 31 December 2018	Unit
Total assets of TBANK	1,046,611.66	Million Baht
<u>Less</u> Total liabilities of TBANK	902,406.44	Million Baht
<u>Less</u> Shareholders' equity without control of TBANK	2,506.68	Million Baht
Value of shareholders' equity of TBANK	141,698.54	Million Baht
<u>Add</u> Gain from sale of investment that is expected to receive from restructuring of TBANK	5,331.20	Million Baht
<u>Add</u> Adjustments from revaluation of land and buildings	2,569.98	Million Baht
Value of shareholders of TBANK after adjusting the profit from the business restructuring	149,599.72	Million Baht
<u>Add</u> Surplus	9,245.00	Million Baht
<u>Less</u> Book value of TBROKER according to the consolidated financial statements of TBANK	155.81	Million Baht
<u>Less</u> Book value of TFUND according to the consolidated financial statements of TBANK	317.63	Million Baht
Value of the purchase of ordinary shares of TBANK	158,371.28	Million Baht
<u>Divided by</u> Number of ordinary shares	6,064,862,170	Share
Value of ordinary shares of TBANK per share	26.11	Million Baht

From the above table, IFA's opinions can be summarized as follows:

- The fair value of the ordinary shares of TBANK in accordance with the business consolidation method and the price-to-book value approach method is between 130,481.00 - 164,369.84 Million Baht. When comparing the said fair value range with the purchase price of TBANK's ordinary shares which is 158,371.28, based on the assumption that the aforementioned acquisition was made on 31 December 2018, it is found to be appropriate. The value of the transaction falls within the range of the fair value. Therefore, the transaction to dispose of the ordinary shares of TBANK as part of this transaction **is appropriate and the shareholders of TCAP should approve the sale of TBANK shares to TMB as part of this merger plan.**
- The fair value of the ordinary shares of TMB in accordance with the business consolidation method and the price-to book value approach are in the range of 131,268.69 - 157,940.77 Million Baht or 0.93 - 1.12 times the book value of TMB as of 31 December 2018 after adjustment with the value of money expected from the capital increase for this transaction of TMB which is equal to 141,278.91 Million Baht. When comparing the range of fair value to book value ratio of 0.93 - 1.12 times with the ratio of 1.10 times of the book value of TMB as of 31 December 2018 after adjustment with the cash expected from the increase capital which is like the price for entering into the transaction to acquire the ordinary shares of TMB by TBANK's shareholders in accordance with the criteria used

cash expected from the increase capital which is like the price for entering into the transaction to acquire the ordinary shares of TMB by TBANK's shareholders in accordance with the criteria used to determine the purchase and sale price of TMB new ordinary shares according to the resolution of the Board of Directors No. 9/2019, date 7 August 2019, it is found to be reasonable. The acquisition of TMB's ordinary shares as a part of this transaction **is appropriate and shareholders of TCAP should approve the acquisition of TMB's common shares as part of this merger plan.**

According to the term sheet by and between TCAP (as the purchaser) and BNS (as the seller) (the "Term Sheet") to acquire various companies shares, In giving an opinion on the appropriateness of the price of the purchase of ordinary shares of various companies from BNS after the restructuring, IFA will consider each case separately as follows:

1. To evaluate the fair value of the ordinary shares of THANI (which will be held by SPV1), including MBK and PRG, which are listed companies, IFA applied the Market Multiple Approach. IFA has collected the market price information of the ordinary shares of that company traded in the stock market and calculated the weighted average price of the ordinary shares of that company for the past 1 month, 3 months, 6 months, 9 months, and 12 months retrospective from 6 August 2019, which is the day before the date that the Board of Directors of the Company and TMB passed a resolution to enter into this transaction. The said valuation approach is in line with the pricing method for trading the ordinary shares in all 3 companies which are referring to the market price according to the information that IFA received from the management of the Company. Also, the IFA has a limitation in accessing various financial assumptions, therefore, consider that the Market Multiple Approach will reflect the fair value of the 3 companies for the restructuring transaction based on the above reasons and conditions.
2. To evaluate the fair value of the ordinary shares of SPV2, the IFA will use the Book Value Approach by referring to the financial statements for the year 2018 of each company. As IFA received information from the management of the Company that the Company will proceed with the TGL, TTD and TMS to liquidate the business after the restructuring is complete, therefore the Book Value Approach is appropriate for valuation of the ordinary shares of the business as follows. While IFA has limited access to financial assumptions of SEACON and AJNMT, and TBANK's proportion in these two companies is insignificant, therefore IFA opined that the Book Value Method is appropriate to evaluate the fair value of the ordinary shares of both companies as well. SSV has minus book value in which IFA considered it no value even it'll continue to provide services without any business expansion policy.
3. To evaluate the fair value of the ordinary shares of, IFA interviewed the management of TSAMC regarding the business operation guideline after the restructuring. IFA received information that TSAMC will not continue to expand the business further in the future. TSAMC will operate only on assets and resources they are having currently and may proceed with liquidation in the future. Hence, IFA considered that TSAMC should not have business growth in the future, so IFA has applied the Book Value Approach in the valuation of the fair value of TSAMC's ordinary shares.

The IFA has summarized the appropriateness of the purchase price of the ordinary shares of various companies from BNS after the restructuring as follows.

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	True holding proportion of BNS through TBANK (%)	Value of Ordinary Shares in Proportion (Million Baht)	Value that the company will purchase from BNS (Million Baht)	Value that BNS receive from the business restructuring ¹
1. Valuation of SPV1 group						
1. Ratchthani Leasing Public Company Limited	Market Multiple Approach	24,819.71 – 27,196.34	31.94%	7,927.77 – 8,686.90	5,539.00	5,539.00
Total SPV1 value compared to the value the Company will purchase from BNS in proportion				7,927.77 – 8,686.90	5,539.00	5,539.00
2. Valuation of SPV2 group						
1. Seacon Development Public Company Limited	Book Value Approach	4,197.64	2.22%	93.27		
2. Ajinomoto (Thailand) Company Limited	Book Value Approach	40,460.82	2.94%	1,189.54		
3. Thanachart Group Leasing Company Limited	Book Value Approach	405.20	49.00%	198.46		
4. Thanachart Training and Development Company Limited	Book Value Approach	37.95	49.00%	18.60		
5. Security Scib Services Company Limited	Book Value Approach	0.00	49.00%	0.00		
6. Thanachart Management and Service Company Limited	Book Value Approach	9.77	49.00%	4.79		
Total SPV2 value compared to the value the Company will purchase from BNS in proportion				1,504.66	3,367.00	1,986.00
3. Other valuations Related to the purchase of ordinary shares of various companies from BNS after the restructuring						
1. TS Asset Management Company Limited	Book Value Approach	2,463.12	49.00%	1,206.93	1,207.00	1,207.00
2. MBK Public Company Limited	Market Multiple Approach	35,607.50 – 38,471.23	4.85%	1,726.96 – 1,865.85	1,630.00	1,630.00
3. Pathum Rice Mill and Granary Public Company Limited	Market Multiple Approach	7,620.00 – 8,018.96	4.81%	366.52 – 385.71	339.00	339.00
Total value compared to the value the company will purchase from BNS in proportion				3,300.41 – 3,458.50	3,176.00	3,176.00
Total value according to item 1. - 3. Compared to the value that the company will buy from BNS in proportion				12,732.85 – 13,650.06	12,082.00²	10,701.00

Remark : 1 The Calculation assume the transaction date occurred on 31 December 2019

Based on the above table, it can be seen that the value of the various companies that the company will purchase from BNS in proportion that BNS will receive after the business restructuring which considered as a package that require to buy all the company's shares as a package, is appropriate when compared with the fair value of the ordinary shares of those companies from 12,732.85 – 13,650.06 Million Baht and the selling price under the assumption that transaction occurred on 31 December 2019 of 12,082.00 Million Baht. Thus, IFA opined that it **is appropriate and shareholders of TCAP should approve the purchase of the shares of those companies from BNS**

Summary of IFA Opinion

The entering into the transaction is for all stakeholders benefit, the restructuring is to complete the conditions precedence of the bank merger which has no intention of making profit from buy and sell investments along the restructuring process; On the contrary the Company will hold the investment directly which causing the Company flexibility to manage those investment as a holding company. In addition, the increasing of investment proportion in potential business is the utilization of the proceeds left from the restructuring and merger. The merger will result in the synergy between two commercial bank causing direct benefit to the shareholders, the customer will also be responded better services and the benefit to the overall stability of the financial institution system to be greater and higher diversified.

Considering the reasonableness of the restructuring the merger and the acquisition shares from BNS after the restructuring, including the appropriateness of the pricing, **the IFA opines that the transaction is appropriate and the shareholder of TCAP should approve the transactions mentioned above and the relevant agendas.**

However, the price as of the transaction date might differ from price and value under the assumption on 31 December 2018 according to the basis determining price which assumed to be the information for the shareholders consideration. The shareholders should consider the reasonableness and the IFA's opinion which is based on the assumption that gathered information, documents and draft documents, including interviews with the executives and related persons are complete and accurate. In addition, shareholders should consider conditions and specification of entering into the transaction. The IFA is of the opinion that the assumptions used in preparing financial projection are reasonable in accordance with economic conditions and existing information during the period of study. Any future possible changes may be the factors to affect the IFA's opinion. Hence, decision-making on whether to approve or disapprove entering into the transaction will mainly depend on shareholders' consideration.

Section 2: Practice and Information Used in the Preparation of IFA Report

The IFA considers and studies the information relating to the transaction based on the information provided by the Company, management interview, and public information including but not limited to:

1. The Company's Board of Directors minute, information memorandum disclosed via the SET in relation to the Transaction.
2. Document of the Companies relevant to the restructuring and asset acquisition and disposal
3. Consolidated financial statement of the Company and Companies relevant to the restructuring and asset acquisition and disposal as of 31 December 2016, 31 December 2017 and 31 December 2018 and 31 March 2019
4. Summary of the asset appraisal from 8 appraisers
5. Interviewing the Company's management and person relating to the Transaction
6. Annual Registration Statement (Form 56-1) of the Company
7. SET's statistic data and industry circumstance.

The IFA's opinion is based on the assumption that information and/or documents as well as interviews with the Company's management and person relating to the Assets Acquisition Transaction are true and correct in which the IFA considers and studies the information with the prudence and reasonableness according to professional conduct. In addition, the IFA assumes that all of the business contracts and agreements is enforceable and legal binding, and the condition is not changed, revoked, canceled, and there is no incident or condition which may significant affect the Assets Acquisition Transaction.

As such, If the information and/or documents which the IFA receives is not true and/or incorrect, and the business contracts and agreements is not enforceable and/or legal binding, and/or the condition is changed, revoked, canceled, and/or there is incident or condition which may significant affect the Assets Acquisition Transaction, it may affect the IFA opinion in which the IFA is not be able to give the opinion regarding the effect to the Company and the Company's shareholders.

The IFA's opinion is prepared based on the information which the IFA receives and the industry, economic, and other external conditions that arise during the preparation period. Those factors may be significant changed thereafter and may affect the IFA's opinion in which the IFA has no obligation to revise the opinion stated herein.

The IFA Report is prepared for the purpose of providing the sufficient information to the Company's shareholders in order to make the decision regarding Business Restructuring and Merger. The decision to approve or not approve depends on the Company's shareholders discretion. The Company's shareholders should study information and documents attached in the shareholders' meeting invitation letter with prudence and carefulness before making the decision so that the Company's shareholders could make the appropriate decision. This IFA Report doesn't guarantee the successfulness of the transactions or any effect which may be occur and the IFA has no obligation on any effects which directly or indirectly arise from the Assets Acquisition Transaction.

Section 3: Details of the Transaction

3.1 Objective and background of the transaction

Whereas, (a) Thanachart Capital Public Company Limited (“**TCAP**”) and The Bank of Nova Scotia, and (b) TMB Bank Public Company Limited (“**TMB**”) have voluntarily contemplated to merge the businesses of Thanachart Bank Public Company Limited (“**TBANK**”) and TMB in accordance with the policy supported by the government, which includes tax incentives pursuant to the measures applicable to such transaction. The business merger between the two banks will result in the formation of a larger-scale commercial bank, improve the competitiveness in financial business sector, minimize management costs, enhance the efficiency of provision of a wider variety of products and services to cater to customers’ needs, and efficiently promote the economic development to the country, which will strengthen and stabilize the financial institution system, and boost the people’s confidence in Thailand’s financial institution system. The major shareholders of the bank formed by the merger between TBANK and TMB (the “**Merged Bank**”) will comprise ING Group N.V. (“**ING**”), TCAP, and the Ministry of Finance.

The merger will significantly build up the Merged Bank’s business size and potential towards being the leading large-scale bank in the country. After the merger, the Merged Bank will have total assets of approximately THB 1.9 Trillion, with over 10 million customers, and will be ranked as the sixth largest bank in the Thai commercial bank industry.

The strengths of both banks’ businesses are supportive to each other. In other words, TMB’s strengths stand out by its ability to strategically raise deposits through innovative deposit products distinctively from conventional products, while TBANK is the leader in retail lending portfolios, particularly auto loan portfolio. Therefore, the merger will help improve the potential for raising deposits from more customers and create a well-balanced loan portfolio, which will optimize the business operations in three key synergies:

Balance Sheet Synergies: The merger will increase the business value as a result of the balance sheet optimization through utilization of assets and fund raising with efficiency, which will bring about the opportunity of deriving a higher rate of return on assets and keeping the cost of fund down.

Cost Synergies: The merger will enjoy the benefit of greater economy of scale, particularly the integration of key supporting units, such as, IT investment infrastructures and marketing.

Revenue Synergies: The merger will help double size the customer base and generate revenue synergies. The integrated operations will efficiently enhance the ability to introduces more innovative financial products and services to cater customers’ needs.

In this respect, TCAP and the respective parties, namely, 1) ING; 2) The Bank of Nova Scotia; 3) TBANK; and 4) TMB, have signed a Non-binding Memorandum of Understanding in relation to the merger between TBANK and TMB on February 26, 2019 to set out the scope of their mutual understanding and basis

of further discussion in relation to series of transactions among the parties. The purpose of such business merger between TBANK and TMB is to integrate the business operations for a larger and stronger commercial bank.

The implementation for the merger between TBANK and TMB can be divided into 2 phases as follows

3. Prior to the Merger, through the business restructuring of TBANK and TCAP, whereby TBANK will sell all ordinary shares held by it in subsidiaries and certain other companies to all TBANK's shareholders in proportion to their respective shareholdings.
4. The Merger, of which the plan comprises 1) TMB offering to purchase ordinary shares of TBANK from all of TBANK's shareholders, 2) TMB offering its newly issued ordinary shares to all of TBANK's shareholders, and 3) TBANK's entire business transfer to TMB.

The detail of the merger is as following;

1) Prior to the merger

Prior to the merger, TCAP and TBANK will proceed with the business restructuring of TCAP and TBANK (the "**Restructuring**") to enhance TCAP's role as a holding company that operates financing business by downsizing TBANK's business to the size comparable to TMB (after TMB has increased its capital to finance the implementation under this integration plan) for suitability of the merger. TBANK will sell all of ordinary shares held by it in its subsidiaries as well as certain other companies (collectively, "**Subsidiaries and Other Companies**") to all of TBANK's shareholders in proportion to their respective shareholdings, by offering shares in the Subsidiaries and Other Companies to (a) TCAP, a shareholder of TBANK who holds 50.96 percent of shares in TBANK, (b) Scotia Netherlands Holdings B.V. ("**BNS**"), a shareholder of TBANK who holds 49.00 percent of shares in TBANK, and (c) TBANK's minority shareholders (as of April 4, 2019, TBANK has 743 minority shareholders), holding collectively 0.04 percent of total issued shares of TBANK, in order to ensure the equal treatment of all shareholders in TBANK.

As part of the Restructuring, TBANK will sell such shares in the Subsidiaries and Other Companies to all shareholders of TBANK in proportion to their respective shareholdings, with the details as follows:

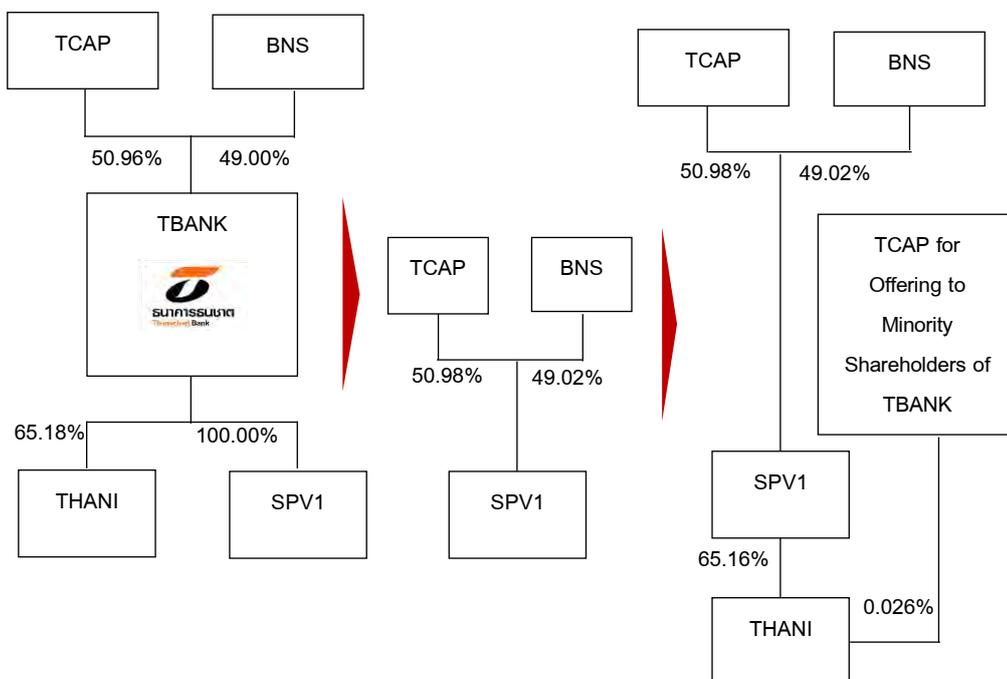
1. 492,999,434 ordinary shares of Thanachart Insurance Public Company Limited ("**TNI**"), representing 100.00 percent of all issued shares of TNI;
2. 1,659,999,930 ordinary shares of Thanachart Securities Public Company Limited ("**TNS**"), representing 100,00 percent of all issued shares of TNS;
3. 199,999,997 ordinary shares of TS Asset Management Company Limited ("**TSAMC**"), representing 100,00 percent of all issued shares of TSAMC;

4. 2,460,861,562 ordinary shares of Ratchthani Leasing Public Company Limited (“**THANI**”), representing 65.18 percent of all issued shares of THANI. In this regard, TBANK will offer to sell such shares of THANI held by it to:

4.1 A special-purpose vehicle no. 1 (“**SPV1**”) to be incorporated by TBANK with registered capital of THB 1 Million with a par value of THB 10.00 per share, divided into 100,000 shares, which TBANK will hold 100.00 percent of all shares in SPV1. TBANK will later sell THANI’ shares at the amount of 2,459,878,098 shares, or representing 65.16 percent of all issued shares of THANI (or representing 99.96 percent of all shares held by TBANK in THANI at 65.18 percent), at the same proportion of shares held by TCAP and BNS in TBANK; and

4.2 TCAP through the account “TCAP for Offering to Minority Shareholders of TBANK,” in the amount of 983,464 shares, representing 0.026 percent of all issued shares of THANI.

In this regard, prior to the acquisition of THANI shares by SPV1, TBANK will offer to sell all shares of SPV1 to TBANK’s major shareholders, namely, TCAP and BNS at 50.98 percent and 49.02 percent of all shares in SPV1, respectively which is in the same manner as TCAP’s and BNS’s shareholding in TBANK. Later, SPV1 will increase the capital and offer its newly issued shares to TCAP and BNS in proportion to their respective shareholdings as a source of funds for acquiring shares in THANI, and TBANK will later make an offer to sell such shares held by it in THANI to SPV1 in accordance with the following chart:



Moreover, after the completion of the Restructuring, the sale of TBANK ordinary shares, and the subscription of TMB newly issued ordinary shares, TCAP will purchase shares in SPV1 from BNS at 49.02

percent of all shares of SPV1 as detailed in the Annex 2 (*Information Memorandum on the Acquisition of Assets after the Business Restructuring (Schedule 1)*). Nevertheless, the aforesaid purchase of SPV1 from BNS is not a part of the Restructuring nor the merger.

In addition, as ordinary shares of THANI are securities listed on the Stock Exchange of Thailand (“**SET**”), the Restructuring as well as the acquisition of SPV1 shares as mentioned above may require TCAP or SPV1 to make a tender offer to purchase all securities of THANI pursuant to Notification of the Capital Market Supervisory Board No. Tor Jor. 12/2554 Re: Rules, Conditions and Procedures for the Acquisition of Securities for Business Takeovers (as amended). Nevertheless, the aforesaid Restructuring and the acquisition of shares are not of the objective to change the controlling power in THANI, since after the Restructuring and the acquisition of shares, TCAP will remain the shareholders of SPV1, holding more than 50.00 percent of all shares of SPV1, which is in the same manner as the current shareholding structure of TCAP in TBANK which is also more than 50.00 percent of all issued shares of TBANK, whereby SPV1 will be a shareholder of THANI holding 65.16 percent, and TCAP for Offering to Minority Shareholders of TBANK shall hold 0.026 percent of shares, and in total of 65.18 percent of all issued shares of THANI, which is equal to TBANK shareholding in THANI prior to the Restructuring. Nevertheless, TCAP and/or SPV1 will later proceed to request a waiver of the requirement a tender offer of all securities of THANI from the Office of the Securities and Exchange Commission (the “**SEC Office**”).

5. 167,797,300 ordinary shares of MBK Public Company Limited (“**MBK**”), representing 9.90 percent of all issued shares of MBK;

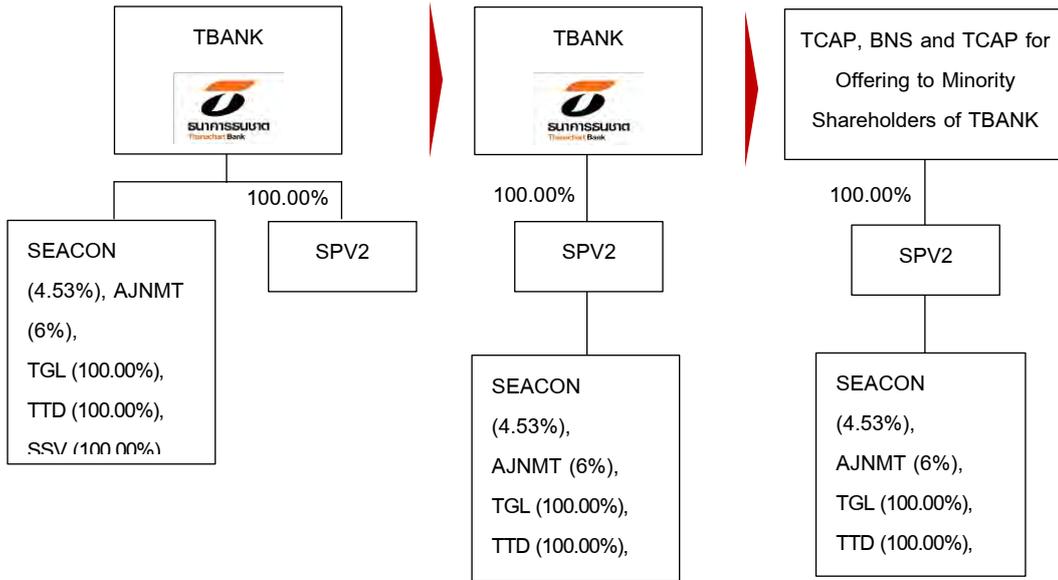
In this regard, prior to the merger, TNI and TNS will sell the ordinary shares of MBK in the amount of 34,365,000 shares and 75,603,000 shares, or representing 2.03 percent and 4.46 percent of all issued shares of MBK, respectively, to TBANK. On the transaction Date, TBANK will thereafter sell the ordinary shares of MBK bought from TNI and TNS together with shares already held by TBANK at the amount of 57,829,300 shares, representing 3.41 percent of all issued shares of MBK, to all shareholders of TBANK in proportion to their respective shareholdings.

6. 58,844,130 ordinary shares of Patum Rice Mill and Granary Public Company Limited (“**PRG**”), representing 9.81 percent of all issued shares of PRG;

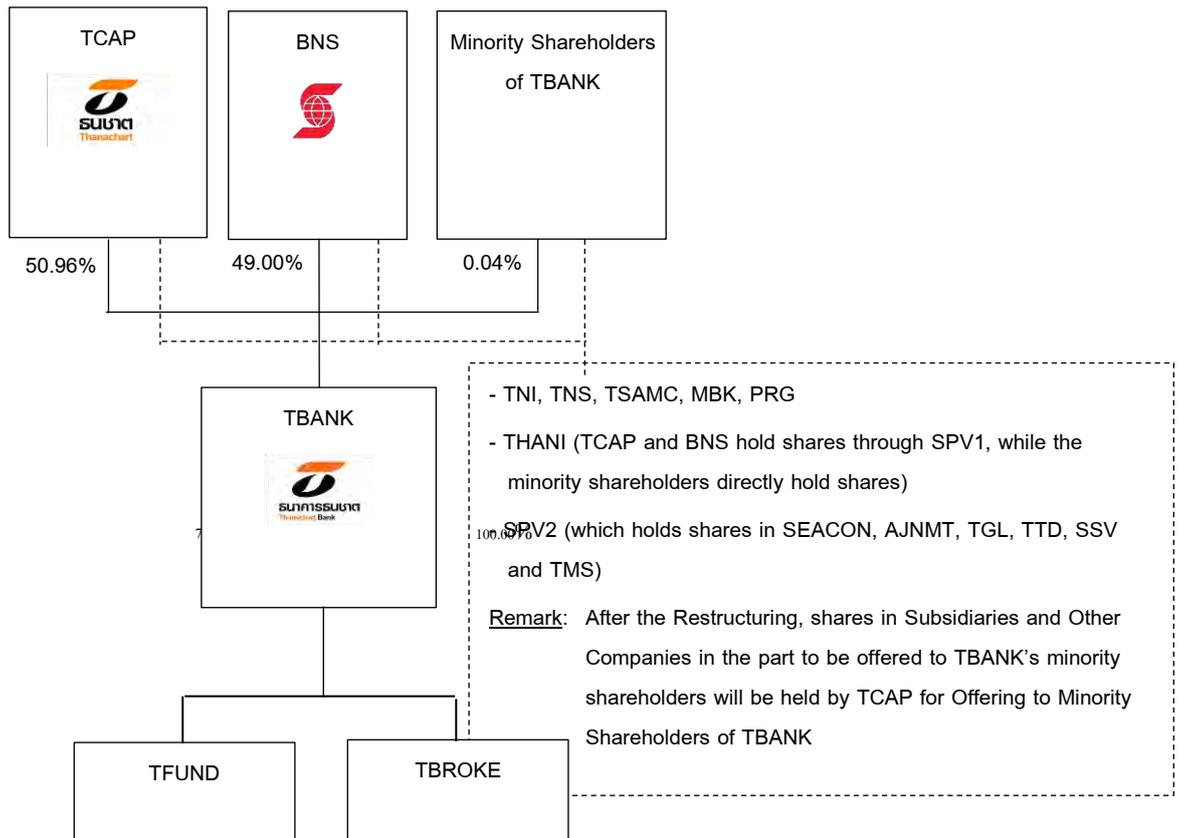
In this regard, prior to the merger, TNI and TNS will sell the ordinary shares of PRG in the amount of 12,800,000 shares and 26,424,130 shares, or representing 2.13 percent and 4.40 percent of all issued shares of PRG, respectively, to TBANK. Later, on the Transaction Date, TBANK will thereafter sell the ordinary shares of PRG bought from TNI and TNS as well as shares held by TBANK at the amount of 19,620,000 shares, representing 3.27 percent of all issued shares of PRG, to all shareholders of TBANK in proportion to their respective shareholdings.

7. ordinary shares of a special-purpose vehicle no. 2 (“**SPV2**”) to be incorporated by TBANK which will hold 100.00 percent of all shares thereof. Prior to the merger, TBANK will increase the capital in SPV2 and later offer to sell shares of the following companies to SPV2:
 - 7.1. 260,284 ordinary shares of Seacon Development Public Company Limited (“**SEACON**”), representing 4.53 percent of all issued shares of SEACON;
 - 7.2. 477,816 ordinary shares of Ajinomoto Co., (Thailand) Ltd. (“**AJNMT**”), representing 6.00 percent of all shares of AJNMT;
 - 7.3. 35,999,994 ordinary shares of Thanachart Group Leasing Company Limited (“**TGL**”), representing 100.00 percent of all shares of TGL;
 - 7.4. 499,993 ordinary shares of Thanachart Training and Development Company Limited (“**TTD**”) representing 100.00 percent of all shares of TTD;
 - 7.5. 99,998 ordinary shares of Security Scib Services Company Limited (“**SSV**”), representing 100.00 percent of all shares of SSV;
 - 7.6. 599,993 ordinary shares of Thanachart Management and Service Company Limited (“**TMS**”), representing 100.00 percent of all shares of TMS.

In addition, since certain companies listed in 7.1 – 7.6 are subject to share transfer restriction or limitation provided under their articles of association or respective agreements, or some of the companies do not intend to distribute their shares to third party, it is necessary for TBANK to establish SPV2 as an entity in which TBANK will hold 100.00 percent of shares. In this regard, After establishing SPV2, with registered capital of THB 1 Million with a par value of THB 10.00 per share, divided to 100,000 shares, SPV2 will increase its capital and offer its newly issued ordinary shares to TBANK to raise funds for the acquisition of shares in those companies. SPV2 will thereafter purchase shares in those companies from TBANK and TBANK will sell all shares held by it in SPV2 to all shareholders of TBANK in proportion to their respective shareholdings in accordance with the following chart:



Therefore, the shareholding structure of TBANK after the Restructuring will be as follows:



In this regard, the Restructuring must be completed before TMB makes an offer to acquire the ordinary shares of TBANK from all of TBANK's existing shareholders and offer its newly issued ordinary shares to all of TBANK's shareholders. Initially, the acquisition and sale of ordinary shares in TBANK and the subscription of newly issued ordinary shares of TMB have been scheduled to take place in early December 2019 (the "**Transaction Date**"). In order for the Restructuring to be completed before or on the Transaction Date, TBANK will offer to sell such shares of the Subsidiaries and Other Companies, which are intended to be offered to all of TBANK's minority shareholders, to TCAP through the account "TCAP for Offering to Minority Shareholders of TBANK" so that TCAP will later re-offer such shares of the Subsidiaries and Other Companies to all of TBANK's minority shareholders. In so doing, TCAP will allow the minority shareholders of TBANK to subscribe for such shares of the Subsidiaries and Other Companies promptly after the completion of the sale of ordinary shares in TBANK and the subscription of TMB's newly issued ordinary shares.

2) **The Merger**

After TCAP and TBANK complete the Restructuring, the merger (the "**Merger**") shall be proceeded by the following material steps:

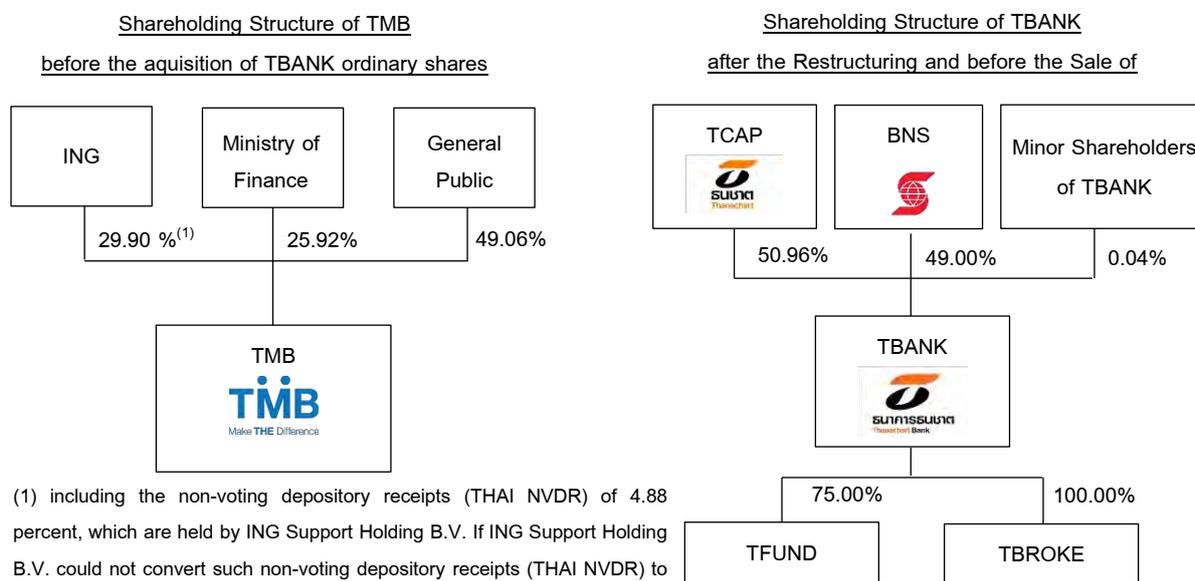
1) **TMB will offer to purchase ordinary shares of TBANK from all shareholders of TBANK**

after the conditions precedent under the agreement for the sale and purchase of ordinary shares of TBANK have been satisfied, which, amongst others, include the completion of the Restructuring, and the Integration Plan to Acquire Shares for the Transfer and the Acceptance of the Entire Business Transfer of TBANK to TMB (the "**Integration Plan**") has obtained an approval by the Bank of Thailand, TMB agrees to offer to purchase the ordinary shares of TBANK from the two shareholders of TBANK. In this regard, TCAP will sell to TMB all 3,090,699,234 ordinary shares held by it in TBANK, representing 50.96 percent of all issued shares of TBANK (the "**Sale of TBANK Ordinary Shares**"). According to the terms under the agreement for the sale and purchase of ordinary shares of TBANK, BNS also agrees to sell to TMB all 2,971,739,163 ordinary shares held by it in TBANK, representing 49.00 percent of all issued shares of TBANK. In addition to the purchase of shares from two major shareholders under the aforementioned agreement, TMB will proceed to offer to purchase the remaining shares of TBANK at the amount of 2,423,773 shares (representing 0.04 percent of all issued shares of TBANK) from all minority shareholders of TBANK as well. In this regard, the price for the sale and purchase of TBANK's ordinary shares will be determined from the basis as specified in Section 5.2.

After the Restructuring, TBANK will remain owning shares in 2 of subsidiaries and associated companies, namely, Thanachart Fund Management Company Limited ("**TFUND**") and Thanachart Broker Company Limited ("**TBROKE**") at the ratio of 75.00 percent and 100.00 percent, respectively.

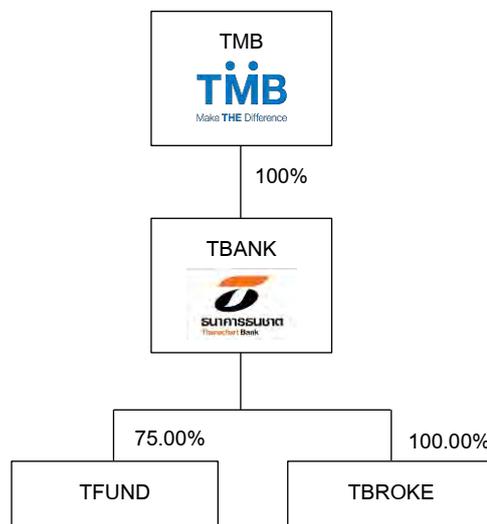
However, in relation to TFUND, the parties have mutually agreed under the agreement for the sale and purchase of ordinary shares of TBANK that TBANK shall sell all shares in TFUND held by TBANK, representing 75.00 percent of all shares of TFUND, to third party after the completion of the Sale of TBANK Ordinary Shares under the agreement for the sale and purchase of ordinary shares of TBANK. For the shares of TBROKE, as of the date of this memorandum, the parties have no intention to sell such shares to third party.

The shareholding structures of TMB and TBANK before and after the Sale of TBANK Ordinary Shares (based on the assumption that all minority shareholders of TBANK agree to sell all their shares in TBANK to TMB) will be as follows:



(1) including the non-voting depository receipts (THAI NVDR) of 4.88 percent, which are held by ING Support Holding B.V. If ING Support Holding B.V. could not convert such non-voting depository receipts (THAI NVDR) to TMB's ordinary shares, ING group will hold share in TMB at approximately 25.02 percent of total issued shares of TMB.

Shareholding Structures of TMB and TBANK after the Sale of TBANK Ordinary Shares



In this regard, TMB will seek financing for the acquisition of TBANK's ordinary shares in the total amount of approximately THB 158,371 Million (amount of which already includes surplus cash from the Restructuring of approximately THB 20,000 – 30,000 Million which will remain with TBANK after TMB has acquired TBANK's ordinary shares) by way of:

- (a) Issuance and offering of its newly issued ordinary shares to accommodate the exercise of rights to purchase the newly issued ordinary shares under the transferable subscription rights ("TSR") allocated by TMB to the existing shareholders of TMB, whereby TMB wishes to raise funds from TSR at the amount not exceeding THB 42,500,000,000;
- (b) Issuance and offering of its newly issued ordinary shares by way of offering to (a) private placement investors, which TMB expects to derive proceeds from such issuance and offering of the newly issued ordinary shares in the amount not exceeding THB 6,400,000,000 Million, and (b) all existing shareholders of TBANK, which TMB expects to derive proceeds from such issuance and offering of the newly issued ordinary shares in the amount not exceeding THB 57,635,000,000;
- (c) Issuance and offering of financial instruments counted as Tier 1 capital (Additional Tier 1) to foreign institutional investors in the amount of approximately THB 9,600,000,000 – 16,000,000,000;
- (d) Surplus cash from the restructuring of TBANK of in the amount of approximately THB 25,912 Million which will remain in TBANK when the shares thereof are acquired by TMB;
- (e) Excess cash from TBANK's Business Restructuring of approximately THB 20,000,000,000 – 30,000,000,000 which will remain with TBANK after TMB has acquired TBANK's ordinary shares.
- (f) Utilizing TMB's short-term debt instruments and excess liquidity in the amount of not exceeding THB 20,000,000,000, which will be utilized if proceeds from (a) – (e) are insufficient for the transaction.

In addition, under the completion of the acquisition of TBANK ordinary shares by TMB, TMB will issue and offer its newly issued ordinary shares to directors, managements, and employees of TMB and its subsidiaries pursuant to TMB Stock Retention Program at the amount not more than 200,000,000 shares, representing not exceeding 0.19 percent of all issued shares of TMB (after the offering of newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK).

2) TMB will offer to sell the newly issued ordinary shares to all shareholders of TBANK

After the completion of the Restructuring, in addition to TMB offering to purchase ordinary shares of TBANK from all of TBANK's shareholders, TMB also will offer for subscription of up to 27,622,837,416 newly issued ordinary shares, with a par value of THB 0.95 per share, to all of TBANK's shareholder

Nevertheless, each of TBANK's groups of existing shareholders (TCAP, BNS, TCAP for Offering to Minority Shareholders of TBANK afterwards) will be able to exercise the right to subscribe TMB newly issued ordinary shares at the amount of not more than the amount provided in the table below. Even if TBANK's existing shareholders have not exercised the right to subscribe for the newly issued ordinary shares in full or none of the shareholders has exercised such right at all, resulting in unsubscribed amount of newly issued ordinary shares offered to TBANK's existing shareholders, TMB will not allocate such unsubscribed amount of shares to other existing shareholders of TBANK. In this regard, with respect to the allocation to TBANK's minority shareholders by TCAP, if there is any unsubscribed shares from the offering the TBANK's minority shareholders in proportion to their respective shareholdings, TCAP will allocate such shares to TBANK's minority shareholders who have expressed the intention to exercise their rights to subscribe for such shares beyond the pro rata basis. However, should there still be any shares of the Subsidiaries and Other Companies remaining from such allocation, TCAP may necessarily continue to hold such shares.

In this regard, according to the share subscription agreement for the newly issued ordinary shares of TMB, TMB will allocate the newly issued ordinary shares to the respective TBANK's shareholders at the following ratio:

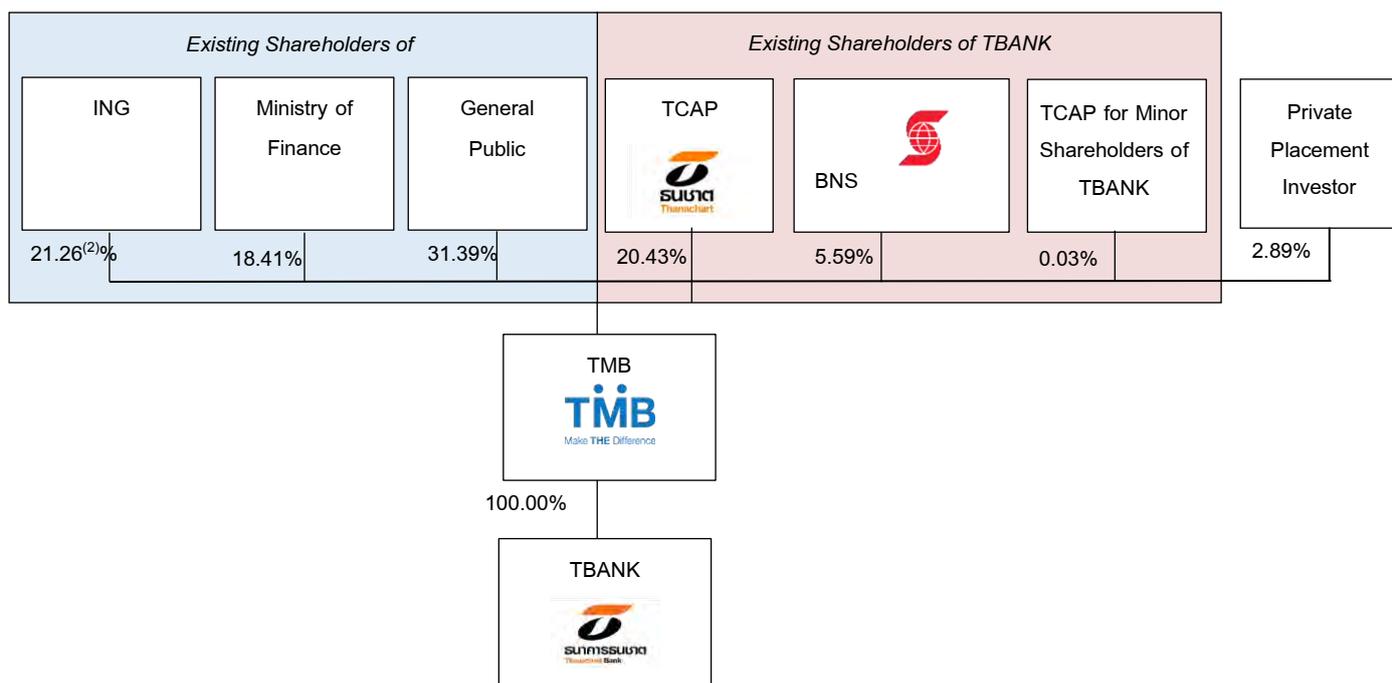
Shareholders of TBANK	Number of Allocated Shares
TCAP	Not more than 21,663,091,024 shares or approximately 20.1 - 23.3 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion). In this regard, the amount of capital increased by TCAP will not exceed THB 45,200 Million; the amount may be higher if TCAP's shareholding proportion in TMB is lower than 20.1 percent.

BNS	Not more than 5,926,197,357 shares or approximately 5.6 – 6.4 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion). In this regard, the amount of capital increased by BNS will not exceed THB 12,365 Million.
TCAP for Offering to Minority Shareholders of TBANK	Totaling not more than 33,549,035 shares or approximately 0.03 – 0.04 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion), which will be allocated in proportion to their respective shareholdings in TBANK.

Source: TMB

In this regard, TCAP agrees to subscribe for TMB's newly issued ordinary shares to be offered to TCAP in accordance with the aforementioned allocation amount. Nevertheless, in order to complete the subscription of TMB's newly issued ordinary shares on the Transaction Date, TCAP agrees to subscribe for the portion of TMB's newly issued shares intended to be offered to TBANK's minority shareholders through the account "TCAP for Offering to Minority Shareholders of TBANK". TCAP will re-offer such newly issued ordinary shares to TBANK's minority shareholders at a later date. TCAP will commence the process of re-offering the newly issued ordinary shares for the minority shareholders to acquire such shares promptly after the completion of the subscription of TMB's newly issued ordinary shares (the "**Subscription of TMB Newly Issued Ordinary Shares**").

Therefore, the shareholding structures of TBANK and TMB after the Sale of TBANK Ordinary Shares and the Subscription of TMB Newly Issued Ordinary Shares will be as follows⁽¹⁾:

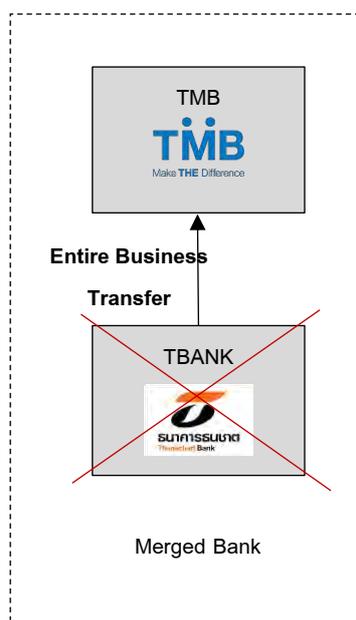


- Remarks:**
- (1) It is subject to an assumption that (1) all existing shareholders of TMB exercise their rights to subscribe for the newly issued ordinary shares per TSRs in full; (2) private placement investors subscribe for the newly issued ordinary shares in full; and (3) all existing shareholders of TBANK exercise their rights to subscribe for TMB's newly issued ordinary shares (excluding TMB Stock Retention Program on this occasion) The above shareholding percentage were calculated based on the book value TMB shares as at 31 March 2019.
 - (2) In this regard, including the non-voting depository receipts (THAI NVDR) of 3.47 percent, which are held by ING Support Holding B.V. If ING Support Holding B.V. could not convert such non-voting depository receipts (THAI NVDR) to TMB's ordinary shares, ING group will hold share in TMB at approximately 17.79 percent of total issued shares of TMB (after the offering of newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion).

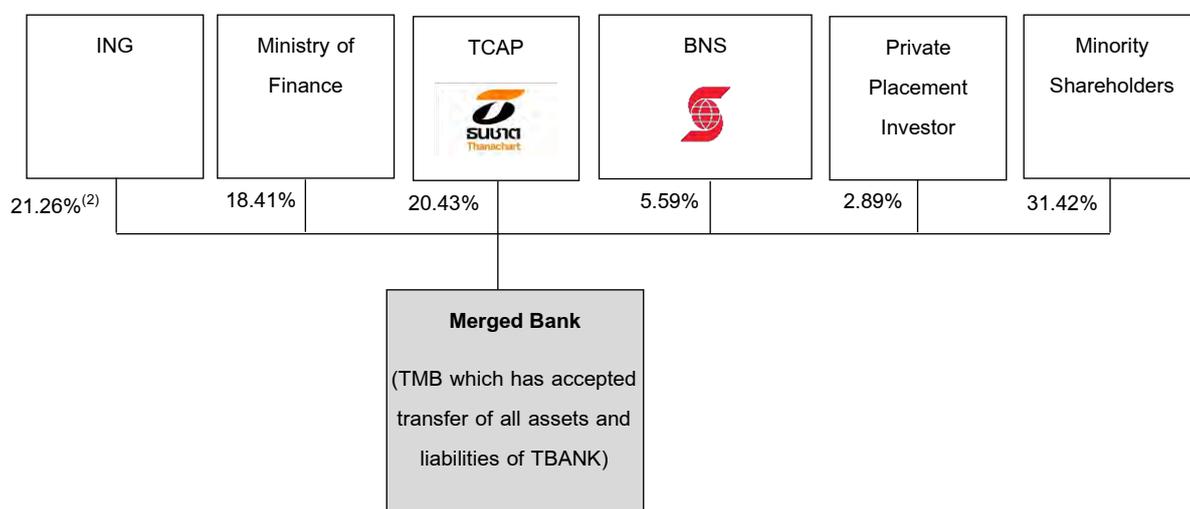
3) Entire Business Transfer of TBANK to TMB

After completion of the Sale of TBANK Ordinary Shares and the Subscription of TMB Newly Issued Ordinary Shares, TMB and TBANK will proceed with the Integration Plan as approved by the Bank of Thailand, and will comply with the procedures under the applicable laws in order to ensure the completion of TBANK's entire business transfer to TMB, which is expected to be completed by 2021.

In this connection, TBANK will proceed with the entire business transfer to TMB, whereby TMB will accept the transfer of the entire assets and liabilities of TBANK, and TBANK will then discontinue the business operations, surrender the commercial banking business license, and undergo its dissolution for further liquidation process.



After TBANK's entire business transfer to TMB, the shareholding structure of the Merged Bank will be as follows⁽¹⁾:



Remarks: (1) It is subject to an assumption that (1) all existing shareholders of TMB exercise their rights to subscribe for the newly issued ordinary shares per TSRs in full; (2) private placement investors subscribe for the newly issued ordinary shares in full; and (3) all existing shareholders of TBANK exercise their rights to subscribe for TMB's newly issued ordinary shares, whereby (i) TCAP will subscribe for TMB's newly issued ordinary shares at approximately 20.1 - 23.3 percent; (ii) BNS will subscribe for TMB's newly issued ordinary shares at approximately 5.6 – 6.4 percent; and (iii) TCAP will subscribe for such shares on behalf of TBANK's minor shareholders, representing approximately 0.03 – 0.04 percent of all issued shares of TMB (after the offering

of newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion). The above shareholding percentage were calculated based on the book value TMB shares as at 31 March 2019.

- (2) In this regard, including the non-voting depository receipts (THAI NVDR) of 3.47 percent, which are held by ING Support Holding B.V. If ING Support Holding B.V. could not convert such non-voting depository receipts (THAI NVDR) to TMB's ordinary shares, ING will hold share in TMB at approximately 17.79 percent of total issued shares of TMB (after the offering of newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion).

TCAP's Board of Directors, in its Meeting No. 9/2019 on August 7, 2019, has resolved to approve the Restructuring, the Merger, and the relevant arrangements, including such approval to convene the Extraordinary General Meeting of Shareholders No. 1/2019 to be held on September 23, 2019 to consider approving the relevant arrangements, with the essential details as follows:

- (a) the business restructuring of TCAP and TBANK (the "**Business Restructuring**"),
- (b) the sale of ordinary shares of TBANK,
- (c) the acquisition of the newly issued ordinary shares of TMB, and
- (d) the transfer of the entire business of TBANK to TMB. Initially,

the undertakings as per items (a) – (c) have been scheduled to take place within December 2019 (the "**Transaction Date**") and the entire business transfer as per item (d) has been scheduled to take place within 2021. The details of the above undertakings are shown in Enclosure 1 (*Information Memorandum regarding the Business Restructuring and Merger Plan between Thanachart Bank Public Company Limited and TMB Public Company Limited (Schedule 1)*).

In addition, the Board of Directors' Meeting also resolved to approve the relevant undertakings in relation to a transaction occurring after the completion of the Business Restructuring, which are the acquisition of the ordinary shares of the following companies made by TCAP from Scotia Netherlands Holdings B.V. ("**BNS**"),

TBANK will sell all of ordinary shares held by it in its subsidiaries as well as certain other companies (collectively, "**Subsidiaries and Other Companies**") to all of TBANK's shareholders in proportion to their respective shareholdings, by offering shares in the Subsidiaries and Other Companies to (a) TCAP, a shareholder of TBANK who holds 50.96 percent of shares in TBANK, (b) Scotia Netherlands Holdings B.V. ("**BNS**"), a shareholder of TBANK who holds 49.00 percent of shares in TBANK, and (c) TBANK's minority shareholders (as of April 4, 2019, TBANK has 743 minority shareholders), holding collectively 0.04 percent of total issued shares of TBANK, in order to ensure the equal treatment of all shareholders in TBANK.

As part of the Restructuring, TBANK will sell such shares in the Subsidiaries and Other Companies to all shareholders of TBANK in proportion to their respective shareholdings, with the details as follows:

- Enter to the acquisition of ordinary shares of A special-purpose vehicle no. 1 (“**SPV1**”) incorporated by TBANK for 49.02 of total paid-up share capital
- Enter to the acquisition of ordinary shares of A special-purpose vehicle no. 2 (“**SPV2**”) incorporated by TBANK for 49.00 of total paid-up share capital
- Enter to the acquisition of ordinary shares of TSAMC for 49.00 of total paid-up share capital
- Enter to the acquisition of ordinary shares of MBK for 4.85 of total paid-up share capital
- Enter to the acquisition of ordinary shares of PRG for 4.81 of total paid-up share capital

and the entering into the term sheet by and between TCAP (as the purchaser) and BNS (as the seller) (the “**Term Sheet**”) in respect of the above undertakings. However, the above undertakings would not be considered as a part of the Business Restructuring and the merger between TBANK and TMB.

The transactions are considered as following

The Sale of TBANK Ordinary Shares held by TCAP, representing 50.96 percent of all issued shares of TBANK, to TMB is not deemed as a connected transaction under the Notifications on Connected Transactions. However, this transaction is deemed as a disposal of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Sale of TBANK Ordinary Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 145.56 percent. Therefore, the Sale of TBANK Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Sale of TBANK Ordinary Shares to the SET, obtain approval from its shareholders’ meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer its opinion on the Sale of TBANK Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP’s shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition or Disposal of Assets. Moreover, the Sale of TBANK Ordinary Shares is also deemed as a disposal or transfer of TCAP’s business in substantial part to another person pursuant to Section 107(2)(a) of the Public Company Limited Act, and as such, TCAP requires approval from its shareholders’ meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.

Subscription of TMB Newly Issued Ordinary Shares: TCAP’s acquisition of approximately 20.1 - 23.3 percent of TMB’s newly issued ordinary shares is not deemed as a connected transaction under the Notifications on Connected Transactions. However, this transaction is deemed as an acquisition of assets under the Notifications on Acquisition or Disposal of Assets. The highest transaction size of the Subscription of TMB Newly Issued Ordinary

Shares, which is calculated on the value of net tangible assets basis which gives the highest transaction value, is equal to 92.37 percent. However, upon combination of this transaction size with other acquisition transactions of the past months which have not been approved by the shareholders' meeting, namely the acquisition of shares of the Subsidiaries and Other Companies from BNS, as detailed in the Annex 2 (*Information Memorandum on the Acquisition of Assets after the Business Restructuring (Schedule 1)*), the transaction size is equal to 107.44 percent. Therefore, the Subscription of TMB Newly Issued Ordinary Shares falls into Class 1 Transaction, that is, transaction with a size equal to or higher than 50 percent and as such, TCAP is required to disclose the information memorandum regarding the Subscription of TMB Newly Issued Ordinary Shares to the SET, obtain approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholder who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest, and appoint an independent financial advisor to offer an opinion on the Subscription of TMB Newly Issued Ordinary Shares, which must be submitted to the SEC Office, the SET and TCAP's shareholders for further consideration. In this connection, TCAP has appointed Silom Advisory Services Co., Ltd. as its independent financial advisor to offer an opinion on the execution of such transaction under the Notifications on Acquisition or Disposal of Assets.

Restructuring: The offering for sale of shares of the Subsidiaries and Other Companies of TBANK to all shareholders to TBANK in proportion to their respective shareholding, whereby TCAP, as a major shareholder of TBANK, will acquire such shares of the Subsidiaries and Other Companies in proportion to their respective shareholdings, is regarded as a shareholding restructuring by way of share transfer and acceptance of share transfer between companies within the same group. As such, this is not deemed as an acquisition or disposal of assets under the Notification of the Capital Market Supervisory Board No. TorJor. 20/2551 Re: Rules on Entering into Material Transaction Deemed as Acquisition or Disposal of Assets, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004) (as amended) (the "Notifications on Acquisition or Disposal of Assets"), and is not deemed as a connected transaction under the Notification of the Capital Market Supervisory Board No. TorJor. 21/2551 Re: Rules on Connected Transactions, and the Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Other Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 (2003)) as amended((the "Notifications on Connected Transactions"). However, the acquisition of shares of the Subsidiaries and Other Companies from TBANK under the Restructuring is deemed as an acquisition or acceptance of transfer of business of another company or private company as part of TCAP pursuant to Section 107)2)(b(of the Public Company Limited Act B.E. 2535 (1992)) and its amendments) (the "Public Company Limited Act(", and as such, TCAP requires approval from its shareholders' meeting with not less than three-fourths of all votes of the shareholders who attend the meeting and have the right to vote, excluding such votes of the shareholders having conflict of interest.

3.2 Transaction Date

After TCAP's Board of Directors has passed resolutions to approve the entry into the transaction, TCAP

will execute

(a) the agreements for the sale and purchase of ordinary shares of the subsidiaries and other companies between TCAP, TBANK, and BNS (the “**Agreements for the Sale and Purchase of Ordinary Shares of Subsidiaries and Other Companies**”) for the purpose of the Restructuring after TBANK has successfully established SPV1 and SPV2;

(b) the agreement for the sale and purchase of ordinary shares of TBANK between TCAP, BNS, and TMB (the “**Agreement for the Sale and Purchase of Ordinary Shares of TBANK**”) on August 8, 2019, under which, TCAP and BNS will sell to TMB all shares held by them in TBANK at a total of not less than 6,062,438,397 shares, representing not less than 99.96 percent of all issued shares of TBANK; and

(c) the share subscription agreement for the newly issued ordinary shares of TMB between TCAP, BNS, and TMB (the “**Share Subscription Agreement for the Newly Issued Ordinary Shares of TMB**”), under which, TMB will offer its newly issued ordinary shares of not more than 27,622,837,416 shares to all shareholders of TBANK on August 8, 2019.

(d) **Term sheet** of the acquisition of company's share after business restructuring from BNS on 8 August 2019. TCAP and BNS will enter the share purchase agreement after set up SPV1 and SPV2 completely. The acquisition of those shares will comply with the relevant regulation.

In this regard, TCAP expects that the implementation under the Restructuring, the Sale of TBANK Ordinary Shares and the Subscription of TMB Newly Issued Ordinary Shares will be completed by 2019 after permissions have been obtained from the relevant authorities and all conditions precedent under the relevant agreements have been satisfied or waived by the relevant parties; and various arrangements as required by the relevant agreements as per the details in Section 3.1.2 have been completed. Nevertheless, the Restructuring and the Merger must conform to the applicable laws, rules and regulations, and subject to the fulfillment of the conditions for the execution of the transaction as per the details in Section 13.

Moreover, TCAP expects that the implementation under the entire business transfer of TBANK to TMB will be completed by 2021 after all relevant parties have complied with the applicable laws.

3.3 Characteristics of the Transaction

The procedures for implementation under the Merger between TBANK and TMB include the implementation prior to the Merger, namely, the Restructuring and process of the Merger, including, the Sale of TBANK Ordinary Shares, and the Subscription of TMB Newly Issued Ordinary Shares; and TBANK's entire business transfer to TMB, in accordance with the Integration Plan as approved by the Bank of Thailand, which involves the compliance with the procedures under the applicable laws in order to ensure the completion of TBANK's entire business transfer to TMB. In this connection, the details of the Restructuring, the Sale of TBANK Ordinary Shares and the Subscription of TMB Newly Issued Ordinary Shares may be summarized as follows:

3.3.1 Restructuring

Before or on the Transaction Date, after permissions have been obtained from the relevant authorities and the conditions precedent as specified in the relevant agreements have been satisfied or waived by the relevant parties, TBANK will offer to sell all shares held by it in the Subsidiaries and Other Companies to all shareholders of TBANK, whereby TCAP will acquire shares of the Subsidiaries and Other Companies in proportion to its respective shareholding in TBANK, where the prices of the ordinary shares of the Subsidiaries and Other Companies will be determined from the basis as specified in Section 5.1.

Furthermore, in order for the Restructuring to be completed before or on the Transaction Date, TBANK will offer to sell to TCAP such shares in the Subsidiaries and Other Companies, which are intended to be offered to all minority shareholders of TBANK, through the account "TCAP for Offering to Minority Shareholders of TBANK" so that TCAP will re-offer such shares to all minority shareholders of TBANK in proportion to their respective shareholdings in TBANK at a later date. TBANK's minor shareholders will be entitled to choose to acquire shares of any particular or several Subsidiaries and Other Companies in proportion to their respective shareholdings. In so doing, TCAP will re-offer to TBANK's minority shareholders to such shares of the Subsidiaries and Other Companies promptly after the completion of the Sale of TBANK Ordinary Shares and the Subscription of TMB Newly Issued Ordinary Shares at the same price paid by TCAP to TBANK.

In this regard, TCAP will offer to sell to TBANK's minority shareholders such shares in the Subsidiaries and Other Companies within 90 days from the completion of the Restructuring. Nevertheless, in the event of necessity or reason causing the failure to offer such shares for sale within such period, TCAP may consider extending the period to sell such shares to TBANK's minority shareholders as appropriate. In this connection, TCAP will comply with the applicable rules. And should there be any shares remaining from the offering of such shares of the Subsidiaries and Other Companies to the minority shareholders in proportion to their respective shareholdings, TCAP will allocate such shares to TBANK's minority shareholders who have expressed the intention to exercise their rights to subscribe for such shares beyond the pro rata basis. However, should there still be any shares of the Subsidiaries and Other Companies remaining from such allocation, TCAP may necessarily continue to hold such shares. In this regard, the holding of such shares will in no way affect the value of TCAP's business.

Furthermore, for the purpose of offering of shares of the Subsidiaries and Other Companies in the account "TCAP for Offering to Minority Shareholders of TBANK" to all minority shareholders of TBANK in proportion to their respective shareholdings in TBANK, should there be any fraction of shares, representing 0.50 or higher, but less than 1 share, the number of shares to be offered to TBANK minority shareholders will be rounded up. However, under any circumstances, the offering of such shares to TBANK's minor shareholders will not be less than 1 share. Should the number of shares not be sufficient for allocation, TCAP will offer its shares in the Subsidiaries and Other Companies for allocation to the minority shareholders in full according to the rights of the minor shareholders who have expressed the intention to subscribe for shares of the Subsidiaries and Other Companies.

Key Summary of the Restructuring^{1/}

Restructured Subsidiaries and Other Companies		Shares to be offered by TBANK and/or Subsidiaries		Shares to be acquired pro rata by TCAP		Shares to be acquired by TCAP through the account of "TCAP for Offering to Minor Shareholders of TBANK"	
		Amount of Shares	percent (%)	Amount of Shares	percent (%)	Amount of Shares	percent (%)
1	TNS	1,659,999,930	100.00%	845,948,410	50.96%	663,406	0.04%
2	TNI	492,999,434	100.00%	251,236,207	50.96%	197,024	0.04%
3	TSAMC	199,999,997	100.00%	101,921,497	50.96%	79,929	0.04%
4	MBK	167,797,300	9.90%	85,510,760	5.05%	67,061	0.004%
5	PRG	58,844,130	9.81%	29,987,408	5.00%	23,518	0.004%
6	SPV1	99,998	100.00%	50,980	50.98%	-	-
7	THANI ^{2/}	2,460,861,562	65.18%	- ^{2/}	-	983,464	0.03%
8	SPV2 ^{3/}	405,359,484 ^{4/}	100.00%	206,574,232	50.96%	161,999	0.04%
9	AJNMT	477,816	6.00%	-	-	-	-
10	SEACON	260,284	4.53%	-	-	-	-
11	TGL	35,999,994	100.00%	-	-	-	-
12	TTD	499,993	100.00%	-	-	-	-
13	SSV	99,998	100.00%	-	-	-	-
14	TMS	599,993	100.00%	-	-	-	-

Remarks: ^{1/} In this Restructuring, TBANK will offer all shares held by TBANK in the Subsidiaries and Other Companies to all shareholders of TBANK in proportion to their respective shareholdings as at the Transaction Date. In this connection, the amount of shares provided in the table above may be varied from the date of the Board of Directors' meeting until to the Transaction Date.

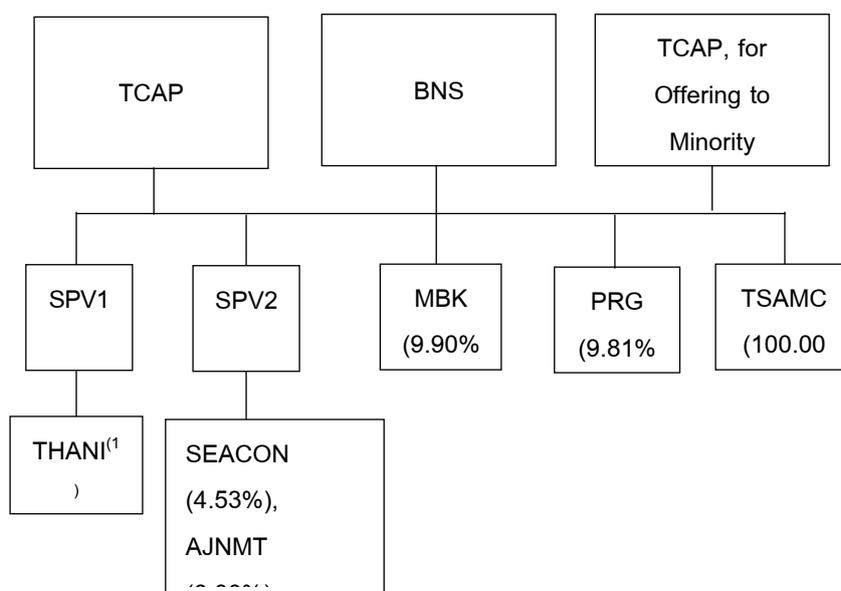
^{2/}TCAP will indirectly hold shares of THANI through SPV1, as TCAP will hold shares in SPV1 at the proportion of 50.98 percent of all shares of SPV1, and SPV1 will hold shares in THANI at the amount of 2,459,878,098 shares or representing 65.16 percent of all issued shares of THANI.

^{3/}TCAP and TCAP for Minority Shareholders of TBANK will indirectly hold shares in AJNMT, SEACON, TGL, TTD, SSV and TMS through SPV2, as TCAP and TCAP for Minority Shareholders of TBANK will hold shares in SPV2, representing 50.96 percent and 0.04 percent of all shares of SPV2, respectively, and SPV2 will hold shares in AJNMT, SEACON, TGL, TTD, SSV and TMS at the amount of 477,816 shares, 260,284 shares, 35,999,994 shares, 499,993 shares, 99,998 shares, and 599,993 shares, respectively, or representing 6.00, 4.53, 100.00, 100.00, 100.00 and 100.00 percent of all shares of AJNMT, SEACON, TGL, TTD, SSV and TMS, respectively.

^{4/}The registered capital as of incorporation of SPV2 will be THB 1 million, with a par value of THB 10 per share, divided into 100,000 shares. Prior to the Transaction Date, TBANK will increase the capital in SPV2 as a source of fund for the acquisition of shares in AJNMT, SEACON, TGL, TTD, SSV and TMS from TBANK at such price determined from basis as specified in Section 5.2. The price of shares to be offered for sale by SPV2 to all shareholders will be equivalent to the total price paid for shares of these companies. In this regard, subject to the assumption that the Transaction Date takes place on December 31, 2018, total value of shares in AJNMT, SEACON, TGL, TTD, SSV and TMS is equivalent to THB 4,054 Million. Therefore, after the capital increase, the registered and paid-up capital of SPV2 shall be equivalent to THB 4,054 Million, divided into 405,359,484 shares, whereby TBANK will offer shares in SPV2 for sale to TCAP, BNS, and TCAP for Minority Shareholders of

TBANK in proportion to their respective shareholdings, equivalent to 206,574,232 shares, 198,623,253 shares, and 161,999 shares, respectively.

After the completion of the Business Restructuring, the shareholding structure of SPV1, SPV2, TSAMC, MBK and PRG (based on the assumption that all existing shareholders of TBANK would purchase the shares in the Subsidiaries and Other Companies¹ proportionately to their shareholding ratio, as offered by TBANK) shall be as follows:



Remark (1) TCAP and BNS indirectly hold shares in THANI through SPV1. SPV1 holds 65.16 percent of total shares in THANI, whereas TCAP holds

As agreed in the Term Sheet, BNS shall, after the completion of the Business Restructuring, sell to TCAP the ordinary shares in the Subsidiaries and Other Companies as BNS acquired from TBANK under the Business Restructuring, as detailed below:

Ordinary shares of the companies to be sold after the Business Restructuring	Shares to be purchased by TCAP from BNS		Shareholding ratio of TCAP before the Shares Acquisition from BNS ^{3/}		Shareholding ratio of TCAP after the Shares Acquisition from BNS ^{3/}	
	Amount of Shares (Shares)	Percent (%)	Amount of Shares (Shares)	Percent (%)	Amount of Shares (Shares)	Percent (%)
1. SPV1 ^{1/}	553,898,398	49.02	576,071,203	50.98	1,129,969,601	100.00
2. SPV2 ^{2/}	198,623,253	49.00	206,574,232	50.96	405,197,485	99.96

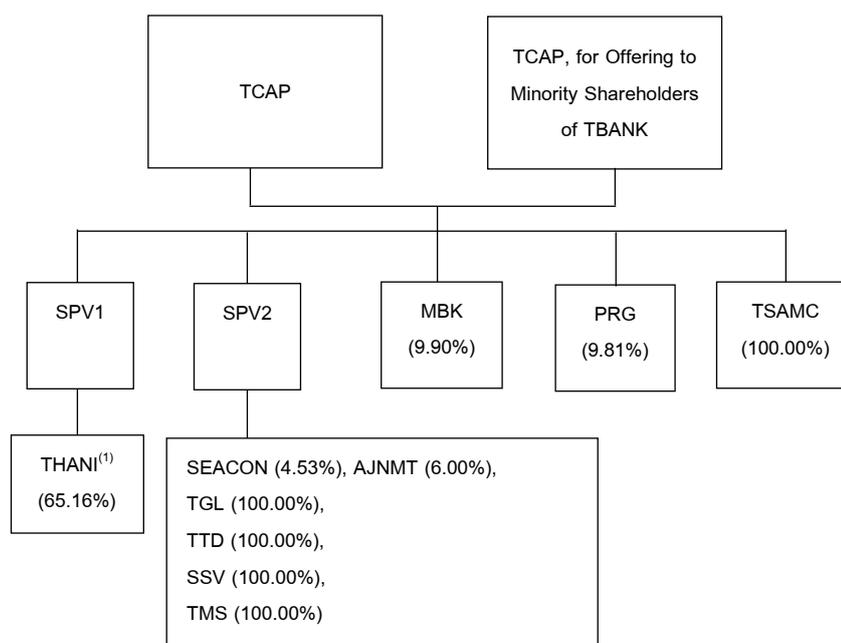
Ordinary shares of the companies to be sold after the Business Restructuring		Shares to be purchased by TCAP from BNS		Shareholding ratio of TCAP before the Shares Acquisition from BNS ^{3/}		Shareholding ratio of TCAP after the Shares Acquisition from BNS ^{3/}	
		Amount of Shares (Shares)	Percent (%)	Amount of Shares (Shares)	Percent (%)	Amount of Shares (Shares)	Percent (%)
3.	TSAMC	97,998,571	49.00	101,921,497	50.96	199,920,068	99.96
4.	MBK	82,219,479	4.85	255,003,860	15.05	337,223,339	19.90
5.	PRG	28,833,204	4.81	88,742,408	14.79	117,575,612	19.60

Remark (1) The registered capital as of incorporation of SPV1 will be THB 1 million, with a par value of THB 10 per share, divided into 100,000 shares. On the date of the execution of the merger between TMB and TBANK, TBANK shall offer its shares in SPV1 to TCAP and BNS proportionately to their shareholding ratio in TBANK. Consequently, TCAP and BNS shall cause SPV1 to increase its registered capital as a source of fund for the acquisition of 65.16 percent of the total shares in THANI, at such price determined in the relevant definitive agreements. In this regard, based on the assumption that the Transaction Date is on December 31, 2018, the total value of 65.16 percent of the total shares in THANI is equivalent to THB 11,300 million, the registered and paid-up capital of SPV1 shall then be equivalent to THB 11,300 million, divided into 1,129,969,603 shares whereby TCAP and BNS shall hold 576,071,203 shares and 553,898,398 shares in SPV1, representing 50.98 percent and 49.02 percent of the total shares in SPV1 respectively.

(2) The registered capital as of incorporation of SPV2 will be THB 1 million, with a par value of THB 10 per share, divided into 100,000 shares. Prior to the date of the execution of the merger between TMB and TBANK, TBANK shall cause SPV2 to increase its registered capital as a source of fund for the acquisition of shares in AJNMT, SEACON, TGL, TTD, SSV and TMS, at such price determined from the basis as determined under the relevant definitive agreements. The price of shares in SPV2 to be offered to all shareholders will be equal to the total price paid for shares of these companies. In this regard, based on the assumption that the Transaction Date is on December 31, 2018, the total value of shares in these companies is equivalent to THB 4,054 million. Therefore, the registered and paid-up capital of SPV2 shall be equivalent to THB 4,054 million, divided into 405,359,484 shares, whereby TBANK will offer shares in SPV2 for sale to TCAP, BNS, and TCAP for minority shareholders of TBANK in proportion to their respective shareholdings, equivalent to 206,574,232 shares, 198,623,253 shares, and 161,999 shares, respectively.

(3) Exclusive of the shares which acquired by TCAP for minority shareholders of TBANK

Accordingly, the shareholding structure of SPV1, SPV2, TSAMC, MBK and PRG after the completion of the Shares Acquisition from BNS shall be as follows:



Remark (1) TCAP indirectly holds shares in THANI through SPV1. SPV1 holds 65.16 percent of total shares in THANI, whereas TCAP holds 0.026 percent of total shares in THANI for the purpose of offering to minority shareholders of TBANK

3.3.2 Sale of TBANK Ordinary Shares and Subscription of TMB Newly Issued Ordinary Shares

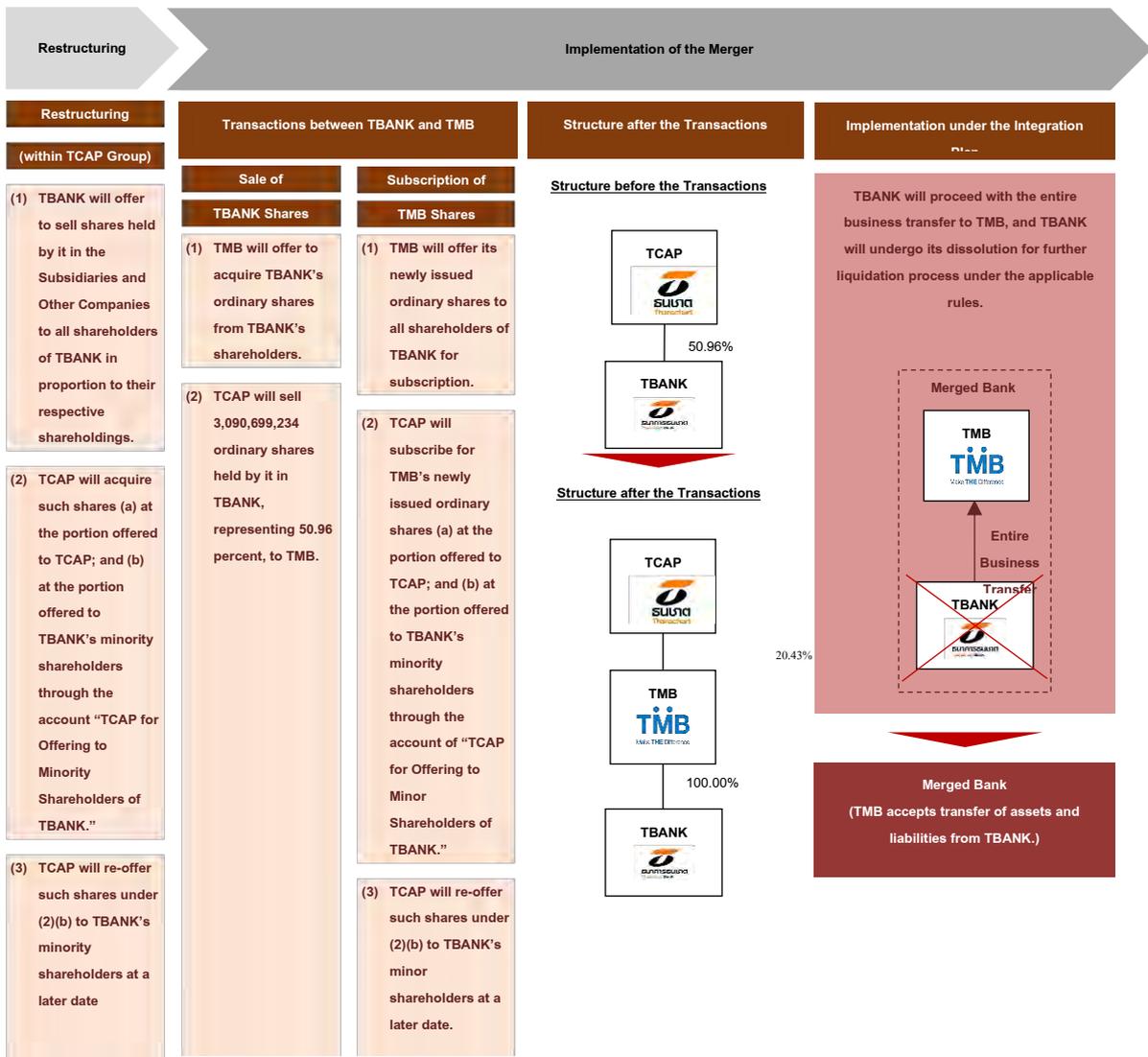
Before or on the Transaction Date, after the conditions precedent as specified in the relevant agreements and the Restructuring have been satisfied or waived by the relevant parties, TCAP will sell 3,090,699,234 ordinary shares of TBANK, or representing 50.96 percent of all issued shares of TBANK to TMB. The price of TBANK shares under the transaction will be determined from the basis as specified in Section 5.2.

After the Restructuring, TBANK will remain a shareholder of TFUND and TBROKE at the ratio of 75.00 percent and 100.00 percent, respectively. However, in relation to TFUND, the parties have mutually agreed under the Agreement for the Sale and Purchase of Ordinary Shares of TBANK that TBANK shall sell all shares held by TBANK in TFUND, representing 75.00 percent of all shares of TFUND, to third parties after the completion of the Sale of TBANK Ordinary Shares under the Agreement for the Sale and Purchase Ordinary Shares of TBANK.

At the same time, TCAP will acquire TMB's newly issued ordinary shares after the financial close of TMB whereby the subscription price for TMB newly issued ordinary shares will be determined from the basis as specified in Section 5.3. TCAP will subscribe for TMB's newly issued ordinary shares of approximately 20.1 - 23.3 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion).

In addition, in order for the Subscription of TMB Newly Issued Ordinary Shares to be completed on the Transaction Date, TMB will offer to sell its newly issued ordinary shares, which are intended to be offered to all minority shareholders

of TBANK, worth approximately 0.03 – 0.04 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion) to TCAP through the account “TCAP for Offering to Minority Shareholders of TBANK” so that TCAP will re-offer such newly issued ordinary shares to all minority shareholders of TBANK in proportion to their respective shareholdings at a later date at the same price paid by TBANK to TMB for the subscription. The subsequent re-offering of TMB’s newly issued ordinary shares will comply with the same rules, procedures and steps as those of the sale of the ordinary shares of the Subsidiaries and Other Companies to TBANK’s minor shareholders, as per the details in (1) above, provided that all shareholders of TBANK will be entitled to acquire TMB’s newly issued ordinary shares, regardless of whether or not such shareholders sell their shares held in TBANK to TMB according to TMB’s offer to acquire such shares from the existing shareholders of TBANK.



Schedule for Significant Arrangements

Item	Arrangements	Date
1.	TCAP holds its Board of Directors' Meeting No. 9/2019 and signs the Agreement for the Sale and Purchase of Ordinary Shares of TBANK and the Subscription Agreement for the Newly Issued Ordinary Shares of TMB	August 7, 2019
2.	Signing of the Agreement for the Sale and Purchase of Ordinary Shares of TBANK and the Share Subscription Agreement for the Newly Issued Ordinary Shares of TMB	August 8, 2019
3.	Record date for the Extraordinary General Meeting of Shareholders No. 1/2019	August 23, 2019
4.	Filing of the applications for permissions and/or waivers from the relevant authorities	June 2019 – September 2019
5.	TCAP holds the Extraordinary General Meeting of Shareholders No. 1/2019	September 23, 2019
6.	TBANK holds the Extraordinary General Meeting of Shareholders to approve TBANK's entire business transfer	After the Integration Plan has been approved by the Bank of Thailand
7.	TCAP and TMB declare the Selling Prices for the transactions and the transaction values	December 2019
8.	TBANK proceeds with the Restructuring by offering the ordinary shares in the Subsidiaries and Other Companies to TBANK's shareholders	December 2019
9.	TMB offers to acquire TBANK's ordinary shares from TBANK's shareholders (namely, TCAP, BNS and other minority shareholders of TBANK)	December 2019
10.	TMB offers its newly issued ordinary shares to all shareholders of TBANK	December 2019
11.	Implementation under the Integration Plan	January 2020 onwards
12.	TBANK's entire business transfer to TMB	By 2021
13.	Surrender of TBANK's commercial banking business license	By 2021

3.4 Relevant Parties and Relationships (See the detail in Attachment 1 : Detail of relevant agreement)**3.4.1 Restructuring**

Seller : TBANK

Buyer : TCAP and BNS

Relationship : TCAP and BNS are the major shareholders of TBANK. The Restructuring represents the offering of shares in the Subsidiaries and Other Companies of TBANK (as per the details in item I. Prior to the Merger) to all shareholders of TBANK in proportion to their respective shareholdings, which involves share transfer and acceptance of share transfer between companies within the same group, and as such, it is not deemed as a connected transaction under the Notifications on Connected Transactions.

3.4.2 Sales of TBANK Ordinary shares

Seller : TCAP

Buyer : TMB

Relationship : TMB and its connected persons are not TCAP's connected persons, therefore, the Sale of TBANK Ordinary Shares is not deemed as a connected transaction under the Notifications on Connected Transactions

TBANK may sell to third parties, 7,499,993 shares held by TBANK in TFUND , or representing 75.00 percent of all shares of TFUND after the completion of the sale of shares of TBANK under the Agreement for the Sale and Purchase of Ordinary Shares of TBANK, provided that such third parties must not be TCAP's connected persons.

3.4.3 Subscription of TMB Newly Issued Ordinary Shares

Seller : TMB

Buyer : TCAP

Relationship : TMB and its connected persons are not TCAP's connected persons, therefore, the Subscription of TMB Newly Issued Ordinary Shares is not deemed as a connected transaction under the Notifications on Connected Transactions.

3.4.4 The Purchase of Shares of Various Companies from BNS After the Restructuring

Seller : BNS

Purchaser : TCAP

Relationship : BNS, including its related persons, does not have any relationship with TCAP. The Shares Acquisition after the Business Restructuring, therefore, is not considered as a connected transaction pursuant to the Connected Transactions Notifications.

Company Name	Thanachart Securities Public Company Limited																															
Type of Legal Entity	Public Limited Company																															
Type of Business	<ul style="list-style-type: none"> ● Type A securities business (Full License), namely, securities brokerage, securities underwriting, investment advisory service, securities borrowing and lending, financial advisory service, investment unit selling and repurchase agency, securities registrar; ● Type Sor-1 derivatives business, namely, derivatives brokerage, issuer and offeror of derivative warrants, issuer and offeror of structured note. 																															
Registered Capital	THB 1,660,000,000.00, divided into 1,660,000,000 shares, with a par value of THB 1.00 per share																															
Paid-up Capital	THB 1,660,000,000.00, divided into 1,660,000,000 shares, with a par value of THB 1.00 per share																															
List of Shareholders	<p>List of Shareholders before the Restructuring (as of March 31, 2019)</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>1,659,999,930</td> <td>100.00</td> </tr> <tr> <td>2. 15 other shareholders</td> <td>70</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>1,660,000,000</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: List of Shareholders</p> <p>List of Shareholders after the Restructuring</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TCAP</td> <td>845,948,410</td> <td>50.96</td> </tr> <tr> <td>2. BNS</td> <td>813,388,114</td> <td>49.00</td> </tr> <tr> <td>3. TCAP for Offering to Minority Shareholders of TBANK</td> <td>663,406</td> <td>0.04</td> </tr> <tr> <td>4. 15 other shareholders</td> <td>70</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>1,660,000,000</td> <td>100.00</td> </tr> </tbody> </table>		Name	Amount of Shares	Percent	1. TBANK	1,659,999,930	100.00	2. 15 other shareholders	70	0.00	Total	1,660,000,000	100.00	Name	Amount of Shares	Percent	1. TCAP	845,948,410	50.96	2. BNS	813,388,114	49.00	3. TCAP for Offering to Minority Shareholders of TBANK	663,406	0.04	4. 15 other shareholders	70	0.00	Total	1,660,000,000	100.00
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Total	1,660,000,000	100.00																														

3.5.1.3 Ordinary Shares of TSAMC

Acquired Assets	101,921,497 ordinary shares of TSAMC, representing 50.96 percent of all shares of TSAMC																															
Company Name	TS Asset Management Company Limited																															
Type of Legal Entity	Limited Company																															
Type of Business	Financial Institution Asset Management																															
Registered Capital	THB 2,000,000,000, divided into 200,000,000 shares, with a par value of THB 10.00 per share																															
Paid-up Capital	THB 2,000,000,000, divided into 200,000,000 shares, with a par value of THB 10.00 per share																															
List of Shareholders	<p><u>List of Shareholders before the Restructuring (as of April 30, 2019)</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>199,999,997</td> <td>100.00</td> </tr> <tr> <td>2. 3 other shareholders</td> <td>3</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>200,000,000</td> <td>100.00</td> </tr> </tbody> </table> <p><i>Source: List of Shareholders</i></p> <p><u>List of Shareholders after the Restructuring</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TCAP</td> <td>101,921,497</td> <td>50.96</td> </tr> <tr> <td>2. BNS</td> <td>97,998,571</td> <td>49.00</td> </tr> <tr> <td>3. TCAP for Offering to Minority Shareholders of TBANK</td> <td>79,929</td> <td>0.04</td> </tr> <tr> <td>4. 3 other shareholders</td> <td>3</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>200,000,000</td> <td>100.00</td> </tr> </tbody> </table>		Name	Amount of Shares	Percent	1. TBANK	199,999,997	100.00	2. 3 other shareholders	3	0.00	Total	200,000,000	100.00	Name	Amount of Shares	Percent	1. TCAP	101,921,497	50.96	2. BNS	97,998,571	49.00	3. TCAP for Offering to Minority Shareholders of TBANK	79,929	0.04	4. 3 other shareholders	3	0.00	Total	200,000,000	100.00
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4. 3 other shareholders	3	0.00																														
Total	200,000,000	100.00																														

3.5.1.4 Ordinary Shares of SPV1 Which Will Hold Shares in THANI

50,981 ordinary shares of SPV1, representing 50.98 percent of all issued shares of SPV1. SPV1 will hold shares in THANI with the following details:

Assets to be Acquired by SPV1	2,459,878,098 ordinary shares of THANI, representing 65.16 percent of all issued shares of THANI																												
Company Name	Ratchthani Leasing Public Company Limited																												
Type of Legal Entity	Public Limited Company																												
Type of Business	Leasing																												
Registered Capital	THB 3,775,354,601, divided into 3,775,354,601 shares, with a par value of THB 1.00 per share																												
Paid-up Capital	THB 3,775,353,450, divided into 3,775,353,450 shares, with a par value of THB 1.00 per share																												
List of Shareholders	<p><u>List of Shareholders before the Restructuring (as of July 17, 2019)</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>2,460,861,562</td> <td>65.18</td> </tr> <tr> <td>2. Other shareholders</td> <td>1,314,491,888</td> <td>34.82</td> </tr> <tr> <td>Total</td> <td>3,775,353,450</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: www.setsmart.com</p> <p><u>List of Shareholders after the Restructuring</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TCAP</td> <td>2,459,878,098</td> <td>65.16</td> </tr> <tr> <td>2. TCAP for Offering to Minority Shareholders of TBANK</td> <td>983,464</td> <td>0.03</td> </tr> <tr> <td>3. Other shareholders</td> <td>1,314,491,888</td> <td>34.82</td> </tr> <tr> <td>Total</td> <td>3,775,353,450</td> <td>100.00</td> </tr> </tbody> </table>		Name	Amount of Shares	Percent	1. TBANK	2,460,861,562	65.18	2. Other shareholders	1,314,491,888	34.82	Total	3,775,353,450	100.00	Name	Amount of Shares	Percent	1. TCAP	2,459,878,098	65.16	2. TCAP for Offering to Minority Shareholders of TBANK	983,464	0.03	3. Other shareholders	1,314,491,888	34.82	Total	3,775,353,450	100.00
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3. Other shareholders	1,314,491,888	34.82																											
Total	3,775,353,450	100.00																											

3.5.1.5 Ordinary Shares of MBK

Acquired Assets	85,510,760 ordinary shares of MBK, representing 5.05 percent of all issued shares of MBK
Company	MBK Public Company Limited

Type of Legal Entity	Public Limited Company																																							
Type of Business	Real property lease to hotels and companies																																							
Registered Capital	THB 1,694,923,000, divided into 1,694,923,000 shares, with a par value of THB 1.00 per share																																							
Paid-up Capital	THB 1,694,923,000, divided into 1,694,923,000 shares, with a par value of THB 1.00 per share																																							
List of Shareholders	<p><u>List of Shareholders before the Restructuring (as of March 22, 2019)</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>57,829,300</td> <td>3.41</td> </tr> <tr> <td>2. TCAP</td> <td>169,493,100</td> <td>10.00</td> </tr> <tr> <td>3. TNS</td> <td>75,603,000</td> <td>4.46</td> </tr> <tr> <td>4. TNI</td> <td>34,365,000</td> <td>2.03</td> </tr> <tr> <td>5. Other shareholders</td> <td>1,357,632,600</td> <td>80.10</td> </tr> <tr> <td>Total</td> <td>1,694,923,000</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: www.setsmart.com</p> <p><u>List of Shareholders after the Restructuring</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TCAP</td> <td>255,003,860</td> <td>15.05</td> </tr> <tr> <td>2. BNS</td> <td>82,219,479</td> <td>4.85</td> </tr> <tr> <td>3. TCAP for Offering to Minority Shareholders of TBANK</td> <td>67,061</td> <td>0.004</td> </tr> <tr> <td>4. Other shareholders</td> <td>1,357,632,600</td> <td>80.10</td> </tr> <tr> <td>Total</td> <td>1,694,923,000</td> <td>100.00</td> </tr> </tbody> </table>	Name	Amount of Shares	Percent	1. TBANK	57,829,300	3.41	2. TCAP	169,493,100	10.00	3. TNS	75,603,000	4.46	4. TNI	34,365,000	2.03	5. Other shareholders	1,357,632,600	80.10	Total	1,694,923,000	100.00	Name	Amount of Shares	Percent	1. TCAP	255,003,860	15.05	2. BNS	82,219,479	4.85	3. TCAP for Offering to Minority Shareholders of TBANK	67,061	0.004	4. Other shareholders	1,357,632,600	80.10	Total	1,694,923,000	100.00
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4. Other shareholders	1,357,632,600	80.10																																						
Total	1,694,923,000	100.00																																						

3.5.1.6 Ordinary Shares of PRG

Acquired Assets	29,987,408 ordinary shares of PRG, representing 5.00 percent of all issued shares of PRG																																								
Company Name	Patum Rice Mill and Granary Public Company Limited																																								
Type of Legal Entity	Public Limited Company																																								
Type of Business	Food and Beverage																																								
Registered Capital	THB 900,000,000, divided into 900,000,000 shares, with a par value of THB 1.00 per share																																								
Paid-up Capital	THB 600,000,000, divided into 600,000,000 shares, with a par value of THB 1.00 per share																																								
List of Shareholders	<p><u>List of Shareholders before the Restructuring (as of March 21, 2019)</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>19,620,000</td> <td>3.27</td> </tr> <tr> <td>2. TCAP</td> <td>58,755,000</td> <td>9.79</td> </tr> <tr> <td>3. TNS</td> <td>26,424,130</td> <td>4.40</td> </tr> <tr> <td>4. TNI</td> <td>12,800,000</td> <td>2.13</td> </tr> <tr> <td>5. Other shareholders</td> <td>482,400,870</td> <td>80.40</td> </tr> <tr> <td>Total</td> <td>600,000,000</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: www.setsmart.com</p> <p><u>List of Shareholders after the Restructuring</u></p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TCAP</td> <td>88,742,408</td> <td>14.79</td> </tr> <tr> <td>2. BNS</td> <td>28,833,204</td> <td>4.81</td> </tr> <tr> <td>3. TCAP for Offering to Minority Shareholders of TBANK</td> <td>23,518</td> <td>0.004</td> </tr> <tr> <td>4. Other shareholders</td> <td>482,400,870</td> <td>80.40</td> </tr> <tr> <td>Total</td> <td>600,000,000</td> <td>100.00</td> </tr> </tbody> </table>		Name	Amount of Shares	Percent	1. TBANK	19,620,000	3.27	2. TCAP	58,755,000	9.79	3. TNS	26,424,130	4.40	4. TNI	12,800,000	2.13	5. Other shareholders	482,400,870	80.40	Total	600,000,000	100.00	Name	Amount of Shares	Percent	1. TCAP	88,742,408	14.79	2. BNS	28,833,204	4.81	3. TCAP for Offering to Minority Shareholders of TBANK	23,518	0.004	4. Other shareholders	482,400,870	80.40	Total	600,000,000	100.00
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Total	600,000,000	100.00																																							

3.5.1.7 Ordinary Shares of SPV2 Which Will Hold Shares in SEACON, AJNMT, TGL, TDD, SSV, and TMS

206,685,540 ordinary shares of SPV2, representing 50.96 percent of all issued shares of SPV2.

In this regard, The registered capital as of incorporation of SPV2 will be THB 1 million, with a par value of THB 10 per share, divided into 100,000 shares. Prior to the Transaction Date, TBANK will increase the capital in SPV2 as a source of fund for the acquisition of shares in AJNMT, SEACON, TGL, TTD, SSV and TMS from TBANK at such price determined from the basis as specified in Section 5.2. The price of shares to be offered for sale by SPV2 to all shareholders will be equal to the total price paid for shares of these companies. In this regard, subject to the assumption that the Transaction Date takes place on December 31, 2018, total value of shares in these companies is equivalent to THB 4,055,779,020 Million. Therefore, the registered and paid-up capital of SPV2 shall be equivalent to THB 4,055,779,020 Million, with a par value THB 10 per share, divided into 405,577,902 shares, whereby TBANK will offer shares in SPV2 for sale to TCAP, BNS, and TCAP for Minority Shareholders of TBANK in proportion to their respective shareholdings, equivalent to 206,685,540 shares, 198,730,276 shares, and 162,086 shares, respectively. SPV2 will hold shares in AJNMT, SEACON, TGL, TDD, SSV, and TMS with the following details:

a) **Ordinary Shares of SEACON**

Acquired Assets	260,284 ordinary shares of SEACON, representing 4.53 percent of all issued shares of SEACON														
Company	Seacon Development Public Company Limited														
Type of Legal Entity	Public Limited Company														
Type of Business	Lease and management of real property, either owned or leased from others, for non-residential purpose														
Registered Capital	THB 574,000,000, divided into 5,740,000 shares, with a par value of THB 100.00 per share														
Paid-up Capital	THB 574,000,000, divided into 5,740,000 shares, with a par value of THB 100.00 per share														
List of Shareholders	<p>List of Shareholders before the Restructuring (as of February 1, 2019)</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>260,284</td> <td>4.53</td> </tr> <tr> <td>2. Other shareholders</td> <td>5,479,716</td> <td>95.47</td> </tr> <tr> <td>Total</td> <td>5,470,000</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: List of Shareholders</p> <p>List of Shareholders after the Restructuring</p>			Name	Amount of Shares	Percent	1. TBANK	260,284	4.53	2. Other shareholders	5,479,716	95.47	Total	5,470,000	100.00
Name	Amount of Shares	Percent													
1. TBANK	260,284	4.53													
2. Other shareholders	5,479,716	95.47													
Total	5,470,000	100.00													

	Name	Amount of Shares	Percent
	1. SPV2	260,284	4.53
	2. Other shareholders	5,479,716	95.47
	Total	5,470,000	100.00

b) Ordinary Shares of AJNMT

Acquired Assets	477,816 ordinary shares of AJNMT, representing 6.00 percent of all shares of AJNMT																										
Company Name	Ajinomoto Co., (Thailand) Ltd.																										
Type of Legal Entity	Limited Company																										
Type of Business	Production of monosodium glutamate																										
Registered Capital	THB 796,362,800, divided into 7,963,628 shares, with a par value of THB 100.00 per share																										
Paid-up Capital	THB 796,362,800, divided into 7,963,628 shares, with a par value of THB 100.00 per share																										
List of Shareholders	<p>List of Shareholders before the Restructuring (as of June 14, 2019)</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>477,816</td> <td>6.00</td> </tr> <tr> <td>2. Other shareholders</td> <td>7,485,812</td> <td>94.00</td> </tr> <tr> <td>Total</td> <td>7,963,628</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: List of Shareholders</p> <p>List of Shareholders after the Restructuring</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. SPV2</td> <td>477,816</td> <td>6.00</td> </tr> <tr> <td>2. Other shareholders</td> <td>7,485,812</td> <td>94.00</td> </tr> <tr> <td>Total</td> <td>7,963,628</td> <td>100.00</td> </tr> </tbody> </table>			Name	Amount of Shares	Percent	1. TBANK	477,816	6.00	2. Other shareholders	7,485,812	94.00	Total	7,963,628	100.00	Name	Amount of Shares	Percent	1. SPV2	477,816	6.00	2. Other shareholders	7,485,812	94.00	Total	7,963,628	100.00
Name	Amount of Shares	Percent																									
1. TBANK	477,816	6.00																									
2. Other shareholders	7,485,812	94.00																									
Total	7,963,628	100.00																									
Name	Amount of Shares	Percent																									
1. SPV2	477,816	6.00																									
2. Other shareholders	7,485,812	94.00																									
Total	7,963,628	100.00																									

c) Ordinary Shares of TGL

Acquired Assets	35,999,994 ordinary shares of TGL, representing 100.00 percent of all shares of TGL																										
Company Name	Thanachart Group Leasing Company Limited																										
Type of Legal Entity	Limited Company																										
Type of Business	Leasing																										
Registered Capital	THB 360,000,000, divided into 36,000,000 shares, with a par value of THB 10.00 per share																										
Paid-up Capital	THB 360,000,000, divided into 36,000,000 shares, with a par value of THB 10.00 per share																										
List of Shareholders	<p>List of Shareholders before the Restructuring (as of April 30, 2019)</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. TBANK</td> <td>35,999,994</td> <td>100.00</td> </tr> <tr> <td>2. 6 other shareholders</td> <td>6</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>36,000,000</td> <td>100.00</td> </tr> </tbody> </table> <p>Source: List of Shareholders</p> <p>List of Shareholders after the Restructuring</p> <table border="1"> <thead> <tr> <th>Name</th> <th>Amount of Shares</th> <th>Percent</th> </tr> </thead> <tbody> <tr> <td>1. SPV2</td> <td>35,999,994</td> <td>100.00</td> </tr> <tr> <td>2. 6 other shareholders</td> <td>6</td> <td>0.00</td> </tr> <tr> <td>Total</td> <td>36,000,000</td> <td>100.00</td> </tr> </tbody> </table>			Name	Amount of Shares	Percent	1. TBANK	35,999,994	100.00	2. 6 other shareholders	6	0.00	Total	36,000,000	100.00	Name	Amount of Shares	Percent	1. SPV2	35,999,994	100.00	2. 6 other shareholders	6	0.00	Total	36,000,000	100.00
Name	Amount of Shares	Percent																									
1. TBANK	35,999,994	100.00																									
2. 6 other shareholders	6	0.00																									
Total	36,000,000	100.00																									
Name	Amount of Shares	Percent																									
1. SPV2	35,999,994	100.00																									
2. 6 other shareholders	6	0.00																									
Total	36,000,000	100.00																									

d) Ordinary Shares of TTD

Acquired Assets	499,993 ordinary shares of TTD, representing 100.00 percent of all shares of TTD		
Company Name	Thanachart Training and Development Company Limited		
Type of Legal Entity	Limited Company		

Type of Business	Provision of training services		
Registered Capital	THB 5,000,000, divided into 500,000 shares, with a par value of THB 10.00 per share		
Paid-up Capital	THB 5,000,000, divided into 500,000 shares, with a par value of THB 10.00 per share		
List of Shareholders	List of Shareholders before the Restructuring (as of May 10, 2019)		
	Name	Amount of Shares	Percent
	1. TBANK	499,993	100.00
	2. 7 other shareholders	7	0.00
	Total	500,000	100.00
	<i>Source: List of Shareholders</i>		
List of Shareholders	List of Shareholders after the Restructuring		
	Name	Amount of Shares	Percent
	1. SPV2	499,993	100.00
	2. 7 other shareholders	7	0.00
	Total	500,000	100.00

e) Ordinary Shares of SSV

Acquired Assets	99,998 ordinary shares of SSV, representing 100.00 percent of all shares of SSV		
Company Name	Security Scib Services Company Limited		
Type of Legal Entity	Limited Company		
Type of Business	General administration services		
Registered Capital	THB 10,000,000, divided into 100,000 shares, with a par value of THB 100.00 per share		
Paid-up Capital	THB 10,000,000, divided into 100,000 shares, with a par value of THB 100.00 per share		
List of Shareholders	List of Shareholders before the Restructuring (as of April 25, 2019)		
	Name	Amount of Shares	Percent
	1. TBANK	99,998	100.00

	2. 2 other shareholders	2	0.00
	Total	100,000	100.00
<i>Source: List of Shareholders</i>			
<u>List of Shareholders after the Restructuring</u>			
	Name	Amount of Shares	Percent
	1. SPV2	99,998	100.00
	2. 2 other shareholders	2	0.00
	Total	100,000	100.00

f) Ordinary Shares of TMS

Acquired Assets	599,993 ordinary shares of TMS, representing 100.00 percent of all shares of TMS			
Company Name	Thanachart Management and Service Company Limited			
Type of Legal Entity	Limited Company			
Type of Business	Provision of staff services			
Registered Capital	THB 6,000,000, divided into 600,000 shares, with a par value of THB 10.00 per share			
Paid-up Capital	THB 6,000,000, divided into 600,000 shares, with a par value of THB 10.00 per share			
List of Shareholders	<u>List of Shareholders before the Restructuring (as of April 30, 2019)</u>			
		Name	Amount of Shares	Percent
		1. TBANK	599,993	100.00
		2. 7 other shareholders	7	0.00
		Total	600,000	100
<i>Source: List of Shareholders</i>				
	<u>List of Shareholders after the Restructuring</u>			
	Name	Amount of Shares	Percent	
	1. SPV2	599,993	100.00	
	2. 7 other shareholders	7	0.00	
	Total	600,000	100.00	

3.5.2 Asset to be acquired from BNS After the Restructuring

- 3.5.2.1 553,898,398 ordinary shares of SPV1, representing 49.02 percent of all issued shares of SPV1, provided that SPV1 shall be the shareholder of Ratchthani Leasing Public Company Limited ("THANI"), holding 2,459,878,098 ordinary shares, representing 65.16 percent of all issued shares of THANI;
- 3.5.2.2 198,623,253 ordinary shares of SPV2, representing 49.00 percent of all issued shares of SPV2, provided that SPV2 shall be the shareholder of the following companies:
- i. Seacon Development Public Company Limited ("**SEACON**"), holding 260,284 shares, representing 4.53 percent of all issued shares of SEACON;
 - ii. Ajinomoto (Thailand) Co., Ltd. ("**AJNMT**"), holding 477,816 shares, representing 6.00 percent of all issued shares of AJNMT;
 - iii. Thanachart Group Leasing Company Limited ("**TGL**"), holding 35,999,994 shares, representing 100.00 percent of all issued shares of TGL;
 - iv. Thanachart Training and Development Company Limited ("**TTD**"), holding 499,993 shares, representing 100.00 percent of all issued shares of TTD;
 - v. Security Scib Services Company Limited ("**SSV**"), holding 99,998 shares, representing 100.00 percent of all issued shares of SSV; and
 - vi. Thanachart Management and Service Company Limited ("**TMS**"), holding 599,993 shares, representing 100.00 percent of all issued shares of TMS,
- 3.5.2.3 97,998,571 ordinary shares of TS Asset Management Company Limited ("**TSAMC**"), representing 49.00 percent of all issued shares of TSAMC;
- 3.5.2.4 82,219,479 ordinary shares of MBK Public Company Limited ("**MBK**"), representing 4.85 percent of all issued shares of MBK; and
- 3.5.2.5 28,833,204 ordinary shares of Patum Rice Mill and Granary Public Company Limited ("**PRG**"), representing 4.81 percent of all issued shares of PRG.

3.5.3 Assets to Be Disposed from the Sale of TBANK Ordinary Shares

The assets to be disposed in this regard are 3,090,699,234 ordinary shares of TBANK held by TCAP, representing 50.96 percent of all issued shares of TBANK. The general information of TBANK is described as follows:

(1) General Information

Company Name	Thanachart Bank Public Company Limited
Type of Legal Entity	Public Company Limited
Type of Business	Commercial Bank
Registered Capital	THB 99,136,649,030.00, divided into 9,913,664,903 shares, with a par value of THB 10.00 per share
Paid-up Capital	THB 60,648,621,700.00, divided into 6,064,862,170 shares, with a par value of THB 10.00 per share
Head Office	444 MBK Tower, Phayathai Road, Wangmai, Pathumwan, Bangkok 10330
Other Information	Other information is described in <u>Annex 1</u> .

(2) Board of Directors and Shareholders of TBANK

List of Directors

List of Directors of TBANK as of April 2, 2019

List of Directors	Positions
1. Mr. Banterng Tantivit	Director
2. Mr. Narong Chivangkur	Director
3. Mr. Suphadej Poonpipat	Director
4. Ms. Suvarnapha Suvarnaprathip	Director
5. Mr. Somjai Phagaphasvivat	Director
6. Mr. Rod Michael Reynolds	Director
7. Mr. Walter Tas	Director
8. Mr. Thanachart Numnonda	Director
9. Ms. Mookda Pairatchavet	Director

List of Directors	Positions
10. Mr. William George Said	Director
11. Mr. Alexander Kwai Lap Choi	Director
12. Mr. Praphan Anupongongarch	Director

Source: The Company Affidavit issued by the Department of Business Development, Ministry of Commerce, as of April 2, 2019

Directors of TBANK after the Sale of TBANK Ordinary Shares will be as appropriately appointed afterwards.

List of Shareholders

List of Shareholders of TBANK before and after the Sale of Ordinary Shares of TBANK (subject to the assumption that all minority shareholders of TBANK agree to sell all shares held by them in TBANK to TMB) will be as follows:

No.	List of Shareholder (as of April 4, 2019)			List of Shareholders after the Transaction		
	Name	Amount of Shares (Shares)	Shareholding (Percent)	Name	Amount of Shares (Shares)	Shareholding (Percent)
1.	TCAP	3,090,699,234	50.96	TMB	6,064,862,170	100.00
2.	BNS	2,971,739,163	49.00	-	-	-
3.	743 minority shareholders	2,423,773	0.04	-	-	-

Source: Report on the list of major shareholders, prepared by Thailand Securities Depository Company Limited as of April 4, 2019

3.5.4 Assets to Be Acquired from the Acquisition of TMB Newly Issued Ordinary Shares

The assets to be acquired in this regard are not more than 21,663,091,024 newly issued ordinary shares of TMB, representing 20.1 – 23.3 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion). The general information of TMB is described as follows:

(1) General Information of TMB

Company Name	TMB Bank Public Company Limited
Type of Legal Entity	Public Limited Company

Type of Business	Finance/Banking Business
Registered Capital (as of March 31, 2019)	THB 41,903,301,555.05, divided into 43,851,893,110 shares, with a par value of THB 0.95 per share
Paid-up Capital (as of March 31, 2019)	THB 41,659,298,454.50
Head Office	3000 Phaholyothin Road, Chomphon, Chatuchak, Bangkok

(2) Board of Directors and Shareholders of TMBList of Directors

Current List of Directors of TMB

List of Directors	Positions
1. Mr. Prasong Poontaneat	Chairman of the Board
2. Mr. Philippe G.J.E.O. Damas	Chairman of the Board of Executive Directors / Director
3. Mr. Piti Tantakasem	Chief Executive Officer / Director
4. General Nattaphon Narkphanit	Director
5. Ms. Catherine Peck Cheng Low	Director
6. Mr. Chumpol Rimsakorn	Director
7. Mr. Vaughn Nigel Richtor	Director
8. Mr. Yokporn Tantisawetrat	Director
9. Mr. Singha Nikornpun	Independent Director / Chairman of the Audit Committee
10. Mr. Siripong Sombutsiri	Independent Director
11. Mr. Christopher John King	Independent Director / Member of the Audit Committee
12. Mr. Praisun Wongsmith	Independent Director / Member of the Audit Committee

Source: www.set.or.th

Directors of TMB after the Subscription of TMB Newly Issued Ordinary Shares will be as appropriately appointed afterwards.

List of Shareholders

List of shareholders of TMB before and after the Subscription of TMB Newly Issued Ordinary Shares (subject to the assumption that (a) TMB's existing shareholders exercise their rights to subscribe for newly issued ordinary shares under TSR in full, (b) private placement investors subscribe for newly issued ordinary shares allocated to them in full, (c) TBANK's existing shareholder subscribe for newly issued ordinary shares under preferential public offering in full) will be as follows:

No.	List of TMB's Major Shareholder (as of April 24, 2019) ⁽¹⁾		List of TMB's Major Shareholder after the Transaction	
	Name	Shareholding (Percent)	Name	Shareholding (Percent)
1.	Ministry of Finance	25.92	ING Bank N.V. ⁽²⁾	21.26
2.	ING Bank N.V.	25.02	TCAP	20.43
3.	Thai NVDR Co., Ltd. ⁽³⁾	10.13	Ministry of Finance	18.41
4.	South East Asia UK (Type C) Nominees Limited	1.71	BNS	5.59
5.	Mrs. Somporn Juangroongruangkit	1.41	Private Placement Investors	2.89

Remarks:

(1) Source: www.set.or.th

(2) Including the non-voting depository receipts (THAI NVDR) of 4.88 percent, which ING Support Holding B.V. may convert into ordinary shares in the future.

(3) ING Support Holding B.V. holds the non-voting depository receipts (THAI NVDR) of 4.88 percent.

(3) Business Operations

TMB was established on November 5, 1957 with Field Marshall Sarit Tanarat positioned as Chairman of the Board of Directors and most of the shareholders in the initial stage were military personnel. TMB, later, was listed on the Stock Exchange of Thailand on December 23, 1983. Later in September 2004, TMB was merged with DBS Thai Danu Bank and the Industrial Finance Corporation of Thailand, resulting in TMB having an insurance company and an asset management company under its umbrella enabling TMB to operate as a universal bank. In December 2007, TMB successfully increased its registered capital of THB 37,622 Million, having ING, a financial institution from Netherlands, as a new partner, strengthen TMB's financial position.

As of today, TMB is ranked as the 7th largest commercial bank of Thailand. TMB offers deposit products, loan products, financial transaction services, international trading services, insurance products, business card services, agency and securities services, and investment banking and investment advisory services,

credit card products, investment products, and wealth management to its customers, which are divided into 3 segments, namely, wholesale banking group, SME banking group, and retail banking group.

As of December 31, 2018, TMB has total 416 branch in Thailand (including 1 branch of ME by TMB1) and oversea branches, namely Cayman Islands Branch and Vientiane branch, Lao P.D.R.. Moreover, there are also 55 zone offices for small enterprise, 42 zone offices for business banking, and 1 foreign currency exchange booth. TMB also offers electronic banking through (1) ATM and ADM, (2) merchant acquiring business, (3) digital banking, such as TMB Internet Banking, TMB Touch, ME by TMB, TMB Business Click, and TMB Business Touch.

(4) Other Legal Entities with 10 Percent of Shares or More Held by TMB⁽¹⁾

Item	Company Name	Type of Business	Amount of All Issued Shares (shares)	Shareholding Ratio (percent)
1.	Phayathai Asset Management Co., Ltd. ⁽²⁾	Finance Business	107,000,000	100.00
2.	Phahonyothin Asset Management Co., Ltd.	Finance Business	2,500,000	100.00
3.	TMB Asset Management Co., Ltd.	Finance Business	10,000,000	35.00
4.	TMB Property Development Co., Ltd.	Real Estate	10,000	99.93
5.	N D Group Feedmill Co., Ltd.	Retail/Wholesale	120,000	25.00
6.	National ITMX Co., Ltd.	Services	500,000	10.74
7.	M Thai Estate Co., Ltd.	Real Estate	30,000,000	10.00
8.	Thai Charoenphol Industry Co., Ltd.	Manufacturing	15,500	16.13
9.	TRIS Corporation Limited	Services	1,000,000	15.30
10.	Wholesale Town Co., Ltd.	Transportation	22,000	10.00
11.	Wing Group Co., Ltd.	Production of Ready-To-Wear Clothes	9,000	25.00

Remarks:

(1) Information from Form 56-1 for the year 2018

(2) This company registered its dissolution with the Ministry of Commerce on December 26, 2018

(5) Key Financial Information of TMB

Summary of Financial Position

Information (Unit: THB Million)	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of March 31, 2019
Cash and cash equivalents	16,531	17,872	15,234	11,678
Interbank and money market items-net	113,858	112,534	113,522	104,248
Derivatives assets	10,460	8,674	7,916	7,980
Investments-net	62,985	61,305	73,477	84,223
Investments in subsidiaries and associated companies-net	-	-	4,577	4,637
Loans to customers and accrued interest receivables-net	569,268	619,373	654,040	656,846
Properties foreclosed-net	1,506	2,214	2,614	2,688
Land, premises and equipment-net	12,383	12,071	11,876	11,741
Goodwill and intangible assets-net	1,704	2,132	2,592	2,608
Other assets	8,620	7,698	5,864	5,574
Total assets	797,316	843,872	891,713	892,224
Deposits	598,948	611,430	649,568	661,287
Interbank and money market items	45,417	60,349	64,267	51,266
Payable on demand liabilities	4,032	3,665	3,505	5,018
Financial liabilities designated at fair value through profit or loss	362	386	397	401
Derivatives liabilities	10,728	8,559	7,328	7,139
Debt issued and borrowings	39,874	33,352	35,124	34,852
Provisions for obligations on transfers of Non-performing assets	1,657	-	-	-
Provisions for employee benefits	1,453	1,301	1,221	1,584
Provisions for other liabilities	701	544	630	646
Deferred revenue	218	18,908	17,594	17,334
Other liabilities	10,078	15,523	13,302	12,302
Total liabilities	713,468	754,016	792,934	791,830
Registered capital	41,903	41,903	41,903	41,903

Information (Unit: THB Million)	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of March 31, 2019
Issued and paid-up capital	41,617	41,648	41,659	41,659
Share premium	325	379	404	404
Other components of equity	5,278	5,097	4,811	4,829
Retained earnings/ (losses)	36,502	42,731	51,905	53,501
Equity attributable to owners of the Company	83,723	89,856	98,779	100,394
Non-controlling interests of subsidiaries	125	-	-	-
Total shareholders' equity	83,848	89,856	98,779	100,394

Income Statements

Information (Unit: THB Million)	As of December 31, 2016	As of December 31, 2017	As of December 31, 2018	As of March 31, 2019
Net interest income	24,761	24,734	24,497	6,236
Net fees and service income	7,997	10,586	9,338	1,722
Other operating income	2,465	2,119	14,208	558
Total operating income	35,223	37,439	48,042	8,517
Operating expenses	16,589	17,792	17,475	4,738
Impairment losses of loans and debt securities	8,649	8,915	16,100	1,839
Total expenses	25,238	26,707	33,575	6,577
EBT	9,984	10,732	14,467	1,940
Income tax expenses	1,740	2,004	2,866	361
Net profit/(loss)	8,244	8,728	11,601	1,579
Profit attributable to equity holders of the company	8,226	8,687	11,601	1,579
Profit (Loss) attributable to non-controlling interest	-	-	-	-
Earnings per share (THB)	0.1879	0.1982	0.2646	0.0360

Source: Consolidated Financial Statements of TMB

(6) Comparison of Pro Forma Consolidated Financial Statements of TMB as of December 31, 2018 and Pro Forma Consolidated Financial Statements of TMB and TBANK after the Merger as of December 31, 2018

TMB has conducted pro forma consolidated financial statements of TMB and TBANK after the Merger based on the financial statements of TMB for the year ended December 31, 2018 and pro forma consolidated financial statements of TBANK for the year ended December 31, 2018 to illustrate the statement after the Restructuring which is a pro forma consolidated financial statements prepared by TMB and assured as to the preparation standard by KPMG Phoomchai Audit Ltd.. In this regard, the pro forma consolidated financial statement is not an indicator of the actual operating results as the financial information in the pro forma consolidated financial statements have been prepared by assumption of the event that did not actually occur at the time. Key details in TMB's financial statements compared to pro forma consolidated financial statements of TMB and TBANK after the Merger can be summarized as follows:

Information (Unit : THB Million)	TMB as of December 31, 2018	TMB and TBANK after the Merger as of December 31, 2018	Increased by
Statement of Financial Position			
Assets			
Cash	15,234	26,246	72.3
Interbank and money market items-net	113,522	193,744	70.7
Loans to customers	685,793	1,446,080	110.9
Total loans to customers and accrued interest receivables	687,102	1,448,034	110.7
Total loans to customers and accrued interest receivables-net	654,040	1,334,627	104.1
Properties foreclosed-net	2,614	4,247	62.5
Goodwill and intangible assets-net	2,592	25,285	875.5
Total assets	891,713	1,860,556	108.6
Liabilities			
Deposits	649,568	1,403,301	116.0
Interbank and money market items	64,267	106,185	65.2
Debt issued and borrowings- net	35,124	78,490	123.5
Total liabilities	792,934	1,655,242	108.7

Information (Unit : THB Million)	TMB as of December 31, 2018	TMB and TBANK after the Merger as of December 31, 2018	Increased by
Equity			
Share capital and premium on share capital	42,063	148,598	253.3
Other reserves	4,811	4,811	-
Retained earnings	51,905	51,905	-
Equity attributable to owners of the bank	98,779	205,314	107.9
Total equity	98,779	205,314	107.9
Total liabilities and equity	891,713	1,860,556	108.6
Statement of comprehensive income			
Interest income	35,128	77,754	121.3
Net interest income	24,497	51,737	111.2
Net fees and service income	9,338	14,212	52.2
Total operating income	48,042	82,029	70.7
Total other operating expenses	17,475	35,399	102.6
Impairment losses of loans and debt securities	16,100	20,565	27.7
Profit before income tax	14,467	26,064	80.2
Profit for the year	11,601	21,924	89.0
Other comprehensive income for the year, net of tax	(48)	(1,031)	2,047.9
Total comprehensive income for the year	11,554	20,893	80.8
Key ratios			
Loan yield	4.9%	5.1%	
Cost of deposit	1.4%	1.5%	
NIM	2.9%	2.9%	
Cost to income	36.0%	43.2%	
Earning per shares	0.26	0.21	
Return on Asset	1.4%	1.2%	
Return on Equity	12.4%	10.7%	
Loan to deposit ratio	105.6%	98.7%	
Loan loss reserve to total loans	4.7%	3.8%	

Information (Unit : THB Million)	TMB as of December 31, 2018	TMB and TBANK after the Merger as of December 31, 2018	Increased by
NPL ratio	2.8%	2.4%	
NPL coverage ratio	152.0%	139.9%	
Tier 1 Ratio	13.6%	13.7%	
Capital Adequacy Ratio (CAR)	17.5%	17.7%	

Basis for Preparation of Pro Forma Statements of TMB and TBANK after the Merger

The pro forma consolidated financial information is based on the information provided in the pro forma consolidated financial statements prepared by TMB as assured as to the preparation standard by KPMG Phoomchai Audit Ltd. which is prepared based on the audited consolidated financial statements of TMB and TBANK and its subsidiaries for the year ended December 31, 2018, with the purpose to reflect the acquisition of TBANK after the Restructuring by TMB as if the Merger had been completed on January 1, 2018 for the pro forma consolidated statement of comprehensive income and on December 31, 2018 for the pro forma consolidated statement of financial position.

1) Disposal of Non-Transferred Entities

TBANK will dispose certain subsidiaries and associate companies as part of the Restructuring. The disposed investments will be adjusted with interbank and money market items as it is a condition before the acquisition whereby TMB will acquire TBANK immediately after TBANK disposes the non-transferred entities and receives related consideration from the disposal.

2) Acquisition of TFUND by TMB with a View to Resale

TMB managements have the intention to accept the transfer of TFUND with a view to resale. TMB therefore present the value of investment in TFUND at deemed fair value and classify as a single unit in other assets. In the pro forma consolidated statement of comprehensive income will exclude TFUND's operating results in order to reflect the on-going performance. Any intercompany transactions with TFUND will be treated as third party transactions and have not been eliminated.

3) Depreciation on Fair Value Uplift of Buildings for Own Use

From the assumption in preparing the pro forma consolidated statement of comprehensive income and if the Merger had been completed on January 1, 2018, TBANK's operating results also reflect additional depreciation on fair value uplift of buildings for own use by divided fair value uplift with remaining useful life as implied from the appraisal report.

4) Financial Structure Established to Fund the Acquisition by TMB

With reference to the assumption in preparing the pro forma consolidated statement of financial position that the Merger had been completed on December 31, 2018, the pro forma financial information has reflected the following financing transaction as proceeds to fund the consideration:

- issuing subordinated debentures of THB 25,000 Million;
- issuing share on right offering and private placement of THB 48,900 Million;
- issuing share for preferential public offering to TBANK's shareholders equivalent to fair value of THB 57,635 Million;
- the rest will be funded by TMB's liquidity.

According to the assumption in preparing the pro forma consolidated statement of comprehensive income that the Transaction had been completed on January 1, 2018, the performance of the Merged Bank also reflects interest expenses from subordinated debentures issued by applying expected interest rates to be incurred, net of tax.

The above consideration and the pro forma consolidated financial information have not yet reflected transaction costs relating to the funding.

5) Identification of Intangible Assets and Goodwill from the Merger

The intangible assets and goodwill from the Merger have been computed together by using the difference between the expected consideration paid or payable to the seller and the adjusted net asset value of TBANK and deferred tax liabilities.

Given that the information regarding fair value of intangible assets identified from the Merger is not available yet, therefore, it has been shown together with goodwill. As a result, no related amortization of those identified intangible assets has been reflected in the pro forma consolidated statement of comprehensive income.

The goodwill in the pro forma consolidated financial information will be different, as the allocation of the purchase price has not been finalized. Accordingly, there can be no assurance that the final allocation of the purchase price will not differ from the preliminary allocation reflected in the pro forma consolidated financial information.

Supplementary Information

The pro forma consolidated statement of comprehensive income for the year ended December 31, 2018 included the following items:

- Gains on investments include gain on loss of control in TMB Asset Management Co., Ltd. of THB 11,852 Million.

- Impairment losses of loans and debt securities includes additional allowance set by TMB of approximately THB 5,000 Million in anticipation of strengthening regulatory measures.

Income tax includes utilization of tax losses not previously recognized as deferred tax asset amounting to of THB 4,742 Million.

3.6 Basis for Determination of Value of Consideration

The value of consideration in the transactions will be determined in accordance with the basis for pricing as indicated in the Agreement for the Sale and Purchase and the financial information as shown below, provided that TCAP and TMB will have resolution passed by their respective boards of directors declaring the selling prices of the transactions before the Transaction Date (the "**Selling Price**"), which may be adjusted for the respective transactions after the Transaction Date. The basis for pricing are as follows:

3.6.1 Basis for Determination of the Selling Price of the Ordinary Shares of the Subsidiaries and Other Companies

TBANK sets out the basis of pricing of the Selling Price for the restructuring of the Subsidiaries and Other Companies, which will be offered to all shareholders of TBANK in proportion to their respective shareholdings, comprising:

3.6.1.1 Subsidiaries with 100.00 Percent of All Issued Shares Held by TBANK

There are 3 subsidiaries under the Restructuring in which TBANK holds 100.00 percent of all issued shares, including TNI, TNS and TSAMC.

The basis for determination of initial price on the Transaction Date (the "**Initial Price**") for TNI, TNS, and TSAMC will be from the book value per share based on the financial information under the most recent financial statements which have been audited by the certified public accountants of such companies.

After the Transaction Date, the company's certified public accountant will audit the financial information and the operating results to the end date of the latest month immediately preceding the Transaction Date to determine the final price (the "**Final Price**").

Condition for price adjustment and settlement of the price for the sale and purchase of shares of subsidiaries under the Restructuring.

- 1) If the Initial Price paid as at the Transaction Date is higher than the Final Price, TBANK shall pay the surplus amount to shareholders of TBANK who purchased shares in such subsidiaries. As for the minority shareholders, TBANK will pay the surplus amount to TCAP to further pay to the minority shareholders who purchased shares in such subsidiaries.

- 2) If the Initial Price as at the Transaction Date is lower than the Final Price, the major shareholders shall pay the surplus amount to TBANK. In this regard, TCAP will pay the surplus amount on part of the minority shareholders who purchased shares in such subsidiaries.

3.6.1.2 Subsidiary Listed on the SET

THANI is a subsidiary in which TBANK holds 65.18 percent of all issued shares and is listed on the SET. Prior to the Transaction Date, TBANK will proceed with the restructuring by selling shares of SPV1 to be incorporated for specific purpose, in which TBANK will hold 100.00 percent of its shares, to TCAP and BNS. The basis for determination of the Selling Price will be determined from the book value per share based on the financial information under the most recent financial statements of SPV1 which have been audited or reviewed by the certified public accountant, or, in the absence of the financial figures which have been audited or reviewed by the auditor, the value of issued and paid-up registered capital.

Thereafter, on the Transaction Date, TBANK will sell shares of THANI to SPV1 and TBANK's minority shareholders in proportion to their respective shareholdings in TBANK. The basis for determination of the Selling Price of shares in THANI will be determined at 90 percent of the volume-weighted average market price of THANI shares as from 30 business days of securities trading that is 6 business days prior to the Transaction Date (T-6), multiplied by the amount of shares to be sold.

3.6.1.3 Other Companies Listed on the SET

There are 2 other companies under the Restructuring which are listed on the SET and in which TBANK and the subsidiaries hold their shares, namely, MBK in which TBANK and the subsidiaries hold 9.90 percent of its shares in aggregate, and PRG in which TBANK and the subsidiaries hold 9.81 percent in aggregate of all issued shares.

The basis for determination of the Selling Price in respect of the other companies listed on the SET under the Restructuring will be determined at 90 percent of the volume-weighted average market price of such shares as from 30 business days of securities trading that is 6 business days prior to the Transaction Date (T-6), multiplied by amount of shares to be sold.

3.6.1.4 Companies Restructured by way of Share Offering to SPV2

There are 6 companies which will be restructured by way of share offering to SPV2, comprising (1) 2 companies in which TBANK holds certain portion of shares, namely, SEACON and AJNMT in which TBANK holds 4.53 and 6.00 percent of all issued shares, respectively, and the (2) 4 other subsidiaries in which TBANK holds 100.00 percent of all issued shares, comprise TGL, SSV, TMS and TTD.

Before the Transaction Date, TBANK will proceed with the restructuring by offering shares of the above companies to SPV2 to be incorporated for specific purpose, in which TBANK will hold 100 percent of all issued shares. The basis for determination of the Selling Price includes:

- For shares of AJNMT: determined from such costs at which TBANK acquired shares of AJNMT from Siam City Bank Public Company Limited (SCIB) which has value higher than the book value per share of AJNMT's latest audited financial statement.
- For shares of SEACON: determined from book value per share based on the most recent annual financial statements deduct dividend payout which have been audited by the company's certified public accountant.
- For, shares of TGL, SSV, TMS and TTD: determined from the book value per share based on the financial information under the most recent financial statements of such companies which have been audited or reviewed by the certified public accountants of such company. Should the shareholders' equity of SSV be negative, the Selling Price shall be THB 1 (One Baht only).

Thereafter, on the Transaction Date, TBANK will sell shares of SPV2 to all shareholders of TBANK in proportion to their respective shareholdings. The price of shares of SPV2 will be determined from the total value of investments in SEACON, AJNMT, TGL, SSV, TMS and TTD acquired by SPV2 from TBANK.

3.6.2 Basis for Determination of the Selling Price of the Ordinary Shares of TBANK

Price per share on the Transaction Date ("**Initial Price**") of TBANK will be determined from

- (1) **Book value of TBANK shares** in accordance with consolidated financial statements;
- (2) **Plus:** Profits from the Restructuring;
- (3) **Plus:** Premium in an amount of THB 9,245 million;
- (4) **Deduct:** Book Value of TBROKER according to consolidated financial statements of TBANK;
- (5) **Deduct:** Book Value of TBROKER according to consolidated financial statements of TBANK;
- (6) **Divided by:** Number of all issued and paid up ordinary shares of TBANK;

whereby the financial information shall be derived from TBANK's latest consolidated financial statements which have been audited by TBANK's certified public accountant and the operating results of the immediate following month after the end date of such latest audited financial statements which is the financial information prepared by TBANK's managements, deduct an adjustment to reflect the effects of provisions in relation to a cash reserve as required by the Thai Financial Reporting Standards No. 9 Re: Financial Instruments (TFRS 9) (if any).

price and adjusted by TBANK's average profits per day as from January 1 to the end date of the latest month immediately preceding the Transaction Date, multiplied by number of days from the first date of the month to the Transaction Date to determine the final price accordingly (the "Final Price").

To illustrate the calculation mechanism, if the Transaction Date is taken place on December 2019, the TBANK's consolidated financial statement as of 30 September, 2019 which have been audited by TBANK's certified public accountant will be reference to and the operation results of TBANK's for October 2019 prepared by TBANK's management will be used as the reference for determined the Initial Price. Then, the TBANK's consolidated financial statement as of 30 November, 2019 which have been audited by TBANK's certified public accountant will be reference to plus the average profits per day as from January 1 to 30 November, 2019, multiplied by number of days from December 1 to the Transaction Date to determine the final price accordingly

Conditions for Price Adjustments and Payment for the Sale of TBANK Ordinary Shares

The adjustment of Final Price for the ordinary shares of TBANK on part of the major shareholders, namely, TCAP and BNS, will be considered from the difference between the Initial Price and the Final Price of TBANK shares and the difference between the subscription price of TMB newly issued ordinary shares and the price determined in accordance with the basis for pricing of TMB ordinary shares based on TMB's financial information after the end date of such latest audited consolidated financial statements up to the Transaction Date, to make a payment for the difference between the selling price of the sale of TBANK shares and the subscription price of TMB newly issued ordinary shares between the major shareholders and TMB.

As for the conditions for price adjustment for the sale of TBANK shares and settlement for TBANK's minority shareholders are as follows:

- 1) If the Initial Price is lower than the Final Price, TMB will pay the surplus amount to all of TBANK's minority shareholders who sold TBANK shares.
- 2) If the Initial Price is higher than the Final Price, TMB will give the benefit to all of TBANK's minority shareholders who sold TBANK shares.

3.6.3 Basis for Determination of the Price of the Newly Issued Ordinary Shares of TMB

The Basis for determination of the price per share of TMB newly issued ordinary shares as at the Transaction Date will be from:

- (1) **1.1 times the book value per share of TMB** based on the financial information under the most recent consolidated financial statements of TMB which have been audited by the certified public accountant of TMB and the operating results of the following month after the end date of such most recent consolidated financial statements which is information prepared by TMB's managements;

- (2) **Plus** the amount of funds raised from the issuance of newly issued ordinary shares to accommodate the exercise of TSR allocated to TMB's existing shareholders in accordance with the procedures and steps prescribed;
- (3) **Deduct** adjustments of impact from the provision of reserve pursuant to the Thai Financial Reporting Standard No. 9: Financial Instruments (TFRS9);
- (4) **Divided by** Number of all issued and paid up ordinary shares of TMB after securing sources of funds from the exercise of rights by TMB's existing shareholders via TSR.

3.6.4 Basis of Determination of Value of Consideration of The Purchase of Shares of Various Companies from BNS After the Restructuring

The value of consideration in the Shares Acquisition after the Business Restructuring will be determined in accordance with the basis on pricing as specified in the Term Sheet, provided that TCAP will have resolution passed by its board of directors declaring the selling prices of the transactions before the Transaction Date (the "**Selling Price**"). The basis on pricing are as follows:

Acquired Asset	Criteria for Determining Value of Consideration
1. Ordinary shares of SPV1	<ul style="list-style-type: none"> ● The total value shall be equivalent to 90 percent of the volume weighted average price of a THANI share as reported to the SET for the 30 business days of securities trading period ending on the date that is 6 days prior to the Transaction Date (T-6), multiplied by the number of shares in THANI held by SPV1, and shall be calculated based on 49.02 percent of the shareholding ratio of TCAP in SPV1, multiplied by the number of sale and purchase shares. ● The price per share shall be equivalent to the purchase price of SPV1 shares purchased by TCAP from TBANK under the Business Restructuring.
2. Ordinary shares of SPV2	<ul style="list-style-type: none"> ● The total value shall be equivalent to the total value of investments in SEACON, AGNMT, TGL, SSV, TMS and TTD acquired by SPV2 from TBANK, plus additional consideration as agreed between the parties which is the adjustment of difference of price of listed stock on the transaction date. Should the shareholders' equity of SSV be negative in value on the Transaction Date, the Selling Price shall be determined at THB 1.0 (One Baht Only), and shall

Acquired Asset	Criteria for Determining Value of Consideration
	<p>TTD acquired by SPV2 from TBANK, plus additional consideration as agreed between the parties, which shall be an adjustment between value from negotiation and market price of shares listed in the SET as of the Transaction date . Should the shareholders' equity of SSV be negative in value on the Transaction Date, the Selling Price shall be determined at THB 1.0 (One Baht Only), and shall be calculated based on 49.00 percent of the shareholding ratio of TCAP in SPV2.</p>
<p>3. Ordinary shares of TSAMC</p>	<ul style="list-style-type: none"> ● The total value shall be equivalent to the book value per share based on the most recent financial statements of TSAMC as of the latest month immediately preceding the Transaction Date which have been audited by the certified public accountant, multiplied by the number of shares in TSAMC purchased from BNS. ● The price per share shall be equivalent to the purchase price of TSAMC shares purchased by TCAP from TBANK under the Business Restructuring.
<p>4. Ordinary shares of MBK</p>	<ul style="list-style-type: none"> ● The total value shall be equivalent to 90 percent of the volume weighted average price of a MBK share as reported to the SET for the 30 business days of securities trading period ending on the date that is 6 days prior to the Transaction Date (T-6), multiplied by the number of shares in MBK purchased from BNS. ● The price per share shall be equivalent to the purchase price of MBK shares purchased by TCAP from TBANK under the Business Restructuring.
<p>5. Ordinary shares of PRG</p>	<ul style="list-style-type: none"> ● The total value shall be equivalent to 90 percent of the volume weighted average price of a PRG share as reported to the SET for the 30 business days of securities trading period ending on the date that is 6 days prior to the Transaction Date (T-6), multiplied by the number of shares in PRG purchased from BNS. ● The price per share shall be equivalent to the purchase price of PRG shares purchased by TCAP from TBANK under the Business Restructuring.

the relevant market price data up to the Transaction Date, as the case may be, provided that TCAP and TMB will have resolutions passed by their respective boards of directors declaring the Selling Prices of the transactions before the Transaction Date and payments will be made in cash. Therefore, in order for the Company's shareholders to have information in support of their consideration, the Selling Prices used in the transactions will be calculated in accordance with the basis of pricing provided in the Agreement for the Sale and Purchase of Ordinary Shares of TBANK and the Share Subscription Agreement for Newly Issued Ordinary Shares of TMB based on the financial information per the financial statements for the year ended December 31, 2018 audited by the certified public accountants and the market price data, under the assumption that the Transaction Date takes place on December 31, 2018, the total value of consideration will be as follows:

3.7.1 Total Value of Consideration in the Restructuring

Subject to the assumption that the Transaction Date takes place on December 31, 2018, the calculation of the total value of consideration to be received by TBANK from the divestment of the Subsidiaries and Other Companies will be equivalent to THB 29,175 Million and the estimated tax payable will be equivalent to THB 2,552 Million. The total value of consideration to be used by TCAP in acquiring shares in the Subsidiaries and Other Companies under the Restructuring will be equivalent to THB 14,452 Million, with the details as follows:

Subsidiaries and Other Companies under the Restructuring	Equivalent Total Value of Consideration Assuming the Transaction Date Occurs on December 31, 2018			
	Price per Share (THB per Share)	Total Value of Sale by TBANK (THB Million)	Total Value of Pro Rata Acquisition by TCAP (THB Million)	Total Value of Acquisition by TCAP through "TCAP for Offering to Minority Shareholders of TBANK" (THB Million)
TNI	4.47	2,206	1,124	0.88
TNS	3.09	5,128	2,613	2.05
TSAMC	12.32	2,463	1,255	0.98
THANI	4.59	11,304	-	4.52
SPV1	10.00	1	0.5	-
MBK	19.83	3,327	1,695	1.33
PRG	11.77	693	353	0.28
SPV2 ^{1/}	10.00	4,054	2,066	1.62
Total		29,175	14,868	11.66

Remark:

^{1/} Selling value of SPV2 by TBANK is the sum of the investment in SEACON AJNMT TGL SSV TMS TTD where SPV2 acquire from TBANK in which the accounting cost of AJNMT is 3,423 Million Baht higher than book value of AJNMT as the latest financial statement ended 31 March 2019, the cost value by TBANK proportion is 2,428 Million Baht.

^{2/} TCAP does not acquire THANI directly but invest through SPV1 which TCAP will be shareholder of SPV1 for 50.98 of SPV1 and SPV1 will acquire THANI for 99.96 of shares that TBANK will sell therefore TCAP will invest in THANI indirectly 5,761 Million Baht

3.7.2 Total Value of Consideration in the Sale of TBANK Ordinary Shares

Subject to the assumption that the Transaction Date takes place on December 31, 2018, the calculation of the Selling Price of all of TBANK's ordinary shares according to the basis provided in the Agreement for the Sale and Purchase of Ordinary Shares of TBANK and adjusted by the value of lands and buildings re-evaluated pursuant to the fair value of assets derived from the latest evaluation conducted by independent evaluator in 2019, resulting in total value of consideration equivalent to THB 158,371 Million or THB 26.11 per share, whereby TCAP will offer to sell all 3,090,699,234 shares held by it in TBANK, representing 50.96 percent of all issued shares of TBANK. Therefore, the total value of consideration in the Sale of TBANK Ordinary Shares on December 31, 2018 will be equivalent to THB 80,707 Million.

3.7.3 Total Value of Consideration in the Subscription of TMB Newly Issued Ordinary Shares

The total value of consideration in the Subscription of TMB Newly Issued Ordinary Shares by TCAP on December 31, 2018 will be equivalent to not exceeding to THB 45,200 Million.

Shareholders of TBANK	Number of Allocated Shares
TCAP	Not more than 21,663,091,024 shares or approximately 20.1 - 23.3 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion). In this regard, the amount of capital increased by TCAP will not exceed THB 45,200 Million; the amount may be higher if TCAP's shareholding proportion in TMB is lower than 20.1 percent.

Source : TMB

Subject to the assumption that the Transaction Date takes place on December 31, 2018 and that TMB secures financing from the existing shareholders of TMB and other investors under the specified procedures and steps in full amount, the calculation of the Selling Price of TMB's newly issued ordinary shares will be equivalent to not exceeding to THB 57,635 Million, whereby TCAP will acquire approximately 20.1 - 23.3 percent of all issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investors and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion).

3.7.4 Total Value of consideration of The Purchase of Shares of Various Companies from BNS After the Restructuring

Given that the value of consideration used in this transaction will be calculated in accordance with the basis of pricing pursuant to the Term Sheet and/or the price under the Business Restructuring as determined under the relevant definitive agreements and the financial information up to the Transaction Date and payments will be made in cash. TCAP will have resolutions passed by its board of directors declaring the Selling Prices of the transaction before the Transaction Date and based on the financial information up to the Transaction Date which is referenced from the most recent financial statements that have been audited or reviewed by the certified public accountants and/or the registered and paid-up capital. In the event that there is no financial data up to the Transaction Date which have been audited or reviewed by the certified public accountants and/or the relevant market price data up to the Transaction Date, as the case may be, in order for TCAP's shareholders to have information in support of their consideration, the assumed Selling Prices used in the transactions will be calculated in accordance with the basis of pricing which will be determined in the Term Sheet based on the financial information per the financial statements for the year ended December 31, 2018 audited by the certified public accountants and the market price data, under the assumption that the Transaction Date takes place on December 31, 2018. Therefore, the total value of consideration shall be as follows:

Based on the assumption that the Transaction Date takes place on December 31, 2018, the calculation of the total value of consideration under the Shares Acquisition after the Business Restructuring from BNS shall be equivalent to THB 12,082 million, with the details as follows:

Ordinary Shares of the Companies, based on the assumption that the Transaction Date takes place on December 31, 2018	Equivalent Total Value of Shares Acquired from BNS (THB Million)
1. Ordinary shares of SPV1	5,539
2. Ordinary shares of SPV2	3,367
3. Ordinary shares of TSAMC	1,207
4. Ordinary shares of MBK	1,630
5. Ordinary shares of PRG	339
Total	12,082

3.8 Value of Acquired and Dispose Asset

3.8.1 Restructuring

The value of assets to be acquired under the Restructuring based on the book value per the financial statements of the Subsidiaries and Other Companies for 2018 will be as follows:

Value of Assets	Book Value per the Financial Statements of the Subsidiaries and Other Companies for 2018	
	Price per Share (THB per Share)	Total Value (THB Million)
1. TNI	77.83	5,759
2. TNS	2.05	3,072
3. TSAMC	12.32	2,463
4. TGL	11.26	405
5. TMS	16.29	10
6. TTD	75.91	38
7. SSV	(341.93)	(34)
8. THANI	2.38	7,195
9. MBK	13.13	22,247
10. PRG	14.63	8,780
11. AJNMT	5,080.70	40,461
12. SEACON	731.30	4,198

The value of assets which are securities listed on the SET to be acquired by TCAP under the Restructuring base on the volume-weighted average market prices of shares listed on the SET for the past 30 business days before December 31, 2018 (from November 15, 2018 to December 28, 2018) will be as follows

Value of Assets	Volume-Weighted Average Market Price	
	Price per Share (THB per Share)	Total Value (THB Million)
1. THANI	6.38	19,271
2. MBK	22.03	37,331
3. PRG	13.08	7,845

3.8.2 Sale of TBANK Ordinary Shares

The values of ordinary shares of TBANK based on its financial information after the Restructuring referred from the notes to the pro forma consolidated financial statements of TMB assured as to the preparation standard by KPMG Phoomchai Audit Ltd., TMB's auditor, for the year 2018, are as follows:

Value of Assets	Book Value per the Pro Forma Financial Information of TBANK after the Restructuring for the Year 2018	
	Price per Share (THB per Share)	Total Value (THB Million)
TBANK	21.56	130,775

3.8.3 Acquisition of TMB Newly Issued Ordinary Shares

The value of TMB based on the book value per its consolidated financial statements for the year 2018 is as follows:

Value of Assets	Book Value per the Financial Statements for 2018	
	Price per Share (THB per Share)	Total Value (THB Million)
TMB	2.25	98,779

3.8.4 Value of The Purchase of Shares of Various Companies from BNS After the Restructuring

The value of assets to be acquired based on the book value as per the financial statements of the Subsidiaries and Other Companies for the year 2018, which would be after the Shares Acquisition after the Business Restructuring, and market value of shares of SET listed-companies which TCAP will acquire after the Restructuring based on weighted average price of SET-listed shares 30 working days from December 31, 2018 (period between and inclusive of November 15, 2018 to December 28, 2018) will be as follows:

Value of Assets (in THB Million)	Book Value per the Financial Statements after the Business Restructuring for the year 2018		Market value based on 30-working day weighted average price in the proportion of share acquisition	Market value or book value for shares of non-listed companies
	Total Book Value	Total Book Value as per the shareholding ratio from the shares acquisition		
13. Ordinary shares of SPV1 ^{1/}	11,300	5,539	7,693 ^{3/}	7,693
14. Ordinary shares of SPV2 ^{2/}	4,054	1,986	-	1,986

Value of Assets (in THB Million)	Book Value per the Financial Statements after the Business Restructuring for the year 2018		Market value based on 30- working day weighted average price in the proportion of share acquisition	Market value or book value for shares of non-listed companies
	Total Book Value	Total Book Value as per the shareholding ratio from the shares acquisition		
15. Ordinary shares of TSAMC	2,463	1,207	-	1,207
16. Ordinary shares of MBK	22,247	1,079	1,811	1,811
17. Ordinary shares of PRG	8,780	422	377	377
	Total	10,233	-	13,074

- Remark**
- (1) Based on the assumption that the Transaction Date is on December 31, 2018, the equivalent book value of SPV1 shall be equal to the equivalent book value of investment of SPV1 in THAN1 under the Business Restructuring (SPV1 is under the process of applying for approval from the Bank of Thailand for incorporation).
 - (2) Based on the assumption that the Transaction Date is on December 31, 2018, the equivalent book value of SPV2 shall be equal to the equivalent total value of investments of SPV2 in AJNMT, SEACON, TGL, SSV, TMS and TTD under the Business Restructuring (SPV2 is under the process of applying for approval from the Bank of Thailand for incorporation).
 - (3) Based on the market price of THAN1 shares (core investment held by SPV1) owned by SPV1 multiplied by 1,205,804,959 which is the equivalent number of THAN1 shares proportionately to the shareholding in THAN1 by SPV1 which will be acquired from BNS

3.9 Transaction Size

The Restructuring is the offering of shares in the Subsidiaries and Other Companies of TBANK to all shareholders of TBANK in proportion to their respective shareholdings, which involves share transfer and acceptance of share transfer between companies within the same group. As such, it is not deemed as an acquisition or disposal of assets under the Notifications on Acquisition or Disposal of Assets and is not deemed as a connected transaction under the Notifications on Connected Transactions.

3.9.1 Restructuring

The Restructuring is the offering of shares in the Subsidiaries and Other Companies of TBANK to all shareholders of TBANK in proportion to their respective shareholdings, which involves share transfer and acceptance of share transfer between companies within the same group. As such, it is not deemed as an acquisition or

disposal of assets under the Notifications on Acquisition or Disposal of Assets and is not deemed as a connected transaction under the Notifications on Connected Transactions.

3.9.2 Sale of TBANK Ordinary Shares

Under the conditions precedent for the Merger, TBANK will proceed with the Restructuring by offering the ordinary shares in the Subsidiaries and Other Companies to all shareholders of TBANK. As a result, after the Restructuring, TBANK will have 2 subsidiaries, namely, TFUND and TBROKE. In this regard, TCAP will calculate the transaction size of the Sale of TBANK Ordinary Shares by referring to the financial information of TBANK after the Restructuring, which represents such information used in the preparation of the pro forma consolidated financial statements of TMB as assured as to the preparation standard by KPMG Phoomchai Audit Ltd., TMB's auditor, for the year 2018 to calculate the value of net tangible assets and Net Profits in comparison with the financial information of TCAP per TCAP's consolidated financial statements for the year ended December 31, 2018 which have been audited by the certified public accountant. The details of calculation of the transaction size of the sale of TBANK shares will be as follows:

Accounting Information (Unit : THB Million)	TCAP's consolidated financial statements for the year ended December 31, 2018 (audited)	TBANK's Proforma's consolidated financial statements after the Restructuring (as assured as to the preparation standard)⁽¹⁾
Total Assets	1,060,929	982,191
Intangible Asset ^{2/}	20,428	1,365
Total Liabilities	923,011	851,416
Non-controlling Interest	72,183	-
Net Tangible Assets (NTA)	45,307	129,410
Net Profits	7,839	11,222

Remark: ⁽¹⁾ TBANK's financial information after the Restructuring as of December 31, 2018 is derived from notes to the pro forma consolidated financial statements of TMB as assured as to preparation standard by KPMG Phoomchai Audit Ltd., TMB's auditor, for the year 2018, which is a pro forma financial information as if TBANK completes the Restructuring on December 31, 2018 prior to the Merger with TMB.

^{2/} Intangible asset includes deferred tax asset.

Criteria	Calculation
Net Tangible Asset (NTA) Basis	= (TBANK's NTA x disposed assets) x 100 / NTA per TCAP's consolidated financial statements, less non-controlling interest
	= (129,410 x 50.96%) x 100 / 45,307
	= 145.56 percent
Net Profit Basis	= TBANK's Net Profits x disposed ratio x 100 / Net Profits per TCAP's consolidated financial statements, less non-controlling interest
	= (11,222 x 50.96%) x 100 / 7,839
	= 72.95 percent
Total Value of Consideration Basis	= Value of consideration x 100 / total assets per TCAP's consolidated financial statements in respect of TBANK
	= (158,371 x 50.96%) x 100 / 1,060,929
	= 7.61 percent
Value of securities issued by the Company as consideration for the Acquired Assets Basis	= This is not applicable because TCAP does not issue any securities as payment in consideration of the acquired assets

The calculation of transaction size of the Sale of TBANK Ordinary Shares based on the value of net tangible assets gives the highest value equal to 145.56 percent. In this regard, TCAP does not have any other transaction on disposal of assets over the past 6 months before the date on which the Board of Directors resolves to approve the Sale of TBANK Ordinary Shares. Therefore, the Sale of TBANK Ordinary Shares falls into Class 1 Transaction, namely, transaction with a size under the Notifications on Acquisition or Disposal of Assets. As a result, the Company has the duties under the Notifications on Asset Acquisition to disclose the information memorandum in relation to the transaction to the SET and to hold the shareholders' meeting for ratification of the transaction as well as appoint an independent financial advisor (IFA) to give opinion on the transaction. The company need the shareholders ratification not less than 3 out of 4 of the total votes from all shareholders attending the meeting with voting rights without counting the votes cast by the stakeholders.

3.9.3 Subscription of TMB Newly Issued Ordinary Shares

TCAP will calculate the transaction size of the Subscription of TMB Newly Issued Ordinary Shares based on the financial information per the pro forma consolidated financial statements of TMB as assured as to the preparation standard by KPMG Phoomchai Audit Ltd., TMB's auditor, for the year 2018 to calculate the value of net tangible assets and Net Profits from the Subscription of TMB Newly Issued Ordinary Shares in comparison with TCAP's financial information per TCAP's consolidated financial statements for the year ended December 31, 2018 which have been audited by the certified public accountant. The details of calculation of the transaction size of the Subscription of TMB Newly Issued Ordinary Shares will be as follows:

Information (Unit : THB Million)	TCAP's consolidated financial statements for the year ended December 31, 2018 (audited)	Merged Bank's Pro Forma consolidated financial statements for the year ended December 31, 2018 (as assured as to preparation standard) ⁽¹⁾
Total Assets	1,060,929	1,860,556
Intangible Asset ^{2/}	20,428	25,691
Total Liabilities	923,011	1,655,242
Non-controlling Interest	72,183	-
Net Tangible Assets (NTA)	45,307	179,623
Net Profits	7,839	21,924

Remark: ^{1/} TMB's pro forma consolidated financial statements as assured as to preparation standard by KPMG Phoomchai Audit Ltd., TMB's auditor, for the year 2018.

^{2/} Intangible asset includes deferred tax asset.

Criteria	Calculation
Net Tangible Asset (NTA) Basis	= (Merged Bank's NTA x approximate highest acquired assets) x 100 / NTA per TCAP's consolidated financial statements, less non-controlling interest
	= (179,623 x 23.3%) x 100 / 45,307
	= 92.37 percent
Net Profit Basis	= Merged Bank's Net Profits x approximate highest acquired ratio x 100 / Net Profits per TCAP's consolidated financial statements, less non-controlling interest
	= (21,924 x 23.3%) x 100 / 7,839
	= 65.16 percent

Criteria		Calculation
Total Value of Consideration Basis	=	Value of consideration x 100 / total assets per TCAP's consolidated financial statements in respect of TBANK
	=	45,200x 100 / 1,060,929
	=	4.26 percent
Value of securities issued by the Company as consideration for the Acquired Assets Basis	=	This is not applicable because TCAP does not issue any securities as payment in consideration of the acquired assets.

The calculation of transaction size of the Subscription of TMB Newly Issued Ordinary Shares based on the value of net tangible assets gives the highest value equal to 92.37 percent. However, Upon combination of the size of this transaction with TCAP's other transactions on acquisition of assets, that is the acquisition of the Subsidiaries and Other Companies after the restructuring, the total transaction size is equal to 107.44 percent. Therefore, the Subscription of TMB Newly Issued Ordinary Shares falls into Class 1 Transaction, namely, transaction with a size equal to or higher than 50 percent under the Notifications on Acquisition or Disposal of Assets. As a result, the Company has the duties under the Notifications on Asset Acquisition to disclose the information memorandum in relation to the transaction to the SET and to hold the shareholders' meeting for ratification of the transaction as well as appoint an independent financial advisor (IFA) to give opinion on the transaction. The company need the shareholders ratification not less than 3 out of 4 of the total votes from all shareholders attending the meeting with voting rights without counting the votes cast by the stakeholders.

3.8.5 The Purchase of Shares of Various Companies from BNS After the Restructuring

The value of consideration used in this transaction will be calculated in accordance with the basis on pricing as agreed in the Term Sheet and/or the price under the Business Restructuring as determined in the relevant definitive agreements, and based on the financial information up to the Transaction Date, provided that TCAP will have resolution passed by its board of directors declaring the Selling Prices of the transaction before the Transaction Date. Therefore, for the calculation of the transaction size under the Notifications on Acquisition or Disposal of Assets will be based on the equivalent value of consideration as calculated under 3.7.4 (*Total Value of Consideration and Conditions for Payment*) to measure the transaction size on the basis of total value of consideration and the calculation of the transaction size for the Shares Acquisition after the Business Restructuring shall be based on the financial information of the Subsidiaries and Other Companies, the shares of which would be acquired after the Business Restructuring, as per the financial statements of the Subsidiaries and Other Companies for the year ended December 31, 2018, with the details of calculation as follows:

(Unit: THB Million)	Financial statements of the Subsidiaries and Other Companies for the year ended December 31, 2018 which would be acquired from BNS (audited)					TCAP's consolidated financial statements for the year ended December 31, 2018 (audited)
	SPV1 ^{1/}	SPV2 ^{2/}	TSAMC	MBK	PRG	
Total Assets			2,498	49,096	11,823	1,060,929
Intangible Asset			6	882	11	20,428
Total Liabilities			35	26,412	3,037	923,011
Non controlling Interest			-	437	7	72,183
Net Tangible Assets (NTA)	4,478	4,019	2,457	21,365	8,769	45,307
Net Operating Profits	1,069	23	237	2,881	322	7,839
Acquired Proportion (percent)	49.02	49.00	49.00	4.85	4.81	
NTA based on the Acquired Proportion	2,195	1,969	1,204	1,036	421	
Net Operating Profits based on the Acquired Proportion	524	11	116	140	15	

Remark (1) NTA and the net operating profits of SPV1 shall be calculated from NTA and net operating profits of THANI based on the shareholding ratio of SPV1 in THANI

$$\begin{aligned} \text{NTA of SPV1} &= 6,873 \times 56.16\% = \text{THB } 4,478 \text{ million} \\ \text{Net operating profits of SPV1} &= 1,641 \times 65.16\% = \text{THB } 1,069 \text{ million} \end{aligned}$$

(2) NTA of SPV2 shall be calculated from the aggregate of NTA of TGL, SSV, TMS and TTD which wholly owned by SPV2, the total value of investments of SPV2 in AJNMT and SEACON, and the net operating profits of SPV2 calculating from the total net operating profits of TGL, SSV, TMS and TTD. The net operating profits of AJNMT and SEACON would not be part of the above calculation as such amount of investments would be considered as other investments (the shares of which are held by SPV2 at 6.00 percent and 4.53 percent respectively) and the revenue of which shall be recognized only from the future dividends.

$$\begin{aligned} \text{NTA of SPV2} &= (405-34+10+38) + (3,423+178) = \text{THB } 4,019 \text{ million} \\ \text{Net operating profits of SPV2} &= 8+1+0+14 = \text{THB } 23 \text{ million} \end{aligned}$$

The calculation of the transaction size of the Shares Acquisition after the Business Restructuring shall be detailed as follows:

Criteria		Calculation
Net Tangible Asset (NTA) Basis	=	(Subsidiaries and Other Companies' NTA x acquired assets) x 100 / NTA per TCAP's consolidated financial statements, less non-controlling interest
	=	(2,195 + 1,969 + 1,036 + 421 + 1,204) x 100 / 45,307
	=	15.07 percent
Net Profit Basis	=	Subsidiaries and Other Companies' net operating profits x acquired ratio x 100 / net operating profits per TCAP's consolidated financial statements, less non-controlling interest
	=	(524 + 11 + 140 + 15 + 116) x 100 / 7,839
	=	10.29 percent
Total Value of Consideration Basis	=	Value of consideration x 100 / total assets per TCAP's consolidated financial statements
	=	12,082 x 100 / 1,060,929
	=	1.14 percent
Value of securities issued by the Company as consideration for the Acquired Assets Basis	=	This is not applicable because TCAP does not issue any securities as payment in consideration of the acquired assets.

The calculation of transaction size of the Shares Acquisition after the Business Restructuring based on the value of net tangle assets gives the highest value equal to 15.07 percent. However, after computing with

another transaction on acquisition of assets over the past 6 months which has not been approved by the shareholders' meeting of TCAP, i.e. the acquisition of the newly issued ordinary shares of TMB, the total transaction size is equivalent to 107.44%. Therefore, the Shares Acquisition after the Business Restructuring is, therefore, deemed as a class 1 transaction under the Acquisition and Disposition Notifications, i.e. a transaction with a transaction size of equivalent to or more than 50 percent. As a result, the Company has the duties under the Notifications on Asset Acquisition to disclose the information memorandum in relation to the transaction to the SET and to hold the shareholders' meeting for ratification of the transaction as well as appoint an independent financial advisor (IFA) to give opinion on the transaction. The company need the shareholders ratification not less than 3 out of 4 of the total votes from all shareholders attending the meeting with voting rights without counting the votes cast by the stakeholders.

3.10 Conditions for the Transaction

The Restructuring and the Merger shall conform to relevant laws and regulations and shall be subject to the fulfillment of conditions which include the following material conditions:

- (a) Permissions have been obtained for the Merger and other relevant arrangements from the relevant authorities, including, but now limited to, the Bank of Thailand, the Ministry of Finance, the SEC Office, and other authorities.
- (b) All conditions precedents under the relevant agreements have been satisfied or waived by the relevant party and various arrangements as required by the relevant agreements have been completed. The aforesaid conditions include, but not limited to, the completion of the Restructuring, the approvals have been obtained from the shareholders' meetings of TCAP, TBANK, and TMB to enter into the transactions on this occasion, the approvals have been obtained from the shareholders' meetings of TBANK and TMB for the entire business transfer after the approval has been obtained from the Bank of Thailand, and the approvals have been obtained from the shareholders' meeting of all relevant parties as required by the laws.
- (c) Tax incentives under the measures applicable to the merger of commercial banks have been obtained.
- (d) Necessary consents have been obtained from relevant persons.
- (e) TCAP remains a company listed on the SET as holding company that operates financial business.

3.11 Other's information

3.11.1 TCAP's Pro Forma Financial Statements as Assured by TCAP's Auditor for the Year 2018

The pro forma consolidated financial information of TCAP has been compiled by TCAP and provided assurance by EY Office Limited, for the purpose to illustrate the impact of the Business Restructuring and the Merger, based on the audited consolidated financial statements of TCAP for the year ended December 31, 2018, the audited consolidated financial statements of TBANK for the year ended December 31, 2018, and the pro forma consolidated financial information of TMB after the Merger which has been compiled by TMB and provided assurance by KPMG Phoomchai Audit Limited. The pro forma consolidated financial information is not the indicator of actual operating outcome as it has been prepared in accordance with the assumptions on the event or transaction which did not actually occur at certain dates.

After the Merger, TCAP will be a shareholder of the Merged Bank in the proportion no less than 20 percent of total issued and paid up shares of the Merged Bank. Therefore, the investment in the Merged Bank will be recorded by TCAP in its consolidated financial statements as investment in associated company by the equity method. After the Business Restructuring, the shareholding structure of TCAP will be as follows.

Subsidiaries and Other Companies under TCAP Group	Prior to the Business Restructuring and the Merger		After the Business Restructuring and the Merger	
	Percentage of TCAP's Shareholding	Percentage of TCAP's Subsidiaries' Shareholding	Percentage of TCAP's Shareholding	Percentage of TCAP's Subsidiaries' Shareholding
1. Thanachart Bank Public Company Limited	50.96	-	-	-
2. Thanachart Broker Company Limited	-	100.00	-	-
3. Thanachart Fund Management Company Limited	-	75.00	-	-
4. NFS Asset Management Company Limited	100.00	-	100.00	-
5. MAX Asset Management Company Limited	83.44	-	83.44	-
6. NASSET Property Fund 6	99.80	0.06	99.80	0.06
7. MBK Life Assurance Public Company Limited	51.00	-	51.00	-
8. TM Broker Company Limited	51.00	-	51.00	-
9. MT Services 2016 Company Limited	51.00	-	51.00	-
10. Thanachart Securities Public Company Limited	-	100.00	50.96	-
11. Thanachart Insurance Public Company Limited	-	100.00	50.96	-
12. TS Asset Management Company Limited	-	100.00	50.96	-
13. Thanachart Group Leasing Company Limited	-	100.00	-	50.96
14. Thanachart Management and Services Company Limited	-	100.00	-	50.96
15. Thanachart Training and Development Company	-	100.00	-	50.96

Subsidiaries and Other Companies under TCAP Group	Prior to the Business Restructuring and the Merger		After the Business Restructuring and the Merger	
	Percentage of TCAP's Shareholding	Percentage of TCAP's Subsidiaries' Shareholding	Percentage of TCAP's Shareholding	Percentage of TCAP's Subsidiaries' Shareholding
Limited				
16. Security Scib Services Company Limited	-	100.00	-	50.96
17. Ratchthani Leasing Public Company Limited	-	65.18	-	65.15
18. RTN Insurance Broker Company Limited	-	65.18	-	65.15
19. SPV1 Company Limited	-	-	50.98	-
20. SPV2 Company Limited	-	-	50.96	-
21. Merged Bank	-	-	20.10	-
22. MBK Public Company Limited	10.00	9.90	15.05	-
23. Patum Rice Mill and Granary Public Company Limited	9.79	9.93	14.79	0.12
24. Ajinomoto Co., (Thailand) Ltd.	-	6.00	-	6.00
25. Seacon Development Public Company Limited	-	4.53	-	4.53

Under the assumptions that the Transaction Date takes place on December 31, 2018, the pro forma consolidated financial information of TCAP as of December 31, 2018 after the Business Restructuring and the Merger includes the financial statements of 17 subsidiaries in which TCAP directly and indirectly holds shares. The subsidiaries of which financial statements are excluded from the preparation of the pro forma financial statements are TBANK, TBROKE and TFUND. Moreover, the pro forma consolidated financial statements also include the financial statements of two new subsidiaries, namely, SPV1 and SPV2.

Significant assumptions in preparing the pro forma consolidated financial information

The pro forma consolidated financial information has been prepared on the basis that the Business Restructuring and the Merger had been completed prior to January 1, 2018 (the beginning of the period for this pro forma consolidated financial information), and that on January 1, 2018 TCAP had invested in ordinary shares of TMB in the proportion of 20.1 percent of the registered capital of TMB and recorded the investment in ordinary shares of TMB as the investment in associated company. Significant assumptions in preparing the pro forma consolidated financial information are as follows.

1. TCAP adopts the accounting policy in stating the value of building for own use at revalued amount based on fair value of assets appraised by independent professional appraiser as if the appraisal date had been on December 31, 2017 for the presentation of the pro forma consolidated statement of comprehensive income, and as if the appraisal date had been on December 31, 2018 for the presentation of the pro forma consolidated statement of financial position. The aforementioned fair value of assets is based on the latest appraisal of building for own use conducted during 2019. Depreciation on fair value uplift of buildings for own use is determined using straight-line method

by dividing fair value uplift with the useful life of 20 years. Moreover, TCAP also adjusts the land value using the revalued amount based on the fair value from the latest appraisal of land conducted during 2019.

2. The Business Restructuring of TCAP and TBANK has been completed on December 31, 2017 for the presentation of the pro forma consolidated statement of comprehensive income, and on December 31, 2018 for the presentation of the pro forma consolidated statement of financial status, whereby every shareholder exercises the right to purchase shares under the Business Restructuring at their respective proportion of shareholding at the prices based on weighted average of market price, acquisition cost, or consolidated financial information as of December 31, 2018 audited by certified auditor. The management of TCAP has considered such prices to be fair and may be subject to change in the future.
3. TCAP has sold its investment in ordinary shares of TBANK to TMB in the total amount of THB 80,707 Million (at the selling price based on the net asset value of TBANK from the consolidated financial statement of TBANK as of December 31, 2018, adjusted for the Business Restructuring transaction in the previous assumption). TCAP has assumed no tax obligation from gain on sale of the investment in ordinary shares of TBANK as the Merger meets the conditions of the entire business transfer.
4. The acquisition of TMB shares by TCAP in the proportion of 20.1 percent of the registered capital for the total amount of THB 44,236 Million has been completed on January 1, 2018 for the presentation of the pro forma consolidated statement of comprehensive income, and on December 31, 2018 for the presentation of the pro forma consolidated statement of financial status. TCAP records such investment as investment in associated company and recognizes share of profit from investments accounted for under equity method from January 1, 2018 onwards based on TMB's pro forma consolidated statement of comprehensive income after the Merger between TMB and TBANK which has been provided assurance by the auditor. However, the investment in associated company and the share of profit from investments accounted for under equity method may be subject to significant change as such pro forma consolidated financial information has not been adjusted for the Purchase Price Allocation (PPA) of the consideration for TBANK shares, and has not reflected cost relating to the business acquisition. Moreover, TCAP has not assessed the PPA of investment in associated company and has made an assumption that the consideration paid for such investment is equal to fair value.
5. After the Business Restructuring and the Merger, TCAP has entered into additional agreement with BNS to purchase from BNS, shares of SPV1, SPV2, MBK, PRG and TSAMC which BNS has acquired under the Business Restructuring, at agreed prices. However, the management of TCAP has considered such prices to be fair and may be subject to change in the future.

6. The net remaining proceed from the Business Restructuring is assumed to be invested at an average yield of 4 percent per year, therefore, presented in net investment item in the pro forma consolidated statement of financial status. Return of such investment is presented as interest income item in the pro forma consolidated statement of comprehensive income.

Key financial information of TCAP from the audited financial statements in comparison to the pro forma consolidated financial statements of TCAP after the Business Restructuring and the Merger can be summarized as follows:

Pro forma consolidated statement of financial position

Unit : THB Million	TCAP's Consolidated Financial Statements as of December 31, 2018 (Audited)	TCAP's Pro Forma Consolidated Financial Statements as of December 31, 2018 after the Restructuring and the Merger (Assured)	Increase/ (Decrease) By	
			Amount	Percent
Investments - net	170,437	46,070	(124,367)	(72.97)
Investments in subsidiary and associated companies - net	3,027	46,838	43,811	1,447.34
Loans to customers and accrued interest receivables - net	731,125	51,177	(679,948)	(93.00)
Total assets	1,060,929	158,936	(901,993)	(85.02)
Deposits	751,917	-	(751,917)	(100.00)
Total liabilities	923,011	76,107	(846,904)	(91.75)
Equity attributable to owner of the company	65,735	70,624	4,889	7.44

Pro forma consolidated statement of comprehensive income

Unit : THB Million	TCAP's Consolidated Financial Statements ad of December 31, 2018 (Audited)	TCAP's Pro Forma Consolidated Financial Statements as of December 31, 2018 after the Restructuring and the Merger (Assured)	Increase/ (Decrease) By	
			Amount	Percent
Income Structure				
Net interest income	30,767	3,526	(27,241)	(88.54)
Net fees and service income	6,658	1,440	(5,218)	(78.37)
Net insurance income	2,808	1,806	(1,002)	(35.68)
Share of profit from investments accounted for under equity method	543	4,809	4,266	785.64
Other operating income	3,399	1,911	(1,488)	(43.78)
Net operating income	44,175	13,492	(30,683)	(69.46)
Net profit attributable to owner of the company	7,839	7,195	(644)	(8.22)

Effects from the Business Restructuring and the Merger to the pro forma consolidated financial position and operating results of TCAP in comparison to the financial information from the audited consolidated financial statements of TCAP as of December 31, 2018 can be summarized as follows:

- The total assets presented in the pro forma consolidated statement of financial position equal to THB 158,936 Million compared to THB 1,060,929 Million presented in the audited consolidated financial statement, are decreased by THB 901,993 Million. It is mainly a result of the decrease in loans to customers and accrued interest, and net investment held by TBANK, TBROKE and TFUND as TCAP will sell its investments in ordinary shares of these companies to TMB. Therefore, the financial statements of these 3 companies are not included in the preparation of the consolidated financial statements while investments in the Merged Bank will be recorded as investments in associated companies.
- The total liabilities presented in the pro forma consolidated statement of financial position equal to THB 76,107 Million, compared to THB 923,011 Million in the audited consolidated financial statement, are decreased by THB 846,904 Million. This is from TCAP selling its investments in

ordinary shares of TBANK, TBROKE and TFUND to TMB. Therefore, the financial statements of these 3 companies are not included in the preparation of the consolidated financial statements.

- The net operating income presented in the pro forma consolidated statement of comprehensive income equal to THB 13,492 Million, compared to THB 44,175 Million in the audited consolidated financial statement, is decreased by THB 30,683 Million. It is mainly due to the decrease of net interest income and fees and service income from the banking business as TCAP will sell its investments in ordinary shares in TBANK, TBROKE and TFUND to TMB. Therefore, the financial statements of these 3 companies are not included in the preparation of the consolidated financial statements while investments in the Merged Bank will record the investments as investments in associated companies, whereby the consolidated financial statement will record by equity method as share of profit from investments accounted for under equity method, resulting in the net profit attributable to TCAP in the pro forma consolidated statement of comprehensive income of THB 7,195 Million, compared to THB 7,839 Million in the audited consolidated financial statement, a decrease of THB 644 Million.

After the Transaction Date, BNS will sell to TCAP the ordinary shares in the Subsidiaries and Other Companies purchased from TBANK, and as a result TCAP will become a major shareholder and hold more shares in such companies as follows:

Subsidiaries and Other Companies of which BNS offers to sell and TCAP agree to buy shares	Percentage shareholding by TCAP after the Business Restructuring and the Merger	Percentage shareholding which BNS offers to sell and TCAP agree to buy shares	Percentage shareholding by TCAP after the share purchase from BNS
1. TSAMC	50.96	49.00	99.96
2. SPV1	50.98	49.02	100.00
3. SPV2	50.96	49.00	99.96
4. MBK	15.05	4.85	19.90
5. PRG	14.79	4.81	19.60

3.11.2 Effect to Minority Shareholders of TBANK Who Did Not Purchase the Ordinary Shares of the Subsidiaries and Other Companies under the Restructuring

In the event where TBANK's minority shareholders did not purchase the ordinary shares of the Subsidiaries and Other Companies under the Restructuring, such shareholders will not obtain privilege of being a shareholder of the Subsidiaries and Other Companies. Nevertheless, value of the ordinary shares of the Subsidiaries and Other Companies will reflect in TBANK's ordinary shares to be offered to TMB. Hence, TBANK's minority shareholders who did not purchase ordinary shares of the Subsidiaries and Other Companies will continue to be benefit from being a TMB's shareholder.

3.11.3 Change of TCAP's Subsidiary Operating the Core Business

TCAP is a listed company undertaking business by shareholding (Holding Company) as defined by the Regulations of the Stock Exchange of Thailand Re: Listing of Ordinary Shares or Preferred Shares as Listed Securities B.E. 2558 (2015) dated May 1, 2015 (as amended) (the "Regulations on Listing of Shares as Listed Securities"), and has been listed on the SET since 1975, and TBANK is a subsidiary operating the core financial business of TCAP since 2006.

In the process of the Merger, TCAP will sell all shares held by it in TBANK, which is a subsidiary operating the core business of TCAP, to TMB. Such arrangements will require TCAP to change its subsidiary operating the core business from TBANK to another subsidiary.

In order to maintain its listed company status, TCAP will change such subsidiary operating the core business of TCAP by selecting another subsidiary that operates the financial business, which TCAP has the controlling power or management over such subsidiary according to its shareholding percentage, provided that such subsidiary must not have a listed company status, pursuant to Clause 66(1) of the Regulations on Listing of Shares as Listed Securities. TCAP will proceed with the selection of subsidiary operating the core business before the Transaction Date which is expected to take place within 2019 and will further inform the SET.

3.11.4 Pros and Cons for TBANK's Shareholders in Acquiring Shares of the Subsidiaries and Other Companies under the Restructuring

Pros for TBANK's Shareholders in Acquiring Shares of the Subsidiaries and Other Companies under the Restructuring Are as Follows

1. TBANK's shareholders will be a shareholder who has voting right in the restructuring Subsidiaries and Other Companies.
2. TBANK's shareholders will receive benefit and consideration from their direct investment, such as dividends and/or profits (losses) from the sale and purchase of shares of the Subsidiaries and Other Companies.

3. The entry into the transaction in this occasion, TBANK's shareholders will be entitled to choose to invest in any particular Subsidiary of Other Company or more.

Cons and/or Limitation for TBANK's Shareholders in Acquiring Shares of the Subsidiaries and Other Companies under the Restructuring Are as Follows:

1. Investment contains risks. Investors should review and fully understand information before investing.
2. Lack of liquidity in securities trading, that is to say, (1) investment in shares of a limited company or a public limited company that is not listed on the SET will not have a secondary market to trade the securities causing lack of liquidity in trading of such invested securities and (2) investment in shares of company listed on the stock exchange for shareholders whose amount of shares is less than the minimum amount allowed from trading may have some limitation as to liquidity in trading of such shares.
3. Investment in shares of a company that is not listed on the SET contains some limitation in obtaining information. Nevertheless, such company would have to convene an annual general meeting of shareholders to approve the financial statements pursuant to the applicable laws. Hence, the investors will be able to access the company's financial information every year.

3.11.2 Tax Burden from the Sale and Purchase of Shares by TBANK's Minority Shareholders

The minority shareholders will not bear any tax burden from purchasing shares of the Subsidiaries and Other Companies under the Restructuring. However, the minority shareholders may bear tax burden from the profit gained from the Sale of TBANK Ordinary Shares, including duty stamp.

3.12 Plan for Use of Proceeds from the Disposal of Assets

Assuming that the Transaction Date occurs on December 31, 2018, the total value of consideration in the Sale of TBANK Ordinary Shares by TCAP on December 31, 2018 will be equivalent to THB 80,707 Million. TCAP plans to use the proceeds from the Sale of TBANK Ordinary Shares (1) for investment in the subscription of TMB's newly issued ordinary shares which will be equivalent to THB 45,200 Million, (2) for the payment of the price of ordinary shares in the Subsidiaries and Other Companies under the Restructuring which has been completed before the Sale of TBANK Ordinary Shares by which the parties agreement that the payment be made upon receiving the proceeds from the Sale of TBANK Ordinary Shares, equivalent to THB 14,868 Million, and (3) for the payment of the price of ordinary shares of certain the Subsidiaries and Other Companies from BNS, equivalent to THB 10,720 Million. The estimated balance to be received by TCAP from the entry into the transactions in this occasion can be calculated as follows:

Total Value of Consideration under the Assumption that the Transaction Takes Place on December 31, 2018	Equivalent Value (THB Million)
Total value of consideration from the Sale of TBANK Ordinary Shares ⁽¹⁾	80,707
less Total value of consideration from the Subscription of TMB Newly Issued Ordinary Shares	(45,200)
less Total value of consideration from the Restructuring	(14,868)
Less Total value of consideration in acquiring ordinary shares of certain Subsidiaries and Other Companies from BNS	(12,082)
Cash balance from the entry into the transactions	8,557

Remark: ⁽¹⁾ Calculated from TBANK's consolidated financial statements which include financial information of TFUND and TBROKE

The balance after such transactions equivalent to THB 8,557 Million will be reserved by TCAP as the working capital for business operations in the future, including other arrangements which will be beneficial to TCAP and its shareholders, such as, investment in other businesses, treasury stock, increased investment in the current businesses with potential growth, and dividend payments to TCAP's shareholders.

3.13 Source of Funds for the Acquisition of Assets

For the purpose of investment in the acquisition of shares in the Subsidiaries and Other Companies under the Restructuring and the Subscription of TMB Newly Issued Ordinary Shares, TCAP will utilize the proceeds from the Sale of TBANK Ordinary Shares on this occasion, which TCAP expects to be sufficient for the relevant transactions.

Part 4: Reasonableness of the Transaction

4.1 Reasonableness of The Business Restructuring

4.1.1 The Purpose of the Transaction

Due to the non-legal binding agreement dated 26 February, 2019 ("Memorandum of Agreement") regarding the merger of TBANK and TMB which the Company have entered into such memorandum of understanding in accordance with the government's policy to support for large commercial banks where tax benefits according to measures related to such operations are included to allow a large commercial bank to be established, increase competitiveness, reduce the cost of managing, create more effective products and services for customers, better meet the needs of customers, increase competitiveness in the financial sector and can support the country's economic development more efficiently. Subsequently, the resolution of the Board of Directors No. 9/2562 on 7 August 2019 approves the merger and restructuring plan for the merger of TBANK and TMB. Before the merger, the company and TBANK will have to restrict the business according to conditions precedent and to strengthen the role of the holding company business of the company which is listed on the Stock Exchange of Thailand in the financial business group to be and to reduce the size of TBANK's business to be similar to TMB after the capital increase for appropriateness in the merger.

4.1.2 Advantages of Entering into the Transaction

4.1.2.1 To Strengthen the Role of a Holding Company

At present, the Company holds 50.96% of TBANK's total shares with voting rights. TBANK has investments in subsidiaries and various investments. To restructure the group of companies, TBANK will proceed with the offering of investment in subsidiaries and other investments to all shareholders of TBANK, namely, Thanachart Securities Public Company Limited, Thanachart Insurance Public Company Limited, BTS Asset Company Limited and Ratchthani Leasing Public Company Limited and investment in companies listed on the Stock Exchange of Thailand, namely, MBK Public Company Limited and Pathum Rice Mill and Granary Company Limited, including investments in non-listed companies, some of which are Seacon Development Public Company Limited, Ajinomoto (Thailand) Company Limited, Thanachart Group Lease Company Limited, Thanachart Training and Development Company Limited, Security Scib Services Company Limited and Thanachart Management & Services Company Limited.

Therefore, purchasing investment in subsidiaries and various investments from TBANK will enable the Company to hold investment in various above companies directly instead of indirect investment through TBANK like before. Entering into this transaction, therefore, allowing the Company to have more flexibility in managing various investments. There is a risk diversification in many businesses, especially financial business. Holding other subsidiaries in the group directly therefore strengthen the role of the Company as a holding company which is listed on the Stock Exchange of Thailand in the financial business group by investing in new bank after merging with the business with more assets with a growing customer base, stronger capital in the proportion of approximately 20.10 - 23.3% of the total issued shares and holding shares in other financial-related companies. In addition, the holding of shares in the new bank after the merger will help further the business operations of various companies by offering available products and services provided to the new bank's customer base after

the merger. It also makes the merger of TBANK and TMB being in line with the objectives of the merger because it is just a merger of the part of related banking business and related business.

4.1.2.2 Causing the Merger of TBANK And TMB To Be Completed as This Is One of the Conditions Precedents

This transaction will make the merger of Thanachart Bank and TMB Bank successful due to conditions precedent in Thanachart Bank's ordinary shares purchase agreement between TMB, TCAP and BNS, the restructuring must be completed before trading TBANK's ordinary shares (please consider the details of the sale and purchase of ordinary shares of Thanachart Bank agreement in Attachment 1, a summary of contractual information and important documents). Hence, the approval to enter into this transaction will accomplish one of the conditions precedents in ordinary shares trading of TBANK according to the objectives of the merger.

4.1.2.3 Obtaining Special Tax Privileges

This restructuring allows the Company to be the direct holder of MBK and PRG, both of which is a company listed on the Stock Exchange of Thailand. As the Company is listed on the Stock Exchange of Thailand as well, therefore, making the Company receives tax exemption privileges from MBK and PRG in the case of holding shares in both companies for at least 3 months before and 3 months after paying the dividends.

4.1.3 Disadvantages of Entering into the Transaction

4.1.3.1 Taxes Arising from the Process of Trading Investments for Restructuring

In the restructuring process of the Company, TBANK will sell ordinary shares of its subsidiaries and investments in various companies to the Company, namely. TNI, TNS THANI, TSAMC, MBK and PRG. Subsequently, there will be taxes arising from the profits that TBANK receives from selling investments of various companies in the business restructuring process under the assumption that the transaction occurred on 31 December 2018, equivalent to 2,552 Million Baht as per the information disclosed in the Company's information.

However, taxes incurred in this restructuring process will not affect the value of the shareholders of the Company significantly and are considered a one-time expense for the purpose of merger of TBANK and TMB.

4.1.3.2 The Company is obliged to purchase shares from minor shareholders of TBANK in order to facilitate the transaction.

The Company is obliged to purchase shares from minor shareholders of TBANK in order to facilitate the transaction. Due to the limitation of conditions in the merger, the restructuring in TCAP is defined as a condition precedent which will have to be completed before TMB will acquire all of TBANK's shares from TCAP and other shareholders of TBANK and TMB will offer the newly issued ordinary shares to all existing shareholders of Thanachart Bank as well as other operations for business merger must occur on the same day or on the closest date ("Transaction date"). Therefore, TCAP needs to facilitate the purchase of shares of subsidiaries and other companies instead of 743 minority shareholders and offering such shares to 743 minority shareholders in proportion to their shareholding later. Anyhow, shares in subsidiaries and other companies that TBANK will offer

to minority shareholders under the restructuring in Thanachart Capital Group are TNS, TNI, TSAMC, MBK, PRG, THANI and SPV2

4.1.3.3 the company is uncertain that the minority shareholders of TBANK may not purchase the investment in the restructuring of the business.

In business restructuring, the Company will purchase the investment instead of 743 minor shareholders to facilitate the restructuring process to be more rapid. TCAP will sell shares that TBANK holds in the subsidiaries and some other companies to those 743 minority shareholders later. In the event that the minor shareholders of TBANK do not purchase shares back from the Company, there may be remaining shares from the offering to the minority shareholders of TBANK. Therefore, it is necessary to hold such shares so that the merger can be completed and accomplished. However, the purchase of such shares will not have a significant impact on the business value of TCAP and will not affect the success of the business restructuring.

4.1.4 Advantages of Not Entering into the Transaction

4.1.4.1 There is no tax from the investment trading process for investment restructuring.

In the event that the Company does not enter into this business restructuring transaction, there will be no tax expenses incurred from TBANK selling its subsidiaries and investments to TCAP and other shareholders, which is worth about 2,552 Baht (please consider the disadvantages of entering into the transaction 4.1.3.1)

4.1.4.2 The Company is not obliged to purchase shares from minor shareholders of TBANK.

In the event that the Company does not enter into this business restructuring transaction, the Company will not have the duty to purchase shares of subsidiaries and investments instead of 743 minority shareholders and there is no uncertainty in the case of 743 minority shareholders who do not subscribe for shares in proportion to their respective shareholders.

4.1.5 Disadvantages of Not Entering into the Transaction

4.1.5.1 The Company loses the opportunity to merger of TBANK and TMB.

In the event that the Company does not enter into the restructuring transaction, the Company will lose the opportunity to merge between TBANK and TMB and not receive benefits and advantages that will arise from the merger.

4.1.6 Risk from Entering into the Transaction

4.1.6.1 Risk from Unsuccessful Business Restructuring

This business restructuring depends on many factors, such as the restructuring process, which must consist of various factors, including resolutions of the shareholders such as:

1. The resolution of the shareholders meeting of TBANK that must approve the sale of subsidiaries and investments to all shareholders in proportion to their shareholding.
2. The resolution of the shareholders' meeting of TCAP that must approve the purchase of ordinary shares of the subsidiaries and investments and the offering of shares of subsidiaries and investments to other

shareholders in proportion which must be approved by the shareholders' meeting with a vote of not less than three-fourths of the total shares of the shareholders attending the meeting and having the right to vote.

In addition, there must be a permission from relevant agencies, consisting of Bank of Thailand, SEC Office, SET and other agencies according to the details of conditions precedent to enter into the transaction. Therefore, the business restructuring may not be successful depending on the above factors.

4.1.7 Summary of IFA's Opinion

This business restructuring makes the Company Maintaining the status as a holding company listed is listed on the Stock Exchange of Thailand in the financial business group, which has greater flexibility in managing the investments from holding direct investments instead of indirect investments through TBANK, without having a significant impact on the value of the shareholders of the Company and pricing restructuring is a general method and suitable for business restructuring. All shareholders of TBANK receive shares of various companies, which had been indirectly held by the same proportion in all respects but directly. In addition, the merger is smooth according to the objectives of the business restructuring and merger. Therefore, considering the advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering into the transaction, risk of entering into the transaction, IFA opines that the shareholders should approve the entry into this **business restricting transaction**.

4.2 Reasonableness of the Merger

4.2.1 The Purpose of the Transaction

The Company intends to merge TBANK and TMB in accordance with the government's policy to support the establishment of a large commercial bank. This merger will result in the sixth largest commercial bank in the Thai commercial banking industry and help increase competitiveness, reduce management costs, create more efficiency in offering products and services to customers by receiving tax benefits according to relevant measures by which the Company is still one of the major shareholders who jointly manage the bank after the merger.

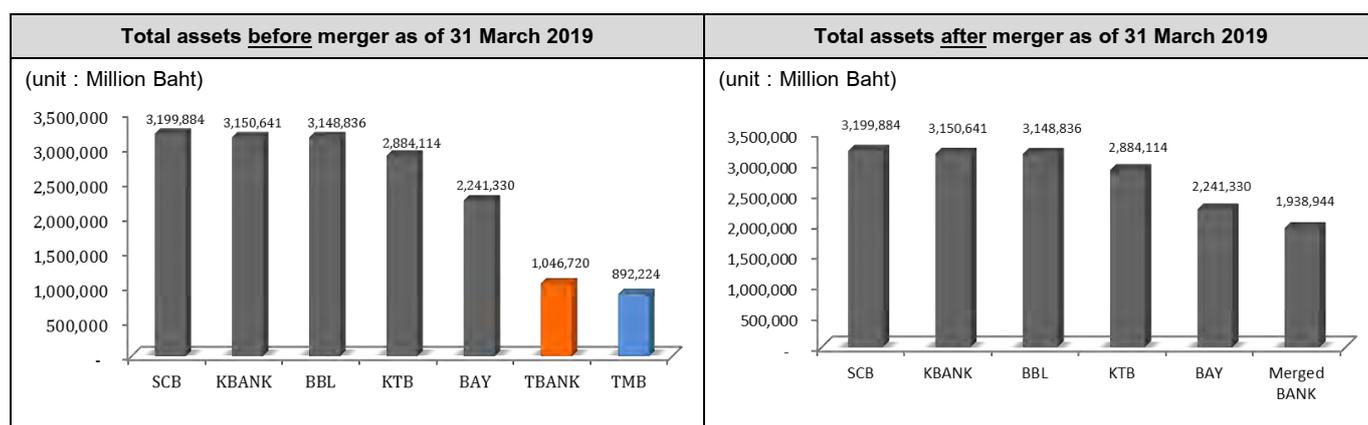
4.2.2 Advantages of Entering into the Transaction

4.2.2.1 Increasing competitiveness from the strengths of TBANK and TMB

This merger of the two banks will make the bank after the merger becomes more potential with enough capital and a double increase of service channels because both banks have strength which are contributed to each other, namely, TBANK is the bank with the highest loan yield in Thailand as a specialist in retail loans, especially the No. 1 in car loan market, when combined with TMB that has the strength in mobilizing deposits with a deposit strategy and can offer deposit products that are different from traditional banks as one of the banks with low deposit costs. Therefore, the merger helps increase the potential to mobilize deposits from a growing customer base and create a balance of the loan structure as well. There will be benefits of doing business in terms of balance sheet, cost and income as it will reduce costs and make business costs more competitive. As a result, after the merger, the bank will have higher interest spread or higher return ratio with more potential to support customers. It also helps to create more efficiency in offering products and services to customers.

4.2.2.2 Increasing Strength in Capital

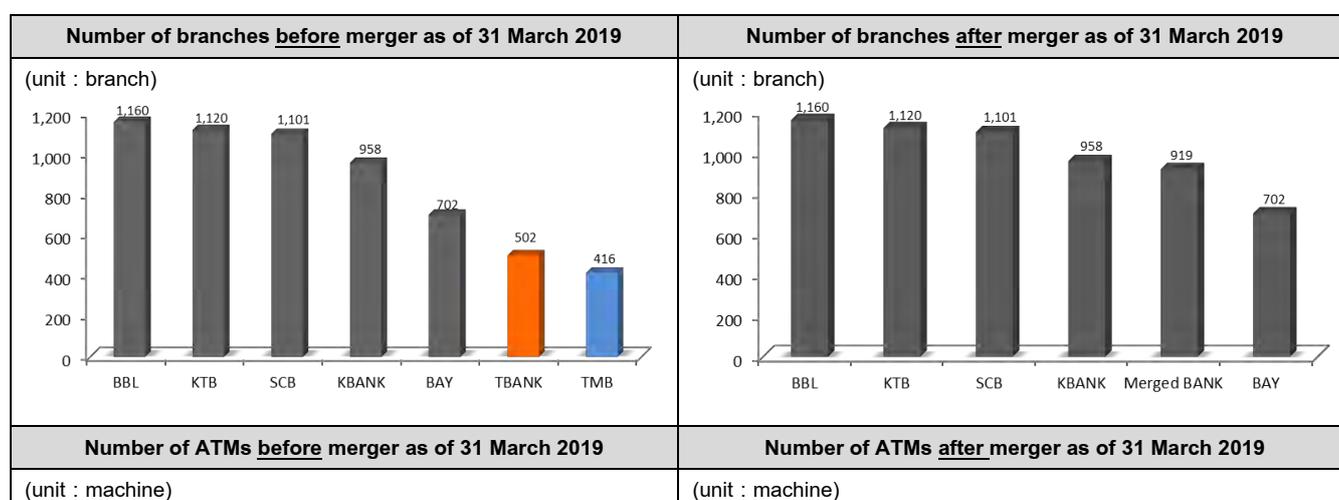
This merger of the two banks will increase the size and business potential significantly, causing the bank after the merger to be the 6th largest in the Thai commercial banking industry with total assets of approximately 1.94 trillion Baht from the original TBANK having total assets of only 1.05 trillion Baht, which is considered as more than 1 times increasing. At the same time, this merger will almost double the total market capitalization of the bank after the merger. It will become larger and more liquid securities which is good for shareholders and attract general investors more, which will make the post-merger bank easier to raise funds with reduced costs, resulting in more efficient financing and thus have the opportunity to receive higher return on assets and lower financing costs from the strengths of TBANK and TMB.

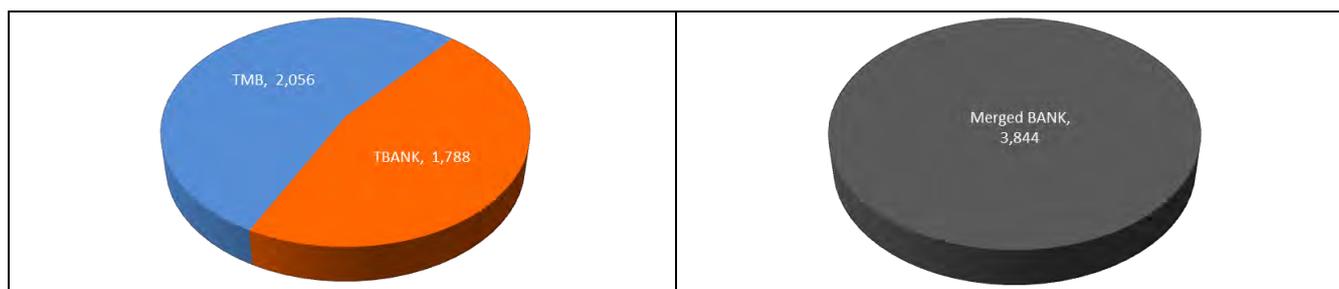


Source: Company

4.2.2.3 Expansion and Strengthening of the New Bank Network after the Merger

This merger of the two banks will help expand and strengthen the network of post-merger banks to cover the whole country. As of 31 March 2019, TBANK has a total of 502 branches while TMB has a total of 416 branches. After the merger is completed, the post-merger bank will have more branches and ATMs covering all areas, which will increase access to financial services of customers including increasing the potential to mobilize deposit, lending and all related financial businesses.





Source: Company

4.2.2.4 Larger Customer Base

This merger of the two banks will result in the sixth largest financial institution in the Thai commercial banking industry which has an increasingly important role to the Thai commercial banking industry, especially to customers in Thailand. Both banks have strengths that can be contributed to each other which will allow the post-merger bank to have 2 times more customer base or has more than 10 million customer base, especially the retail customer base, resulting in the post-merger bank being able to bring strengths and financial products that are the existing prominent of TBANK and TMB to be cross-selling by selling to the existing customer base of another bank before the merger, such as car loan products which are the strengths of TBANK, including the sale of funds or various financial products with over 10 million customer base and also reduces competition in overlapping customer bases of the two banks as well.

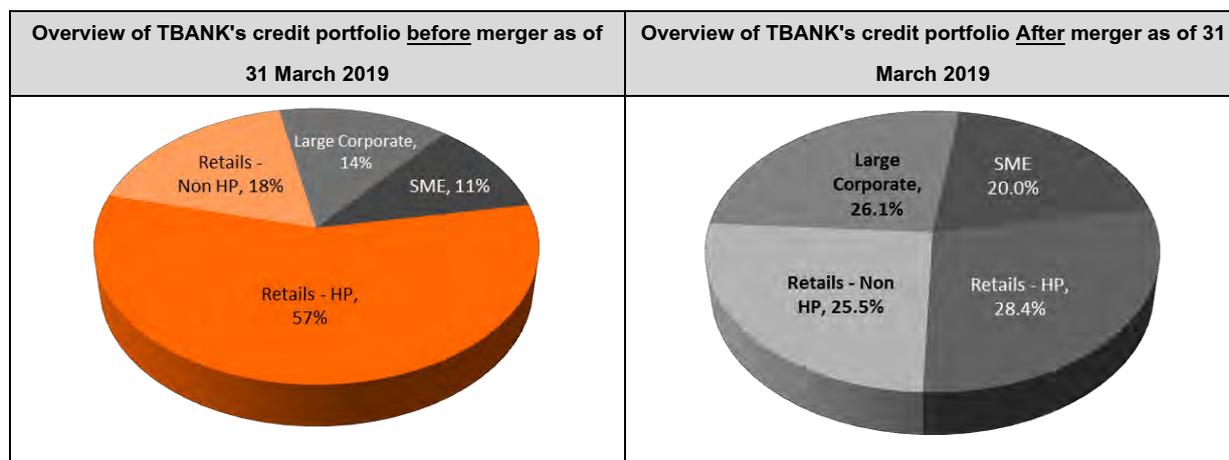
4.2.2.5 Economies of scale

Due to this merger of the two banks, the post-merger bank will have 2 times more customer base or more than 10 million customer base which will benefit the post-merger bank because it will result in economies of scale from the bank's expenses and investments after the merger, such as marketing expenses, reducing costs in overlapping areas of branches and ATMs, inventing new financial product, investment in information systems within the bank, investment for becoming a digital bank. Originally both banks have various expenses and investments for the existing customer base of on their own but in the future, after the merger, both banks will not have the duplicated overhead and investment costs. While the costs and investments can be maximized with a combined 10 million customer base, the post-merger can save money and cash flow for investment, which directly benefits the shareholders of the post-merger bank as it can use the cash flow to develop and invest in other areas or to compete to expand the new customer base of the bank as well.

4.2.2.6 Increasing Diversification of Risk from Consolidation of The Portfolio of Deposits, Loans and Various Financial Products

This merger of the two banks causes TBANK to diversify the risk of the portfolio of deposits, loans and other financial products, especially to diversify the credit concentration of TBANK. Originally, the proportion of hire-purchase loans is approximately 57% of the total loan portfolio (based on information from TBANK as of 31 March 2019). After the merger of the two banks, the new bank has reduced the proportion of hire-purchase loans to approximately 28% of the total loan portfolio due to the increase in customer base of the new bank, which has

doubled from the merger with TMB. This increase in the customer base will result in the portfolio of credit and various financial products of the post-merger bank resulting in greater distribution and risk diversification.



Source: Company

4.2.2.7 Synchronization of Knowledge and Technology Including Resources Between the Two Banks

This merger of the two banks enables the post-merger bank to share knowledge and technology including various resources of each bank, such as being able to use and integrate knowledge of various technologies from the team that came from TBANK and TMB with different knowledge and expertise in technology and TBANK's employees can sell financial products of both TBANK and TMB to an increasing customer base after the merger. In addition, branches of TBANK and TMB that are located nearby can be merged together and use their employees together in order to be able to better serve customers and result in the post-merger bank reduces costs. Moreover, employees from each bank are able to transfer different knowledge and expertise that each department has to each other. For example, former employees of TBANK who have expertise in hire purchase loans can transfer knowledge to the former employees of TMB, which will help increase the efficiency of selling various financial products through the network of the post-merger bank. All of which result in income growth. While the new bank can manage costs efficiently which will ultimately result in the profit of the new bank to grow in the long run.

4.2.2.8 Enabling the Company to Have Excess Net Cash Flow

This merger of the two banks will enable the Company to sell TBANK's ordinary shares after the business restructuring to TMB in the amount of approximately 80,707 Million Baht under the assumption that the transaction occurred on 31 December 2018. The Company will use such amount in 1) investing in the newly issued ordinary shares of TMB Bank equivalent to the amount of not more than 45,200 Million Baht (2) paying the price of ordinary shares in subsidiaries and other companies under the restructuring which was completed before the sale of ordinary shares of Thanachart Bank and the parties agreed to pay the price when receiving money from the sale of ordinary shares of Thanachart Bank, equivalent to 14,868 Million Baht and (3) paying for ordinary shares of subsidiaries and other companies from BNS, equivalent to 12,082 Million Baht. After using the money as mentioned in (1) - (3), the Company still has cash flow of approximately 8,557 Million Baht after the Company selling all ordinary shares of TBANK. The Company can use such excess cash to pay

special dividends or re-purchase shares or expand investment to make the Company growing more in the long run.

4.2.2.9 Positive for The Financial Institution System and The Overall Economic System of Thailand

This merger of the two banks will be positive to the financial institution system and the overall economic system of the country, which is in line with the financial institution system development plan in the third phase that will allow the financial institution system to have a strong form and structure and can support the country's economic development effectively which includes the public access to financial services.

Based on information published about the Financial Sector Master Plan Phase 3, which covers the period 2016-2020, the framework and direction of the development of the financial institution system has been prepared for changes in both internal and external environments in In many areas such as entering the digital economy that is developing rapidly, economic integration in the region, population structure of the country that will enter the aging society, development into urban society, and changes in the regulatory criteria for financial institutions in accordance with international standards which leads to opportunities and challenges towards the direction and adaptation of financial institutions and the financial system in the future, including to increase operational efficiency to be an economic support mechanism that will expand and become more complex.

The vision of the Financial Institution Development Plan Phase 3 is the Thai financial institution system is able to meet various needs at a fair price and without distortion and support trade links and investment in the region under supervision to maintain economic and financial stability or according to the concept of "Competitive, Accessible, Connected, and Sustainable" as follows

- Competitive: Thai financial institutions can compete both locally and internationally with low operating costs, complete and varied services, and a fair and reasonable price. That is, there must be a payment system that can connect all players in the Open Architecture with a price mechanism that promotes the use of financial services and electronic payments, a central financial infrastructure that helps reduce costs and increase the efficiency of the financial system, and the study of the appropriate financial landscape.
- Accessible: Individuals, SMEs and large businesses are able to access services and financial products appropriately, thoroughly, and in line with current and future needs. That is, People have basic financial services from service providers in the system, SMEs can access more funding sources in the system and users have more options both in term of products and service channels.
- Connected: Thai financial institutions play a role in the region and have more international services to support international trade and investment. That is, there must be the network of Thai commercial banks in the region that supports foreign investment in Thai business, an international payment system that will help reduce the financial costs of the Thai business sector and connect the trade and investment between countries in the Greater Mekong Subregion (GMS).

Sustainable: Thai financial institution system is stable enabling to support the country's growth and support the well-being of the people in a sustainable way. Thai is, the Thai financial institution system is stable and accepted according to international standards, people have knowledge and have financial discipline, there are financial personnel with the same potential as international level with a specialized certificate system in key skills including financial laws that help support innovation.

The merger between TBANK and TMB will be a part of the implementation process to achieve the goals of the Financial Sector Master Plan Phase 3 as discussed above.

4.2.3 Disadvantages of Entering into the Transaction

4.2.3.1 The Company is not able to fully manage the post-merger as before.

This merger of the two banks establishes the post-merger bank to be only an associated company of the Company and the Company will hold only 20.10 - 23.30% of the ordinary shares with the votes in the post-merger bank. As a result, the Company is not able to manage the new bank fully like TBANK which is a subsidiary of the company that the Company holds more than half of its shares before since the post-merger bank will have many major shareholders.

4.2.3.2 The new bank needs to spend a period of time adjusting the management methods under the new organizational structure that combines more than 20,000 personnel from 2 banks with different organizational cultures.

This merger of the two banks is a combination of large commercial banks, TBANK and TMB, with different organizational and work cultures. In addition, the personnel from both commercial banks has a total of more than 20,000 persons, resulting in the merger requires at least 1-2 years to change things in the organization to enable the personnel from TBANK and TMB to change the organization's culture including working methods to be compatible as well as new business practices of the bank.

4.2.3.3 The Company is obliged to subscribe for TMB's newly issued ordinary shares instead of minority shareholders of TBANK.

The Company is obliged to acquire shares from 743 minority shareholders of TBANK in order to facilitate preparation for the merger of TBANK. TMB will purchase all shares of TBANK from the Company and other shareholders of TBANK. TMB will then sell the newly issued ordinary shares to all existing shareholders of TBANK and all transactions will take place on the same day or on the closet day. Therefore, the Company needs to facilitate by being the one who subscribes to the newly issued ordinary shares instead of 743 minority shareholders of TBANK including other operations for the business merger and then offering TMB's newly issued ordinary shares to TBANK's minor shareholders later on.

4.2.3.4 The Burden of Restructuring Costs

To merge the two banks, there may be a burden of expenses incurred or the burden of reorganization of the bank structure after the merger in the merger of TBANK and TMB work process, including information systems which will result in the new bank having more expenses in restructuring the organization in the year that the business transfer occurs.

4.2.4 Advantages of Not Entering into the Transaction

4.2.4.1 The company does not have to lose the management of TBANK fully as before.

If TBANK does not merge with TMB, the Company still has the power to manage TBANK fully as a subsidiary company holding more than half of the shares as before since the post-merger bank will only be an associated company of the company, resulting in the Company not being able to manage the new bank fully as before.

4.2.4.2 TBANK does not have to pay for any expenses incurred in preparing for the merger.

If TBANK does not merge this business with TMB, TBANK will not need to restructure to prepare for the merger of TBANK, which will make TBANK including the Company have various expenses occurred in the restructuring process to prepare for mergers such as various expenses including tax expenses arising from TBANK selling ordinary shares of TNI, TNS, THANI, TSAMC, MBK, PRG, SPV1 and SPV2 (including Ajinomoto and SEACON which are held by SPV 2 to the Company)

4.2.4.3 The company is not obliged to subscribe to TMB's newly issued ordinary shares instead of minority shareholders of TBANK.

If TBANK does not merge with TMB, There is no need for the Company to accept the obligation to purchase shares from 743 minority shareholders of TBANK in order to facilitate the merger preparation of TBANK by having TMB purchasing all shares of TBANK from the Company and other shareholders of TBANK and then offering the newly issued ordinary shares to all existing shareholders of TBANK instead of the 743 minority shareholders of TBANK, as well as other operations for business merger and selling TMB's newly-issued ordinary shares to the minority shareholders of TBANK later on. All transactions will take place on the same day or on the closest date, so the Company needs to facilitate by purchasing TBANK's shares instead of 743 minority shareholders, including the subscription of TMB's new ordinary shares instead of 743 minority shareholders of TBANK.

4.2.4.4 TBANK has no additional expenses due to the organization restructuring.

If TBANK does not merge with TMB, there will be no burden of expenses that may arise from this merger, such as various Advisory fees for restructuring the organization, work process and information systems, as well as the cost of organization restructuring that is usually increasing in the year of business transfer due to the merger.

4.2.5 Disadvantages of Not Entering the Transaction

4.2.5.1 TBANK loses the opportunity to increase competitiveness.

If TBANK does not merge with TMB, TBANK will lose the opportunity to receive more funding from TMB whose has a strength in mobilizing deposits, which is one of the banks with low deposit costs, to be used in the lending of TBANK as the bank with the highest loan yield in Thailand and a specialist in retail loans, especially the No. 1 in the car loan in the market, which will help reduce costs and make business costs more competitive. As a result, there will be a higher the interest spread or higher return ratio, more potential to support customers as well as it also helps to create more efficiency in offering products and services to customers.

4.2.5.2 TBANK loses the opportunity to increase capital strength.

If TBANK does not merge with TMB, TBANK will lose the opportunity to become part of being the 6th largest commercial bank in the Thai commercial banking industry with total assets of approximately 1.94 trillion Baht or more than 1 times from TBANK's total assets as of 31 March 2019, equal to 1.05 trillion Baht and becoming a listed company in the Stock Exchange of Thailand which will enable TBANK to raise funds more easily with lower costs, resulting in more efficient financing and thus have the opportunity to receive higher return on assets and lower financing costs from the strengths of TBANK and TMB.

4.2.5.3 TBANK loses the opportunity to expand its customer base to a larger size.

If TBANK does not merge with TMB, TBANK will lose the opportunity to expand its customer base to a larger size from TMB's customer base that will be acquired from the merger with TMB which will make the post-merger bank has doubled customer base or the number of customers is over 10 million, especially the retail customer base that is beneficial to TBANK's loan business.

4.2.5.4 TBANK loses the opportunity to expand the bank network.

If TBANK does not merge with TMB, TBANK will lose the opportunity to expand and strengthen TBANK's network to cover the whole country. As of 31 March 2019, TBANK has a total of 502 branches while TMB has a total of 416 branches which after the merger was completed, the new bank will have more branches and ATMs covering all areas. This will increase access to financial services of customers including increasing the potential to mobilize deposits, lending and all related financial businesses.

4.2.5.5 TBANK loses the opportunity to diversify the portfolio risk of deposits, loans and financial products.

If TBANK does not merge with TMB, TBANK will lose the opportunity to diversify the risk of portfolio of deposits, credit and various financial products of TBANK, especially the loan concentration of TBANK that relies on the hire purchase in the ratio of 57% of all credit portfolio (based on information from TBANK as of 31 March 2019) or more than half of the total portfolio of TBANK. If TBANK merges with TMB, it will result in a post-merger bank with the proportion of hire purchase loans reduced to only 28% of the total loan portfolio, which shows the diversification of risk of the portfolio of deposits, credit and various financial products of TBANK which is more dispersed and diversified.

4.2.5.6 The Company loses the opportunity to receive excess net cash flow.

If TBANK does not merge with TMB, TBANK will lose the opportunity to sell TBANK's ordinary shares to TMB in the amount of approximately 80,707 Million Baht under the assumption that the transaction occurred on 31 December 2018, resulting in the Company having 8,557 Million Baht excess net cash flow after using the fund received from selling such TBANK's ordinary shares in 1) investing in the newly issued ordinary shares of TMB Bank equivalent to the amount of not more than 45,200 Million Baht (2) paying the price of ordinary shares in subsidiaries and other companies under the restructuring which was completed before the sale of ordinary shares of Thanachart Bank and the parties agreed to pay the price when receiving money from the sale of ordinary shares of Thanachart Bank, equivalent to 14,868 Million Baht and (3) paying for ordinary shares of subsidiaries and other companies from BNS, equivalent to 12,082 Million Baht.

The Company can use such excess cash to pay special dividends or re-purchase shares or expand investment to make the Company growing more in the long run.

4.2.6 Risk from Entering into the Transaction

4.2.6.1 Risk from not being approved by the shareholders' meeting resolution

There is a risk that this merger may not occur if it is not approved by the resolution of the shareholders' meeting of the Company in all agenda related to this transaction. Every agenda related to this merger must be approved by the shareholders' meeting of the company with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote without counting the shareholders of the Company having interest in this transaction.

4.2.6.1 Risk from not being approved by TMB shareholders' meeting resolution

There is a risk that this merger may not occur if the resolution of the shareholders' meeting of TMB is not approved in any agenda related to this merger. All agenda items related to this merger must be approved by the shareholders' meeting of TMB with a vote of not less than three-fourths of the total votes of the shareholders attending the meeting and having the right to vote without counting the shareholders of the Company having interest in this transaction.

4.2.6.3 Risk from not being approved by the relevant regulatory authorities

As this merger is a combination of commercial banks in Thailand and listed companies in the Stock Exchange of Thailand which is necessary to obtain permission from various regulatory agencies such as the Bank of Thailand, Ministry of Finance and the SEC Office, etc. Therefore, there is a risk that this merger may not occur if not authorized by those regulatory agencies.

4.2.6.4 Risk from not receiving consent Letter from related parties

Due to various contracts or legal acts that TBANK or TMB has entered into such as debentures or other contracts contain conditions mentioning that if there is any organization restructuring or significant changes, there must be a consent letter from the debenture creditors. Therefore, the purchase of all ordinary shares of TBANK

and the Entire Business Transfer (EBT) of TBANK to TMB and change of the name of the new bank may be under the provision of such conditions. As a result, the consent letter must be received from such debenture creditors or counterparties before entering into this transaction. Otherwise, it will be considered a breach of the conditions in the agreement for the subscription of such debentures or the said agreement.

4.2.6.5 Risk that TMB is unable to raise funds in the full amount for purchasing TBANK's ordinary shares after the business restructuring.

Due to this merger, TMB will have to purchase TBANK's ordinary shares from all shareholders, amounting to approximately 158,371 Million Baht in accordance with the pricing criteria under the assumption that the transaction occurred on 31 December 2018. If considered from TMB's separate financial statements as of 30 June 2019, it revealed that TMB had cash of only 10,840.25 Million Baht. Therefore, if TMB is unable to raise funds within the specified period, TMB may not have sufficient cash flow to buy TBANK's ordinary shares after this restructuring.

4.2.6.6 Risk of not receiving tax benefits from various laws and measures associated

The conditions of this transaction indicate that the tax benefits must be received in accordance with the supported measures for the merger of commercial banks. The merger of the two banks makes the Company as a shareholder of TBANK, including the post-merger bank received many tax benefits from the Decree No. 677 B.E. 2562 (2019) regarding the tax exemption on exemption of income tax, VAT, specific business tax and stamp duty, to shareholders of commercial banks and commercial banks that merge together or transfer business to each other, which is effective as of 17 February 2019, such as

- Tax exemption for selling investments which is a benefit derived from the merger or transfer of the entire business priced more than the capital.
- Exemption of income tax, VAT, specific business tax and stamp duty for new banks arising from the merge including tax exemption for income equal to expenditures for investment or a positive change which is not a repair of the assets to maintain its original condition at the rate of 25% of the actual expenditure paid with the condition that the tax exemptions for expenses must be for the following expenses for investment only.
 1. Expenses paid for investment in computer programs.
 2. Expenses paid for the termination or amendment of the contract of sale, lease contract, employment contract or maintenance contract related to computer programs or related to commercial banks.
 3. Expenses paid for the demolition of machinery, components, equipment, tools, furniture, furniture due to the merger. Anyhow, the mentioned expenses will have to be paid from the date of merging or transferring the entire or part of business until 31 December 2022.

In addition, there are measures to reduce fees associated with the merger of Thai commercial banks, which the Cabinet considers appropriate to the relevant ministries to reduce or waive fees, registration of rights and juristic acts under the Land Code and the law on condominiums, vehicle registration fee transfer under the

law on land transport and registration fees for rights and machinery acts according to the law on machinery at the same time.

However, the Company have a risk of not receiving such tax benefits from the relevant regulatory authorities, which is the risk of entering into the transaction because the Company must receive confirmation of various tax and fee rights before the conditions preceding the transaction.

4.2.6.7 Risk of not being able to merge different organizational cultures, work process and information systems after the merger

Due to the merger of the two banks is a combination of large commercial banks, TBANK and TMB, with different organizational culture and work methods. In addition, the personnel from both commercial banks has a total of more than 20,000 persons. Therefore, the post-merger bank will have a risk that the performance of the new bank may not be as planned due to the administration under the personnel from both banks that have different organizational culture, work methods, and information systems. It needs to take at least 1-2 years to change things in the organization so that personnel from TBANK and TMB can change the organization culture, working methods and technology to be compatible.

4.2.6.8 Risk from price uncertainty

Since this transaction is expected to occur in December 2019, Thanachart Capital and TMB Bank will announce the transaction price used in the transaction and the transaction value which are adjusted according to the pricing criteria of both banks (please consider the details in Clause 3.6.2 criteria used in estimating the purchase price of ordinary shares of Thanachart Bank and 3.6.3 criteria used in estimating the purchase price of ordinary shares of TMB). Hence, there is still uncertainty of the price due to the potential performance of both banks. If the Company have to pay the additional price, it may cause the use of cash for the excess price from the agreed price. On the other hand, the Company may receive additional cash from TMB according to the calculation formula for the payment of both parties.

4.2.7 Summary of IFA's Opinion

From considering the advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering into the transaction, the risk of entering into the transaction, it can be seen that the merger of TBANK and TMB will help increase the competitiveness in the future for both banks as both banks have strengths to be contributed to each other. That is, TMB Bank has the strength to mobilize deposits with deposit strategies and can offer deposit products that are different from traditional banks, while Thanachart Bank is the leader in retail loans, especially loans for car hire purchase. Therefore, the merger helps increase the potential to mobilize deposits from increasing customer base and create a balance of the loan structure as well. This will benefit the business in terms of balance sheet, cost and will help increase the strength of the capital and make the post-merger has more than 10-million customer base. This demonstrates that the merger will benefit all stakeholders and resulting in new banks to grow sustainably although the merger of the two banks will cause the post-merger bank to be only an associated company of the Company. The Company will hold only 20.1% - 23.3% of the ordinary shares in the new bank after this transaction. However, the Company still has a

status as a major shareholder of the new bank which still participates in management, although not fully as before, therefore, **IFA see that entering into this transaction is reasonable.**

4.3 The Reasonableness of The Purchase of Shares of Various Companies from BNS After the Restructuring

4.3.1 The Purpose of the Transaction

The Company and BNS has entered into a memorandum of understanding regarding the trading of shares between the Company (as a purchaser) and BNS (as a seller) ("Memorandum of Understanding") for the purchase of ordinary shares of companies such as SPV1, SPV2, TSAMC, MBK, and PRG that BNS has received from Thanachart Bank under the restructuring, which will allow the Company to increase the proportion of investment in a business with a good future and help the merger of Thanachart Bank and TMB Bank be successful.

4.3.2 Advantages of Entering into the Transaction

4.3.2.1 Increasing the Proportion of Investment in Potential Businesses

This transaction will make the Company has additional investment proportion of 49.02% in SPV1 after the business restructuring from the former holding shares in SPV1 of 50.98%, increased to 100.00%. SPV1 is a shareholder of THANI in the proportion of 65.16%, thus the Company has more indirect investment in THANI. In addition, the increase in investment in SPV1 will enhance the investment status of the Company as a holding company that invests in the financial business by indirectly investing in THANI, a company that carries out leasing business with specific expertise and good operating results. It is expected that such investment will help create opportunities for growth of the Company's performance.

4.3.2.2 Increasing Risk Diversification in Businesses that are not Related to Financial Business

This transaction will make the company increases the proportion of investment in SPV2, MBK and PRG which do not conduct business related to the financial business. SPV2 holds shares that are not in the financial business with a proportion of investment in 4.53% of the total issued shares of SEACON and 6.00% of the total shares of in AJNMT. Thereby increasing the risk diversification of the Company as a holding company, resulting in dividend income from other non-financial businesses such as real estate business, real estate development business, agribusiness and food industry.

Company	Type of Business	Proportion of shares (Percentage of paid-up capital)		
		TCAP after restructuring	TCAP agreed to purchase from BNS	TCAP after the purchase of shares from BNS
SPV2	Invest in other businesses, including SEACON, AJMNT, TGL, TMS, TTD and SSV.	50.96	49.00	99.96
MBK	Shopping centers, hotels, golf courses and real estate	15.05	4.85	19.90

PRG	1. Production and distribution of both domestic and export rice 2. Restaurant business and food center	14.79	4.81	19.60
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4.3.3 Disadvantages of Entering into the Transaction

4.3.1 The company has a higher concentration of risk in THANI.

This transaction will allow the Company to hold 100.00% of the shares in SPV1, which SPV1 will hold 65.15% of THANI's shares, resulting in a higher concentration of risk in THANI through indirect investment. However, the Company carries on the business as a holding company that mainly invests in finance, thus increasing the proportion of investment in SPV1 is a normal investment in a company that has investment in the financial business, which the company has knowledge and expertise in management and in the part the Company has indirectly invested through TBANK already, therefore it is believed that the Company will be able to manage risks that may arise from increasing the investment proportion.

4.3.2 The company loses the opportunity to invest in other businesses.

Under the assumption that the transaction date occurred on 31 December 2018, the total value of the consideration for the share purchase after the restructuring from BNS will be equivalent to 12,082 Million Baht. The price may change from the market price on the day of trading which may cause the company losing the opportunity to invest in other businesses that may have better returns. However, investment in other businesses may have a risk of that business and may have risks from asymmetric information when compared to investing in THANI. The Company has invested indirectly for a long time, so the Company already has knowledge and understanding of the business and important information in the business of THANI, which can help reduce such risks.

4.3.4 Advantages of Not Entering into the Transaction

4.3.4.1 The company does not have risks concentrated in THANI.

If the Company does not enter into this transaction, the Company will have no additional investment in SPV1. Therefore, there is no concentration in the risk of THANI which SPV1 holds 65.15% of the shares.

4.3.4.2 The Company can use cash to invest in other businesses.

If the Company does not enter into this transaction, the Company may be able to find alternative investment options that have potential in terms of return and risk diversification in other businesses or other companies besides the ones that the Company already has the investment

4.3.5 Disadvantages of Not Entering into the Transaction

4.3.5.1 The Company loses the opportunity to increase indirect investment in THANI.

If the Company does not enter into this transaction, the Company will lose the opportunity to invest indirectly in THANI. If the Company wishes to increase the proportion of direct or indirect investment in the future, it may be difficult because, as of 8 March 2019, the ordinary shares of THANI have a minority shareholder (%)

Free float), only 30.29% and increasing of the Company's proportion in the future may cause the Company to be responsible for making a tender offer for all securities of THANI.

4.3.5.2 The Company loses the opportunity to diversify risks from increasing the proportion of investment in non-financial businesses.

If the Company does not enter into this transaction, the Company will lose the opportunity to acquire ordinary shares in non-financial businesses which helps the Company to diversify the risk in businesses other than financial business.

4.3.6 Risk from entering the transaction

4.3.6.1 The Company may have risks in the conditions of entering into the transaction.

The acquisition of ordinary shares after the restructuring of BNS has conditions precedent to be fulfilled, namely, successful restructuring of the group of companies, which will allow BNS to acquire ordinary shares of subsidiaries and other companies that will be offered by TBANK and approval from the shareholders' meeting of the associated parties including compliance with relevant laws and regulations. The Company therefore has the risk of not being approved by the resolution of the shareholders' meeting in the relevant agenda or the condition of the transaction as the approval of important actions regarding the restructuring of the business (Agenda 3 according to the agenda of the Extraordinary General Meeting of Thanachart Capital No. 1/2562) and the merger of Thanachart Bank and TMB Bank (Agenda 4 according to the agenda of the Extraordinary General Meeting of Shareholders of Thanachart Capital No. 1/2562) is a condition of each other. If a particular matter is not approved by the meeting, it shall be considered that the other matters approved by the meeting will be canceled and the relevant matters in other agendas will be no longer considered.

4.3.7 Summary of IFA's opinion

It can be seen that to enter into this transaction, the Company will benefit from increasing the proportion of investments in various businesses in terms of returns. Although significant proportion increases in THANI through SPV1 will make the Company has a greater concentration of risk, but if considering investing in other businesses, there may be risks and uncertainties as well. Therefore, considering the advantages and disadvantages of entering into the transaction, advantages and disadvantages of not entering the transaction, risk of entering into the transaction, IFA considers that the shareholders should approve **the entry into this transaction**

Part 5: Valuation

The valuation of the fair value of all ordinary shares of the company related to this transaction can be done by evaluating the fair value of the equity of the companies related to this transaction and divide the value with the total number of ordinary shares sold in the companies related to this transaction in order to obtain the fair value of the ordinary shares of the companies. As the entry into this transaction is based on the price of the transaction from the financial statements, audited or reviewed in the future, adjusted with future operating results that are not yet known. Therefore, IFA considered as if the restructuring and merger transaction occurred based on information and numbers in the financial statements for the year ended 31 December 2018 and adjusted with items that can be estimated in the future according to information that appears in the public of both the Company and TMB for information to shareholders in principle of entering into the transaction and is the information for the shareholders' decision to enter into this transaction.

In this regard, IFA has referred to information from the investment plan, operation plan interviewing the management of the companies related to this transaction and industry information including related documents. IFA has studied and analyzed the reliability and reasonableness of various assumptions obtained from the interview with the management of the companies related to this transaction and improved some assumptions on a conservative basis.

However, all financial projection is made under the assumption that there will not be any changes which is significant to the business operation of the companies related to this transaction which may have a significant impact on TBANK's business operations, which may result in a change in the fair value of the ordinary shares of the companies related in the transaction. IFA's valuation on the value of the companies related to this transaction are as follows.

5.1 Thanachart Bank Public Company Limited

5.1.1 Book Value Approach

Evaluating the fair value of the ordinary shares of TBANK in this way will be based on TBANK's asset value deducted by all accounting liabilities. IFA has referred to the information of TBANK's assets and liabilities in the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Somjai Khunpasut, Certified Public Accountant No. 4499, EY Company Limited, adjusted with profit from the sale of investments that are expected to be received from the restructuring. The details of the fair value of the ordinary shares of TBANK are as follows:

	As of 31 December, 2018	Unit
Total Assets	1,046,611.66	Million Baht
<u>Less</u> Total liabilities	902,406.44	Million Baht
<u>Less</u> Shareholders' equity without control	2,506.68	Million Baht
<u>Add</u> Gain from the sale of investments that are expected to be received from the restructuring	5,331.20	Million Baht
Value of shareholders' equity	147,029.75	Million Baht
<u>Divided by</u> Number of ordinary shares	6,064,862,170	shares

	As of 31 December, 2018	Unit
Value of ordinary shares	24.24	Baht / share

The details of the profit from the sale of investments that are expected to be received from the restructuring There are calculation details as follows.

	As of 31 December, 2018	Unit
Cash that is expected to be received from the sale of investments according to the restructuring plan	29,174.57	Million Baht
<u>Less</u> Tax implications related to the transaction	(2,552.11)	Million Baht
<u>Add</u> Deferred tax related to the transaction	99.56	Million Baht
<u>Less</u> Excess profit from the book value of investments in associated companies as recorded by the market value method (Mark-to-market price)	(497.82)	Million Baht
Net cash expected to be received from the sale of investment according to the restructuring plan	26,224.20	Million Baht
<u>Less</u> The book value of the group of companies that will be sold according to the restructuring	(20,893.00)	Million Baht
Gain from the sale of investments that are expected to be received from the restructuring	5,331.20	Million Baht

Based on the valuation of the fair value of the ordinary shares of TBANK using the book value approach, the fair value of the ordinary shares of TBANK as of 31 December 2018, equal to 147,029.75 Million Baht or equivalent value per share equal to 24.24 Baht will be obtained.

However, the fair value of the ordinary shares of TBANK is estimated by the book value approach, which represents the accounting value of TBANK at any given time without considering the operating results and growth prospects of TBANK in the future. It may not reflect the profitability of TBANK in the future. Therefore, IFA considered that the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TBANK.

5.1.2 Adjusted Book Value Approach

Evaluating the fair value of ordinary shares by adjusted book value approach is taking the book value of TBANK according to the statement of financial position in the financial statements for the year ended 31 December, 2018, which has been audited by Ms. Somjai Khunpasut, Certified Public Accountant No. 4499, EY Company Limited, to be adjusted to reflect the fair value of assets, liabilities and important items as of 31 December, 2018. This method will reflect the net asset value of the business as present more than the book value approach, thus the items in the financial statements reflect the truest and the most current value accordingly.

In improving the adjusting the book value of TBANK, IFA has referred to the property appraisal value from the asset appraisal report of 8 independent appraisers, which are companies listed in the capital market

appraisal company and the principal appraiser approved by the SEC with details of the adjustment of the book value as follows.

No.	Asset List	Time of Appraisal	Book value As of 31 December, 2018 (Million Baht)	The appraised value includes tax effects from changes in capital surplus in asset valuation (Million Baht)	Difference between book value and appraisal price (Million Baht)
1	227 land plots nationwide	November 2018	5,390.46	6,753.17	1,362.71
2	234 condominium buildings nationwide	November 2018	1,185.32	2,392.59	1,207.27
Total					2,569.98

Details of the fair value of TBANK's ordinary shares as follows:

	As of 31 December, 2018	Unit
Shareholders' equity according to the book value approach after adjustment with profit from the sale of investments that are expected to receive from the restructuring	147,029.75	Million Baht
<u>Add</u> Adjustments	2,569.98	Million Baht
Fair value of ordinary shares	149,599.73	Million Baht
<u>Divided by</u> Number of ordinary shares	6,064,862,170	shares
Value of ordinary shares	24.67	Baht per share

Based on the valuation of the fair value of the ordinary shares of TBANK by means of adjusted book value approach, the fair value of the ordinary shares of TBANK as of 31 December 2018, equals to 149,599.73 Million Baht or equivalent to 24.67 Baht per share.

In this regard, the fair value of the ordinary shares of TBANK is estimated by adjusted the book value approach. It will show the book value of TBANK which appears in the financial statements by adjusting various important items to reflect the truest value as of 31 December, 2018. However, the adjusted book value approach does not take into account the operating results and the growth prospects of TBANK in the future may not reflect the profitability of TBANK in the future. Therefore, IFA considered that the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TBANK.

5.1.3 Market Multiple Approach

Market Multiple Approach is a valuation approach under the assumption that companies that operate similar businesses should have a similar market ratio. The market ratio reflects the market mechanism and the investor's perspective on the company at any given time. However, companies that are compared with certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc., which is a limitation of market multiple approach.

In evaluating the fair value of the ordinary shares of TBANK by market multiple approach, IFA has evaluated the value as follows.

1. Price to Earnings Ratio (P/E)
2. Price to Book Value Ratio (P/BV)

IFA has considered the listed companies in the stock exchange with similar business to TBANK in order to use the financial ratios of such companies to evaluate the value of ordinary shares of TBANK, consisting of all companies that operate commercial banking business, namely as follows.

1. Bank of Ayudhya Public Company Limited (BAY)

BAY is the fifth largest commercial bank in the country in terms of assets, loans and deposits and is also a subsidiary of Mitsubishi UFJ Financial Group (MUFG), the largest financial institution group in Japan and one of the largest financial institutions in the world. BAY and its affiliates are committed to responding to all the needs of customers that change over time by offering a variety of products and services covering all target customers, including business customers (Thai big business, Japanese business, multinational company, as well as small and medium business customers in Thailand) and retail customers. In addition, it also provides other related financial services through its subsidiaries and joint ventures in wealth management, credit cards, non-life insurance, asset management, securities trading, car leasing and factoring machinery, microfinance and installment loans. As of 31 March, 2019, BAY has total assets of 2,241,329.93 Million Baht and in the 3-month period ended 31 March, 2019, BAY has total incomes of 36,814.86 Million Baht and net profit of 12,736.75 Million Baht.

2. Bangkok Bank Public Company Limited (BBL)

BBL operates a commercial banking business that provides comprehensive financial services to businesses of large size, SMEs as well as individual customers with branches nationwide and has an international network covering the major economic zones of the world. BBL has total incomes of 9,028.30 Million Baht.

3. CIMB Thai Bank Public Company Limited (CIMBT)

CIMBT operates a full commercial banking business with branches throughout all regions in Thailand and is part of CIMB Group, a famous financial institution in Malaysia. As of 31 March, 2019, CIMBT has total assets of 369,886.91 Million Baht and in the 3-month period ended 31 March, 2019, CIMBT has total incomes of 4,914.86 Million Baht and net profit of 325.01 Million Baht.

4. Kasikorn Bank Public Company Limited (KBANK)

KBANK operates a commercial bank, securities business and related businesses as permitted in the Financial Institution Business Act and the Securities and Exchange Act and related announcements. As of 31 December, 2018, the bank has a network of 958 branches and 11,985 self-operated electronic machines for transactions covering all areas and sufficient for customers' needs. In addition, KBANK has 17 overseas service networks in 9 countries with operations centers and services provided at the head office. As of 31 March 2019, KBANK has total assets of 3,150,640.95 Million Baht and in the 3-month period ended March 31, 2019, KBANK has total incomes of 45,117.05 Million Baht and net profit of 10,044.42 Million Baht.

5. Kiatnakin Bank Public Company Limited (KKP)

KKP engages in commercial banking business and capital market business. The commercial bank is operated under Kiatnakin Bank Public Company Limited and the capital market business is operated under Phatra Capital Public Company Limited, Phatra Securities Public Company Limited and Phatra Asset Management Company Limited. As of 31 March 2019, KKP has total assets of 308,995.69 Million Baht and in the 3-month period ended 31 March, 2019, KKP has total incomes of 5,944.64 Million Baht and net profit of 1,228.16 Million Baht.

6. Krung Thai Bank Public Company Limited (KTB)

KTB operates full commercial banking business with branches all over the regions in Thailand and in some of the main regions of the world. As of 31 March, 2019, KTB has total assets of 2,884,114.01 Million Baht and in the 3-month period ended 31 March, 2019, KKB has total income of 42,102.40 Million Baht and net profit of 7,301.08 Million Baht.

7. LH Financial Group Public Company Limited (LHFG)

LHFG is a non-operating holding company that is the parent company of the financial business group operating the business of holding shares in other companies. As of 31 March, 2019, LHFG has total assets of 250,821.18 Million Baht and in the 3-month period ended 31 March, 2019, LHFG has total incomes of 2,829.18 Million Baht and net profit of 806.71 Million Baht.

8. Siam Commercial Bank Public Company Limited (SCB)

SCB operates a commercial banking business that provides a full range of financial services for all types of customers, such as receiving deposits, transferring money, various types of loans, foreign exchange services, foreign trade services, cash management, including securities business services, provident fund management and private funds, credit card service and depository services. As of 31 March, 2019, SCB has total assets of 3,199,884.26 Million Baht and in the 3-month period ended 31 March, 2019, SCB has total incomes of 42,967.00 Million Baht and net profit of 9,156.50 Million Baht.

9. Thanachart Capital Public Company Limited (TCAP)

TCAP is the parent company of the financial business group. The companies in Thanachart Group are classified into 2 groups of business operations 1) financial business containing with commercial bank business, asset management business, securities business, insurance business, hire purchase business and leasing business 2) Support business containing with brokerage business, service business and training development business. As of 31 March, 2019, TCAP has total assets of 1,061,700.59 Million Baht and in the 3-month period ended 31 March, 2019, TCAP has total incomes of 15,731.68 Million Baht and net profit of 2,015.67 Million Baht.

10. TISCO Financial Group Public Company Limited (TISCO)

TISCO operates a holding company in TISCO Financial with TISCO Bank primarily. It has been approved to be a full commercial bank. At present, it provides financial services include retail customer loans and small and medium business loans, commercial banking loans, retail deposit service, consumer banking services, insurance broker service via bank, financial management service, and custodian services operating all types of non-life insurance business. As of 31 March, 2019, TISCO has total assets of 297,899.70 Million Baht and in the 3-month period ended 31 March, 2019, TISCO has total incomes of 5,996.15 Million Baht and net profit of 1,729.60 Million Baht.

11. TMB Bank Public Company Limited (TMB)

TMB operates a full commercial banking business for 3 main customers, namely, large business customers, SME customers, and retail customers having the ING Financial Group of the Netherlands as a business partner and major shareholder together with the Ministry of Finance. As of 31 March, 2019, TMB has total assets of 892,224.01 Million Baht and in the 3-month period ended 31 March, 2019, TMB has total incomes of 11,667.38 Million Baht and has net profits of 1,578.84 Million Baht.

Price to earnings ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
BAY	Multiple Factor	8.92x	9.10x	9.21x	10.19x	10.74x	11.15x
BBL	Multiple Factor	9.56x	10.16x	10.58x	10.89x	10.97x	11.11x
CIMBT	Multiple Factor	151.66x	152.41x	569.05x	1,798.52x	1,208.96x	919.85x
KBANK	Multiple Factor	11.00x	11.39x	11.79x	11.95x	12.08x	12.55x
KKP	Multiple Factor	10.48x	10.57x	10.12x	9.98x	9.92x	10.05x
KTB	Multiple Factor	9.16x	9.38x	9.32x	9.41x	9.74x	10.22x
LHFG	Multiple Factor	9.57x	9.96x	9.98x	10.13x	10.00x	10.32x
SCB	Multiple Factor	11.99x	12.41x	11.95x	11.53x	11.32x	11.42x
TCAP	Multiple Factor	8.35x	8.25x	7.99x	7.98x	7.93x	7.98x
TISCO	Multiple Factor	11.41x	11.26x	10.58x	10.35x	10.05x	10.00x
TMB	Multiple Factor	7.32x	7.65x	7.73x	7.88x	8.07x	8.96x
Average⁽¹⁾	Multiple Factor	9.78x	10.01x	9.93x	10.03x	10.08x	10.37x

Source: SETSMART

Note: 1. The average calculation does not include the price-to-earnings ratio of CIMBT because the price-to-earnings ratio of CIMBT is deviated from the average.

Price to book value ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
BAY	Multiple Factor	1.09x	1.12x	1.10x	1.13x	1.16x	1.19x
BBL	Multiple Factor	0.79x	0.84x	0.88x	0.92x	0.94x	0.96x
CIMBT	Multiple Factor	0.66x	0.66x	0.68x	0.71x	0.75x	0.77x
KBANK	Multiple Factor	1.06x	1.10x	1.14x	1.18x	1.20x	1.25x
KKP	Multiple Factor	1.39x	1.40x	1.35x	1.38x	1.39x	1.42x
KTB	Multiple Factor	0.84x	0.86x	0.86x	0.87x	0.89x	0.91x
LHFG	Multiple Factor	0.72x	0.75x	0.76x	0.78x	0.77x	0.79x
SCB	Multiple Factor	1.16x	1.20x	1.16x	1.17x	1.19x	1.23x
TCAP	Multiple Factor	0.98x	0.97x	0.94x	0.94x	0.94x	0.95x
TISCO	Multiple Factor	2.02x	1.99x	1.88x	1.89x	1.86x	1.87x
TMB	Multiple Factor	0.79x	0.83x	0.85x	0.90x	0.94x	0.98x
Average⁽¹⁾	Multiple Factor	1.05x	1.07x	1.05x	1.08x	1.09x	1.12x

Source: SETSMART

5.1.3.1 Price to Earnings Ratio Approach

Evaluating the fair value of ordinary shares by P/E Approach is conducted by multiply TBANK's net profit in any period in the 12-month period with the P/E of the companies that are compared with. In this valuation, IFA has applied the net profit for the past 12-month period ended 31 December, 2018, based on the separate financial statements for the year ended 31 December, 2018 which was audited by Ms. Somjai Khunpasuti, Certified Public Accountant No. 4499, EY Company Limited, deducted by the dividend income of the subsidiaries which will be sold due to the restructuring. The details of the valuation of the fair price of the ordinary shares of TBANK are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
Net profit for the past 12 months ended 31 December 2018, adjusted by dividend income of subsidiaries	Million Baht		13,908.18				
P/E	Multiple Factor	9.78x	10.01x	9.93x	10.03x	10.08x	10.37x
Value of shareholders' equity	Million Baht	135,966.34	139,250.06	138,054.58	139,478.80	140,232.92	144,289.01
Divided by Number of ordinary shares	shares	6,064,862,170					
Value of ordinary share	Baht per share	22.42	22.96	22.76	23.00	23.12	23.79

Based on the P/E approach, the fair value of the ordinary shares of TBANK as of 31 December 2018 is between 135,966.34 Million Baht to 144,289.01 Million Baht or equivalent to the value per share between 22.42 Baht to 23.79 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TBANK using P/E approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/E approach is only a comparison of past performance by multiplying P/E with net profit for the past 12 months without considering the operating results and future growth prospects of TBANK. It does not reflect the profitability of TBANK in the future. Therefore, IFA opined that the P/E approach is suitable for comparison purpose only.

5.1.3.2 Price to Book Value Approach

The valuation of the fair value of the ordinary shares of TBANK using P/BV approach takes the book value of TBANK at a particular time, multiplied by the P/BV of the companies that are compared with. In this valuation, IFA applied the book value as of 31 December 2018, based on the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Somjai Khunpasut, Certified Public Accountant No. 4499, EY Company Limited, adjusted with profit from the sale of investments that is expected to be received from the restructuring. The details of the valuation of the fair value of the ordinary shares of TBANK are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
The book value as of 31 December 2018 adjusted with the gain from the sale of investments that are expected to be received from the restructuring	Million Baht		147,029.75				
P/BV	Multiple Factor	1.05x	1.07x	1.05x	1.08x	1.09x	1.12x
Value of shareholders' equity	Million Baht	153,712.92	156,773.81	155,004.28	158,649.48	160,983.17	164,369.84
<u>Divided by</u> Number of ordinary shares	shares		6,064,862,170				
Value of ordinary share	Baht per share	25.34	25.85	25.56	26.16	26.54	27.10

Based on the P/BV Approach, the fair value of the ordinary shares of TBANK as of 31 December 2018 is between 153,712.92 Million Baht to 164,369.84 Million Baht or equivalent value per share between 25.34 Baht to 27.10 Baht.

In this regard, IFA considered that the P/BV Approach is a valuation method that is appropriate and commonly used in the valuation of ordinary shares of companies that conduct banking-related businesses since most of the assets and liabilities of the bank are in the form of cash. Anyhow, IFA is of the opinion that the fair valuation of ordinary shares of TBANK should take into account the P/BV approach along with the valuation method that takes into account the operating results and future profitability, which will be discussed in the next section.

5.1.4 Discounted Dividend Approach

The valuation of the fair value of the ordinary shares of TBANK using Discounted Dividend Approach is a valuation of the fair Value of shareholders' equity, taking into account the ability to generate profits and dividends in the future of TBANK and to make dividend payments that TBANK expects to be able to pay based from the financial projection by the cost of equity (K_e) of TBANK to find the net present value of the shareholders' equity of TBANK. IFA used TBANK's financial projections for the years 2019 - 2023 or 5 years in the future, based on Going Concern Basis and there is no significant change happened and under the current economic situation.

In this valuation, IFA has referred to the assumption from the separate financial statements of TBANK in 2016 - 2018 which has been audited by Ms. Somjai Khunpasut, Certified Public Accountant No. 4499, EY Company Limited, including projection from the management and business plan of TBANK to be used as a reference in the assumption. In addition, the assumptions from other financial sources of TBANK are also referenced, such as the information trial balance for 2016 - 2018, information from accounting department interviews, property registration, etc. IFA has considered the above information together with the industry condition, investment plan, operation plan, and associated public disclosure information to formulate the assumptions in the preparation of financial projection and calculate the dividend of TBANK in the future in order to be used to in the valuation of the fair value of the ordinary shares of TBANK using Discounted Dividend Approach.

IFA has studied and analyzed the reliability and reasonableness of various assumptions received from TBANK and adjusted some assumptions based on the Conservative Basis. However, all financial projection is made under the assumption that there will not be any changes which are significant to TBANK's business operations. In addition, if there is any event which may have a significant impact on TBANK's business operations, it may result in a change in the fair valuation of TBANK as well. The valuation of the fair value of TBANK is as follows:

The key assumptions used in the valuation can be summarized as follows:

5.1.4.1 Key assumptions for interest income projection

1. Earning Assets

The earning assets of TBANK consists of 3 main categories. The details for each asset type are as follow.

- Interbank loans including loans that TBANK lends to other commercial banks for liquidity adjustment of various commercial banks and to maintain cash reserves in accordance with relevant laws. Generally, it includes both overnight loans and repay on demand or as schedule by which IFA estimated the interbank loan portfolio to grow by 6.00 percent per year throughout the projection, according to management's projection of TBANK, which is lower than the 3-year historical average growth of 28.72%.
- Investments including cash that TBANK invests in various assets. IFA estimated investment growth during the next 3 years (2019 - 2022) of 6.50% per year according to management's

projection. After 2022, IFA estimated that there is no growth in order to allow the projection to be on the conservative basis.

- Bank loans including loans that TBANK gives to retail customers such as home loans, personal loans, credit card loans including personal loans and various vehicle loans. IFA estimated the bank loans portfolio to grow by 6.00% per year throughout the projection, according to the management's projection of TBANK, which is close to the growth rate in 2018 at 6.19%. In addition, there is an assumption of Contra Account of bank loans accounted for 7.19% on the Gross Loans, which is equal to the 3-year historical average return in 2016 – 2018.

		2019F	2020F	2021F	2020F	2023F
Interbank loans	Million Baht	92,726.54	98,290.13	104,187.54	110,438.79	117,065.12
-- Growth rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Investment	Million Baht	162,338.18	172,890.16	184,128.02	184,128.02	184,128.02
-- Growth rate	Percentage	6.50%	6.50%	6.50%	0.00%	0.00%
Bank loans after deducting interest awaiting recognition	Million Baht	749,560.41	794,534.04	842,206.08	892,738.45	946,302.75
-- Growth rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Total earning assets	Million Baht	1,004,625.13	1,065,714.33	1,130,521.64	1,187,305.26	1,247,495.89

2. Average Interest Income Rate

IFA has estimated the average interest income of each type of asset based on management's projection and historical data. IFA also considered the historical average data of each type of interest rate. The details are as follows

- Interbank loans: IFA estimated the interbank loans by taking into account the historical average in 2016 - 2018, which is 2.26%, with the value between 1.98% to 2.68%, which is lower than the interest rate that the management expects about 14 bps.
- Investment: IFA estimated the investment by taking into account the historical average in 2016 - 2018, which is equal to 1.88%, with the value between 1.69% to 2.07% which is lower than the interest rate that the management expects about 42 bps.
- Bank loans: IFA estimated the bank loans to be 5.6%, which is equal to the said rate in 2018. This estimation is lower than the interest rate that the management expects about 15 bps. The average interest rate for bank loans in 2016 - 2018 equals 5.61% with a value between 5.60% to 5.63%.

		2019F	2020F	2021F	2020F	2023F
Interbank loans	%	2.26%	2.26%	2.26%	2.26%	2.26%
Investments	%	1.88%	1.88%	1.88%	1.88%	1.88%
Bank loans	%	5.63%	5.63%	5.63%	5.63%	5.63%

3. Interest Income

IFA estimated the interest income from the average interest income rate for each type of asset multiplied by the average assets of each category each year with details as follows:

		2019F	2020F	2021F	2020F	2023F
Interest income from interbank loans	Million Baht	2,032.99	2,154.97	2,284.26	2,421.32	2,566.60
Income from investments	Million Baht	2,958.90	3,151.22	3,356.05	3,461.69	3,461.69
Interest income on bank loans	Million Baht	40,816.57	43,490.42	46,099.84	48,865.83	51,797.78
Total interest income	Million Baht	45,808.45	48,796.61	51,740.16	54,748.84	57,826.07

5.1.4.2 Key assumptions for interest expenses projection

1. Paying liabilities

TBANK has the main source of funds to run the business as paying liabilities, consisting of 3 main types. The details for each type of paying liabilities are as follow:

- Deposits including various types of deposits such as savings deposits, current deposit, fixed deposit, etc. IFA estimated the deposits to grow at the rate of 6.00% per year, according to management's projection.
- Loans between commercial banks including cash that TBANK borrowed from with other commercial banks in order to adjust the liquidity of TBANK itself. IFA estimated the loan between commercial banks to grow at a rate of 6.00% per year, according to management's projection.
- Other interest-bearing liabilities: The management expects that the source of funds will be reduced through this channel in order to effectively manage the funding sources with projection of the use of this type of debt to be constant throughout the projection period.

		2019F	2020F	2021F	2020F	2023F
Deposits	Million Baht	799,181.68	847,132.58	897,960.53	951,838.16	1,008,948.45
-- Growth Rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Loans between commercial banks	Million Baht	57,907.70	61,382.16	65,065.09	68,968.99	73,107.13
-- Growth Rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Other interest-bearing liabilities	Million Baht	7,005.16	7,005.16	7,005.16	7,005.16	7,005.16
-- Growth Rate	Percentage	(64.98%)	0.00%	0.00%	0.00%	0.00%
Paying liabilities	Million Baht	864,094.53	915,519.89	970,030.78	1,027,812.32	1,089,060.75

2. Average interest expenses rate

IFA estimated the average interest expenses rate of each type of asset, based on management's projection. IFA has considered the historical average data of each type of interest rate as per following details.

- Deposit interest rates estimated by IFA is equal to 1.50% which is higher than the historical average in 2016 - 2018 which is equal to 1.30%, with a value between 1.23% to 1.41% to make the financial cost estimation being on the conservative basis.
- Money remitted to the Deposit Insurance Institute and the Bank of Thailand estimated by IFA is equal to 0.46% of average deposits and other interest-bearing financial liabilities equals to 0.46% based on the historical average of 2016 - 2018 which is equal to 0.46%.
- Commercial bank loans estimated by IFA is 1.25 percent, which is equal to the said rate in 2018, which is higher than the average interest rate for commercial bank loans in 2016 - 2018, equal to 1.02%, with a value between 0.85% to 1.25%.
- Other interest-bearing liabilities estimated by IFA is 4.70% according to the management's projection that the source of funding will be able to be reduced from the past in 2016 - 2018 with an average rate between 4.16% - 5.53%.

		2019F	2020F	2021F	2020F	2023F
Deposits	%	1.50%	1.50%	1.50%	1.50%	1.50%
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	%	0.46%	0.46%	0.46%	0.46%	0.46%
Loan between commercial banks	%	1.25%	1.25%	1.25%	1.25%	1.25%
Other interest-bearing liabilities	%	4.70%	4.70%	4.70%	4.70%	4.70%

3. Interest expenses

IFA estimated the interest expense from the average interest expenses rate for each type of debt multiplied by the average debt of each type each year with details as follows:

		2019F	2020F	2021F	2020F	2023F
Deposits	Million Baht	11,648.45	12,347.36	13,088.20	13,873.49	14,705.90
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	Million Baht	3,647.35	3,832.44	4,060.45	4,302.14	4,558.32
Loan between commercial banks	Million Baht	704.32	746.58	791.37	838.86	889.19
Other interest-bearing liabilities	Million Baht	634.74	329.24	329.24	329.24	329.24
Deposits	Million Baht	16,634.86	17,255.62	18,269.26	19,343.72	20,482.65

Based on the projection, it was found that TBANK had a net interest margin between 2.90% and 2.99%, which was close to the 3-year historical average of 2.98% - 3.08%.

5.1.4.3 Key assumptions for income from another operations projection**1. Income from fees and other service**

IFA estimated income from fees and services as follows.

- Income from the insurance fees for various loans which is estimated by IFA to be equal to 0.36% of the average total earning assets according to the 3-year historical average in 2016 - 2018, which is between 0.33% - 0.39%
- Income from other services which is estimated by IFA to be equal to 0.42% of the average total earning assets according to the 3-year historical average in 2016 - 2018, which is between 0.40% - 0.46%

IFA estimated the costs associated with income from fees and other services in order to show the income from fees and other services of related operating costs which is accounted for 42.24% of the income from fees and other services throughout the projection according to the 3-year historical average in 2016 - 2018, which has a value between 41.14% to 42.95%. The details of income from fees and other services which are net from the related operating costs as follows:

		2019F	2020F	2021F	2020F	2023F
Income from the insurance fees for various loans	Million Baht	3,503.11	3,730.52	3,957.37	4,176.46	4,387.24
Income from other services	Million Baht	4,123.28	4,390.94	4,657.96	4,915.84	5,163.92
Income from fees and other services	Million Baht	7,626.39	8,121.46	8,615.33	9,092.30	9,551.16
Net income from fees and other services from the related operating costs	Million Baht	4,405.33	4,691.30	4,976.58	5,252.10	5,517.16

2. Income from other operations

IFA estimated income from other operations as follows:

- Gain from exchange rate which is estimated by IFA to be equal to 1.40% of net interest income based on the past 3 years in 2016 - 2018, which is between 0.95% to 1.64%
- Profit and loss from investment which has not been estimated by IFA in order to be on the conservative basis for the income estimate. In the past, TBANK had a loss on investment, representing an average of 1.89% of net interest income, with a value between (0.45) to 3.81%.
- Income from other operations which is estimated by IFA to be equal to 5.08% of net interest income according to the past 3 years in 2016 - 2018, which is between 4.70% to 5.40%

		2019F	2020F	2021F	2020F	2023F
Foreign exchange gains	Million Baht	407.13	440.16	467.10	494.09	521.14
Profit and loss from investment	Million Baht	-	-	-	-	-
Income from other operations	Million Baht	1,482.58	1,602.89	1,700.97	1,799.26	1,897.76
Income from other operations	Million Baht	1,889.71	2,043.05	2,168.06	2,293.35	2,418.90

5.1.4.4 Key assumptions for operating expenses projection

IFA has set the assumptions for operating expenses projection as follows.

- Personnel expenses which is estimated by IFA for the year 2019 to grow by 6.70% from 2018 according to the employment plan and increase personnel expenses of TBANK. After 2019, IFA estimated that the rate of increase in personnel expenses to be equal to 3.16% per year, which is based on the average inflation data from the Bank of Thailand in the past 30 years.
- Rental of assets and equipment where are divided into rent and utilities and are estimated by IFA that the growth rate will be 3.23% per year, according to the rental rate which increases in an average of 10.00% every 3 years. In addition, TBANK also has depreciation related to operations. IFA estimated such depreciation based on the investment plan in the related fixed assets of approximately 1,500.00 Million Baht per year, according to management's projection and calculated the depreciation according to the relevant accounting policy of TBANK.
- Taxes and duties were estimated by IFA to be equal to 2.10% of total operating income, net of interest expenses, according to the 3-year historical average in 2016 - 2018, which is between 2.02% - 2.24%.
- Directors' remuneration which is estimated by IFA to have the growth rate of 5.00% per year according to the rate of remuneration increase of TBANK and general industry.
- Other operating expenses which are estimated by IFA to be 13.00% of total operating income, net of interest expenses, which is close to the average of the past 3 years in 2016 - 2018, which is between 12.70% to 15.54%.

		2019F	2020F	2021F	2020F	2023F
Personnel expenses	Million Baht	9,994.90	10,310.74	10,636.56	10,972.67	11,319.41
Rental of assets and equipment	Million Baht	2,515.98	2,719.71	2,925.17	3,132.41	3,341.51
Taxes and duties	Million Baht	750.99	810.41	859.96	909.40	958.71
Directors' remuneration	Million Baht	44.24	46.46	48.78	51.22	53.78
Other operating expenses	Million Baht	4,610.92	4,975.79	5,280.02	5,583.57	5,886.33
Other operating expenses	Million Baht	17,917.04	18,863.11	19,750.49	20,649.28	21,559.74

5.1.4.5 Key assumptions for bad debts and doubtful accounts projection

IFA has set assumptions for bad debts and doubtful accounts projection to be equal to 0.75% of the loan before deducting interest waiting for recognition which is based on the past 3 years in 2016 - 2018, which is between 0.60% - 0.84%.

		2019F	2020F	2021F	2020F	2023F
Bad debts and doubtful accounts	Million Baht	5,899.01	6,252.95	6,628.13	7,025.82	7,447.37

5.1.4.6 Key assumptions for other projection

1. Income tax expense

The consultant made an estimate of income tax expenses by using the rate of 20.00% throughout the projection according to the current corporate income tax rate.

2. Maintaining capital adequacy ratio

IFA estimated that the Company should maintain the capital adequacy ratio by applying risk-weighted assets based on the proportion of risk assets to the current total earning asset, which is equal to 73.26%, then estimating the Tier 1 capital ratio to be equal to 14.50% of risk assets, which is greater than the amount estimated by the Bank of Thailand, based on the 3-year historical average of 2016 - 2018, which is between 13.27% and 15.42% and estimating Tier 2 capital ratio to be unchanged throughout the projection by considering the data during 2017 - 2018 with no significant changes. In this regard, IFA considered and found that the financial projection of total reserves were reasonable and the total reserve to risk assets ratio is greater than 18.00% throughout the projection.

3. Dividend payout ratio

IFA estimated the dividend ratio to be equal to 90.00% of net profit with the assumption that TBANK will maintain the cash that is not paid out for the dividend to be the bank's capital to make the dividend payment estimate and capital maintenance estimate being in line with more conservative principles.

4. Estimation of terminal growth rate

IFA estimated the terminal growth rate of the dividend at the rate of 3.16% per year, based on the average inflation rate from the Bank of Thailand in the past 30 years. It is considered that the growth of commercial banks in the future will be consistent with the growth rate of the Thai economy as a whole.

5. Discount rate

IFA has calculated the appropriate discount rate that reflects the true cost of the shareholders. The actual cost is equal to the cost of equity (K_e). The formula for calculating K_e is as follows.

$$K_e = R_f + \beta(R_m - R_f)$$

Whereas

K_e	=	Cost of equity
R_f	=	Return on investment without risk based on the 30-year government bond rate, which is equal to 2.37% (Based on data from www.thaibma.or.th as of August 6, 2019). IFA used the said rate in order to be consistent with the same period as the

average return on investment in the Stock Exchange of Thailand for the past 30 years.

R_m = The average return on investment in the Stock Exchange of Thailand in the past 30 years from 6 August 2019, which is equal to 9.24%, which is the period that reflects the investment status in the stock market at several times which is better than using data for a short period of time (Based on data from www.set.or.th).

β = The average daily variance of the return of Thanachart Capital Public Company Limited compared to the return of the stock market for the past 1 year from 7 August 2018 to 6 August 2019 (Source: Bloomberg), which is equal to 0.860 times.

Based on the calculation formula and various variables mentioned above, the cost of equity (K_e) is equal to 8.27%

Summary of Financial Projections

Unit : Million Baht	2018	2019F	2020F	2021F	2022F	2023F
Interest income						
Interest income from interbank loans	1,739.20	2,032.99	2,154.97	2,284.26	2,421.32	2,566.60
Income from investments	2,617.21	2,958.90	3,151.22	3,356.05	3,461.69	3,461.69
Interest income on bank loans	38,449.09	40,816.57	43,490.42	46,099.84	48,865.83	51,797.78
Total interest income	42,805.50	45,808.45	48,796.61	51,740.16	54,748.84	57,826.07
Interest Expenses						
Deposits	(9,084.64)	(11,648.45)	(12,347.36)	(13,088.20)	(13,873.49)	(14,705.90)
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	(3,481.94)	(3,647.35)	(3,832.44)	(4,060.45)	(4,302.14)	(4,558.32)
Loan between commercial banks	(768.00)	(704.32)	(746.58)	(791.37)	(838.86)	(889.19)
Other interest-bearing liabilities	(1,105.52)	(634.74)	(329.24)	(329.24)	(329.24)	(329.24)
Total operating income	(14,440.11)	(16,634.86)	(17,255.62)	(18,269.26)	(19,343.72)	(20,482.65)
Net interest income before income from other operations	28,365.39	29,173.59	31,540.99	33,470.90	35,405.12	37,343.42
Income from other operations						
Net income from fees and other services	4,464.99	4,405.33	4,691.30	4,976.58	5,252.10	5,517.16
Income from other operations	1,673.56	1,889.71	2,043.05	2,168.06	2,293.35	2,418.90
Net interest income after income from other operations	34,503.95	35,468.62	38,275.34	40,615.54	42,950.57	45,279.48
Operating expenses						
Personnel expenses	(9,367.27)	(9,994.90)	(10,310.74)	(10,636.56)	(10,972.67)	(11,319.41)
Rental of assets and equipment	(2,313.94)	(2,515.98)	(2,719.71)	(2,925.17)	(3,132.41)	(3,341.51)
Taxes and duties	(697.65)	(750.99)	(810.41)	(859.96)	(909.40)	(958.71)
Directors' remuneration	(42.14)	(44.24)	(46.46)	(48.78)	(51.22)	(53.78)
Other operating expenses	(5,363.62)	(4,610.92)	(4,975.79)	(5,280.02)	(5,583.57)	(5,886.33)
Total operating expenses	(17,784.62)	(17,917.04)	(18,863.11)	(19,750.49)	(20,649.28)	(21,559.74)
Bad debts and doubtful accounts	(4,464.92)	(5,899.01)	(6,252.95)	(6,628.13)	(7,025.82)	(7,447.37)
Profit (loss) before income tax expense	12,254.42	11,652.57	13,159.28	14,236.92	15,275.47	16,272.37
Income tax expense	(1,455.74)	(2,330.51)	(2,631.86)	(2,847.38)	(3,055.09)	(3,254.47)
Profit (loss) for the period	10,798.68	9,322.06	10,527.42	11,389.54	12,220.38	13,017.90
Forecast dividend		8,389.85	3,441.77	4,232.44	5,186.01	6,124.46

5.1.4.7 Summary of valuation by Discounted Dividend Approach

	Unit : Million Baht
Net present value of dividends between the years 2019 - 2023	21,908.49
Terminal value	83,035.74
Value of shareholders' equity	104,944.22
<u>Divided by</u> Number of ordinary shares (shares)	6,064,862,170
Value of ordinary shares (Baht per share)	17.30

The valuation using the Discounted Dividend Approach can be used to calculate the fair value of the ordinary shares of TBANK as of 31 December 2018, equal to 104,944.22 Million Baht or equivalent value per share equal to 17.30 Baht.

Sensitivity Analysis

The fair valuation of the ordinary shares of TBANK will be accurate or close to the reality or not depends on the accuracy and appropriateness of the assumptions used in the financial projections, such as business plans and future management policies under the current economic conditions and situations. Therefore, changes caused by economic conditions, natural environment, and government policies may cause the projection estimated under the assumptions mentioned above to change significantly and may affect the fair value of the ordinary shares of TBANK that has been evaluated as well

With various causes and factors which may change and may affect the fair valuation of the ordinary shares of TBANK, IFA therefore analyzed the sensitivity of the fair value of ordinary shares in order to study the effects by various factors that may change by studying and analyzing the change in the fair value of ordinary shares from the change of 2 main factors, namely (1) the cost of equity and (2) the growth rate of terminal value. The results of the sensitivity analysis of the valuation of the fair value of ordinary shares by using the Discounted Cash Flows Approach can be summarized as follows:

Unit : Million Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	106,753.22	111,316.95	116,375.30	122,013.28	128,336.60
(0.50%)	101,743.51	105,843.61	110,365.24	115,376.92	120,962.90
-	97,181.35	100,881.86	104,944.22	109,424.23	114,389.79
0.50%	93,009.47	96,363.34	100,029.87	104,054.92	108,493.79
1.00%	89,179.97	92,231.31	95,554.45	99,187.39	103,175.57

Unit : Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	17.60	18.35	19.19	20.12	21.16
(0.50%)	16.78	17.45	18.20	19.02	19.94
-	16.02	16.63	17.30	18.04	18.86
0.50%	15.34	15.89	16.49	17.16	17.89
1.00%	14.70	15.21	15.76	16.35	17.01

From sensitivity analysis of the fair value of the ordinary shares of TBANK by changing (1) the cost of equity and (2) the terminal growth rate, the fair value of the ordinary shares of TBANK as of 31 December 2018 is between 96,363.34 Million Baht to 115,376.92 Million Baht or equivalent to the value per share between 15.89 Baht to 19.02 Baht.

5.2 Thanachart Fund Management Company Limited

5.2.1 Book Value Approach

Evaluating the fair value of the ordinary shares of TFUND in this way will be based on TFUND's asset value deducted by all accounting liabilities. IFA has referred to the information of TBANK's assets and liabilities in the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Rattana Chala, Certified Public Accountant No. 3734, EY Company Limited. The details of the fair valuation of the ordinary shares of TFUND are as follows:

	As of 31 December, 2018	Unit
Total Assets	658.73	Million Baht
<u>Less</u> Total liabilities	235.22	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	423.51	Million Baht
<u>Divided by</u> Number of ordinary shares	10,000,000	shares
Value of ordinary shares	42.35	Baht / share

Based on the valuation of the fair value of the ordinary shares of TFUND using the book value approach, the fair value of the ordinary shares of TFUND as of 31 December 2018, equal to 423.51 Million Baht or equivalent value per share equal to 42.35 Baht are obtained.

However, the fair value of the ordinary shares of TFUND is estimated by the book value approach, which represents the accounting value of TFUND at any given time without considering the operating results and growth prospects of TFUND in the future. It may not reflect the profitability of TFUND in the future. Therefore, IFA considered that the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TFUND.

5.2.2 Adjusted Book Value Approach

Evaluating the fair value of ordinary shares by adjusted book value approach is taking the book value of TFUND according to the statement of financial position in the financial statements for the year ended 31 December, 2018, which has been audited by Ms. Rattana Chala, Certified Public Accountant No. 3734, EY Company Limited, to be improved to reflect the fair value of assets, liabilities and important items as of 31 December, 2018. This method will reflect the net asset value of the business as present more than the book value approach, thus the items in the financial statements reflect the reflect the truest and the most current value accordingly.

However, since IFA did not receive information about the independent appraisal report where an independent appraiser was hired to evaluate the fair value of the asset for public purposes. IFA, therefore, did not make any adjustments in the financial statements of TFUND. Hence, the valuation of the fair value of the ordinary shares of TFUND by the adjusted book value approach leads to the result that is equal to the book value approach, where the fair value of the ordinary shares of TFUND as of 31 December, 2018, is equal to 423.51 Million Baht or equivalent to 42.35 Baht per share.

In this regard, the valuation of the fair value of the ordinary shares of TFUND by the adjusted book value approach will represent the book value of TFUND which appears in the financial statements by adjusting various important items to reflect the truest value as of 31 December 2018. However, the adjusted book value approach does not take into account the operating results and the future trend of TFUND, therefore it may not reflect TFUND's profitability in the future. Therefore, the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TFUND.

5.2.3 Market Multiple Approach

Market Multiple Approach is a valuation approach under the assumption that companies that operate similar businesses should have a similar market ratio. The market ratio reflects the market mechanism and the investor's perspective on the company at any given time. However, companies that are compared with certainly have differences, such as the source of income, size of the business, financial structure and accounting record policies, etc., which is a limitation of market multiple approach.

In evaluating the fair value of the ordinary shares of TFUND by market multiple approach, IFA has evaluated the value as follows.

1. Price to Earnings Ratio (P/E)
2. Price to Book Value Ratio (P/BV)

IFA has considered the listed companies in the stock exchange which operates similar businesses to TFUND in order to apply the financial ratios of such companies to evaluate the value of the ordinary shares of TFUND which is consisting of all companies that operate asset management businesses, namely, MFC Asset Management Public Company Limited (MFC). MFC engages in fund management business. As of 31 March 2019, MFC has total assets of 1,393.86 Million Baht and in the 3-month period ended 31 March 2019, MFC has total incomes of 213.90 Million Baht and net profit of 33.07 Million Baht.

Price to earnings ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
MFC	Multiple Factor	14.79x	14.52x	14.31x	13.88x	12.95x	12.49x

Source: SETSMART

Price to book value ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
MFC	Multiple Factor	1.86x	1.83x	1.82x	1.88x	1.85x	1.84x

Source: SETSMART

5.4.4.1 Price to Earnings Ratio Approach

Evaluating the fair value of ordinary shares by P/E Approach is conducted by multiply TFUN's net profit in any period in the 12-month period with the P/E of the companies that are compared with. In this valuation, IFA has applied the net profit for the past 12-month period ended 31 December, 2018, based on the separate financial statements for the year ended 31 December, 2018 which was audited by Ms. Rattana Chala, Certified Public Accountant No. 3734, EY Company Limited. The details of the valuation of the fair price of the ordinary shares of TFUND are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
Net profit for the past 12 months ended 31 December 2018, adjusted by dividend income of subsidiaries	Million Baht		654.58				
Value of shareholders' equity	Multiple Factor	14.79x	14.52x	14.31x	13.88x	12.95x	12.49x
<u>Divided by</u> Number of ordinary shares	Million Baht	9,681.19	9,504.78	9,369.74	9,087.01	8,478.43	8,177.17
Value of ordinary shares	shares	10,000,000					
Value of shareholders' equity	Baht per share	968.12	950.48	936.97	908.70	847.84	817.72

Based on the P/E approach, the fair value of the ordinary shares of TFUND as of 31 December 2018 is between 8,177.17 Million Baht to 9,681.19 Million Baht or equivalent to the value per share between 817.72 Baht to 968.12 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TFUND using P/E approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/E approach is only a comparison of past performance by multiplying P/E with net profit for the past 12 months without considering the operating results and future growth prospects of TFUND. It does not reflect the profitability of TFUND in the future. Therefore, IFA is of the opinion that the P/E approach is suitable for comparison purpose only.

5.4.4.2 Price to Book Value Approach

The valuation of the fair value of the ordinary shares of TFUND using P/BV approach takes the book value of TFUND at a particular time, multiplied by the P/BV of the companies that are compared with. In this valuation, IFA applied the book value as of 31 December 2018, based on the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Rattana Chala, Certified Public Accountant No. 3734, EY Company Limited. The details of the valuation of the fair value of the ordinary shares of TFUND are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
The book value as of 31 December 2018	Million Baht		423.51				
P/BV	Multiple Factor	1.86x	1.83x	1.82x	1.88x	1.85x	1.84x
Value of shareholders' equity	Million Baht	787.73	773.75	768.74	795.34	783.98	777.38
<u>Divided by</u> Number of ordinary shares	shares		10,000,000				
Value of ordinary shares	Baht per share	78.77	77.38	76.87	79.53	78.40	77.74

Based on the P/BV Approach, the fair value of the ordinary shares of TFUND as of 31 December 2018 is between 768.74 Million Baht to 795.34 Million Baht or equivalent value per share between 76.87 Baht to 79.53 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TFUND using P/BV approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/BV approach is only a comparison of past performance by multiplying P/BV with the book value as of 31 December 2018 without considering the operating results and future growth prospects of TFUND. It does not reflect the profitability of TFUND in the future. Therefore, IFA is of the opinion that the P/BV approach is suitable for comparison purpose only.

5.2.4 Discounted Cash Flows Approach

The valuation of the fair value of the ordinary shares of TFUND using Discounted Cash Flows Approach is an assessment of the fair value of the business by taking into account the ability to generate cash flows in the future of TFUND by Free Cash Flow to Firm, which TFUND expects to be receive from the weighted average cost of capital (WACC) of TFUND to find the net present value of TFUND's business value. IFA used the financial projections of TFUND for the years 2019 - 2023 or in the future 5 years, based on the assumption that TFUND's business will be on Going Concern Basis and there is no significant change happened and it is under the current economic situation.

In this valuation, IFA has referred to the assumption from the separate financial statements of TFUND in 2016 - 2018 which has been audited by Ms. Rattana Chala, Certified Public Accountant No. 3734, EY Company Limited, including management's projection and business plan of TFUND to be used as a reference in the assumption. In addition, the assumptions from other financial sources of TFUND are also referenced, such as the information trial balance for 2016 - 2018, information from accounting department interviews, property registration, etc. IFA has considered the above information together with the industry condition, investment plan, operation plan, and associated public disclosure information to formulate the assumptions in the preparation of financial projection and calculate the free cash flow to firm of TFUND in the future in order to be used to in the valuation of the fair value of the shareholders' equity of TFUND using Discounted Cash Flows Approach.

IFA has studied and analyzed the reliability and reasonableness of various assumptions received from TFUND and adjusted some assumptions based on the Conservative Basis. However, all financial projection is made under the assumption that there will not be any changes which are significant to TFUNDs business operations. In addition, if there is any event which may have a significant impact on TFUND's business operations, it may result in a change in the fair valuation of TFUND as well. The valuation of the fair value of TFUND is as follows:

The key assumptions used in the valuation can be summarized as follows:

5.2.4.1 Key assumptions for interest income projection

1. Assets Under Management: AUM

The earning assets of TBANK consists of 3 main categories. The details for each asset type are as follow.

1.1 Mutual Fund

Currently, TFUND provides various types of mutual fund management services with following details

- **Equity / Equity Mixed Fund** is a fund that focuses on investing in stocks in particular which may be mixed between stocks and other types of securities, such as bonds. Each fund may have different investment policy in order to be a financial product that can be accessed by investors according to various investment needs. In 2017 and 2018, TFUND have a quite high growth rate of this type of AUM, which is 53.45% and 89.85% respectively. The management of TFUND expects that AUM of this type of mutual fund should grow at a relatively high rate due to the behavior of people who are interested in

investing more in shares including the good performance of TFUND in the past period. However, IFA has considered the future growth of AUM in the future with more caution than the management's forecast of TFUND to be 10.00% from previous year and grow by 5.00% per year after the year 2019 throughout the projection.

- **Fixed-term Fund** is a fund that invests in debt instruments that have a redemption period. The investors will receive returns from the fund registration date until the redemption date and they cannot sell the investment units before the due date. In the past, AUM of this type of mutual fund grew by 25.50% and 14.56% in 2017 and 2018 respectively. The management expects that AUM of this mutual fund will grow by 7.00% per year throughout the projection. However, IFA estimated that AUM will grow by 7.00% in 2019 due to the relatively low AUM base in the previous year, thus, there is the opportunity to grow as the management anticipates and the growth rate of AUM after year 2019 will not grow throughout the projection in order to be on a conservative basis.
- **Money Market Fund** is a fund that has a policy to invest in deposits and debt securities which has the principal payment paid at call or the remaining age is not more than 1 year. It is a fund that invests in low risk assets focusing on customers who want to invest in short-term and do not want to take risks. In the past, the AUM of this type of mutual fund increased by 24.93% and slightly decreased at 0.38% in 2017 and 2018 respectively. The management expected that the AUM of the fund will grow quite a lot in 2019 at the rate of 24.00% because the money is expected to flow into investments in mutual funds with increased stocks due to the stock market is improving due to positive factors for political stability and expected that AUM after 2019 will grow by approximately 3.00 percent per year throughout the projection. IFA has referred to the AUM projection for this type of mutual fund according to management, because it is considered reasonable and quite a conservative projection.
- **Gold Fund** is a mutual fund that invests in gold or invests in an overseas mutual fund that invests in real gold. However, gold mutual funds have a relatively low AUM compared to other types of assets and has become less popular currently. Although the growth of AUM in 2017 was 6.54%, it decreased by 15.36% in 2018. The management expected that in 2019 the AUM will decrease by 28.66% before the slight increase in 2020 - 2021 from the low base of AUM during the previous year and it is projected a growth of approximately 9.00% after 2021. However, IFA held the projection in 2019 according to the management and estimated that AUM will grow by 10.00% per year after 2019, since IFA considered that the popularity of investment of this type of fund continues to decrease. The investors have the idea about investing in gold to prevent the risk of the fluctuation of gold prices in the past and such projections are still conservative in terms of the overall income growth.
- **Long Term Fund/ Retirement Mutual Fund (LTF/RMF)** is a mutual fund focused on investment in both debt and equity instruments with the objective of investing in long-term investments for retirement. This type of mutual fund has gained a lot of popularity from

investors since it has been promoted by the government and related agencies, including tax benefits received from investing in this type of fund. During 2017 and 2018, TFUND experienced a high growth rate of AUM of this type of mutual fund at 22.48% and 13.37%, respectively. The management of TFUND expected that AUM of this type of mutual fund should grow at a relatively high rate, up to 14.00% per year. However, IFA has lowered the projection due to the risk that LTF will not receive the extension of the tax benefits in 2020 onwards, requiring AUM in 2019 to grow by 10.00% and decrease by 20.00% in 2020 due to the impact of such measures. After that AUM is expected to grow by 5.00% per year after 2020 throughout the projection as this type of fund is still in the interest of investors because RMF is still receiving tax support from the government.

- **Foreign Mutual Fund (FIF)** is a mutual fund that invests in foreign equity and debt securities which has gained popularity by investors But not equal to stock mutual funds or retirement funds because investors may not be but not as much as Equity / Equity Mixed and Retirement Mutual Fund because investors may not be familiar with assets overseas as in the country causing the past in 2017 and 2018, this type of fund had no significant change in AUM which increased by 1.46% and decreased by 1.28%, respectively. IFA therefore did not expect AUM to grow throughout the projection.
- **Property Fund** is a mutual fund that invests in property or invest in funds that invest in property. This type of fund is the fund with the second least AUM after the gold mutual fund since it is not as popular among the investors as other types of assets. In 2017 and 2018, the growth rate for AUM decreased by 20.11% and 11.11% respectively. The management considered that AUM of this type of fund is quite low. Therefore, it is estimated that AUM will grow slightly throughout the projection. However, IFA has estimated that AUM will decrease by 3.00% per year throughout the projection because although AUM has a low base, it did not grow in the past and it is not likely to grow significantly in the future.

		2019F	2020F	2021F	2023F	2024F
Equity / Equity Mixed Fund	Million Baht	53,096.15	55,750.96	58,538.51	61,465.43	64,538.71
-- Growth rate	Percentage	10.00%	5.00%	5.00%	5.00%	5.00%
Fixed-term Fund	Million Baht	42,881.71	42,881.71	42,881.71	42,881.71	42,881.71
-- Growth rate	Percentage	7.00%	0.00%	0.00%	0.00%	0.00%
Money Market Fund	Million Baht	61,758.70	63,611.46	65,519.80	67,485.40	69,509.96
-- Growth rate	Percentage	(24.00%)	3.00%	3.00%	3.00%	3.00%
Gold Fund	Million Baht	1,519.82	1,367.84	1,231.06	1,107.95	997.16
-- Growth rate	Percentage	(28.66%)	(10.00%)	(10.00%)	(10.00%)	(10.00%)
Long Term Fund/ Retirement Mutual Fund (LTF/RMF)	Million Baht	22,316.29	17,853.03	18,745.68	19,682.97	20,667.11
-- Growth rate	Percentage	10.00%	(20.00%)	5.00%	5.00%	5.00%
Foreign Mutual Fund (FIF)	Million Baht	10,469.12	10,469.12	10,469.12	10,469.12	10,469.12
-- Growth rate	Percentage	0.00%	0.00%	0.00%	0.00%	0.00%
Property Fund	Million Baht	2,855.77	2,770.09	2,686.99	2,606.38	2,528.19

		2019F	2020F	2021F	2023F	2024F
-- Growth rate	Percentage	(3.00%)	(3.00%)	(3.00%)	(3.00%)	(3.00%)
Mutual Funds Under Mutual Management	Million Baht	194,897.56	194,704.22	200,072.87	205,698.96	211,591.95

1.2 Provident Fund

Provident fund is a fund that is jointly established by employer and employees voluntarily with the purpose to enable the employees to have savings to spend after retirement. TFUND manages the money in the fund for employers with an appropriate investment policy and receives compensation as a management fee. AUM of the Provident Fund continued to grow in 2017 - 2018 at 10.08% and 8.58%, respectively. The management expected that AUM will grow averagely at 10.00% throughout the projection. IFA considered that this is possible according to the growth rate in the past including the trend of the growth of such AUM in the future, as long as the provident fund policies of various companies remain, the AUM is estimated to grow by 8.00% in 2019 and 10.00% per year after 2019 throughout the projection.

		2019F	2020F	2021F	2022F	2023F
Provident Fund	Million Baht	16,996.86	18,696.54	20,566.20	22,622.82	24,885.10
-- Growth rate	Percentage	8.00%	10.00%	10.00%	10.00%	10.00%

1.3 Private Fund

Private fund is the management of personal investments in accordance with the goals of investors. In most cases, private fund customers are high net worth who have excess liquidity and want to generate additional returns from such liquidity. Currently, private fund is a group that has a relatively high growth in the market, although in 2017 the growth rate for TFUND decreased by 35.08%, but the growth has increased by 36.20% in 2018. In the overall picture, private fund still has potential for further growth in the future. The management expected AUM to grow at an average of 13.00% over the projection period. IFA considered that such expectation is possible as the trend of this financial service will continue to increase in the industry. IFA therefore estimated AUM to grow 15.00% in 2019 and 10.00% per year after 2019 throughout the projection.

		2019F	2020F	2021F	2022F	2023F
Private Fund	Million Baht	14,921.13	16,413.24	18,054.56	19,860.02	21,846.02
-- Growth rate	Percentage	15.00%	10.00%	10.00%	10.00%	10.00%

2. Management Fee

IFA estimated the average interest income of each type of assets based on management's projection and historical data. IFA has also considered the historical average data of each type of interest rates. The details are as follows

2.1 Mutual Fund

- **Equity / Equity Mixed Fund:** IFA estimated based on the projection at 1.32% which is lower than the historical average in 2016 - 2018 which is equal to 1.40% with values between 1.33% and 1.51%. Such projection is on a conservative basis as in the future there may be more competition in fees between asset management companies.

- **Fixed-term Fund:** IFA estimated the management fee to be 0.23%, which is slightly higher than the historical average in 2016 - 2018, which was 0.21%, with a value between 0.16% to 0.24%. It is expected that the fee rate should not differ significantly from the year 2018 by 0.24%.
- **Money Market Fund:** IFA estimated the management fee to be 0.30% which is slightly higher than the previous average of 2016 - 2018 which was 0.29% between 0.27% to 0.30%. However, the fee rate is expected to be no different from the year 2018 by 0.30% significantly.
- **Gold Fund:** IFA estimated the management fee to be 0.55%, which is slightly higher than the historical average in 2016 - 2018, which was 0.54% with a value between 0.54% to 0.55%. However, the fee rate is expected to be no different from the year 2018 by 0.55% significantly.
- **Long Term Fund/ Retirement Mutual Fund (LTF/RMF):** IFA estimated the management fee to be 1.21%, which is slightly higher than the historical average in 2016 - 2018, which was 1.17% with a value between 1.13 % to 1.21%. However, the fee rate is expected to be no different from the year 2018 at a significant 1.21%.
- **Foreign Mutual Fund (FIF):** IFA estimated the management fee to be 0.58%, which is lower than the historical average in 2016 - 2018, which was 0.60% with a value between 0.58 % to 0.60%. However, the said projection slightly decreased below average and the fee rate in the year 2018 at 0.60% because the management considered that there is the trend that the fees may be reduced in order to motivate investors and it is also a conservative projection.
- **Property Fund:** IFA estimated the management fee to be 0.94%, which is lower than the historical average in 2016 - 2018, which was 1.09% with a value between 1.05% to 1.11%. However, the said projection slightly decreased below average and the fee rate in the year 2018 at 1.1% because the management considered that there is the trend that the fees may be reduced in order to motivate investors and it is also a conservative projection.

		2019F	2020F	2021F	2022F	2023F
Equity / Equity Mixed Fund	Percentage	1.32%	1.32%	1.32%	1.32%	1.32%
Fixed-term Fund	Percentage	0.23%	0.23%	0.23%	0.23%	0.23%
Money Market Fund	Percentage	0.30%	0.30%	0.30%	0.30%	0.30%
Gold Fund	Percentage	0.55%	0.56%	0.56%	0.56%	0.56%
Long Term Fund/ Retirement Mutual Fund (LTF/RMF)	Percentage	1.21%	1.21%	1.21%	1.21%	1.21%
Foreign Mutual Fund (FIF)	Percentage	0.58%	0.58%	0.58%	0.58%	0.58%
Property Fund	Percentage	0.94%	0.94%	0.94%	0.94%	0.94%

2.2 Provident Fund

IFA estimated that the management fee rate for provident fund to be 0.09% which is equal to the historical average in 2016 - 2018, which was between 0.07% to 0.11%.

2.3 Private Fund

IFA estimated that the management fee rate for private funds in 2019 to be 0.17% which is equal to the fee in 2018, which is slightly higher than the historical average in 2016 - 2018 at 0.16%. The said fees in 2019 will not change significantly from the year 2018. However, IFA estimated the fee rates in 2020 onwards only 0.30% according to the policy of the management.

3. Management Fee Income

IFA estimated the management fee income from the management fee rate for each asset type multiplied by the average AUM of each type in each year. The details are as follows:

		2019F	2020F	2021F	2022F	2023F
Mutual Fund						
Equity / Equity Mixed Fund	Million Baht	668.35	717.68	753.56	791.24	830.80
Fixed-term Fund	Million Baht	95.40	98.63	98.63	98.63	98.63
Money Market Fund	Million Baht	214.53	188.06	193.70	199.51	205.49
Gold Fund	Million Baht	10.04	8.05	7.22	6.51	5.86
Long Term Fund/ Retirement Mutual Fund (LTF/RMF):	Million Baht	258.13	243.38	221.75	232.83	244.47
Foreign Mutual Fund (FIF)	Million Baht	60.72	60.72	60.72	60.72	60.72
Property Fund	Million Baht	27.26	26.44	25.65	24.88	24.13
Total mutual fund fee income	Million Baht	1,334.43	1,342.95	1,361.22	1,414.31	1,470.11
Provident fund fee income	Million Baht	15.00	16.36	18.00	19.79	21.77
Private fund fee income	Million Baht	23.41	47.00	51.70	56.87	62.56
Total management fee income	Million Baht	1,372.84	1,406.31	1,430.92	1,490.98	1,554.44

5.2.4.2 Other income

1. Registrar fee income

Registrar fee income is income that is collected from investors in addition to fees from fund management services. The said fee is the income that TFUND collects from the work to oversee the list of investment unit holders to ensure the accuracy and completeness when buying and selling investment units. IFA estimated registrar fee income to be 17.60% of total management fee income, which is equal to the historical average in 2016 - 2018, which is between 17.19% and 18.39%.

		2019F	2020F	2021F	2022F	2023F
Registrar fee income	Million Baht	241.62	247.51	251.84	262.41	273.58
- - Rate per the total management fees income	Percentage	17.60%	17.60%	17.60%	17.60%	17.60%

2. Front and back-end fee income

IFA estimated that the front and back-end fee to be 10.50% of the total management fee income, which is equal to the historical average in 2016 - 2018, which is between 8.65% to 12.97%.

		2019F	2020F	2021F	2022F	2023F
Front and Back-end fee income	Million Baht	144.19	147.71	150.29	156.60	163.26
-- Rate per the total management fees income	Percentage	10.50%	10.50%	10.50%	10.50%	10.50%

3. Other income

IFA estimated other income to be 0.18% of total management fee income and other incomes which are gross operating income, such as registrar fee income and front and back-end fee income as well as other fees (collectively referred to as the **total operating income**) which is equal to 2018, which is lower than the

historical average in 2016 - 2018 by 0.28%, with a value between 0.18% to 0.45%. However, IFA did not estimate the profit and return from financial instruments throughout the projection which was 5.00 – 6.00 Million Baht in 2016 – 2018 in order to be on a conservative basis.

		2019F	2020F	2021F	2022F	2023F
Other income	Million Baht	3.14	3.22	3.27	3.41	3.55
-- Rate per total operating income	Percentage	0.18%	0.18%	0.18%	0.18%	0.18%

5.2.4.3 Key assumptions for service expenses projection

IFA has set the assumptions for service expenses projection as follows.

- Direct expenses related to the front and back-end fee is estimated by IFA to be accounted for 110.59% of the average front and back-end fee in the past 3 years in 2016 - 2018, which is between 109.48% and 112.08%.
- On-going fee is estimated by IFA to be accounted for 32.38% of the average on-going fee in the past 3 years in 2016 - 2018, which is between 28.71% to 36.10%.
- Bank charge is the fees that the fund must pay to various commercial banks resulting from fund management service activities where IFA estimated to be 0.15% of the average total operating income in the past 3 years in 2016 - 2018 which is between 0.13% to 0.18%.
- Other service expenses are estimated by IFA to be accounted for 1.16% of average total operating income in the past 3 years in 2016 - 2018, which is between 0.96% to 1.34%.

		2019F	2020F	2021F	2022F	2023F
Direct expenses related to the front and back-end fee	Million Baht	159.47	163.35	166.21	173.19	180.56
On-going fee	Million Baht	444.52	455.36	463.32	482.77	503.32
Bank charge	Million Baht	2.67	2.73	2.78	2.90	3.02
Other service expenses	Million Baht	20.39	20.88	21.25	22.14	23.08
Total service costs	Million Baht	627.04	642.33	653.57	681.00	709.98

5.2.4.4 Key assumptions for operating expenses projection

IFA has set the assumptions for operating expenses projection as follows.

- Personnel expenses: IFA estimated the number of employees of TFUND to be likely to grow by 10.00% in 2019 and grow by 7.00% per year after 2019 throughout the projection. This is consistent with the management's projection. In addition, IFA considered that the salary and personnel plans of TFUND is already reasonable.
- Directors' remuneration is estimated by IFA to be 0.10% of the average total operating income in the part 3 year in 2016 – 2018 which is between 0.06% to 0.13%.
- Rental of assets and equipment, divided into rent and utilities, which are estimated by IFA to grow by 3.00% per year. This is consistent with the management's projection, which is close to the general rental rate growth.
- Taxes and duties which are estimated by IFA to be 0.02% of the average total operating income in the past 3 years in 2016 – 2018, which is between 0.01% to 0.02%.

- Promotional activities expenses are estimated by IFA to be 1.74% to 1.82% of total operating income in the management's sale promotion plan. This rate is higher than the average rate in the part 3 year in 2016 – 2018, which is 0.90% to 1.28%, by 1.05%.
- Marketing expenses are estimated by IFA to be accounted for 1.65% of total operating income in 2019 and 2.25% to 2.57% of total operating income in 2020 - 2023 according to the marketing plan of the management. This projection is higher than the average of the past 3 years in 2016 - 2018 with is 1.71% to 2.04% by 1.87%.
- Insurance expenses are estimated by IFA to be accounted for 1.19% of total operating income as same as 2018. This is higher than the average of the previous 3 years in 2016 – 2018, which is 0.50% to 1.19%, by 0.78%.
- Depreciation and amortization: IFA estimated the depreciation according to the accounting policy related to TFUND and estimated TFUND to invest in fixed assets in the amount of 8.09 Million Baht per year throughout the projection as per the management's projection.
- Other expenses are estimated by IFA to be accounted for 3.91% of total operating income according to the past 3 years in 2016 - 2018, which is between 2.90% and 5.00%.

		2019F	2020F	2021F	2022F	2023F
Personnel expenses	Million Baht	199.05	212.99	227.90	243.85	260.92
Directors' remuneration	Million Baht	1.68	1.72	1.75	1.82	1.90
Rental of assets and equipment	Million Baht	24.91	25.66	26.43	27.22	28.04
Taxes and duties	Million Baht	0.28	0.28	0.29	0.30	0.31
Promotional activities expenses	Million Baht	30.53	32.84	32.94	34.10	35.55
Marketing expenses	Million Baht	29.00	45.90	47.03	43.05	44.89
Insurance expenses	Million Baht	20.91	21.42	21.79	22.71	23.67
Depreciation and amortization	Million Baht	5.52	7.14	8.76	9.83	9.98
Other expenses	Million Baht	68.72	70.40	71.63	74.64	77.82
Total operating expenses	Million Baht	380.60	418.34	438.51	457.52	483.07

5.2.4.5 Key assumptions for other projections

1. Income tax expense

The consultant made an estimate of income tax expenses by using the rate of 20.00% throughout the projection according to the current corporate income tax rate.

2. Working capital

IFA referred to the consolidated financial statements of TFUND in 2016 - 2018. IFA estimated the collection period from the average trade account receivable to 35 days and debt payment to trade account payable to 33 days based on the average debt collection from trade account receivable and payment period to trade account payable in the past 3 years from 2016 – 2018.

3. Estimation of terminal growth rate

IFA did not estimate the terminal growth rate in order to have the projection prepared on the conservative basis.

4. Discount rate

IFA has calculated the appropriate discount rate that reflects the true cost of the businesses. TFUND has no interest-bearing liabilities therefore the actual cost is equal to the cost of equity (K_e). The formula for calculating K_e is as follows.

$$K_e = R_f + \beta(R_m - R_f)$$

Whereas,

K_e	=	Cost of equity
R_f	=	Return on investment without risk based on the 30 - year government bond rate, which is equal to 2.37% (Based on data from www.thaibma.or.th as of August 6, 2019). IFA used the said rate in order to be consistent with the same period as the average return on investment in the Stock Exchange of Thailand for the past 30 years.
R_m	=	The average return on investment in the Stock Exchange of Thailand in the past 30 years from 6 August 2019, which is equal to 9.24%, which is the period that reflects the investment status in the stock market at several times which is better than using data for a short period of time (Based on data from www.set.or.th).
β	=	The average daily variance of the return of the companies listed on the Stock Exchange of Thailand that operate a fund management business, which is MFC. This value of TCAP has been in consideration as well because TFUND is a fund

management company holding majority ownership in TCAP, resulting in a risk of TFUND being reflected in the average variance of daily returns of TCAP and compared with returns from the SET for the past 1 year since 7 August 2018 to 6 August 2019 (Source: Bloomberg). When the unlevered beta of the compared company is adjusted according to TFUND's capital structure where the debt to equity ratio of 0.00, The Levered Beta (β_L) is then equal to 0.707.

Based on the calculation formula and various variables mentioned above, the cost of equity (K_e) is equal to 7.23%

Summary of Financial Projections

Unit: Million Baht	2018	2019F	2020F	2021F	2022F	2023F
Income						
Management fee income	1,463.12	1,372.84	1,406.31	1,430.92	1,490.98	1,554.44
Registrar fee income	251.58	241.62	247.51	251.84	262.41	273.58
Front and back-end fee income	144.65	144.19	147.71	150.29	156.60	163.26
Total operating income	1,859.34	1,758.65	1,801.52	1,833.05	1,909.99	1,991.28
Other income	8.92	3.14	3.22	3.27	3.41	3.55
Expenses						
Service expenses	(707.79)	(627.04)	(642.33)	(653.57)	(681.00)	(709.98)
Operating expenses	(342.04)	(380.60)	(418.34)	(438.51)	(457.52)	(483.07)
Total operating expenses	(1,049.83)	(1,007.64)	(1,060.67)	(1,092.08)	(1,138.52)	(1,193.06)
Profit (loss) before income tax expense	818.43	754.15	744.07	744.24	774.88	801.78
Income tax expense	(163.85)	(150.83)	(148.81)	(148.85)	(154.98)	(160.36)
Profit (loss) for the period	654.58	603.32	595.26	595.39	619.90	641.42

5.2.4.6 Summary of valuation by Discounted Cash Flows Approach

	Unit : Million Baht
Net present value of dividends between the years 2019 - 2023	2,479.83
Terminal value	6,233.87
Business value	8,713.70
<u>Less</u> Financial interest-bearing liabilities	-
<u>Add</u> Cash and cash equivalents	437.14
Value of shareholders' equity	9,150.84
Value of shareholders' equity (only the part held by TBANK) (75.00%)	6,863.13
<u>Divided by</u> Number of ordinary shares (shares)	10,000,000
Value of ordinary shares (Baht per share)	686.31

The valuation using the Discounted Cash Flows Approach can be used to calculate the fair value of the ordinary shares of TFUND as of 31 December 2018, equal to 6,863.13 Million Baht or equivalent value per share equal to 686.31 Baht.

Sensitivity Analysis

The fair valuation of the ordinary shares of TFUND will be accurate or close to the reality or not depends on the accuracy and appropriateness of the assumptions used in the financial projection, such as business plans and future management policies under the current economic conditions and situations. Therefore, changes caused by economic conditions, natural environment, and government policies may cause the projection estimated under the assumptions mentioned above to change significantly and may affect the fair value of the ordinary shares of TFUND that has been evaluated as well.

With various causes and factors which may change and may affect the fair valuation of the ordinary shares of TFUND, IFA therefore analyzed the sensitivity of the fair value of ordinary shares in order to study the effects by various factors that may change by studying and analyzing the change in the fair value of ordinary shares from the change of 2 main factors, namely (1) the cost of equity and (2) the terminal growth rate. The results of the sensitivity analysis of the valuation of the fair value of ordinary shares by using the Discounted Cash Flows Approach can be summarized as follows:

Unit : Million Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	6,975.13	7,158.15	7,354.78	7,566.59	7,795.40
(0.50%)	6,749.62	6,918.81	7,100.13	7,294.93	7,504.76
-	6,538.73	6,695.51	6,863.13	7,042.76	7,235.75
0.50%	6,341.10	6,486.68	6,642.00	6,808.07	6,986.04
1.00%	6,155.50	6,290.97	6,435.21	6,589.10	6,753.63

Unit : Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	697.51	715.82	735.48	756.66	779.54
(0.50%)	674.96	691.88	710.01	729.49	750.48
-	653.87	669.55	686.31	704.28	723.57
0.50%	634.11	648.67	664.20	680.81	698.60
1.00%	615.55	629.10	643.52	658.91	675.36

From sensitivity analysis of the fair value of the ordinary shares of TFUND by changing (1) the cost of equity and (2) the terminal growth rate, the fair value of the ordinary shares of TFUND as of 31 December 2018 is only the part held by TBANK, between 6,486.68 Million Baht to 7,294.93 Million Baht or equivalent to the value per share between 648.67 Baht to 729.49 Baht.

5.3 Thanachart Broker Company Limited

5.3.1 Book Value Approach

Evaluating the fair value of the ordinary shares of TBROKER in this way will be based on TBROKER's asset value deducted by all accounting liabilities. IFA has referred to the information of TBROKER's assets and liabilities in the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the fair value of the ordinary shares of TBROKER are as follows:

	As of 31 December, 2018	Unit
Total Assets	339.71	Million Baht
<u>Less</u> Total liabilities	201.23	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	138.48	Million Baht
<u>Divided by</u> Number of ordinary shares	10,000,000	Shares
Value of ordinary shares	13.85	Baht / share

Based on the valuation of the fair value of the ordinary shares of TBROKER with the book value approach, the fair value of the ordinary shares of TBROKER as of 31 December 2018, equal to 138.48 Million Baht or equivalent value per share equal to 13.85 Baht will be obtained.

However, the fair value of the ordinary shares of TBROKER is estimated by the book value approach, which represents the accounting value of TBROKER at any given time without considering the operating results and growth prospects of TBROKER in the future. It may not reflect the profitability of TBROKER in the future. Therefore, IFA considered that the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TBROKER.

5.3.2 Adjusted Book Value Approach

Evaluating the fair value of ordinary shares by adjusted book value approach is taking the book value of TBROKER according to the statement of financial position in the financial statements for the year ended 31 December, 2018, which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited, to be adjusted to reflect the fair value of assets, liabilities and important items as of 31 December, 2018. This approach will reflect the net asset value of the business as present more than the book value approach, thus the items in the financial statements reflect the truest and the most current value accordingly.

However, since IFA did not receive information about the independent appraisal report where an independent appraiser was hired to evaluate the fair value of the asset for public purposes. IFA, therefore, did not make any adjustments in the financial statements of TBROKER. Hence, the valuation of the fair value of the ordinary shares of TBROKER by the adjusted book value approach leads to the result that is equal to the book value approach, where the fair value of the ordinary shares of TBROKER as of December 31, 2018, is equal to 138.48 Million Baht or equivalent to 13.85 Baht per share.

In this regard, the valuation of the fair value of the ordinary shares of TBROKER by the adjusted book value approach will represent the book value of TBROKER which appears in the financial statements by adjusting various important items to reflect the truest value as of 31 December 2018. However, the adjusted book value approach does not take into account the operating results and the future trend of TFUND, therefore it may not reflect TBROKER 's profitability in the future. Therefore, the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TBROKER.

5.3.3 Market Multiple Approach

Market Multiple Approach is a valuation approach under the assumption that companies that operate similar businesses should have a similar market ratio. The market ratio reflects the market mechanism and the investor's perspective on the company at any given time. However, companies that are compared with certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc., which is a limitation of market multiple approach.

In evaluating the fair value of the ordinary shares of TBROKER by market multiple approach, IFA has evaluated the value as follows.

1. Price to Earnings Ratio (P/E)
2. Price to Book Value Ratio (P/BV)

IFA has considered the listed companies in the stock exchange with similar business to TBROKER in order to use the financial ratios of such companies to evaluate the value of ordinary shares of TBROKER, consisting of all companies that operate commercial banking business, namely as follows.

1. ASN Broker Public Company Limited (ASN)

ASN operates a non-life insurance broker business, which mainly focuses on car insurance and holds 99.99% of shares in ASN Life Broker Company Limited, which operates as a life insurance broker and holds 99.99% of shares in Dai Ngern.com Company Limited, which provides matchmaking services for lenders and borrowers. As of 31 March 2019, ASN has total assets of 297.85 Million Baht and in the 3-month period ended 31 March, 2019, ASN has total incomes of 39.10 Million Baht and net profits of 8.22 Million Baht.

2. TQM Corporation Public Company Limited (TQM)

TQM operates business by holding shares in other companies (Holding Company) that has core businesses in providing insurance broker services. At present, the company has 2 main subsidiaries which are TQM Insurance Broker Company Limited, which is a non-life insurance broker and TQ Life Insurance Broker Company Limited is a life insurance broker. As of 31 March, 2019, TQM has total assets of 3,857.05 Million Baht and in the 3-month period ended 31 March, 2019, TQM has total incomes of 671.90 Million Baht and net profits 106.58 Million Baht.

Price to Earnings Ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
ASN	Multiple Factor	28.65x	26.89x	22.28x	22.16x	23.73x	26.97x
TQM ⁽¹⁾	Multiple Factor	29.12x	32.32x	27.62x	25.07x	N/A	N/A
Average	Multiple Factor	28.89x	29.61x	24.95x	23.61x	23.73x	26.97x

Source: SETSMART

Note: 1. There is no historical data dated back for 9 months and 12 months since the company was not listed on the Stock Exchange of Thailand yet at that time.

Price to Book Value Ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
ASN	Multiple Factor	2.98x	2.80x	2.29x	2.08x	2.04x	2.01x
TQM ⁽¹⁾	Multiple Factor	5.46x	6.06x	5.19x	4.82x	N/A	N/A
Average	Multiple Factor	4.22x	4.43x	3.74x	3.45x	2.04x	2.01x

Source: SETSMART

Note: 1. There is no historical data dated back for 9 months and 12 months since the company was not listed on the Stock Exchange of Thailand yet at that time.

5.3.4.1 Price to Earnings Ratio Approach

Evaluating the fair value of ordinary shares by P/E Approach is conducted by multiply TBROKER's net profit in any period in the 12-month period with the P/E of the companies that are compared with. In this valuation, IFA has applied the net profit for the past 12-month period ended 31 December, 2018, based on the separate financial statements for the year ended 31 December, 2018 which was audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair price of the ordinary shares of TBROKER are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
Net profit for the past 12 months ended 31 December 2018	Million Baht	79.37					
P/E	Multiple Factor	28.89x	29.61x	24.95x	23.61x	23.73x	26.97x
Value of shareholders' equity	Million Baht	2,292.60	2,349.96	1,980.35	1,874.27	1,883.53	2,140.44
<u>Divided by</u> Number of ordinary shares	shares	10,000,000					
Value of ordinary share	Baht per share	229.26	235.00	198.03	187.43	188.35	214.04

Based on the P/E approach, the fair value of the ordinary shares of TBROKER as of 31 December 2018 is between 1,874.27 Million Baht to 2,349.96 Million Baht or equivalent to the value per share between 187.43 Baht to 235.00 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TBROKER using P/E approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/E approach is only a comparison of past performance by multiplying P/E with net profit for the past 12 months without considering the operating results and future growth prospects of TBROKER. It does not reflect the profitability of TBROKER in the future. Therefore, IFA opined that the P/E approach is suitable for comparison purpose only.

5.3.4.2 Price to Book Value Approach

The valuation of the fair value of the ordinary shares of TBROKER using P/BV approach takes the book value of TBROKER at a particular time, multiplied by the P/BV of the companies that are compared with. In this valuation, IFA applied the book value as of 31 December 2018, based on the separate financial statements for the year ended 31 December 2018, which was audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair value of the ordinary shares of TBROKER are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
The book value as of 31 December 2018	Million Baht	138.48					
P/BV	Multiple Factor	4.22x	4.43x	3.74x	3.45x	2.04x	2.01x
Value of shareholders' equity	Million Baht	584.39	613.54	518.26	478.08	283.07	278.39
Divided by Number of ordinary shares	shares	10,000,000					
Value of ordinary share	Baht per share	58.44	61.35	51.83	47.81	28.31	27.84

Based on the P/BV Approach, the fair value of the ordinary shares of TBROKER as of 31 December 2018 is between 278.39 Million Baht to 613.54 Million Baht or equivalent value per share between 27.84 Baht to 61.35 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TBROKER using P/BV approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/E approach is only a comparison of past performance by multiplying P/BV with book value as of 31 December, 2018 without considering the operating results and future growth prospects of TBROKER. It does not reflect the profitability of TBROKER in the future. Therefore, IFA opined that the P/E approach is suitable for comparison purpose only.

5.3.4 Discounted Cash Flows Approach

The valuation of the fair value of the ordinary shares of TBROKER using Discounted Cash Flows Approach is an assessment of the fair value of the business by taking into account the ability to generate cash flows in the future of TBROKER by Free Cash Flow to Firm, which TBROKER expects to be receive from the weighted average cost of capital (WACC) of TBROKER to find the net present value of TBROKER's business value. IFA used the financial projections of TBROKER for the years 2019 - 2023 or in the future 5 years, based on the assumption that that TBROKER's business will be on Going Concern Basis and there is no significant change happened and it is under the current economic situation.

In this valuation, IFA has referred to the assumption from the separate financial statements of TBROKER in 2016 - 2018 which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited, including management's projection and business plan of TBROKER to be used as a reference in the assumption. In addition, the assumptions from other financial sources of TBROKER are also referenced, such as the information trial balance for 2016 - 2018, information from accounting department interviews, property registration, etc. IFA has considered the above information together with the industry condition, investment plan, operation plan, and associated public disclosure information to formulate the assumptions in the preparation of financial projection and calculate the free cash flow to firm of TBROKER in the future in order to be used to in the valuation of the fair value of the shareholders' equity of TBROKER using Discounted Cash Flows Approach.

IFA has studied and analyzed the reliability and reasonableness of various assumptions received from TFUND and adjusted some assumptions based on the Conservative Basis. However, all financial projection is made under the assumption that there will not be any changes which are significant to TBROKER's business operations. In addition, if there is any event which may have a significant impact on TBROKER's business operations, it may result in a change in the fair valuation of TBROKER as well. The valuation of the fair value of BROKER is as follows:

The key assumptions used in the valuation can be summarized as follows:

5.3.4.1 Key assumptions for income projection

1. Commission income - individual clients

- **Net premium:** IFA estimated the net premium for individual clients in the past by using the historical data where the net premium has continuously grown in 2017 - 2018 by 2.62% and 5.85% respectively. The management expected that the net premium will continue to grow more than 4% per year throughout the projection period based on historical averages. Anyhow, IFA has set the assumption that such net premium will grow only 3.16%, based on the inflation rate, which is the average of the past 30 according to the information from the Bank of Thailand.
- **Commission fee** is the income generated from the brokerage business and the income sharing from the non-life and/or life insurer. IFA estimated the commission fee to be accounted for 18.74% of the net premium for the individual clients which is equal to the historical average in 2016 - 2018 between 18.56% to 19.03%.

- **Advisory fee** is the income generated from providing consult as an insurance broker. IFA estimated Advisory fee to be accounted for 1.50% of the net premium for the individual clients which is equal to the historical average in 2016 – 2018 between 1.23% to 1.75%.

2. Commission income - corporate clients

- **Net premium:** IFA estimated the net premium for the corporate clients in the past by using the historical data that has grown in 2017 by 2.18% but has decreased by 11.74% in 2018. However, the management expected the net premium to slightly grow again with the projection to be at the level of 500.00 Million Baht, approximately, which is close to 2017 – 2018. Hence, the growth rate of 2.18% per year is expected throughout the projection period based on the growth rate in 2018. In this regard, IFA believed that this projection is reasonable and is on an acceptable conservative basis.
- **Commission fee** is the income generated from the brokerage business and the income sharing from the non-life and/or life insurer. IFA estimated the commission fee to be accounted for 14.56% of the net premium for the corporate clients which is equal to the historical average in 2016 – 2018 between 14.22% to 17.94%.
- **Advisory fee** is the income generated from providing consult as an insurance broker. IFA estimated Advisory fee to be accounted for 6.92% of the net premium for the individual clients which is equal to the historical average in 2016 – 2018 between 6.10% to 7.65%.

3. Commission income - new segment

- **Net premium:** This group of insurance premiums is a new customer group that TBROKER aims to penetrate the market and add as an additional income generating channel. The new segment is a new generation of people who have insurance buying behavior via online channels, which is an increasingly popular channel in the last few years. TBROKER management expected that this market segment is a big market and has potential for future growth. TBROKER starts doing business for those customers in 2019. IFA estimated net insurance premium of 21.41 Million Baht and 42.82 Million Baht in 2019 and 2020, respectively, according to management's projection. However, after 2020, the management estimated that the net premium for this group of customers will grow at 7.00% to 8.00% per year, approximately, but IFA has set the assumption that this net premium will grow only 3.16%, based on the inflation rate, which is the average of the past 30 according to the information from the Bank of Thailand.
- **Commission fee:** IFA estimated the commission fee and IFA fee to be equal to 24.39% of net premium for new segments as same as the management's projection.

		2019F	2020F	2021F	2022F	2023F
Net premium						

Individual clients	Million Baht	2,158.34	2,242.76	2,308.99	2,377.20	2,447.47
Corporate clients	Million Baht	462.03	472.12	482.43	492.97	503.73
New segment	Million Baht	21.41	42.82	44.13	45.49	46.89
Income – Individual clients						
Commission fee	Million Baht	313.94	323.86	334.10	344.65	355.54
Advisory fee	Million Baht	25.17	25.96	26.78	27.63	28.50
Total income – Individual clients	Million Baht	339.11	349.82	360.88	372.28	384.05
Income – Corporate clients						
Commission fee	Million Baht	67.28	68.75	70.25	71.78	73.35
Advisory fee	Million Baht	31.98	32.68	33.39	34.12	34.87
Total income – Corporate clients	Million Baht	99.26	101.43	103.64	105.90	108.22
Income – New segment						
Commission fee	Million Baht	-	5.22	10.44	10.76	11.10
Operating income						
Commission fee	Million Baht	386.44	403.05	415.11	427.53	440.33
Advisory fee	Million Baht	57.14	58.64	60.17	61.75	63.37
Total operating income	Million Baht	443.59	461.69	475.28	489.28	503.70

5.3.4.2 Key assumptions for other projections

1. Interest income

IFA estimated the interest income based on the management's projection of 1.90 Million Baht per year throughout the projection. In 2016 - 2018, TBROKER has an average of such income of 2.00 Million Baht, with a value between 1.86 to 2.22 Million Baht.

		2019F	2020F	2021F	2022F	2023F
Interest income	Million Baht	1.90	1.90	1.90	1.90	1.90

2. Other income

IFA estimated other income to be accounted for 5.09% of total operating income which is equal to the historical average in 2016 - 2018 with a value between 2.61% to 8.85%.

		2019F	2020F	2021F	2022F	2023F
Other income	Million Baht	22.58	23.50	24.19	24.91	25.64

5.3.4.3 Key assumptions for service expenses projection

IFA has set the assumption for service expenses projection as follows.

- Commission expenses are estimated by IFA to be accounted for 1.59% of net premium for individual clients which is the same as the historical average in 2016 – 2018, which is between 1.57% - 1.61%.

- Advisory expenses are estimated by IFA to be accounted for 5.79% of net premium for individual clients which is the higher than the historical average in 2016 – 2018, which is between 3.64% - 5.31% by 4.35%.
- Commission discount expenses are the discounts given to customers in accordance with the competitive market conditions. IFA estimated such expenses to accounted for 2.18% of net premium for individual client group which is the same value as the commission discount expenses in 2018 which is higher than the past 3-year average in 2016 - 2018 with the value between 1.34% to 2.18% by 1.73%.

		2019F	2020F	2021F	2022F	2023F
Commission expenses	Million Baht	26.65	27.49	28.36	29.25	30.18
Advisory expenses	Million Baht	26.74	27.33	27.92	28.53	29.16
Commission discount expenses	Million Baht	36.55	37.71	38.90	40.13	41.40
Total service expenses	Million Baht	89.94	92.52	95.18	97.92	100.73

5.3.4.4 Key assumptions in operating expenses projection

IFA has set assumptions for operating expenses projection as follows.

- Personnel expenses: IFA estimated the number of employees of TBROKER to be likely to grow by 5.00% throughout the projection which is consistent with average salary increase of employees in the industry generally.
- Rental of assets and equipment, divided into rental and utilities. IFA estimated that the rental to grow by 5.00% per year. This is consistent with the management's projection, which is higher than the general rental rate growth as per a conservative basis. The utilities expenses are estimated to be accounted for 6.01% of total operating income referred to the same expenses in 2018 which is higher than the past 3-year average in 2016 – 2018 which is between 4.54% - 6.01%, by 4.54%, in order to allow the projection to be on the conservative basis.
- Taxes and duties are estimated by IFA to be 0004% of the average total operating income in the past 3 years in 2016 – 2018, which is between 0.001% to 0.008%.
- Promotional activities expenses are estimated by IFA to be 0.31% the average total operating income in the past 3 years in 2016 – 2018, which is between 0.23% to 0.37%.
- Depreciation and amortization are estimated by IFA according to the accounting policy related to TBROKER and the TBROKER is expected to invest in fixed assets in the amount of 9.50 Million Baht per year throughout the projection as per the management's projection.
- Support service expenses paid to the main company is the expense that TBROKER pays to TBANK for supporting business operations. IFA estimated that such expenses are 46.03 Million Baht to 50.40 Million Baht per year throughout the projection according to information received from the management. In 2016 - 2018, TBROKER has such expenses at approximately 41.96 Million Baht to 44.66 Million Baht.

- Other expenses are estimated by IFA to be accounted for 6.01% of total operating income referred the such expenses in 2018 which is higher than the average of the previous 3 years in 2016 – 2018, which is 3.54% to 6.11%, by 4.51%, in order to allow the projection to be on the conservative basis.

		2019F	2020F	2021F	2022F	2023F
Personnel expenses	Million Baht	175.82	184.61	193.84	203.53	213.71
Rental of assets and equipment	Million Baht	38.27	39.94	41.37	42.85	44.39
Taxes and duties	Million Baht	0.02	0.02	0.02	0.02	0.02
Promotional activities expenses	Million Baht	6.79	7.05	7.26	7.48	7.70
Depreciation and amortization	Million Baht	11.49	13.39	10.91	10.70	12.60
Support service expenses paid to the main company	Million Baht	46.03	46.03	48.00	48.00	50.40
Other expenses	Million Baht	27.10	28.21	29.04	29.90	30.78
Total operating expenses	Million Baht	305.52	319.25	330.43	342.47	359.59

5.3.4.5 Key assumptions for other projection

1. Income tax expense

The consultant made an estimate of income tax expenses by using the rate of 20.00% throughout the projection according to the current corporate income tax rate.

2. Working Capital

IFA referred to the consolidated financial statements of TBROKER in 2016 - 2018. IFA estimated the collection period from the average trade account receivable to 58 days and debt payment to trade account payable to 19 days based on the average debt collection from trade account receivable and payment period to trade account payable in the past 3 years from 2016 – 2018.

3. Estimation of terminal growth rate

IFA did not estimate the terminal growth rate in order to have the projection prepared on the conservative basis.

4. Discount rate

IFA has calculated the appropriate discount rate that reflects the true cost of the businesses. TBROKER has no interest-bearing liabilities therefore the actual cost is equal to the cost of equity (Ke). The formula for calculating Ke is as follows.

$$K_e = R_f + \beta(R_m - R_f)$$

Whereas,

Ke = Cost of equity
Rf = Return on investment without risk based on the 30-year government bond rate, which is equal to 2.37% (Based on data

from www.thaibma.or.th as of August 6, 2019). IFA used the said rate in order to be consistent with the same period as the average return on investment in the Stock Exchange of Thailand for the past 30 years.

R_m = The average return on investment in the Stock Exchange of Thailand in the past 30 years from 6 August 2019, which is equal to 9.24%, which is the period that reflects the investment status in the stock market at several times which is better than using data for a short period of time (Based on data from www.set.or.th).

β = The average daily variance of the return of the companies listed on the Stock Exchange of Thailand that operate a brokerage business, which is ASN and TQM. This value of TCAP has been in consideration as well because TBROKER is a fund management company holding majority ownership in TCAP, resulting in risk of TFUND being reflected in the average variance of daily returns of TBROKER and compared with returns from the SET for the past 1 year since 7 August 2018 to 6 August 2019 (Source: Bloomberg). When the unlevered beta of the compared company is adjusted according to TFUND's capital structure where the debt to equity ratio of 0.00, The Levered Beta (β_L) is then equal to 0.707.

Based on the calculation formula and various variables mentioned above, the cost of equity (K_e) is equal to 7.31%

Summary of Financial Projections

Unit: Million Baht	2018	2019F	2020F	2021F	2022F	2023F
Income						
Commission income	376.52	386.44	403.05	415.11	427.53	440.33
Advisory income	53.49	57.14	58.64	60.17	61.75	63.37
Total operating income	430.01	443.59	461.69	475.28	489.28	503.70
Other income	39.85	24.48	25.40	26.09	26.81	27.54
Costs and expenses						
Costs of service	(84.86)	(89.94)	(92.52)	(95.18)	(97.92)	(100.73)
Operating expenses	(287.19)	(305.52)	(319.25)	(330.43)	(342.47)	(359.59)
Total operating costs and expenses	(370.65)	(395.46)	(411.77)	(425.61)	(440.39)	(460.32)
Profit (loss) before income tax expense	97.57	72.61	75.32	75.76	75.70	70.91
Income tax expense	(18.20)	(14.52)	(15.06)	(15.15)	(15.14)	(14.18)
Profit (loss) for the period	79.37	56.18	58.36	58.71	58.66	54.83

5.3.4.6 Summary of Valuation by Discounted Cash Flows Approach

	Unit : Million Baht
Net present value of dividends between the years 2019 - 2023	246.22
Terminal value	589.06
Business value	835.28
<u>Less</u> Financial interest-bearing liabilities	-
<u>Add</u> Cash and cash equivalents	220.47
Value of shareholders' equity	1,055.75
<u>Divided by</u> Number of ordinary shares (shares)	10,000,000
Value of ordinary shares (Baht per share)	105.57

The valuation using the Discounted Cash Flows Approach can be used to calculate the fair value of the ordinary shares of TBROKER as of 31 December 2018, equal to 1,055.75 Million Baht or equivalent value per share equal to 105.57 Baht.

Sensitivity Analysis

The fair valuation of the ordinary shares of TBROKER will be accurate or close to the reality or not depends on the accuracy and appropriateness of the assumptions used in the financial projection, such as business plans and future management policies under the current economic conditions and situations. Therefore, changes caused by economic conditions, natural environment, and government policies may cause the projection estimated under the assumptions mentioned above to change significantly and may affect the fair value of the ordinary shares of TBROKER that has been evaluated as well.

With various causes and factors which may change and may affect the fair valuation of the ordinary shares of TBROKER, IFA therefore analyzed the sensitivity of the fair value of ordinary shares in order to study the effects by various factors that may change by studying and analyzing the change in the fair value of ordinary shares from the change of 2 main factors, namely (1) the cost of equity and (2) the terminal growth rate. The results of the sensitivity analysis of the valuation of the fair value of ordinary shares by using the Discounted Cash Flows Approach can be summarized as follows:

Unit : Million Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	1,070.05	1,092.85	1,117.33	1,143.68	1,172.11
(0.50%)	1,041.76	1,062.86	1,085.45	1,109.70	1,135.80
-	1,015.28	1,034.85	1,055.75	1,078.13	1,102.16
0.50%	990.45	1,008.63	1,028.01	1,048.72	1,070.90
1.00%	967.11	984.03	1,002.05	1,021.25	1,041.77

Unit : Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	107.00	109.29	111.73	114.37	117.21
(0.50%)	104.18	106.29	108.55	110.97	113.58
-	101.53	103.48	105.57	107.81	110.22
0.50%	99.04	100.86	102.80	104.87	107.09
1.00%	96.71	98.40	100.20	102.13	104.18

From sensitivity analysis of the fair value of the ordinary shares of TBROKER by changing (1) the cost of equity and (2) the terminal growth rate, the fair value of the ordinary shares of TBROKER as of 31 December 2018 is between 1,008.63 Million Baht to 1,109.70 Million Baht or equivalent to the value per share between 100.86 Baht to 110.97 Baht.

5.4 TMB Bank Public Company Limited

5.4.1 Book Value Approach

Evaluating the fair value of the ordinary shares of TMB in this way will be based on TMB's asset value deducted by all accounting liabilities. IFA has referred to the information of TMB's assets and liabilities in the consolidated financial statements for the year ended 31 December 2018, which was audited by Mr. Chanchai Sakulkerdsin, Certified Public Accountant No. 6827, KPMG Phoomchai Audit Company Limited.

According to the details in the resolution of the Board of Directors of TMB No. 4/2019 dated 7 August 2019, the value of ordinary shares that TMB will allocate to all existing shareholders of TBANK will be calculated from the price of 1.10 times the book value of TMB's par value by referring to financial information as in the consolidated financial statements as of 30 September 2019 which has been audited by TMB's certified public accountant and financial information of TMB which has been prepared by TMB's management for the operating results after the end of the latest financial statement until 31 October 2019, added by the funds raised from the issuance of additional ordinary shares to support the exercise of rights under the warrants of the transferable newly issued shares (TSR) and allotted to the existing shareholders of TMB in an amount not over 31,481,481,482 shares, with the intention to raise the funds not exceeding 42,500.00 million Baht and deducted by the adjustment of the effect from the principle of reserve provision in accordance with Financial Reporting Standard No. 9 on Financial Instruments.

However, since the financial statements as of 30 September 2019 and the results of operations after the said financial statements to 31 October 2019 are future data that cannot be recognized at present, therefore, IFA has the assumptions that the transaction is based on financial data from TMB's consolidated financial statements as of 31 December 2018 and adjusted the book value with expected cash received the capital increase from the transaction above at the amount of 42,500.00 Million Baht, with a following detailed valuation of the fair value of the ordinary shares of TMB.

	As of 31 December, 2018	Unit
Total Assets	891,713.31	Million Baht
<u>Less</u> Total liabilities	792,934.40	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
<u>Add</u> Cash received the capital increase	42,500.00	Million Baht
Value of shareholders' equity	141,278.91	Million Baht
<u>Divided by</u> Number of ordinary shares after the capital increase	75,333,374,592	shares
Value of ordinary shares	1.88	Baht / share

Note: 1. The number of ordinary shares after the capital increase is calculated from the number of existing ordinary shares 31,481,481,482 shares combined with the number of new ordinary shares which TMB allotted additional amounting 31,481,481,482 shares to support the exercise of rights under TSR and allotted to existing shareholders of TMB.

Based on the valuation of the fair value of the ordinary shares of TMB using the book value method, the fair value of the ordinary shares of TMB as of 31 December 2018 is 141,278.91 Million Baht or equivalent to 1.88 Baht per share.

However, the fair value of the ordinary shares of TBK is estimated by using the book value approach, which represents the accounting value of TBANK at any given time without considering the operating results and growth prospects of TMB in the future. It may not reflect the profitability of TMB in the future. Therefore, IFA considered that the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TMB.

5.4.2 Adjusted Book Value Approach

Evaluating the fair value of ordinary shares by adjusted book value approach is taking the book value of TMB according to the statement of financial position in the financial statements for the year ended 31 December, 2018, which has been audited by Mr. Chanchai Sakulkersin, Certified Public Accountant No. 6827, KPMG Phoomchai Audit Company Limited, to be adjusted to reflect the fair value of assets, liabilities and important items as of 31 December, 2018. This method will reflect the net asset value of the business as present more than the book value approach, thus the items in the financial statements reflect the truest and the most current value accordingly.

However, since IFA did not receive information about the independent appraisal report where an independent appraiser was hired to evaluate the fair value of the asset for public purposes. IFA, therefore, did not make any adjustments in the financial statements of TMB. Hence, the valuation of the fair value of the ordinary shares of TFUND by the adjusted book value approach leads to the result that is equal to the book value approach, where the fair value of the ordinary shares of TMB as of 31 December 2018, is equal to 141,278.91 Million Baht or equivalent to 1.88 Baht per share.

In this regard, the valuation of the fair value of the ordinary shares of TMB by the adjusted book value approach will represent the book value of TMB which appears in the financial statements by adjusting various important items to reflect the truest value as of 31 December 2018. However, the adjusted book value approach does not take into account the operating results and the future trend of TMB, therefore it may not reflect TMB's profitability in the future. Therefore, the book value approach may not be appropriate for evaluating the fair value of the ordinary shares of TMB.

5.4.3 Market Comparable Approach

In evaluating the fair value of the ordinary shares by using the market comparison approach, IFA has collected the market price data of TMB ordinary shares traded in the Stock Exchange of Thailand and calculated the weighted average price of TMB's ordinary shares in the past 1 month, 3 months, 6 months, 9 months, and 12 months from 6 August 2019, which is the day before the date that the Board of Directors of the Company and TMB resolved the resolution to enter into this transaction.

	Market price of the ordinary shares of TMB (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares of TMB that have been sold
	Highest	Lowest	Weighted Average		
As of 6 August, 2019	1.82	1.82	1.82	79,810.45	0.12
In the past 1 month	1.94	1.82	1.90	83,402.54	0.21
In the past 3 months	2.00	1.82	1.94	85,046.59	0.24
In the past 6 months	2.32	1.82	2.06	90,353.41	0.29
In the past 9 months	2.36	1.82	2.12	92,760.26	0.27

	Market price of the ordinary shares of TMB (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares of TMB that have been sold
	Highest	Lowest	Weighted Average		
In the past 12 months	2.42	1.82	2.18	95,769.05	0.33
Highest	2.42	1.82	2.18	95,769.05	0.33
Lowest	1.82	1.82	1.82	79,810.45	0.12

Based on the valuation of the fair value of the ordinary shares of TMB by market comparison approach, the fair value of the ordinary shares of TMB as of 31 December 2018 is between 79,810.45 Million Baht and 95,769.05 Million Baht or equivalent to the value per share between 1.82 baht per share and 2.18 baht per share. Anyhow, to calculate the fair value using this approach, IFA has considered the number of ordinary shares that are issued and offered currently amounting 43,851,893,110 shares, due to the assumption that the market price in the past until 6 August 2019 does not reflect the information according to the resolution of the Board of Directors of TMB No. 4/2019, 7 August 2019.

In this regard, the fair valuation of the ordinary shares of TMB by using the market comparison approach is to find the weighted average price of ordinary shares of TMB in the past which is the price that is actually traded and reflects the demand and supply of investors as well as investors' views on several factors such as TMB's performance and growth prospects or the overall economy of the country in the past. However, the market comparison approach considers the price of ordinary shares in the past without considering the results of TMB's operations and future growth prospects, including the cash value that TMB will receive in the amount of 42,500 million baht from the issuance of new ordinary shares to support the exercise of TSR and allotment to existing shareholders of TMB in the amount not exceeding 31,481,481,482 shares, therefore, it may not reflect the profitability of TMB and the value of the shareholders' equity that will increase in the future. Therefore, IFA considered that the market comparison approach is suitable for comparison purpose only.

5.4.4 Market Multiple Approach

Market Multiple Approach is a valuation approach under the assumption that companies that operate similar businesses should have a similar market ratio. The market ratio reflects the market mechanism and the investor's perspective on the company at any given time. However, companies that are compared with certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc., which is a limitation of market multiple approach.

In evaluating the fair value of the ordinary shares of TBANK by market multiple approach, IFA has evaluated the value as follows.

1. Price to Earnings Ratio (P/E)
2. Price to Book Value Ratio (P/BV)

IFA has considered the listed companies in the stock exchange with similar business to TMB in order to use the financial ratios of such companies to evaluate the value of ordinary shares of TBANK, consisting of all companies that operate commercial banking business, namely as follows.

1. Bank of Ayudhya Public Company Limited (BAY)

BAY is the fifth largest commercial bank in the country in terms of assets, loans and deposits and is also a subsidiary of Mitsubishi UFJ Financial Group (MUFG), the largest financial institution group in Japan and one of the largest financial institutions in the world. BAY and its affiliates are committed to responding to all the needs of customers that change over time by offering a variety of products and services covering all target customers, including business customers (Thai big business, Japanese business, multinational company, as well as small and medium business customers in Thailand) and retail customers. In addition, it also provides other related financial services through its subsidiaries and joint ventures in wealth management, credit cards, non-life insurance, asset management, securities trading, car leasing and factoring machinery, microfinance and installment loans. As of 31 March, 2019, BAY has total assets of 2,241,329.93 Million Baht and in the 3-month period ended 31 March, 2019, BAY has total incomes of 36,814.86 Million Baht and net profit of 12,736.75 Million Baht.

2. Bangkok Bank Public Company Limited (BBL)

BBL operates a commercial banking business that provides comprehensive financial services to businesses of large size, SMEs as well as individual customers with branches nationwide and has an international network covering the major economic zones of the world. BBL has total incomes of 9,028.30 Million Baht.

3. CIMB Thai Bank Public Company Limited (CIMBT)

CIMBT operates a full commercial banking business with branches throughout all regions in Thailand and is part of CIMB Group, a famous financial institution in Malaysia. As of 31 March, 2019, CIMBT has total assets of 369,886.91 Million Baht and in the 3-month period ended 31 March, 2019, CIMBT has total incomes of 4,914.86 Million Baht and net profit of 325.01 Million Baht.

4. Kasikorn Bank Public Company Limited (KBANK)

KBANK operates a commercial bank, securities business and related businesses as permitted in the Financial Institution Business Act and the Securities and Exchange Act and related announcements. As of 31 December, 2018, the bank has a network of 958 branches and 11,985 self-operated electronic machines for transactions covering all areas and sufficient for customers' needs. In addition, KBANK has 17 overseas service networks in 9 countries with operations centers and services provided at the head office. As of 31 March 2019, KBANK has to assets of 3,150,640.95 Million Baht and in the 3-month period ended March 31, 2019, KBANK has total incomes of 45,117.05 Million Baht and net profit of 10,044.42 Million Baht.

5. Kiatnakin Bank Public Company Limited (KKP)

KKP engages in commercial banking business and capital market business. The commercial bank is operated under Kiatnakin Bank Public Company Limited and the capital market business is operated under Phatra Capital Public Company Limited, Phatra Securities Public Company Limited and Phatra Asset Management Company Limited. As of 31 March 2019, KKP has total assets of 308,995.69 Million Baht and in

the 3-month period ended 31 March, 2019, KKP has total incomes of 5,944.64 Million Baht and net profit of 1,228.16 Million Baht.

6. Krung Thai Bank Public Company Limited (KTB)

KTB operates full commercial banking business with branches all over the regions in Thailand and in some of the main regions of the world. As of 31 March, 2019, KTB has total assets of 2,884,114.01 Million Baht and in the 3-month period ended 31 March, 2019, KKP has total income of 42,102.40 Million Baht and net profit of 7,301.08 Million Baht.

7. LH Financial Group Public Company Limited (LHFG)

LHFG is a non-operating holding company that is the parent company of the financial business group operating the business of holding shares in other companies. As of 31 March, 2019, LHFG has total assets of 250,821.18 Million Baht and in the 3-month period ended 31 March, 2019, LHFG has total incomes of 2,829.18 Million Baht and net profit of 806.71 Million Baht.

8. Siam Commercial Bank Public Company Limited (SCB)

SCB operates a commercial banking business that provides a full range of financial services for all types of customers, such as receiving deposits, transferring money, various types of loans, foreign exchange services, foreign trade services, cash management, including securities business services, provident fund management and private funds, credit card service and depository services. As of 31 March, 2019, SCB has total assets of 3,199,884.26 Million Baht and in the three-month period ended 31 March, 2019, SCB has total incomes of 42,967.00 Million Baht and net profit of 9,156.50 Million Baht.

9. Thanachart Capital Public Company Limited (TCAP)

TCAP is the parent company of the financial business group. The companies in Thanachart Group are classified into 2 groups of business operations 1) financial business containing with commercial bank business, asset management business, securities business, insurance business, hire purchase business and leasing business 2) Support business containing with brokerage business, service business and training development business. As of 31 March, 2019, TCAP has total assets of 1,061,700.59 Million Baht and in the 3-month period ended 31 March, 2019, TCAP has total incomes of 15,731.68 Million Baht and net profit of 2,015.67 Million Baht.

10. TISCO Financial Group Public Company Limited (TISCO)

TISCO operates a holding company in TISCO Financial with TISCO Bank primarily. It has been approved to be a full commercial bank. At present, it provides financial services include retail customer loans and small and medium business loans, commercial banking loans, retail deposit service, consumer banking services, insurance broker service via bank, financial management service, and custodian services operating all types of non-life insurance business. As of 31 March, 2019, TISCO has total assets of 297,899.70 Million Baht

and in the 3-month period ended 31 March, 2019, TISCO has total incomes of 5,996.15 Million Baht and net profit of 1,729.60 Million Baht.

11. TMB Bank Public Company Limited (TMB)

TMB operates a full commercial banking business for 3 main customers, namely, large business customers, SME customers, and retail customers having the ING Financial Group of the Netherlands as a business partner and major shareholder together with the Ministry of Finance. As of 31 March, 2019, TMB has total assets of 892,224.01 Million Baht and in the 3-month period ended 31 March, 2019, TMB has total incomes of 11,667.38 Million Baht and has net profits of 1,578.84 Million Baht.

Price to Earnings Ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
BAY	Multiple Factor	8.92x	9.10x	9.21x	10.19x	10.74x	11.15x
BBL	Multiple Factor	9.56x	10.16x	10.58x	10.89x	10.97x	11.11x
CIMBT	Multiple Factor	151.66x	152.41x	569.05x	1,798.52x	1,208.96x	919.85x
KBANK	Multiple Factor	11.00x	11.39x	11.79x	11.95x	12.08x	12.55x
KKP	Multiple Factor	10.48x	10.57x	10.12x	9.98x	9.92x	10.05x
KTB	Multiple Factor	9.16x	9.38x	9.32x	9.41x	9.74x	10.22x
LHFG	Multiple Factor	9.57x	9.96x	9.98x	10.13x	10.00x	10.32x
SCB	Multiple Factor	11.99x	12.41x	11.95x	11.53x	11.32x	11.42x
TCAP	Multiple Factor	8.35x	8.25x	7.99x	7.98x	7.93x	7.98x
TISCO	Multiple Factor	11.41x	11.26x	10.58x	10.35x	10.05x	10.00x
TMB	Multiple Factor	7.32x	7.65x	7.73x	7.88x	8.07x	8.96x
Average⁽¹⁾	Multiple Factor	9.78x	10.01x	9.93x	10.03x	10.08x	10.37x

Source: SETSMART

Note: 1. The average calculation does not include the price-to-earnings ratio of CIMBT because the price-to-earnings ratio of CIMBT is deviated from the average.

Price to Book Value Ratio

Company	Unit	As of 6 August 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
BAY	Multiple Factor	1.09x	1.12x	1.10x	1.13x	1.16x	1.19x
BBL	Multiple Factor	0.79x	0.84x	0.88x	0.92x	0.94x	0.96x
CIMBT	Multiple Factor	0.66x	0.66x	0.68x	0.71x	0.75x	0.77x
KBANK	Multiple Factor	1.06x	1.10x	1.14x	1.18x	1.20x	1.25x
KKP	Multiple Factor	1.39x	1.40x	1.35x	1.38x	1.39x	1.42x
KTB	Multiple Factor	0.84x	0.86x	0.86x	0.87x	0.89x	0.91x
LHFG	Multiple Factor	0.72x	0.75x	0.76x	0.78x	0.77x	0.79x
SCB	Multiple Factor	1.16x	1.20x	1.16x	1.17x	1.19x	1.23x
TCAP	Multiple Factor	0.98x	0.97x	0.94x	0.94x	0.94x	0.95x
TISCO	Multiple Factor	2.02x	1.99x	1.88x	1.89x	1.86x	1.87x
TMB	Multiple Factor	0.79x	0.83x	0.85x	0.90x	0.94x	0.98x
Average⁽¹⁾	Multiple Factor	1.05x	1.07x	1.05x	1.08x	1.09x	1.12x

Source: SETSMART

5.4.4.1 Price to Earnings Ratio Approach

Evaluating the fair value of ordinary shares by P/E Approach is conducted by multiply TMB's net profit in any period in the 12-month period with the P/E of the companies that are compared with. In this valuation, IFA has applied the net profit for the past 12-month period ended 31 December, 2018, based on the consolidated financial statements for the year ended 31 December, 2018 which was audited by Mr. Chanchai Sakulkerdsin, Certified Public Accountant No. 6827, KPMG Phoomchai Audit Company Limited. The details of the valuation of the fair price of the ordinary shares of TMB are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
Net profit for the past 12 months ended 31 December 2018	Million Baht	11,601.24					
P/E	Multiple Factor	9.78x	10.01x	9.93x	10.03x	10.08x	10.37x
Value of shareholders' equity	Million Baht	113,413.67	116,152.72	115,155.54	116,343.52	116,972.56	120,355.87
<u>Divided by</u> Number of ordinary shares	shares	75,333,374,592					
Value of ordinary share	Baht per share	1.51	1.54	1.53	1.54	1.55	1.60

Based on the P/E approach, the fair value of the ordinary shares of TMB as of 31 December 2018 is between 113,413.67 Million Baht to 120,355.87 Million Baht or equivalent to the value per share between 1.51 Baht to 1.60 Baht.

However, companies that are compared with in the valuation of the fair value of the ordinary shares of TMB using P/E approach certainly have differences, such as the source of income, size of the business, financial structure and accounting records policies, etc.

In addition, the P/E approach is only a comparison of past performance by multiplying P/E with net profit for the past 12 months without considering the operating results and future growth prospects of TMB. It does not reflect the profitability of TMB in the future. Therefore, IFA opined that the P/E approach is suitable for comparison purpose only.

5.4.4.2 Price to Book Value Approach

The valuation of the fair value of the ordinary shares of TMB using P/BV approach takes the book value of TMB at a particular time, multiplied by the P/BV of the companies that are compared with. In this valuation, IFA applied the book value as of 31 December 2018, based on the separate financial statements for the year ended 31 December 2018, which was audited by Mr. Chanchai Sakulkerdsin, Certified Public Accountant No. 6827, KPMG Phoomchai Audit Company Limited, adjusted with the cash that is expected to be received in the amount of 42,500.00 million baht from the issuance of new ordinary shares to support the exercise of TSR and allotment to existing shareholders of TMB in the amount of not more than 31,481,481,482 shares. The details of the fair valuation of the ordinary shares of TMB are as follows:

	Unit	As of 6 August, 2019	Retrospective from 6 August 2019				
			1 month	3 months	6 months	9 months	12 months
The book value as of 31 December 2018 adjusted with cash received from the issuance of ordinary shares	Million Baht		141,278.91				
P/BV	Multiple Factor	1.05x	1.07x	1.05x	1.08x	1.09x	1.12x
Value of shareholders' equity	Million Baht	147,700.68	150,641.85	148,941.53	152,444.16	154,686.57	157,940.77
<u>Divided by</u> Number of ordinary shares	shares		75,333,374,592				
Value of ordinary share	Baht per share	1.96	2.00	1.98	2.02	2.05	2.10

Based on the P/BV Approach, the fair value of the ordinary shares of TMB as of 31 December 2018 is between 147,700.68 Million Baht to 157,940.77 Million Baht or equivalent value per share between 1.96 Baht to 2.10 Baht.

In this regard, IFA considered that the P/BV Approach is a valuation method that is appropriate and commonly used in the valuation of ordinary shares of companies that conduct banking-related businesses since most of the assets and liabilities of the bank are in the form of cash. Anyhow, IFA is of the opinion that the fair valuation of ordinary shares of TMB should take into account the P/BV approach along with the valuation method that takes into account the operating results and future profitability, which will be discussed in the next section.

5.4.5 Discounted Dividend Approach

The valuation of the fair value of the ordinary shares of TMB using Discounted Dividend Approach is a valuation of the fair Value of shareholders' equity, taking into account the ability to generate profits and dividends in the future of TMB and to make dividend payments that TMB expects to be able to pay based from the financial projection by the cost of equity (K_e) of TMB to find the net present value of the shareholders' equity of TMB. IFA used TMB's financial projections for the years 2019 - 2023 or 5 years in the future, based on Going Concern Basis and there is no significant change happened and under the current economic situation.

In this valuation, IFA has referred to the assumption from the separate financial statements of TBANK in 2016 - 2018 which has been audited by Mr. Chanchai Sakulkerdsin, Certified Public Accountant No. 6827, KPMG Phoomchai Audit Company Limited, including projection from the management and business plan of TMB to be used as a reference in the assumption. In addition, the assumptions from other financial sources of TMB are also referenced, such as the information trial balance for 2016 - 2018, information from accounting department interviews, property registration, etc. IFA has considered the above information together with the industry condition, investment plan, operation plan, and associated public disclosure information to formulate the assumptions in the preparation of financial projection and calculate the dividend of TMB in the future in order to be used to in the valuation of the fair value of the ordinary shares of TMB using Discounted Dividend Approach.

IFA has studied and analyzed the reliability and reasonableness of various assumptions received from TMB and adjusted some assumptions based on the Conservative Basis. However, all financial projection is made under the assumption that there will not be any changes which are significant to TMB's business operations. In addition, if there is any event which may have a significant impact on TMB's business operations, it may result in a change in the fair valuation of TMB as well. The valuation of the fair value of TMB is as follows:

The key assumptions used in the valuation can be summarized as follows:

5.4.5.1 Key assumptions for interest income projection

1. Earning assets

The earning assets of TBANK consists of 3 main categories. The details for each asset type are as follow.

- Interbank loans including loans that TMB lends to other commercial banks for liquidity adjustment of various commercial banks and to maintain cash reserves in accordance with relevant laws. Generally, it includes both overnight loans and repay on demand or as schedule by which IFA estimated the interbank loan portfolio to grow by 2.00% per year throughout the projection, referred to the growth in 2018 which is lower than the projection of TMB's management.
- Investments including cash that TMB invests in various assets. IFA estimated investment growth of 6.00% per year according to projection of TMB's management. In the past 2018, the investment portfolio of TMB has a growth rate of up to 26.29%.
- Bank loans after interest waiting to be recognized are loans granted by TMB to retail customers such as home loans, personal loans, credit card loans including personal credits and various car loans in which IFA estimated that the bank loan portfolio will grow by 6.00%

per year, in line with the projection of TMB's management, which is close to 6.58% growth in 2018 and average values in the years 2016 – 2018 which is equal to 5.72%

		2019F	2020F	2021F	2022F	2023F
Interbank loans	Million Baht	115,792.84	118,108.70	120,470.87	122,880.29	125,337.89
-- Growth rate	Percentage	2.00%	2.00%	2.00%	2.00%	2.00%
Investment	Million Baht	77,885.23	82,558.34	87,511.84	92,762.55	98,328.30
-- Growth rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Bank loans after deducting interest awaiting recognition	Million Baht	726,800.46	770,408.49	816,633.00	865,630.98	917,568.84
-- Growth rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Total earning assets	Million Baht	920,478.53	971,075.53	1,024,615.71	1,081,273.82	1,141,235.04

2. Average Interest Income Rate

IFA estimated the average interest income of each type of asset based on management's projection and historical data. IFA also considered the historical average data of each type of interest rate. The details are as follows

- Interbank loans: IFA estimated the interbank loans by taking into account the historical average in 2016 - 2018, which is 1.56%, with the value between 1.52% to 1.61%.
- Investment is estimated by the IFA to be accounted for 1.93% which is the data from 2018 and it is lower than the 3-year average in 2016 – 2018 which is between 1.93% - 2.10%, by 2.04%, in order to have the projection be prepared on a conservative basis.
- Bank loans is estimated by the IFA to be accounted for 4.83% which is the data from 2018 and it is lower than the 3-year average in 2016 – 2018 which is between 4.83% - 5.46%, by 5.13%, in order to have the projection be prepared on a conservative basis.

		2019F	2020F	2021F	2020F	2023F
Interbank loans	%	1.56%	1.56%	1.56%	1.56%	1.56%
Investments	%	1.93%	1.93%	1.93%	1.93%	1.93%
Bank loans	%	4.83%	4.83%	4.83%	4.83%	4.83%

3. Interest Income

IFA estimated the interest income from the average interest income rate for each type of asset multiplied by the average assets of each category each year with details as follows:

		2019F	2020F	2021F	2020F	2023F
Interest income from interbank loans	Million Baht	1,792.78	1,828.64	1,865.21	1,902.51	1,940.56
Income from investments	Million Baht	1,461.24	1,548.91	1,641.84	1,740.35	1,844.78
Interest income on bank loans	Million Baht	35,104.46	37,210.73	39,443.37	41,809.98	44,318.57
Total interest income	Million Baht	38,358.48	40,588.27	42,950.43	45,452.84	48,103.91

5.4.5.2 Key assumptions for interest expenses projection

1. Paying liabilities

TMB has the main source of funds to run the business as paying liabilities, consisting of 3 main types. The details for each type of paying liabilities are as follow:

- Deposits including various types of deposits such as savings deposits, current deposit, fixed deposit, etc. IFA estimated the deposits to grow at the rate of 6.00% per year, according to management's projection, which is close to the growth rate of 6.22% in 2018.
- Loans between commercial banks including cash that TMB borrowed from with other commercial banks in order to adjust the liquidity of TMB itself. IFA estimated the loan between commercial banks to grow at a rate of 6.00% per year, according to management's projection, which is close to the growth rate of 6.49% in 2018.
- Other interest-bearing liabilities are estimated by the IFA to have the growth rate of 5.00% per year according to the management's projection which is close to the growth rate of 5.31% in 2018.

		2019F	2020F	2021F	2022F	2023F
Deposits	Million Baht	688,549.20	729,862.15	773,653.88	820,073.11	869,277.50
-- Growth Rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Loans between commercial banks	Million Baht	68,122.58	72,209.94	76,542.54	81,135.09	86,003.19
-- Growth Rate	Percentage	6.00%	6.00%	6.00%	6.00%	6.00%
Other interest-bearing liabilities	Million Baht	36,880.21	38,724.23	40,660.44	42,693.46	44,828.13
-- Growth Rate	Percentage	5.00%	5.00%	5.00%	5.00%	5.00%
Paying liabilities	Million Baht	793,552.00	840,796.31	890,856.85	943,901.66	1,000,108.82

2. Average interest expenses rate

IFA estimated the average interest expenses rate of each type of asset, based on management's projection. IFA has considered the historical average data of each type of interest rate as per following details.

- Deposit interest rates estimated by IFA to be accounted for 0.90% using the historical average in 2016 – 2018 which is between 1.23% to 1.41%, in order to have the projection be prepared on a conservative basis.
- Money remitted to the Deposit Insurance Institute and the Bank of Thailand estimated by IFA is equal to 0.46% of average deposits and other interest-bearing financial liabilities equals to 0.46% based on the historical average of 2016 - 2018 which is equal to 0.45% of average deposits and other interest-bearing financial liabilities, in order to have the projection be prepared on a conservative basis.
- Commercial bank loans estimated by IFA to be 1.11%, according to the historical average in 2016 – 2018 which is between 0.82% to 1.41%.
- Other interest-bearing liabilities estimated by IFA is 3.90% according to the historical average in 2016 – 2018 which is between 3.78% to 4.12%.

		2019F	2020F	2021F	2020F	2023F
Deposits	%	0.90%	0.90%	0.90%	0.90%	0.90%
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	%	0.46%	0.46%	0.46%	0.46%	0.46%
Loan between commercial banks	%	1.11%	1.11%	1.11%	1.11%	1.11%
Other interest-bearing liabilities	%	3.91%	3.91%	3.91%	3.91%	3.91%

3. Interest expenses

IFA estimated the interest expense from the average interest expenses rate for each type of debt multiplied by the average debt of each type each year with details as follows:

		2019F	2020F	2021F	2020F	2023F
Deposits	Million Baht	6,038.27	6,400.56	6,784.60	7,191.67	7,623.17
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	Million Baht	3,243.29	3,436.24	3,640.67	3,857.29	4,086.81
Loan between commercial banks	Million Baht	734.99	779.09	825.83	875.38	927.91
Other interest-bearing liabilities	Million Baht	1,406.14	1,476.45	1,550.27	1,627.78	1,709.17
Deposits	Million Baht	11,422.69	12,092.34	12,801.38	13,552.13	14,347.06

Based on the projection, it was found that TMB had a net interest margin between 3.00% and 3.04%, which was close to the 3-year historical average of 2.90% - 3.18%.

5.4.5.3 Key assumptions for income from another operations projection**1. Income from fees and other service**

IFA estimated fees and other service income to be accounted for 1.40% of the average total earning assets according to the average of the past 3 years in 2016 - 2018 which is between 1.57% to 1.21%. In addition, IFA estimated the costs related to fees and other service income in order to list the fees and other service income in the form of net of related operating costs which is equivalent to 23.50% of fees and other service income throughout the projection, according to the average of the past 3 years in the years 2016 - 2018 which are between 21.66% to 27.11%. The details of fees and other service income, net of related operating costs, are as follows:

		2019F	2020F	2021F	2020F	2023F
Income from fees and other services	Million Baht	12,589.38	13,280.34	14,011.47	14,785.16	15,603.93
Net income from fees and other services from the related operating costs	Million Baht	9,631.12	10,159.72	10,719.05	11,310.93	11,937.31

2. Income from other operations

IFA estimated income from other operations such as foreign exchange income, profit from investments, etc. to be equal to 5.60%, close to the average of the past 3 years in 2016 – 2018, which is between 4.86% to 6.65% by 5.64%, without using special items from the profit from selling of the investment in a subsidiary in 2018 to calculated.

		2019F	2020F	2021F	2020F	2023F
Income from other operations	Million Baht	2,853.08	3,016.64	3,189.87	3,373.33	3,567.64

5.4.5.4 Key assumptions for operating expenses projection

IFA has set the assumptions for operating expenses projection as follows.

- Personnel expenses: IFA estimated that the number of employees of TMB is likely to decrease by 3.33% per year, based on the 3-year historical average in 2016 - 2018, which is between 2.04% and 4.82%. This is due to the bank has a plan to reduce some employees by focusing on the efficiency of the use of technology and the management of operating expenses for maximum efficiency. - However, IFA estimated the average income per employee to grow at 5.00% per year in accordance with the growth rate of general employee compensation.
- Directors' remuneration which is estimated by IFA to have the growth rate of 5.00% per year according to the rate of remuneration increase of TMB and general industry.
- Rental of assets and equipment where are divided into rent and utilities and are estimated by IFA that the growth rate will be 5.92% per year. The past 2-year average is between 3.93% to 7.91%. IFA did not take into account the data in 2016 because the trend of expenses in the year is reduced to 27.99% which may cause the projection not being in a conservative basis.
- Taxes and duties were estimated by IFA to be equal to 2.73% of total operating income, according to the 3-year historical average in 2016 - 2018, which is between 2.66% - 2.83%.

- Other operating expenses which are estimated by IFA to be 9.10% of total operating income, according to the average of the past 3 years in 2016 - 2018, which is between 8.54% to 9.38%.
- The depreciation is estimated by IFA according to accounting policies related to TMB and estimated that TMB will invest in fixed assets equal to 3,100.00 - 5,100.00 Million Baht with an increase of approximately 500.00 Million Baht throughout the projection according to the investment plan referred from TMB's management.

		2019F	2020F	2021F	2020F	2023F
Personnel expenses	Million Baht	8,111.70	8,233.77	8,357.68	8,483.46	8,611.12
Directors' remuneration	Million Baht	46.45	48.77	51.21	53.77	56.46
Rental of assets and equipment	Million Baht	2,628.81	2,784.51	2,949.43	3,124.12	3,309.15
Taxes and duties	Million Baht	1,389.80	1,469.48	1,553.86	1,643.23	1,737.88
Other operating expenses	Million Baht	4,635.91	4,901.68	5,183.15	5,481.25	5,796.98
Depreciation	Million Baht	1,418.67	2,018.67	2,702.00	3,468.67	4,318.67
Total operating expenses	Million Baht	18,231.34	19,456.88	20,797.33	22,254.49	23,830.27

5.4.5.5 Key assumptions for bad debts and doubtful accounts projection

IFA has assumptions for estimating bad debts and doubtful accounts to be equal to 1.30% of the loan before deducting interest waiting to be recognized, according to management's projection and close to the tendency of the said expenses which have continuously decreased in the past. If not considering special reserve in accordance with Thai Financial Reporting Standard No. 9 for TMB in the year 2018, which increased from normal level by approximately 7,000.00 Million Baht.

		2019F	2020F	2021F	2020F	2023F
Bad debts and doubtful accounts	Million Baht	9,448.41	10,015.31	10,616.23	11,253.20	11,928.39

5.4.5.6 Key assumptions for other projection

1. Income tax expense

The consultant made an estimate of income tax expenses by using the rate of 20.00% throughout the projection according to the current corporate income tax rate.

2. Maintaining capital adequacy ratio

IFA estimated that the Company should maintain the capital adequacy ratio by applying risk-weighted assets based on the proportion of risk assets to the current total earning asset, which is equal to 74.22%, then estimating the Tier 1 capital ratio to be equal to 13.20% of risk assets, which is greater than the amount estimated by the Bank of Thailand, based on the 3-year historical average of 2016 - 2018, which is between 12.80% and 13.61% and estimating Tier 2 capital ratio to be unchanged throughout the projection by considering the data during 2017 - 2018 with no significant changes. In this regard, IFA considered and found that the financial projection of total reserves was reasonable and the total reserve to risk assets ratio is greater than 16.00% throughout the projection period.

3. Dividend payout ratio

IFA estimated the dividend ratio to be equal to 90.00% of net profit with the assumption that TMB will maintain the cash that is not paid out for the dividend to be the bank's capital to make the dividend payment estimate and capital maintenance estimate being in line with more conservative basis.

4. Estimation of terminal growth rate

IFA estimated the terminal growth rate of the dividend at the rate of 3.16% per year, based on the average inflation rate from the Bank of Thailand in the past 30 years. It is considered that the growth of commercial banks in the future will be consistent with the growth rate of the Thai economy as a whole.

5. Discount rate

IFA has calculated the appropriate discount rate that reflects the true cost of the shareholders. The actual cost is equal to the cost of equity (K_e). The formula for calculating K_e is as follows.

$$K_e = R_f + \beta(R_m - R_f)$$

K_e = Cost of equity

R_f = Return on investment without risk based on the 30-year government bond rate, which is equal to 2.37% (Based on data from www.thaibma.or.th as of August 6, 2019). IFA used the said rate in order to be consistent with the same period as the average return on investment in the Stock Exchange of Thailand for the past 30 years.

R_m = The average return on investment in the Stock Exchange of Thailand in the past 30 years from 6 August 2019, which is equal to 9.24%, which is the period that reflects the investment status in the stock market at several times which is better than using data for a short period of time (Based on data from www.set.or.th).

β = The average daily variance of the return of Thanachart Capital Public Company Limited compared to the return of the stock market for the past 1 year from 7 August 2018 to 6 August 2019 (Source: Bloomberg), which is equal to 0.846 times.

Based on the calculation formula and various variables mentioned above, the cost of equity (K_e) is equal to 8.18%

Summary of Financial Projections

Unit : Million Baht	2018	2019F	2020F	2021F	2022F	2023F
Interest income						
Interest income from interbank loans	1,752.00	1,792.78	1,828.64	1,865.21	1,902.51	1,940.56
Income from investments	1,271.00	1,461.24	1,548.91	1,641.84	1,740.35	1,844.78
Interest income on bank loans	32,064.00	35,104.46	37,210.73	39,443.37	41,809.98	44,318.57
Other income	10.00	-	-	-	-	-
Total interest income	35,097.00	38,358.48	40,588.27	42,950.43	45,452.84	48,103.91
Interest Expenses						
Deposits	(5,654.00)	(6,038.27)	(6,400.56)	(6,784.60)	(7,191.67)	(7,623.17)
Money remitted to the Deposit Insurance Institute and the Bank of Thailand	(2,965.00)	(3,243.29)	(3,436.24)	(3,640.67)	(3,857.29)	(4,086.81)
Loan between commercial banks	(686.00)	(734.99)	(779.09)	(825.83)	(875.38)	(927.91)
Other interest-bearing liabilities	(1,293.00)	(1,406.14)	(1,476.45)	(1,550.27)	(1,627.78)	(1,709.17)
Total operating income	(10,598.00)	(11,422.69)	(12,092.34)	(12,801.38)	(13,552.13)	(14,347.06)
Net interest income before income from other operations	24,438.00	26,935.78	28,495.94	30,149.05	31,900.71	33,756.85
Income from other operations						
Net income from fees and other services	8,510.59	9,631.12	10,159.72	10,719.05	11,310.93	11,937.31
Income from other operations	10,959.63	2,853.08	3,016.64	3,189.87	3,373.33	3,567.64
Net interest income after income from other operations	43,908.22	39,419.98	41,672.29	44,057.96	46,584.97	49,261.80
Operating expenses						
Personnel expenses	(7,991.44)	(8,111.70)	(8,233.77)	(8,357.68)	(8,483.46)	(8,611.12)
Rental of assets and equipment	(44.24)	(46.45)	(48.77)	(51.21)	(53.77)	(56.46)
Taxes and duties	(2,481.82)	(2,628.81)	(2,784.51)	(2,949.43)	(3,124.12)	(3,309.15)
Directors' remuneration	(1,262.44)	(1,389.80)	(1,469.48)	(1,553.86)	(1,643.23)	(1,737.88)
Other operating expenses	(4,388.38)	(4,635.91)	(4,901.68)	(5,183.15)	(5,481.25)	(5,796.98)
Total operating expenses	(902.00)	(1,418.67)	(2,018.67)	(2,702.00)	(3,468.67)	(4,318.67)
Bad debts and doubtful accounts	(17,070.31)	(18,231.34)	(19,456.88)	(20,797.33)	(22,254.49)	(23,830.27)
Operating expenses	(16,114.04)	(9,448.41)	(10,015.31)	(10,616.23)	(11,253.20)	(11,928.39)
Profit (loss) before income tax expense	10,723.93	11,740.23	12,200.11	12,644.41	13,077.28	13,503.14
Income tax expense	(1,906.47)	(2,348.05)	(2,440.02)	(2,528.88)	(2,615.46)	(2,700.63)
Profit (loss) for the period	8,817.46	9,392.19	9,760.09	10,115.52	10,461.82	10,802.51
Forecast dividend		6,029.07	5,048.91	5,018.59	5,060.06	5,087.78

5.4.5.7 Summary of Valuation by Discounted Dividend Approach

	Unit : Million Baht
Net present value of dividends between the years 2019 - 2023	20,981.22
Terminal value	70,605.62
Cash received from capital investment	42,500.00
Value of shareholders' equity	134,086.84
<u>Divided by</u> Number of ordinary shares (shares)	75,333,374,592
Value of ordinary shares (Baht per share)	1.78

The valuation using the Discounted Dividend Approach can be used to calculate the fair value of the ordinary shares of TMB as of 31 December 2018, equal to 134,086.84 Million Baht or equivalent value per share equal to 1.78 Baht.

Sensitivity Analysis

The fair valuation of the ordinary shares of TMB will be accurate or close to the reality or not depends on the accuracy and appropriateness of the assumptions used in the financial projections, such as business plans and future management policies under the current economic conditions and situations. Therefore, changes caused by economic conditions, natural environment, and government policies may cause the projection estimated under the assumptions mentioned above to change significantly and may affect the fair value of the ordinary shares of TMB that has been evaluated as well.

With various causes and factors which may change and may affect the fair valuation of the ordinary shares of TMB, IFA therefore analyzed the sensitivity of the fair value of ordinary shares in order to study the effects by various factors that may change by studying and analyzing the change in the fair value of ordinary shares from the change of 2 main factors, namely (1) the cost of equity and (2) the growth rate of terminal value. The results of the sensitivity analysis of the valuation of the fair value of ordinary shares by using the Discounted Cash Flows Approach can be summarized as follows:

Unit : Million Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	135,662.29	139,617.22	144,009.86	148,917.13	154,435.09
(0.50%)	131,323.64	134,870.13	138,788.54	143,140.62	148,002.58
-	127,377.61	130,573.02	134,086.84	137,969.16	142,281.14
0.50%	123,773.17	126,664.75	129,830.79	133,312.31	137,158.94
1.00%	120,467.73	123,094.74	125,959.81	129,096.82	132,546.41

Unit : Million Baht

Cost of Equity Increase/ (Decrease)	Terminal Growth Rate Increase/ (Decrease)				
	(0.50%)	(0.25%)	-	0.25%	0.50%
(1.00%)	1.80	1.85	1.91	1.98	2.05
(0.50%)	1.74	1.79	1.84	1.90	1.96
-	1.69	1.73	1.78	1.83	1.89
0.50%	1.64	1.68	1.72	1.77	1.82
1.00%	1.60	1.63	1.67	1.71	1.76

Based on sensitivity analysis of the fair value of the ordinary shares of TMB by changing (1) the cost of equity and (2) the terminal growth rate, the fair value of the ordinary shares of TMB as of 31 December 2018 is between 126,664.75 Million Baht to 143,140.62 Million Baht or equivalent to the value per share between 1.68 Baht to 1.90 Baht.

5.5 Summary of valuation results of TBANK and TMB groups

IFA has summarized the valuation of TBANK and TMB groups as follows.

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	Shareholding Proportion of TBANK / TMB (%)	Value of Ordinary Shares in Proportion (Million Baht)
Thanachart Bank Public Company Limited Group (TBANK)				
1. TBANK Group Valuation using Sum of the Parts				
1. Thanachart Bank Public Company Limited	Discounted Dividend Approach	96,363.34 – 115,376.92	N/A	96,363.34 – 115,376.92
2. Thanachart Fund Management Company Limited	Discounted Cash Flows Approach	8,648.91 – 9,726.57	75.00%	6,486.68 – 7,294.93
3. Thanachart Broker Company Limited	Discounted Cash Flows Approach	1,008.63 – 1,109.70	99.99%	1,008.63 – 1,109.70
4. Cash expected to be received from the post-tax restructuring	-	26,622.46	N/A	26,622.46
Total value of TBANK Group according to the Sum of the Parts				130,481.00 – 150,403.90
2. TBANK Group Valuation using Price-to-Book Value (PBV)				
1. Thanachart Bank Public Company Limited	Price-to-Book Value	153,712.92 – 164,369.84	N/A	153,712.92 – 164,369.84
Total value of TBANK Group according to the Sum of Parts and Price-to-Book Value Approach				130,481.00 – 164,369.84 Million Baht or 21.51 – 27.10 Baht per Share
TMB Bank Public Company Limited Group (TMB)				
1. TMB Group Valuation using Sum of the Parts				
1. TMB Bank Public Company Limited	Discounted Dividend Approach	126,664.75 – 143,140.62	N/A	126,664.75 – 143,140.62
2. TMB Asset Management Company Limited	Book Value		35.00%	4,577.26
3. Phahonyothin Asset Management Company Limited	Book Value		100.00%	26.69
Total value of TMB Group according to the Sum of the Parts				131,268.69 – 147,744.57
2. TMB Group Valuation using Price-to-Book Value (PBV)				
1. TMB Bank Public Company Limited	Price-to-Book Value	147,700.68 – 157,940.77	N/A	147,700.68 – 157,940.77
Total value of TMB Group according to the Sum of Parts and Price-to-Book Value Approach				131,268.69 – 157,940.77 Million Baht or

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	Shareholding Proportion of TBANK / TMB (%)	Value of Ordinary Shares in Proportion (Million Baht)
				1.74 – 2.10 Baht per Share

The book value of TMB Asset Management Company Limited and Phaholyothin Asset Management Company Limited are the book value according to the proportion that TMB holds as appeared in the financial statements for the year ended 31 December, 2018 of TMB.

According to the resolution of the Board of Directors of TMB No. 4/2019, 7 August 2019, the purchase price of TBANK's shares has been estimated from the book value of TBANK in the consolidated financial statements, add the gain from the restructuring, add an additional 9,245.00 million baht, less the book value of TBROKER according to the consolidated financial statements of TBANK, less the book value of TFUND according to the consolidated financial statements of the TBANK. IFA, therefore, considered as if the transaction was occurred on 31 December 2018, which can simulate the value that TMB will buy from TBANK as per below table. The values shown below may differ from the actual trading values that will occur in the future.

	As of 31 December 2018	Unit
Total assets of TBANK	1,046,611.66	Million Baht
<u>Less</u> Total liabilities of TBANK	902,406.44	Million Baht
<u>Less</u> Shareholders' equity without control of TBANK	2,506.68	Million Baht
Value of shareholders' equity of TBANK	141,698.54	Million Baht
<u>Add</u> Gain from sale of investment that is expected to receive from restructuring of TBANK	5,331.20	Million Baht
<u>Add</u> Adjustments from revaluation of land and buildings	2,569.98	Million Baht
Value of shareholders of TBANK after adjusting the profit from the business restructuring	149,599.72	Million Baht
<u>Add</u> Surplus	9,245.00	Million Baht
<u>Less</u> Book value of TBROKER according to the consolidated financial statements of TBANK	155.81	Million Baht
<u>Less</u> Book value of TFUND according to the consolidated financial statements of TBANK	317.63	Million Baht
Value of the purchase of ordinary shares of TBANK	158,371.28	Million Baht
<u>Divided by</u> Number of ordinary shares	6,064,862,170	Share
Value of ordinary shares of TBANK per share	26.11	Million Baht

From the above table, IFA's opinions can be summarized as follows:

	As of 31 December 2018	Unit
Value of ordinary shares of TBANK per share	26.11	Million Baht

From the above table, IFA's opinions can be summarized as follows:

- The fair value of the ordinary shares of TBANK in accordance with the business consolidation method and the price-to-book value approach method is between 130,481.00 - 164,369.84 Million Baht. When comparing the said fair value range with the purchase price of TBANK's ordinary shares which is 158,371.28, based on the assumption that the aforementioned acquisition was made on 31 December 2018, it is found to be appropriate. The value of the transaction falls within the range of the fair value. Therefore, the transaction to dispose of the ordinary shares of TBANK as part of this transaction **is appropriate and the shareholders of TCAP should approve the sale of TBANK shares to TMB as part of this merger plan.**
- The fair value of the ordinary shares of TMB in accordance with the business consolidation method and the price-to book value approach are in the range of 131,268.69 - 157,940.77 Million Baht or 0.93 - 1.12 times the book value of TMB as of 31 December 2018 after adjustment with the value of money expected from the capital increase for this transaction of TMB which is equal to 141,278.91 Million Baht. When comparing the range of fair value to book value ratio of 0.93 - 1.12 times with the ratio of 1.10 times of the book value of TMB as of 31 December 2018 after adjustment with the cash expected from the increase capital which is like the price for entering into the transaction to acquire the ordinary shares of TMB by TBANK's shareholders in accordance with the criteria used to determine the purchase and sale price of TMB new ordinary shares according to the resolution of the Board of Directors No. 9/2019, date 7 August 2019, it is found to be reasonable. The acquisition of TMB's ordinary shares as a part of this transaction **is appropriate and shareholders of TCAP should approve the acquisition of TMB's common shares as part of this merger plan.**

5.6 Advisor's opinion regarding the appropriateness of the purchase price of ordinary shares of various companies from BNS after the restructuring

As part of this transaction, the Board of Directors Meeting No. 9/2019, dated 7 August 2019, also approved the company to purchase ordinary shares of:

1. The juristic person to be firstly established by TBANK (SPV1) in a proportion of 49.02% proportion. SPV1 will hold 65.18% of the total paid-up capital of Ratchathani Leasing Public Company Limited (THANI).
2. The juristic person to be secondly established by TBANK (SPV2) in a proportion of 49.00%. SPV2 will hold some shares in the other companies with following details.
 - 2.1 4.53% of the total paid-up capital of Seacon Development Public Company Limited (SEACON)
 - 2.2 6.00% of the total paid-up capital of Ajinomoto (Thailand) Company Limited (AJNMT)
 - 2.3 100.00% of the total paid-up capital of Thanachart Group Leasing Company Limited (TGL)
 - 2.4 100.00% of the total paid-up capital of Thanachart Training and Development Company Limited (TTD)
 - 2.5 100.00% of the total paid-up capital of Scib Services Company Limited (SSV)
 - 2.6 100.00% of the total paid-up capital of Thanachart Management and Service Company Limited (TMS)
3. 49.00% in TS Asset Management Company Limited (TSAMC)
4. 4.85% in MBK Public Company Limited (MBK)
5. 4.81% in Pathum Rice Mill and Granary Public Company Limited

From Scotia Netherlands Holdings B.V. (BNS). After BNS acquired the shares of those companies from TBANK under this restructuring plan in proportion to their shareholding. The price details of the above companies which will be traded according to the restructuring plan are shown in the information regarding business restructuring and business merger plans between Thanachart Bank Public Company Limited and TMB Bank Public Company Limited (Account 1) as follows.

Subsidiaries and other companies that are restructured	Total value of equivalent compensation if the transaction occurred on 31 December 2018			
	Price per share (Baht per share)	The total value to be sold by TBANK (Million baht)	Total value that the company Will purchase proportionally before purchasing from BNS (Million baht)	The total value that the company will buy through "Thanachart Capital offered to small shareholders of Thanachart Bank" (Million baht)
TSAMC	12.32	2,463	1,255	0.98
THANI	4.59	11,304	-	4.52
SPV1	10.00	1	0.5	-
MBK	19.83	3,327	1,695	1.33
PRG	11.77	693	353	0.28
SPV2	10.00	4,054	2,066	1.62

Specific details that the Company will buy ordinary shares of various companies from BNS are as follows.

Ordinary shares of the company under the assumption that the transaction occurred on 31 December 2018	The total value of shares to be bought from BNS equivalent (Million Baht)
SPV1	5,539
SPV2	3,367
TSAMC	1,207
MBK	1,630
PRG	339
Total	12,082

In giving an opinion on the appropriateness of the price of the purchase of ordinary shares of various companies from BNS after the restructuring, IFA will consider each case separately as follows:

- To evaluate the fair value of the ordinary shares of THANI (which will be held by SPV1), including MBK and PRG, which are listed companies, IFA applied the Market Multiple Approach. IFA has collected the market price information of the ordinary shares of that company traded in the stock market and calculated the weighted average price of the ordinary shares of that company for the

past 1 month, 3 months, 6 months, 9 months, and 12 months retrospective from 6 August 2019, which is the day before the date that the Board of Directors of the Company and TMB passed a resolution to enter into this transaction. The said valuation approach is in line with the pricing method for trading the ordinary shares in all 3 companies which are referring to the market price according to the information that IFA received from the management of the Company. Also, the IFA has a limitation in accessing various financial assumptions, therefore, consider that the Market Multiple Approach will reflect the fair value of the 3 companies for the restructuring transaction based on the above reasons and conditions.

5. To evaluate the fair value of the ordinary shares of SPV2, the IFA will use the Book Value Approach by referring to the financial statements for the year 2018 of each company. As IFA received information from the management of the Company that the Company will proceed with the TGL, TTD and TMS to liquidate the business after the restructuring is complete, therefore the Book Value Approach is appropriate for valuation of the ordinary shares of the business as follows. While IFA has limited access to financial assumptions of SEACON and AJNMT, and TBANK's proportion in these two companies is insignificant, therefore IFA opined that the Book Value Method is appropriate to evaluate the fair value of the ordinary shares of both companies as well. SSV has minus book value in which IFA considered it no value even it'll continue to provide services without any business expansion policy.
6. To evaluate the fair value of the ordinary shares of, IFA interviewed the management of TSAMC regarding the business operation guideline after the restructuring. IFA received information that TSAMC will not continue to expand the business further in the future. TSAMC will operate only on assets and resources they are having currently and may proceed with liquidation in the future. Hence, IFA considered that TSAMC should not have business growth in the future, so IFA has applied the Book Value Approach in the valuation of the fair value of TSAMC's ordinary shares.

5.6.1 The fair value evaluation of the ordinary shares of THANI, MBK and PRG

5.6.1.1 The fair value evaluation of the ordinary shares of THANI

In evaluating the fair value of ordinary shares by using the Market Multiple Approach, IFA has collected market price information of THANI's ordinary shares traded in the stock market and calculated the weighted average price of THANI's ordinary shares of the past 1 month, 3 months, 6 months, 9 months, and 12 months retrospective from 6 August 2019, which is the day before the date that the Board of Directors of the Company and TMB passed a resolution to enter into this transaction.

	Market price of the ordinary shares of THANI (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares sold of THANI
	Highest	Lowest	Weighted average		
As of 6 August, 2019	7.20	7.20	7.20	27,182.54	0.40
In the past 1 month	7.35	6.90	7.19	27,152.59	0.45
In the past 3 months	7.35	5.55	6.66	25,162.45	0.44
In the past 6 months	7.75	5.50	6.57	24,819.71	0.41

	Market price of the ordinary shares of THANI (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares sold of THANI
	Highest	Lowest	Weighted average		
In the past 9 months	9.05	5.50	6.76	25,511.99	0.36
In the past 12 months	9.45	5.50	7.20	27,196.34	0.34
Highest	9.45	7.20	7.20	27,196.34	0.45
Lowest	7.20	5.50	6.57	24,819.71	0.34

Based on the fair value evaluation of ordinary shares of THANI by using the Market Multiple Approach, the fair value of ordinary shares of THANI as of 31 December 2018 is between 24,819.71 Million Baht and 27,196.34 Million Baht or equivalent to the value per share between 6.57 Baht per share and 7.20 Baht per share or equivalent to the proportion that TBANK held before the direct and indirect restructuring adjustment of 65.18% collectively between 16,177.49 Million Baht and 17,726.57 Million Baht.

5.6.1.2 The fair value evaluation of the ordinary shares of MBK

In evaluating the fair value of ordinary shares by using the Market Multiple Approach, IFA will collect market price information of MBK's ordinary shares traded in the stock market and calculate the weighted average price of MBK's ordinary shares of the past 1 month, 3 months, 6 months, 9 months, and 12 months retrospective from 6 August 2019, which is the day before the date that the Board of Directors of the Company and TMB passed a resolution to enter into this transaction.

	Market price of the ordinary shares of MBK (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares sold of MBK
	Highest	Lowest	Weighted average		
As of 6 August, 2019	21.90	21.90	21.90	37,118.81	0.11
In the past 1 month	22.70	21.80	22.26	37,724.62	0.16
In the past 3 months	22.70	20.20	21.72	36,812.48	0.11
In the past 6 months	22.70	18.90	21.01	35,607.50	0.14
In the past 9 months	26.00	18.90	21.68	36,737.73	0.13
In the past 12 months	26.75	18.90	22.70	38,471.23	0.14
Highest	26.75	21.90	22.70	38,471.23	0.16
Lowest	21.90	18.90	21.01	35,607.50	0.11

Based on the fair value evaluation of ordinary shares of MBK by using the Market Multiple Approach, the fair value of ordinary shares of MBK as of 31 December 2018 is between 35,607.50 Million Baht and 38,471.23 Million Baht or equivalent to the value per share between 21.01 Baht per share and 22.70 Baht per share or equivalent to the proportion that TBANK held before the direct and indirect restructuring adjustment of 9.90% collectively between 3,525.14 Million Baht and 3,808.65 Million Baht.

5.6.1.3 The fair value evaluation of the ordinary shares of PRG

In evaluating the fair value of ordinary shares by using the Market Multiple Approach, IFA will collect market price information of PRG's ordinary shares traded in the stock market and calculate the weighted average price of PRG's ordinary shares of the past 1 month, 3 months, 6 months, 9 months, and 12 months retrospective from 6 August 2019, which is the day before the date that the Board of Directors of the Company and PRG passed a resolution to enter into this transaction.

	Market price of the ordinary shares of PRG (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares sold of PRG
	Highest	Lowest	Weighted average		
As of 6 August, 2019	12.70	12.70	12.70	7,620.00	0.00
In the past 1 month	12.90	12.70	12.79	7,672.35	0.00
In the past 3 months	13.60	12.50	12.81	7,688.90	0.00

	Market price of the ordinary shares of PRG (Baht)			Average daily trading volume (million shares)	Percentage of the average daily trading volume per the total number of shares sold of PRG
	Highest	Lowest	Weighted average		
In the past 6 months	13.90	12.50	12.94	7,765.20	0.00
In the past 9 months	13.90	12.50	13.15	7,892.18	0.00
In the past 12 months	14.80	12.50	13.36	8,018.96	0.00
Highest	14.80	12.70	13.36	8,018.96	0.00
Lowest	12.70	12.50	12.70	7,620.00	0.00

Based on the fair value evaluation of ordinary shares of PRG by using the Market Multiple Approach, the fair value of ordinary shares of PRG as of 31 December 2018 is between 7,620.00 Million Baht and 8,018.96 Million Baht or equivalent to the value per share between 12.70 Baht per share and 13.36 Baht per share or equivalent to the proportion that TBANK held before the direct and indirect restructuring adjustment of 9.81% collectively between 747.32 Million Baht and 786.45 Million Baht.

5.6.2 The fair value evaluation of the ordinary shares of SPV2

5.6.2.1 The fair value evaluation of the ordinary shares of SEACON

In evaluation of SEACON's ordinary shares using the Book Value Approach, IFA considered SEACON's asset value deducted by total accounting liabilities. IFA has referred to the data of SEACON's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Miss Sinsiri Thangsombat, Certified Public Accountant No. 7352, PricewaterhouseCoopers ABAS Company Limited. The details of the valuation of the fair value of ordinary shares of SEACON are as follows.

	As of 31 December, 2018	Unit
Total assets	6,667.77	Million Baht
<u>Less</u> Total liabilities	2,427.94	Million Baht
<u>Less</u> Shareholders' equity without control	42.19	Million Baht
Value of shareholders' equity	4,197.64	Million Baht
<u>Divided by</u> Number of ordinary shares after capital increase	5,740,000	Million Baht
Value of ordinary shares	731.30	shares

Based on the fair value evaluation of ordinary shares of SEACON by using the Book Value Approach, the fair value of ordinary shares of SEACON as of 31 December 2018 is 4,197.64 Million Baht or equivalent to the value per share of 731.30 Baht or equivalent to the proportion that TBANK held before the direct and indirect restructuring adjustment of 4.53% collectively which is 190.34 Million Baht.

5.6.2.2 The fair value evaluation of the ordinary shares of AJNMT

In evaluating the fair value of ordinary shares of AJNMT by using the Book Value Approach, IFA considered AJNMT's asset value deducted by total accounting liabilities. IFA has referred to the data of AJNMT's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Mr. Vichat Loketkrawi, Certified Public Accountant No. 4451, EY Company Limited. The details of the valuation of the fair value of ordinary shares of AJNMT are as follows.

	As of 31 December, 2018	Unit
Total Assets	49,282.29	Million Baht
<u>Less</u> Total liabilities	8,821.47	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	40,460.82	Million Baht
<u>Divided by</u> Number of ordinary shares	7,963,628	Million Baht
Value of ordinary shares	5,080.70	shares

Based on the fair value evaluation of ordinary shares of AJNMT by using the Book Value Approach, the fair value of ordinary shares of AJNMT as of 31 December 2018 is 40,460.82 Million Baht or equivalent to the value per share of 5,080.70 Baht or equivalent to the proportion that TBANK held before the direct and indirect restructuring adjustment of 6.00% collectively which is 2,427.64 Million Baht.

5.6.2.3 The fair value evaluation of the ordinary shares of TGL

In evaluating the fair value of ordinary shares of TGL by using the Book Value Approach, IFA considered TGL 's asset value deducted by total accounting liabilities. IFA has referred to the data of TGL 's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair value of ordinary shares of TGL are as follows.

	As of 31 December, 2018	Unit
Total Assets	405.96	Million Baht
<u>Less</u> Total liabilities	0.76	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	407.20	Million Baht
<u>Divided by</u> Number of ordinary shares	36,000,000	shares
Value of ordinary shares	11.26	Baht / share

Based on the fair value evaluation of ordinary shares of TGL by using the Book Value Approach, the fair value of ordinary shares of TGL as of 31 December 2018 is 407.20 Million Baht or equivalent to the value per share of 11.26 Baht.

5.6.2.4 The fair value evaluation of the ordinary shares of TTD

In evaluating the fair value of ordinary shares of TTD by using the Book Value Approach, IFA considered TTD's asset value deducted by total accounting liabilities. IFA has referred to the data of TTD 's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair value of ordinary shares of TTD are as follows.

	As of 31 December, 2018	Unit
Total Assets	44.86	Million Baht
<u>Less</u> Total liabilities	6.90	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	37.95	Million Baht
<u>Divided by</u> Number of ordinary shares	500,000	shares
Value of ordinary shares	7.59	Baht / share

Based on the fair value evaluation of ordinary shares of TTD by using the Book Value Approach, the fair value of ordinary shares of TTD as of 31 December 2018 is 37.95 Million Baht or equivalent to the value per share of 7.59 Baht.

5.6.2.5 The fair value evaluation of the ordinary shares of SSV

In evaluating the fair value of ordinary shares of SSV by using the Book Value Approach, IFA considered SSV's asset value deducted by total accounting liabilities. IFA has referred to the data of SSV's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair value of ordinary shares of SSV are as follows.

	As of 31 December, 2018	Unit
Total Assets	32.59	Million Baht
<u>Less</u> Total liabilities	66.78	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	(34.19)	Million Baht
<u>Divided by</u> Number of ordinary shares	100,000	shares
Value of ordinary shares	(341.93)	Baht / share

Based on the fair value evaluation of ordinary shares of SSV by using the Book Value Approach, the fair value of ordinary shares of SSV as of 31 December 2018 is (34.19) Million Baht or equivalent to the value per share of (341.93) Baht.

5.6.2.6 The fair value evaluation of the ordinary shares of TMS

In evaluating the fair value of ordinary shares of TMS by using the Book Value Approach, IFA considered TMS's asset value deducted by total accounting liabilities. IFA has referred to the data of TMS's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Ms. Wanwilai Petchsang, Certified Public Accountant No. 5315, EY Company Limited. The details of the valuation of the fair value of ordinary shares of TMS are as follows.

	As of 31 December, 2018	Unit
Total Assets	10.70	Million Baht
<u>Less</u> Total liabilities	0.92	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	9.77	Million Baht
<u>Divided by</u> Number of ordinary shares	600,000	shares
Value of ordinary shares	16.29	Baht / share

Based on the fair value evaluation of ordinary shares of TMS by using the Book Value Approach, the fair value of ordinary shares of TMS as of 31 December 2018 is 9.77 Million Baht or equivalent to the value per share of 16.29 Baht.

5.6.3 The fair value evaluation of the ordinary shares of TSAMC

In evaluating the fair value of ordinary shares of TSAMC by using the Book Value Approach, IFA considered TSAMC's asset value deducted by total accounting liabilities. IFA has referred to the data of TSAMC's assets and liabilities from the financial statements for the year ended 31 December 2018 which has been audited by Ms. Somjai Khunpasut, Certified Public Accountant No. 4499, EY Company Limited. The details of the valuation of the fair value of ordinary shares of TSAMC are as follows.

	As of 31 December, 2018	Unit
Total Assets	2,497.62	Million Baht
<u>Less</u> Total liabilities	34.50	Million Baht
<u>Less</u> Shareholders' equity without control	-	Million Baht
Value of shareholders' equity	2,463.12	Million Baht
<u>Divided by</u> Number of ordinary shares	200,000,000	shares
Value of ordinary shares	12.32	Baht / share

Based on the fair value evaluation of ordinary shares of TSAMC by using the Book Value Approach, the fair value of ordinary shares of TSAMC as of 31 December 2018 is 2,463.12 Million Baht or equivalent to the value per share of 12.32 Baht.

5.6.4 Summary of appropriateness of the purchase price of the ordinary shares of various companies from BNS after the restructuring

The IFA has summarized the appropriateness of the purchase price of the ordinary shares of various companies from BNS after the restructuring as follows.

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	True holding proportion of BNS through TBANK (%)	Value of Ordinary Shares in Proportion (Million Baht)	Value that the company will purchase from BNS (Million Baht)	Value that BNS receive from the business restructuring ¹
1. Valuation of SPV1 group						
1. Ratchthani Leasing Public Company Limited	Market Multiple Approach	24,819.71 – 27,196.34	31.94%	7,927.77 – 8,686.90	5,539.00	5,539.00
Total SPV1 value compared to the value the Company will purchase from BNS in proportion				7,927.77 – 8,686.90	5,539.00	5,539.00
2. Valuation of SPV2 group						
1. Seacon Development Public Company Limited	Book Value Approach	4,197.64	2.22%	93.27		
2. Ajinomoto (Thailand) Company Limited	Book Value Approach	40,460.82	2.94%	1,189.54		
3. Thanachart Group Leasing Company Limited	Book Value Approach	405.20	49.00%	198.46		
4. Thanachart Training and Development Company Limited	Book Value Approach	37.95	49.00%	18.60		
5. Security Scib Services Company Limited	Book Value Approach	0.00	49.00%	0.00		
6. Thanachart Management and Service Company Limited	Book Value Approach	9.77	49.00%	4.79		
Total SPV2 value compared to the value the Company will purchase from BNS in proportion				1,504.66	3,367.00	1,986.00
3. Other valuations Related to the purchase of ordinary shares of various companies from BNS after the restructuring						
1. TS Asset Management Company Limited	Book Value Approach	2,463.12	49.00%	1,206.93	1,207.00	1,207.00
2. MBK Public Company Limited	Market Multiple Approach	35,607.50 – 38,471.23	4.85%	1,726.96 – 1,865.85	1,630.00	1,630.00
3. Pathum Rice Mill and Granary Public Company Limited	Market Multiple Approach	7,620.00 – 8,018.96	4.81%	366.52 – 385.71	339.00	339.00
Total value compared to the value the company will purchase from BNS in proportion				3,300.41 – 3,458.50	3,176.00	3,176.00

Company	Valuation Approach	Value of Ordinary Shares (Million Baht)	True holding proportion of BNS through TBANK (%)	Value of Ordinary Shares in Proportion (Million Baht)	Value that the company will purchase from BNS (Million Baht)	Value that BNS receive from the business restructuring ¹
Total value according to item 1. - 3. Compared to the value that the company will buy from BNS in proportion				12,732.85 – 13,650.06	12,082.00 ²	10,701.00

Remark : 1 The Calculation assume the transaction date occurred on 31 December 2019

Based on the above table, it can be seen that the value of the various companies that the company will purchase from BNS in proportion that BNS will receive after the business restructuring which considered as a package that require to buy all the company's shares as a package, is appropriate when compared with the fair value of the ordinary shares of those companies from 12,732.85 – 13,650.06 Million Baht and the selling price under the assumption that transaction occurred on 31 December 2019 of 12,082.00 Million Baht. Thus, IFA opined that it **is appropriate and shareholders of TCAP should approve the purchase of the shares of those companies from BNS**

Section 6 : Summary of the Opinion of the Independent Financial Advisor

Please refer the summary of the IFA's opinion in section 1 : Executive Summary in this IFA's report.

In deciding whether to approve the Assets Acquisition Transaction, the Company's shareholders can consider the information, the reason, and the opinion on each issue as the IFA summarize in this report. However, The decision to approve or disapprove depends on the Company's shareholders discretion.

Silom Advisory Company Limited, as the Independent Financial Advisor, hereby certify that the IFA have considered and studied the information with the information with the prudence and reasonableness according to professional conduct and have opined based on reasonableness and fair basis by accounting the interest of the Company's shareholders.

Yours sincerely,

.....
(Mr.Pitak Kittiakrastien)
Managing Director & Operation Controller
Silom Advisory Company Limited

Attachment 1 : Details of relevant Agreement

1 Agreements for the Sale and Purchase of Ordinary Shares of the Subsidiaries and Other Companies

The Agreements for the Sale and Purchase of Ordinary Shares of the Subsidiaries and Other Companies comprise a total of 9 agreements as follows:

Parties	Acquired Shares
<p>1. Buyers:</p> <ul style="list-style-type: none"> ● TCAP ● BNS <p>Seller: TBANK</p>	<p>492,999,434 ordinary shares of TNI to be sold by TBANK to the following parties:</p> <ul style="list-style-type: none"> ● TCAP at the amount of 251,236,207 shares; ● BNS at the amount of 241,566,203 shares; ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 197,024 shares.
<p>2. Buyers:</p> <ul style="list-style-type: none"> ● TCAP ● BNS <p>Seller: TBANK</p>	<p>1,659,999,930 ordinary shares of TNS to be sold by TBANK to the following parties:</p> <ul style="list-style-type: none"> ● TCAP at the amount of 845,948,410 shares; ● BNS at the amount of 813,388,114 shares; ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 663,406 shares.
<p>3. Buyer:</p> <ul style="list-style-type: none"> ● TCAP ● BNS <p>Seller: TBANK</p>	<p>199,999,997 ordinary shares of TSAMC to be sold by TBANK to the following parties:</p> <ul style="list-style-type: none"> ● TCAP at the amount of 101,921,497 shares; ● BNS at the amount of 97,998,571 shares ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 79,929 shares.
<p>4. Buyer:</p> <ul style="list-style-type: none"> ● TCAP ● BNS 	<p>99,998 ordinary shares of SPV1 to be sold by TBANK to the following parties:</p> <ul style="list-style-type: none"> ● TCAP at the amount of 50,980 shares; ● BNS at the amount of 49,018 shares.

Parties	Acquired Shares
Seller: TBANK	
5. Buyers: <ul style="list-style-type: none"> ● TCAP ● SPV1 Seller: TBANK	2,460,861,562 ordinary shares of THANI to be sold by TBANK to the following parties: <ul style="list-style-type: none"> ● SPV1 at the amount of 2,459,878,098 shares; ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 983,464 shares.
6. Buyer: TBANK Sellers: <ul style="list-style-type: none"> ● TNI ● TNS 	(a) 109,968,000 ordinary shares of MBK, comprising: <ul style="list-style-type: none"> - 34,365,000 shares to be sold by TNI; - 75,603,000 shares to be sold by TNS; (b) 39,224,130 ordinary shares of PRG, comprising: <ul style="list-style-type: none"> - 12,800,000 shares to be sold by TNI; - 26,424,130 shares to be sold by TNS.
7. Buyer: <ul style="list-style-type: none"> ● TCAP ● BNS Sellers: TBANK	(a) 167,797,300 ordinary shares of MBK to be sold to the following parties: <ul style="list-style-type: none"> ● TCAP at the amount of 85,510,760 shares; ● BNS at the amount of 82,219,479 shares; ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 67,061 shares. (b) 58,844,130 ordinary shares of PRG to be sold to the following parties: <ul style="list-style-type: none"> ● TCAP at the amount of 29,987,408 shares; ● BNS at the amount of 28,833,204 shares; ● TCAP for Offering to Minority Shareholders of TBANK at the amount of 23,518 shares.
8. Buyers: SPV2 Seller: TBANK	(a) 260,284 ordinary shares of SEACON; (b) 477,816 ordinary shares of AJNMT; (c) 35,999,994 ordinary shares of TGL;

Parties	Acquired Shares
	(d) 499,993 ordinary shares of TTD; (e) 99,998 ordinary shares of SSV; (f) 599,993 ordinary shares of TMS.
9. Buyers: <ul style="list-style-type: none"> ● TCAP ● BNS Seller: TBANK	Ordinary shares of SPV2 after capital increase to be sold to the following parties: <ul style="list-style-type: none"> ● TCAP at the proportion of approximately 50.96 percent of all shares of SPV2 after capital increase; ● BNS at the proportion of approximately 49.00 percent of all shares of SPV2 after capital increase; ● TCAP for Offering to Minority Shareholders of TBANK at the proportion of approximately 0.04 percent of all shares of SPV2 after capital increase. ●

Key terms and conditions of the Agreements for the Sale and Purchase of Ordinary Shares of the Subsidiaries and Other Companies can be summarized as follows:

Execution Date	After TBANK has successfully established SPV1 and SPV2
Selling Price	The selling price of ordinary shares of the Subsidiaries and Other Companies will be determined from the basis as specified in Section 5.1.
Key Conditions Precedent	The sale and purchase of ordinary shares of the Subsidiaries and Other Companies as mentioned above will take place only if the conditions precedent under the Agreement for the Sale and Purchase of Ordinary Shares of TBANK has been satisfied or waived (as the case may be).
Other Key Conditions	<ul style="list-style-type: none"> ● For the Agreements for the Sale and Purchase of Ordinary Shares of TNI and TNS It is prescribed that, until BNS has disposed the ordinary shares in the companies which BNS acquires under the agreements, TCAP shall undertake to perform the followings: <ul style="list-style-type: none"> (a) TCAP shall not sell, transfer or otherwise dispose or create any third-party right over the ordinary shares of the companies which TCAP acquires under the agreements;

	<p>(b) Except with the prior written consent of TCAP and BNS, both TCAP and BNS shall procure:</p> <ul style="list-style-type: none"> - the Board of Directors of TNI and TNS (including their subsidiaries) not to pass any resolution in connection with the operations or business of the companies; - the management of TNI and TNS (including their subsidiaries) not to make any material decisions in connection with the operations or business of the companies.
Closing Date	The agreements provide that the purchase and sale of shares shall take place before or on the Transaction Date, but before completion of the Sale of TBANK Ordinary Shares.

2. Agreement for the Sale and Purchase of Ordinary Shares of TBANK

Key terms and conditions of the Agreement for the Sale and Purchase of Ordinary Shares of TBANK can be summarized as follows:

Buyer	TMB
Sellers	TCAP and BNS
Shares	At least 6,062,438,397 shares in TBANK, representing 99.96 percent of all issued shares of TBANK
Selling Price	The selling price of ordinary shares of TBANK will be determined from the basis as specified in Section 5.2.
Termination of the Agreement	The parties shall further negotiate to agree on the sale of shares if (1) the initial price increases or decreases from the selling price of TBANK shares which was calculated based on the audited consolidated financial statements as of December 31, 2018 at the ratio of 15 percent or higher, or (2) in the event that TMB's book value after the issuance and offering of shares to accommodate the exercise of TSR and the issuance and offering of shares via private placement based on the consolidated financial statements of TMB as of September 30, 2019 which have been audited by TMB's certified public accountant and financial information prepared by TMB's management for the operating

	<p>results after the end date of such most recent audited consolidated financial statements up to October 31, 2019 increases or decreases from TMB's book value which include the issuance and offering of shares to accommodate the exercise of TSR and the issuance and offering of shares via private placement based on the consolidated for the year ended December 31, 2018 at the ratio of 15 percent or higher. In this regard, if the parties to the agreement fail to mutually agree within the period prescribed in the agreement, the agreement for the sale and purchase of shares shall be terminated.</p>
<p>Key Conditions Precedent</p>	<p>The acquisition of shares in TBANK will take place only after the conditions precedent as specified in the Share Purchase Agreement for Ordinary Shares of TBANK have been satisfied or waived (as the case may be). Such conditions precedent include:</p> <ul style="list-style-type: none"> • The relevant parties and TBANK shall have obtained permissions from the relevant authorities to proceed with the business merger and any other related arrangements as required by laws, including, but not limited to, such permissions from the Bank of Thailand, and the SEC Office, etc. • The relevant parties and TBANK shall have obtained approvals for the relevant matters from their respective shareholders' meetings as required by laws. • The relevant licenses material to the operating of TMB's and TBANK's businesses are still effective as at the Transaction Date. • TBANK has been exempted or waived the right to terminate agreement, damages from breach of agreement, termination fees, or any other expenses from termination of agreement, any damages which are higher than 5 percent of the initial price from

	<p>third parties who are a party to the relevant agreements for the period not less than 12 months from the Transaction Date.</p> <ul style="list-style-type: none"> • TMB's prospectus prepared for the offering of TMB's newly issued ordinary shares to TBANK's shareholders shall have come into effect. • TMB shall have fully and successfully secured necessary financing for the business merger. • TCAP and BNS shall have signed the agreement for the sale and purchase of shares in certain companies in which BNS holds shares, after the completion of the Restructuring. • The Restructuring shall have been completed. • The European Central Bank and The Dutch Central Bank shall have issued a letter of non-objection to the entry to any transactions or arrangements arising from the prescribed transaction in an appropriate form. <p>In this regard, TCAP expects that the above conditions precedent will be satisfied by December 31, 2019 (or such any other date to be mutually agreed upon by the parties), subject to the terms and conditions of the Agreement for the Sale and Purchase of Ordinary Shares of TBANK.</p>
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3. Share Subscription Agreement for Newly Issued Ordinary Shares of TMB

Key terms and conditions of the Share Subscription Agreement for Newly Issued Ordinary Shares of TMB can be summarized as follows:

Subscriber	TCAP and BNS
Issuer	TMB
Shares	At least 27,622,837,416 newly issued ordinary shares of TMB, representing approximately 33.8 percent of total issued shares of TMB (after the offering of its newly issued ordinary shares to (1) holders of TSR (2) private placement investor and (3) all shareholders of TBANK, excluding TMB Stock Retention Program on this occasion).
Subscription price	The subscription price of newly issued ordinary shares of TMB will be determined from the basis specified in Section 5.3.

Key Conditions Precedent	<ul style="list-style-type: none">• The Subscription of TMB Newly Issued Ordinary Shares will take place only after the successful completion of the Sale of TBANK Ordinary Shares between TCAP, BNS, and TMB.• Should the Sale of TBANK Ordinary Shares between TCAP, BNS, and TMB be not able to complete on the date specified in the Agreement for the Sale and Purchase of Ordinary Shares of TBANK, certain provisions in Shares Subscription Agreement for Newly Issued Ordinary Shares of TMB shall terminate and cease to take effect. However, the termination and cessation of such provisions shall not prejudice the rights, obligations, and responsibilities of the parties in respect of making compensation for the non-performance of obligations under the agreement when due and shall not affect any action taken prior to the termination and cessation of the Shares Subscription Agreement for Newly Issued Ordinary Shares of TMB.
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Attachment 2: Information of Thanachart Capital Public Company Limited

1. General information

Company name	: Thanachart Capital Public Company Limited ("TCAP")
Type of Business	: Thanachart Financial Conglomerate. The companies under Thanachart Financial Conglomerate are classified by their types of business into two groups; (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business, and leasing business and (2) supporting business group consisting of brokerage business, service business, and training business.
Registered Number	: 0107536000510
Head office location	: 444 MBK Tower, Floor 16-17, Phayathai Road, Wang Mai, Pathum Wan Bangkok 10330
Authorized share capital	: 11,651,297,030 Baht divided to the Ordinary shares of 1,165,116,547 shares at par value 10.00 Baht and Preferred shares of 13,156 shares at par value of 10 Baht (As of 30 June 2019)
Issued and paid-up share capital	: 11,651,297,030 Baht divided to the Ordinary shares of 1,165,116,547 shares at par value 10.00 Baht and Preferred shares of 13,156 shares at par value of 10 Baht (As of 30 June 2019)

2. Background

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

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

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

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

Thanachart Group saw the synergy potential in merging with Siam City Bank (SCIB) in the areas of human resources, information technology systems, sales and service channels, as well as the right mix of assets. In early 2010, TBANK participated in and won the bidding for buying all the SCIB shares held by the Financial Institution Development Fund (FIDF), which accounted for 47.58 percent of the total shares. In this connection, TBANK received approval from the BOT to hold all the paid-up shares (100 percent) of SCIB. Later, TBANK bought the SCIB shares from FIDF and also made a tender offer to buy the remaining shares from other shareholders, raising TBANK's equity-stake in SCIB to 99.95 percent of the total paid-up shares. In this connection, the SET announced that the shares of SCIB were voluntarily delisted from the stock exchange as from 13 December 2010. Later, TBANK and SCIB jointly proposed the project for the transfer of SCIB's entire business to TBANK. In this connection, the BOT announced the approval of the project in the Government Gazette dated 10 March 2011. The approval was in line with the implementation of the Financial Sector Master Plan Phase 2 announced by the BOT, the objectives of which were to enhance stability and to raise the level of competitiveness of the financial institution system. Afterwards, SCIB transferred its entire business to TBANK and stopped operating its business as from 1 October 2011.

3. General business information

Major businesses of TCAP are as follows:

- 3.1 Commercial Bank Business** is operated under Thanachart Bank Public Company Limited ("TBANK") TBANK operates its commercial banking business in compliance with Financial Institution Business Act B.E. 2551 and other relevant notifications issued by the BOT. It also acts as investment unit distributor for mutual fund, securities brokerage, life/non-life insurance brokerage agent, financial advisor, bond representative, and custodian service. As of 31 December 2018, TBANK has a total of 512 branches, 24 currency exchange booths of which 11 booths are booths in branch and 13 booths are standalone booths, 1,780 Automatic Teller Machines (ATMs), 25 Recycling Machine, 108 Multi-Function Machines, and 89 Passbook Update Machines. TBANK continues to improve and develop its products and services to better serve the various needs of the customers. Its main groups of product and service include Deposits Products, Lending Products, Electronic Products and Services, Payment and Merchant Processing Products, Foreign Exchange Services, and Securities Business Support Services.
- 3.2 Securities Business and Fund Management Business**
- 3.2.1 Securities Business**, is operated under Thanachart Securities Public Company Limited ("TNS"), is provided to customers through TNS. TNS was granted a full license to operate a full range of securities businesses including securities brokerage (domestically and internationally), securities underwriting, investment advisory service, securities borrowing and lending service, financial advisory service, unit trust underwriting, securities registrar, and derivative business Sor 1 (Full Service), which includes future contract broker and future contract buyer and derivatives trading for its proprietary account.
- 3.2.2 Fund Management Business**, is operated under Thanachart Fund Management Company Limited, puts importance and emphasis on a great range of mutual funds products, in order to fully cover all needs of investors in every group and level i.e. retail, wholesale, and institutional investors. The company utilizes many types of distribution channels for sales, such as TBANK's branches and other investment unit distributors which are financial institutions licensed by the SEC.
- 3.3 Insurance Business** can be divided into two key areas which are:
- 3.3.1 Non-life insurance Business**, is operated under Thanachart Insurance Public Company Limited which provides all types of casualty insurance services.
- 3.3.2 Life insurance Business**, is operated under MBK Life Assurance Public Company Limited which provides all types of life and health insurance services for individual, institutional, and corporate customers.
- 3.4 Asset Management Business** is operated under NFS Asset Management Company Limited and MAX Asset Management Company Limited. They operate the asset management business by buying or taking transfers of non-performing assets including collateral of those assets of financial

institutions and financial institutions which have been closed down, for the purpose of managing or selling them. They are also engaged in other related businesses which are permitted by the Ministry of Finance's notifications or the law related to the asset management corporation or other related laws. Moreover, TCAP also set up TS Asset Management Company Limited in order to operate the distressed asset management business particularly for non-performing loans and foreclosed assets transferred from SCIB.

3.5 Leasing Business is operated under Ratchthani Leasing Public Company Limited which offers hire purchase and financial lease in both new and used car markets for passenger cars. Moreover, it places emphasis on commercial vehicles including pick-up truck, taxi, trailer, and big lorry, among others. It also does business connected to hire purchase and financial lease which are its main businesses. Moreover, it offers after-sales services which are connected to its main businesses consisting of hire purchase and financial lease. Among others, the services include annual tax registration renewal, coordination on renewal of insurance policies, as well as technical check of car prior to tax registration renewal.

The Income structure of TCAP based on the consolidated financial statements as of 31 December 2016 – 2018 and as of 30 June 2018 and 2019 was as follows:

	Audited Financial Statement						Financial Statement			
	2016 (Million Baht)		2017 (Million Baht)		2018 (Million Baht)		6M/2018 (Million Baht)		6M/2019 (Million Baht)	
Interest Income										
Interbank and Money Market Items	1,347	3.31	1,391	3.27	1,779	4.03	931	4.17	949	4.19
Investments and Trading Transactions	220	0.54	238	0.56	257	0.58	119	0.53	159	0.70
Investments in Debt Securities	3,571	8.77	3,191	7.49	2,689	6.09	1,323	5.93	1,335	5.90
Loans to Customers	18,362	45.12	17,786	41.78	17,579	39.79	8,718	39.07	8,527	37.68
Hire Purchase and Financial Lease	21,708	53.34	22,075	51.85	24,255	54.91	11,781	52.79	13,415	59.28
Total Interest Income	45,208	111.08	44,681	104.95	46,559	105.40	22,872	102.50	24,385	107.75
Interest Expenses	16,740	41.13	15,511	36.43	15,792	35.75	7,792	34.92	8,391	37.08
Net Interest Income	28,468	69.95	29,170	68.52	30,767	69.65	15,080	67.58	15,994	70.67
Non - interest Income										
Net Fees and Service Income	5,888	14.47	5,890	13.84	6,658	15.07	3,278	14.69	2,967	13.11
Gains on Trading and Foreign Exchange Transactions	459	1.13	665	1.56	310	0.70	167	0.75	370	1.63
Gains on Investments	1,061	2.61	1,908	4.48	459	1.04	860	3.85	437	1.93
Share of Profit from Investments Accounted for Under Equity Method	395	0.97	337	0.79	543	1.23	179	0.80	140	0.62
Gains (Losses) on Property Foreclosed and Other Assets	(48)	(0.12)	52	0.12	588	1.33	271	1.21	201	0.89
Net Insurance / Life Insurance Income	2,659	6.53	2,605	6.12	2,808	6.36	1,433	6.42	1,229	5.43
Dividend Income	496	1.22	557	1.31	502	1.14	344	1.54	356	1.57
Other Operating Income	1,321	3.24	1,388	3.26	1,540	3.48	703	3.15	937	4.14
Total Non - interest Income	12,231	30.05	13,402	31.48	13,408	30.35	7,235	32.42	6,637	29.33
Net Operating Income	40,699	100.00	42,572	100.00	44,175	100.00	22,315	100.00	22,631	100.00

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

4. Board of Directors

TCAP has 9 Board of Directors as of 31 December 2018.

	Name	Position
1.	Mr. Banterng Tantivit	Chairman
2.	Mr. Suphadej Poonpipat	Chairman of the Executive Committee / Vice Chairman
3.	Mr. Somjate Moosirilert	Chief Executive Officer / Director
4.	Mr. Vichit Yanamorn	Director
5.	Mr. Teeranun Srihong	Director
6.	Ms. Suvarnapha Suvarnaprathi	Director
7.	Mrs. Siripen Sitasuwan	Independent Director / Chairman of Audit Committee
8.	Mr. Tiraphot Vajrabhaya	Independent Director / Audit Committee
9.	Mr. Prinya Hom-anek	Independent Director / Audit Committee

Source :www.set.or.th

5. Shareholder Structure

TCAP's major shareholders as of 2 May 2019.

	List of shareholders	No. of Share	Percentage
1.	THAI NVDR Company Limited	192,151,884	16.49
2.	MBK PUBLIC COMPANY LIMITED	129,914,400	11.15
3.	STATE STREET EUROPE LIMITED	73,558,723	6.31
4.	N.C.B.TRUST LIMITED-NORGES BANK 5	33,803,800	2.90
5.	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	28,209,600	2.42
6.	BNY MELLON NOMINEES LIMITED	25,157,195	2.16
7.	THANACHART CAPITAL PUBLIC COMPANY LIMITED	19,467,000	1.67
8.	SE ASIA (TYPE B) NOMINEES LLC	18,055,217	1.55
9.	STATE STREET BANK AND TRUST COMPANY	15,456,200	1.33
10.	NORTRUST NOMINEES LTD-CL AC	14,467,956	1.24

Source :www.set.or.th

6. Financial Statement

6.1 Statement of Financial Position

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Assets								
Cash	12,077.05	1.25	11,453.28	1.12	11,021.90	1.04	8,759.61	0.81
Interbank and money market items - net	48,734.08	5.04	95,918.18	9.35	99,117.36	9.34	89,535.23	8.30
Derivatives assets	3,564.24	0.37	2,889.21	0.28	2,005.39	0.19	3,815.21	0.35
Investments - net	186,928.04	19.33	178,702.65	17.43	170,436.99	16.06	175,885.79	16.31
Investments in subsidiary and associated companies - net	2,889.92	0.30	2,827.33	0.28	3,026.90	0.29	3,256.13	0.30
Loans to customers	740,219.16	76.56	767,889.65	74.88	820,771.23	77.36	839,553.17	77.84
Accrued interest receivables	630.78	0.07	601.20	0.06	656.97	0.06	635.36	0.06
Total loans to customers and accrued interest receivables	740,849.94	76.62	768,490.85	74.94	821,428.20	77.43	840,188.52	77.90
Less: Deferred revenue	(48,173.47)	(4.98)	(55,128.59)	(5.38)	(66,158.69)	(6.24)	(69,805.71)	(6.47)
Allowance for doubtful accounts	(25,153.03)	(2.60)	(24,517.15)	(2.39)	(24,144.38)	(2.28)	(23,120.93)	(2.14)
Revaluation allowance for debt restructuring	(1.98)	(0.00)	(0.98)	(0.00)	(0.60)	(0.00)	(0.36)	(0.00)
Net loans to customers and accrued interest receivables	667,521.46	69.04	688,844.14	67.17	731,124.52	68.91	747,261.53	69.29
Customers' liability under acceptances	9.54	0.00	9.82	0.00	9.16	0.00	0.94	0.00
Property foreclosed - net	4,991.81	0.52	4,747.09	0.46	4,822.44	0.45	5,755.87	0.53
Land, premises and equipment - net	9,604.93	0.99	8,677.96	0.85	8,042.89	0.76	10,899.62	1.01
Intangible assets - net	2,709.28	0.28	2,263.01	0.22	1,850.15	0.17	1,660.10	0.15
Goodwill	17,439.11	1.80	17,636.60	1.72	17,799.20	1.68	17,867.01	1.66
Deferred tax assets	1,089.44	0.11	908.09	0.09	779.11	0.07	697.23	0.06
Receivables from purchase and sale of securities	1,125.86	0.12	3,126.78	0.30	2,639.54	0.25	5,423.22	0.50

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Other assets - net	8,182.23	0.85	7,520.78	0.73	8,253.63	0.78	7,707.89	0.71
Total assets	966,866.99	100.00	1,025,524.92	100.00	1,060,929.17	100.00	1,078,525.38	100.00
Liabilities and equity								
Deposits	676,455.82	69.96	716,091.09	69.83	751,916.96	70.87	724,522.94	67.18
Interbank and money market items	65,700.88	6.80	82,342.80	8.03	71,922.70	6.78	80,597.33	7.47
Liability payable on demand	1,986.43	0.21	1,988.66	0.19	1,163.17	0.11	1,873.73	0.17
Derivatives liabilities	4,912.49	0.51	2,867.63	0.28	2,097.02	0.20	2,969.19	0.28
Debts issued and borrowings	61,704.16	6.38	51,595.58	5.03	55,012.91	5.19	79,128.21	7.34
Bank's liability under acceptances	9.54	0.00	9.82	0.00	9.16	0.00	0.94	0.00
Provisions	3,676.95	0.38	3,679.32	0.36	3,914.64	0.37	4,652.60	0.43
Deferred tax liabilities	1,002.99	0.10	1,323.47	0.13	1,402.53	0.13	2,482.32	0.23
Accrued interest payables	2,148.80	0.22	2,453.22	0.24	2,276.93	0.21	2,039.78	0.19
Insurance contracts liabilities	14,593.74	1.51	14,641.10	1.43	14,061.57	1.33	13,865.77	1.29
Payables from purchase and sale of securities	0.00	0.00	2,258.57	0.22	1,324.84	0.12	3,478.51	0.32
Other liabilities	14,823.82	1.53	16,203.39	1.58	17,908.47	1.69	17,481.35	1.62
Total liabilities	847,015.62	87.60	895,454.65	87.32	923,010.91	87.00	933,092.68	86.52
Equity								
Share capital								
Registered, issued and paid-up								
13,216 preferred shares of Baht 10 each	0.13	0.00	0.13	0.00	0.13	0.00	0.13	0.00
1,165,116,487 common shares of Baht 10 each								
(2017: 1,206,466,487 common shares of Baht 10 each)	12,064.67	1.25	12,064.67	1.18	11,651.17	1.10	11,651.17	1.08

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Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
	12,064.80	1.25	12,064.80	1.18	11,651.30	1.10	11,651.30	1.08
Premium on common share	2,065.65	0.21	2,065.65	0.20	2,065.65	0.19	2,065.65	0.19
Other components of equity	2,449.90	0.25	3,067.41	0.30	2,352.25	0.22	4,339.00	0.40
Retained earnings								
Appropriated - statutory reserve	1,277.83	0.13	1,277.83	0.12	1,277.83	0.12	1,277.83	0.12
- treasury share reserve	1,399.91	0.14	1,399.91	0.14	764.98	0.07	999.96	0.09
Unappropriated	39,032.71	4.04	43,544.72	4.25	48,388.38	4.56	50,258.13	4.66
Less: Treasury shares - common shares	(1,399.91)	(0.14)	(1,399.91)	(0.14)	(764.98)	(0.07)	(999.96)	(0.09)
Equity attributable to owners of the Company	56,890.88	5.88	62,020.40	6.05	65,735.41	6.20	69,591.91	6.45
Non-controlling interests	62,960.49	6.51	68,049.87	6.64	72,182.86	6.80	75,840.79	7.03
Total equity	119,851.37	12.40	130,070.27	12.68	137,918.26	13.00	145,432.70	13.48
Total liabilities and equity	966,866.99	100.00	1,025,524.92	100.00	1,060,929.17	100.00	1,078,525.38	100.00

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.2 Statement of comprehensive income

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Revenue from services										
Interest income	45,208.31	101.10	44,681.32	94.42	46,558.98	94.69	22,872.49	92.57	24,385.21	96.46
Interest expenses	(16,740.32)	(37.44)	(15,510.96)	(32.78)	(15,791.75)	(32.12)	(7,792.13)	(31.54)	(8,390.99)	(33.19)
Net interest income	28,468.00	63.67	29,170.37	61.64	30,767.23	62.58	15,080.37	61.04	15,994.22	63.27
Fees and service income	8,803.26	19.69	9,097.43	19.22	10,243.73	20.83	5,047.00	20.43	4,815.91	19.05
Fees and service expenses	(2,914.93)	(6.52)	(3,207.41)	(6.78)	(3,586.10)	(7.29)	(1,769.04)	(7.16)	(1,849.34)	(7.32)
Net fees and service income	5,888.33	13.17	5,890.02	12.45	6,657.63	13.54	3,277.96	13.27	2,966.57	11.74
Gains on trading and foreign exchange transactions	459.23	1.03	664.99	1.41	309.74	0.63	167.45	0.68	369.55	1.46
Gains on investments	1,060.79	2.37	1,908.24	4.03	458.99	0.93	859.54	3.48	437.20	1.73
Share of profit from investments accounted for under equity method	394.46	0.88	336.90	0.71	542.61	1.10	178.83	0.72	139.68	0.55
Gains (losses) on property foreclosed and other assets	(47.76)	(0.11)	51.85	0.11	588.49	1.20	270.97	1.10	201.18	0.80
Insurance/Life insurance income	6,675.30	14.93	7,355.88	15.54	7,800.93	15.87	3,825.55	15.48	3,877.97	15.34
Dividend income	496.12	1.11	557.47	1.18	502.52	1.02	344.17	1.39	355.90	1.41
Other operating income	1,320.55	2.95	1,387.14	2.93	1,539.61	3.13	702.84	2.84	937.20	3.71
Total Operating Income	44,715.02	100.00	47,322.86	100.00	49,167.74	100.00	24,707.67	100.00	25,279.46	100.00
Insurance expenses	(4,016.08)	(8.98)	(4,750.95)	(10.04)	(4,992.68)	(10.15)	(2,392.88)	(9.68)	(2,648.31)	(10.48)
Net operating income	40,698.94	91.02	42,571.91	89.96	44,175.06	89.85	22,314.80	90.32	22,631.15	89.52
Employee's expenses	11,875.75	26.56	12,202.01	25.78	11,413.34	23.21	5,800.14	23.48	6,516.21	25.78
Directors' remuneration	82.37	0.18	92.74	0.20	101.81	0.21	77.17	0.31	84.44	0.33
Premises and equipment expenses	3,080.91	6.89	2,835.02	5.99	2,629.45	5.35	1,302.38	5.27	1,288.96	5.10

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Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Taxes and duties	775.24	1.73	745.87	1.58	733.02	1.49	367.11	1.49	358.95	1.42
Other expenses	5,211.13	11.65	4,960.28	10.48	6,101.75	12.41	3,026.25	12.25	2,598.05	10.28
Total other operating expenses	21,025.39	47.02	20,835.92	44.03	20,979.37	42.67	10,573.04	42.79	10,846.60	42.91
Impairment loss of loans and debt securities (reversal)	6,209.86	13.89	6,236.18	13.18	4,784.66	9.73	2,879.06	11.65	1,942.82	7.69
Profit (loss) before income tax	13,463.70	30.11	15,499.81	32.75	18,411.03	37.45	8,862.69	35.87	9,841.73	38.93
Income tax	(852.26)	(1.91)	(1,158.65)	(2.45)	(2,604.47)	(5.30)	(808.38)	(3.27)	(1,974.68)	(7.81)
Profit (loss) for the period	12,611.44	28.20	14,341.16	30.30	15,806.55	32.15	8,054.31	32.60	7,867.06	31.12
Other comprehensive income										
<i>Transactions that will be reclassified subsequently to profit or loss</i>										
Gains (losses) on change in value of available-for-sale investments	(1,368.96)	(3.06)	1,330.35	2.81	(1,460.91)	(2.97)	(1,544.19)	(6.25)	1,294.93	5.12
Share of other comprehensive income (loss) of an associate	101.21	0.23	32.78	0.07	(93.73)	(0.19)	(25.23)	(0.10)	(38.02)	(0.15)
Income tax relating to components of other comprehensive income (loss)	268.42	0.60	(267.44)	(0.57)	297.07	0.60	310.22	1.26	(296.04)	(1.17)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>										
Surplus on revaluation of assets	1,620.86	3.62	-	-	-	-	-	-	3,285.62	13.00
Share of other comprehensive income (loss) of an associate	400.65	0.90	-	-	(0.16)	(0.00)	(0.16)	(0.00)	255.85	1.01
Actuarial gains (losses) on defined benefit plan	13.39	0.03	(235.78)	(0.50)	3.54	0.01	-	-	(5.63)	(0.02)
Income tax relating to components of other comprehensive income (loss)	(349.69)	(0.78)	46.56	0.10	0.24	0.00	(0.00)	(0.00)	(669.92)	(2.65)
Total other comprehensive income (loss)	685.87	1.53	906.47	1.92	(1,253.95)	(2.55)	(1,259.36)	(5.10)	3,826.79	15.14
Total comprehensive income (loss)	13,297.31	29.74	15,247.63	32.22	14,552.60	29.60	6,794.95	27.50	11,693.85	46.26

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Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019*	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Profit (loss) attributable to										
The Company	6,012.73	13.45	7,001.17	14.79	7,839.43	15.94	3,949.67	15.99	3,914.75	15.49
Non-controlling interests	6,598.71	14.76	7,339.99	15.51	7,967.12	16.20	4,104.65	16.61	3,952.31	15.63
	12,611.44	28.20	14,341.16	30.30	15,806.55	32.15	8,054.31	32.60	7,867.06	31.12
Total comprehensive income (loss) attributable to										
The Company	6,510.03	14.56	7,515.43	15.88	7,142.97	0.01	3,273.68	13.25	5,924.54	23.44
Non-controlling interests	6,787.28	15.18	7,732.20	16.34	7,409.63	0.02	3,521.28	14.25	5,769.30	22.82
	13,297.31	29.74	15,247.63	32.22	14,552.60	0.03	6,794.95	27.50	11,693.85	46.26
Earnings per share of the Company										
Basic earnings per share (Baht per share) (loss)	5.16		6.01		6.74		3.39		3.42	
Diluted earnings per share (Baht per share) (loss)	5.16		6.01		6.74		3.39		3.42	

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.3 Statement of cash flows

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Cash flows from operating activities				
Profit (loss) before income tax	13,463.70	15,499.81	18,411.03	5,107.07
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(394.46)	(336.90)	(542.61)	(59.32)
Depreciation and amortization	1,615.96	1,583.57	1,472.40	333.91
Impairment loss of loans and debt securities (reversal)	6,209.86	6,236.18	4,784.66	991.28
Increase in provisions	728.73	676.62	759.90	182.91
Increase (decrease) in allowance for impairment of property foreclosed	182.85	232.15	(100.14)	22.28
Interest income from assets transferred for debt settlement	0.00	0.00	0.00	(1.23)
Increase (decrease) in allowance for impairment of equipment/other assets	(14.90)	10.23	29.23	12.67
Loss from revaluation on land	13.64	0.00	0.00	0.00
Unrealized loss (gain) from change in value of investments / allowance for impairment of investments	120.88	(106.27)	199.59	(51.27)
Gain from disposal of investment in an associated company	0.00	(443.03)	(37.89)	0.00
Unrealized loss on exchange	299.50	1,455.89	132.87	152.98
Loss (gain) on disposal of land, premises and equipment	17.37	18.67	(25.56)	(0.77)
Decrease (increase) in accrued other income receivable	30.66	87.24	(468.42)	251.98
Net interest income	(28,468.00)	(29,170.37)	(30,767.23)	(7,921.83)
Dividend income	(496.12)	(557.47)	(502.52)	(119.14)
Cash received from interest on operating activities	41,554.07	41,570.83	43,917.35	11,431.97
Cash paid for interest on operating activities	(14,403.50)	(12,349.14)	(13,682.20)	(4,103.06)
Cash paid for income tax	(982.38)	(1,170.01)	(1,548.87)	(111.94)
Income from operating activities before changes in operating assets and liabilities (loss)	19,477.85	23,238.02	22,031.59	6,118.48
Decrease (increase) in operating assets				

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Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Interbank and money market items	9,527.24	(47,365.47)	(3,132.91)	(8,109.66)
Derivatives assets	2,427.33	1,111.36	1,230.12	488.89
Investments in trading securities	(5,644.95)	(2,823.03)	612.95	(3,775.41)
Loans to customers	9,841.11	(33,505.82)	(53,456.77)	(12,706.63)
Property foreclosed	6,555.99	5,291.67	6,284.13	984.36
Receivables from purchase and sale of securities	(213.53)	(2,000.92)	487.24	(1,114.71)
Other assets	(653.01)	9.08	(872.90)	(571.48)
Increase (decrease) in operating liabilities				
Deposits	7,001.34	39,635.27	35,825.87	(8,357.88)
Interbank and money market items	(20,078.50)	16,508.55	(10,251.11)	3,569.23
Liability payable on demand	(215.16)	2.23	(825.49)	848.23
Derivatives liabilities	(2,495.40)	(1,744.88)	(1,444.26)	(537.82)
Payable from purchase and sales of securities	293.78	(107.72)	(1,126.18)	1,194.55
Insurance contract liabilities	(7.96)	47.36	(579.53)	45.94
Other liabilities	(905.18)	3,057.36	574.32	(3,520.23)
Net cash flows from (used in) operating activities	24,910.95	1,353.05	(4,642.94)	(25,444.14)
Cash flows from investing activities				
Decrease (Increase) in investments in securities	1,576.37	11,294.33	6,390.74	22,542.90
Cash received from disposal of investment in an associated company	0.00	709.28	58.45	0.00
Cash received from interest	3,920.52	3,830.28	2,781.49	344.21
Cash received from dividend	743.46	805.19	752.90	32.74
Cash paid for purchase of premises and equipment/ intangible assets	(1,265.57)	(654.54)	(479.57)	(84.84)
Cash received from disposal of premises and equipment	70.93	23.83	55.71	1.75

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Net cash flows from investing activities	5,045.72	16,008.38	9,559.71	22,836.76
Cash flows from financing activities				
Cash received from debts issued and borrowings	13,689.31	13,223.57	17,620.20	4,938.08
Cash paid for debts issued and borrowings	(36,914.03)	(23,332.16)	(14,202.87)	(3,175.64)
Cash paid for interest expenses on debts issued and borrowings	(3,326.49)	(2,770.33)	(2,250.09)	(490.17)
Cash received from non-controlling interests for issuance shares of subsidiary companies	34.30	0.00	0.00	0.00
Cash paid for dividend	(2,212.84)	(2,445.63)	(2,678.82)	0.00
Cash paid for treasury shares	0.00	0.00	(572.53)	(234.98)
Cash paid for dividend to non-controlling interests	(2,487.23)	(2,660.64)	(3,264.06)	(78.41)
Net cash flows from (used in) financing activities	(31,216.98)	(17,985.18)	(5,348.16)	958.88
Net increase (decrease) in cash	(1,260.32)	(623.76)	(431.39)	(1,648.50)
Cash at beginning of the period	13,337.37	12,077.05	11,453.28	11,021.90
Cash at end of the period	12,077.05	11,453.28	11,021.90	9,373.40
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	5,368.52	4,793.31	6,126.70	1,740.08
Bad debt written-off	6,708.75	7,672.96	5,653.98	865.39
Payable from purchase of assets	61.22	33.27	83.61	15.45

6.4 Financial Ratios

Financial Ratios	Unit	Consolidated financial statements			Consolidated financial statements as of 30 June
		as of 31 December			
		2016	2017	2018	2019
Profitability ratio					
Gross Profit Margin	%	62.17	63.81	62.17	64.93
Net Profit Margin	%	20.90	23.40	24.87	22.15
Return on Equity ⁽¹⁾	%	10.89	11.80	12.25	11.58 ⁽⁵⁾
Interest Income ⁽²⁾	%	5.55	5.46	5.34	5.22
Interest Expense ⁽³⁾	%	2.05	1.90	1.88	1.90
Interest Margin	%	3.50	3.56	3.50	3.32
Efficiency ratio					
Net interest income to asset Ratio	%	2.91	2.95	3.01	2.99 ⁽⁵⁾
Return on Asset	%	1.29	1.45	1.54	1.48 ⁽⁵⁾
Total Asset Turnover	times	0.06	0.06	0.06	0.07 ⁽⁵⁾
Financial policy ratio					
Debt to Equity Ratio	Times	7.07	6.88	6.69	6.42
Loans to Borrowings	%	93.50	92.61	93.38	94.95
Loans to Deposits	%	102.30	99.53	100.36	106.24
Deposits to Total Liabilities	%	70.86	79.97	81.46	77.65
Asset quality ratio					
Allowance for doubtful debts to Total Loans	%	3.63	3.44	3.20	3.00
Bad debt to Total Loans	%	0.97	1.08	0.75	0.50
NPL-gross to Total Loans ⁽⁴⁾	%	2.41	2.40	2.40	2.40
Accrued Interest Receivable to Total Loans	%	0.09	0.08	0.09	0.08
Per Share (Baht)					
Book Value per Share	Baht	48.83	53.23	57.15	59.73
Earnings per Share	Baht	5.16	6.01	6.74	3.42

Remark: (1) Return on Equity = (Net Income of TCAP / Average of Shareholders' Equity of TCAP)

(2) Interest Income = (Interest Income + Interest Income from Hire Purchase and Financial Lease + Interest Income from Interbank and Money Market Items) / (Loans to customers - Deferred revenue + Average of Interbank and money market items - net)

(3) Interest Expense = Interest Expense / (Average of Deposits+ Interbank and money market items - net + Liability payable on demand + Debts issued and borrowings)

(4) % NPLs to total loans used the guidelines specified in the BoT's notification

(5) Financial Ratio Calculation of 6M/2019 was annualized for the purpose of comparison.

7. Analysis of financial position and performance

7.1 Overview of Performance

The Company operates as the holding company and thus is the parent company of Thanachart Financial Business Conglomerate. The Company's performance is mainly from the performance of TBANK and its subsidiaries. The Company holds shares in TBANK 50.96 percent. As a result, profit attributable to the Company is calculated from the proportion shareholding of the Company in each subsidiary company. In order to compare its operating results with other companies' in the industry, the financial information presented in this report is based on consolidated financial statements. In 2018, the Company and its subsidiaries' net profit according to the consolidated financial statements amounted to 15,806 million baht, an increase of 1,465 million baht or 10.22 percent from the previous year. The increase was the fourth consecutive year of net profit growth. This was mainly from the increase in net operating income. Net interest income increased from loan growth while non-interest income increased from net fees and service income. From the Group's effective management of asset quality, its impairment loss of loans and debt securities declined. At the same time, operating expenses increased slightly from decent cost management. As a result, profit before tax of the Company and its subsidiaries increased by 18.78 percent. However, income tax increased due to the fact that Thanachart Bank fully utilized all of its tax benefit in May 2018.

On assets side, TCAP had a loan growth of 5.87 percent from the end of last year. The growth was mainly from retail loans, especially hire purchase loans and SME loans. Deposits increased from the increase in savings deposits. As a result, CASA ratio accounted for 48.50 percent, an increase from 42.92 at the end of the previous year. On asset quality, NPL ratio was at 2.40 percent, stable from the previous year. Coverage ratio was at 120.49 percent. In 2018, net profit attributable to the Company was 7,839 million baht, an increase of 838 million baht or 11.97 percent from the previous year. Earnings per share (EPS) was 6.74 baht, an increase from 6.01 baht. Return on average assets (ROAA) and return on average equity (ROAE) of the Company's shareholders were at 1.54 percent and 12.25 percent, respectively.

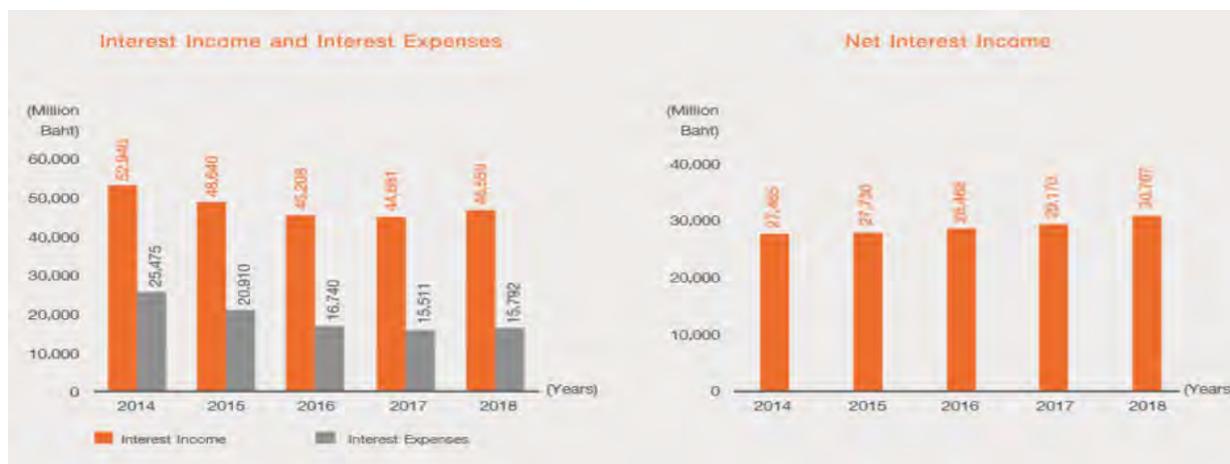
7.1.1 Net Interest Income

In 2018, the Company and its subsidiaries had 30,767 million baht in net interest income, an increase of 1,597 million baht or 5.47 percent from the previous year. The composition of interest incomes and expenses are as follow:

Net Interest Income (Unit: Million Baht)	For the year		Change	
	2018	2017	Increase / (Decrease)	percentage
Interest Income				
Interbank and Money Market Items	1,779	1,391	388	27.89
Investments and Trading Transactions	257	238	19	7.98
Investments in Debt Securities	2,689	3,191	(502)	(15.73)
Loans to Customers	17,579	17,786	(207)	(1.16)

Net Interest Income (Unit: Million Baht)	For the year		Change	
	2018	2017	Increase / (Decrease)	percentage
Hire Purchase and Financial Lease	24,255	22,075	2,180	9.88
Total Interest Income	46,559	44,681	1,878	4.20
Interest Expenses				
Deposits	9,063	8,698	365	4.20
Interbank and Money Market Items	997	791	206	26.04
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,482	3,348	134	4.00
Debts Issued and Borrowings	2,238	2,666	(428)	(16.05)
Borrowing Cost	12	8	4	50.00
Total Interest Expenses	15,792	15,511	281	1.81
Net Interest Income	30,767	29,170	1,597	5.47

An increase in net interest income is from the growth in interest income which is higher than the growth in interest expense. The increase in interest income was from the expansion of loans, especially the hire purchase loans and the increase in yield on earning assets from 4.80 percent to 4.82 percent. On the other hand, the increase in interest expense was mainly from the cost of fund management under TBANK's liquidity management strategy and the increase in market interest rate. According to that, Interest Margin was at 2.94 percent, an increase from 2.90 percent in the end of last year.



The interest margin rate, interest income rate, and interest expense rate were as follows:

Interest Rate Margin	Unit	For the Year	
		2018	2019
Interest Income ⁽¹⁾	%	4.80%	4.82%
Interest Expense ⁽²⁾	%	1.90%	1.88%
Interest Margin	%	2.90%	2.94%

Remark: (1) Interest Income = (Interest Income + Interest Income from Hire Purchase and Financial Lease + Interest Income from Interbank and Money Market Items) / (Loans to customers - Deferred revenue + Average of Interbank and money market items - net)

(2) Interest Expense = Interest Expense / (Average of Deposits+ Interbank and money market items - net + Liability payable on demand + Debts issued and borrowings)

For the first six-month period of 2019, TCAP's net interest income was 15,994 million baht, an increase of 914 million baht or 6.06 percent from the same quarter last year. The increase in net interest income is owing to the increase in revenue from Hire Purchase and Financial Lease.

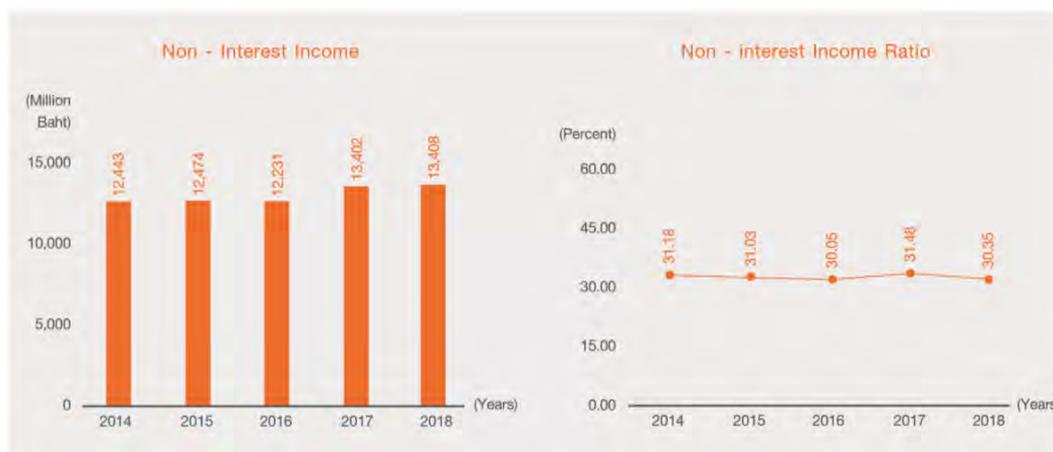
7.1.2 Non-interest Income

Non-interest income of the Company and its subsidiaries in 2018 amounted to 13,408 million baht, an increase of 6 million baht or 0.04 percent from the previous year. The composition of Non-interest incomes and expenses are as follow:

Non-interest Income (Unit: Million Baht)	For the Year		Change	
	2017	2018	Increase/ (Decrease)	Percentage
Fees and Service Income	9,097.00	10,244.00	1,147.00	12.61
Fees and Service Expenses	3,207.00	3,586.00	379.00	11.82
Net Fees and Service Income	5,890.00	6,658.00	768.00	13.04
Gains on Trading and Foreign Exchange Transactions	665.00	310.00	(355.00)	(53.38)
Gains on Investments	1,908.00	459.00	(1,449.00)	(75.94)
Share of Profit from Investments Accounted for Under Equity Method	337.00	543.00	206.00	61.13
Gains on Properties Foreclose and Other Assets	52.00	588.00	536.00	1,030.77
Net Insurance/Life Insurance Income	2,605.00	2,808.00	203.00	7.79
Dividend Income	557.00	502.00	(55.00)	(9.87)
Other Operating Income	1,388.00	1,540.00	152.00	10.95
Total Other Operating Income	7,512.00	6,750.00	(762.00)	(10.14)
Total Non-interest Income	13,402.00	13,408.00	6.00	0.04

The increase in Non-interest income is mainly from the increase in net fees and services income in which net fees and service income, in 2018, amounted to 6,658 million baht, an increase of 768 million baht or 13.04 percent. This was mainly due to the increases in fund management fees and commission received from selling insurance / life insurance. However, other operating income amounted to 6,750 million baht, a decrease of 762 million baht or 10.14 percent. The main reasons were from: the decrease in Gains on investment, Gains on trading and foreign exchange transactions, and Dividend Income.

Non-interest income ratio of 2018 was at 30.35 percent, a decrease from 31.48 percent of the previous year. The decrease was a result of the increase in net interest income at a higher rate than that of the non-interest income.



For the first six-month period of 2019, Non-interest income of TCAP amounted to 6,637 million baht, a decrease of 598 million baht or 8.27 percent from the same quarter last year. This was mainly due to the decrease in brokerage fees, and the decrease in gain on investment.

7.1.3 Other Operating Expenses

In 2018, other operating expenses of the Company and its subsidiaries amounted to 20,979 million baht, an increase of 143 million baht or 0.69 percent from the previous year. The composition of other operating expense is as follow:

Other operating expense (Unit: Million Baht)	For the year		Change	
	2017	2018	Increase/ (Decrease)	Percentage
Employee's Expenses	11,981.00	11,171.00	(810.00)	(6.76)
Premises and Equipment Expenses	2,806.00	2,602.00	(204.00)	(7.27)
Taxes and Duties	726.00	713.00	(13.00)	(1.79)
Directors' Remuneration	53.00	58.00	5.00	9.43
Other Expenses	4,871.00	5,981.00	1,110.00	22.79
Total Other Operating Expenses	20,437.00	20,525.00	88.00	0.43

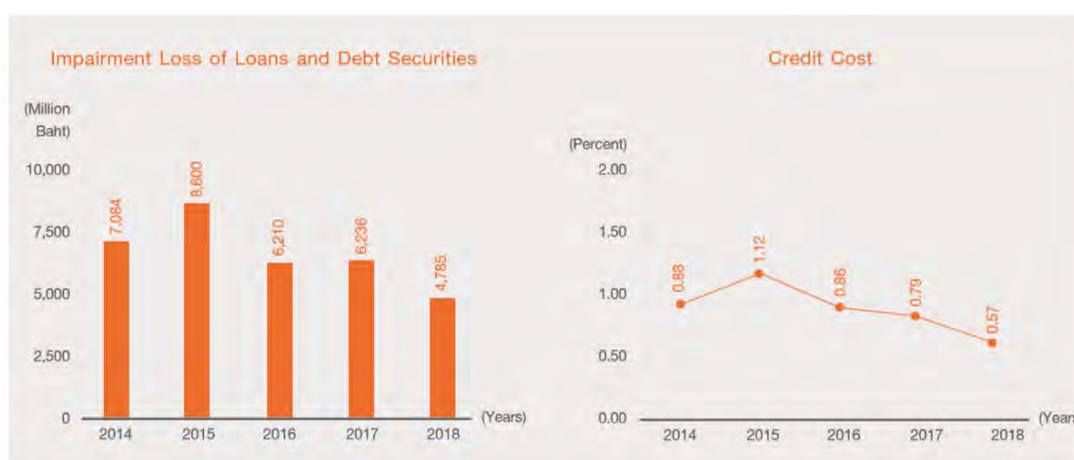
In 2018, other operating expenses of the Company and its subsidiaries amounted to 20,979 million baht, an increase of 143 million baht or 0.69 percent from the previous year, due to the effective cost management. As a result, cost to income ratio of 2018 was at 47.49 percent, a decrease from the previous year of 48.94 percent.

For the first six-month period of 2019, other operating expenses of TCAP amounted to 10,846 million baht, an increase of 273 million baht or 2.58 percent from the same period last year. This was from one-time expenses for retirement pension and severance payment. As a result, cost to income ratio in the first six-month period of 2019 was 47.93 percent. If such expenses were excluded, operating expenses decreased by 4.56 percent and cost to income ratio was 44.59 percent, a decrease from the same period last year of 47.38 percent.

7.1.4 Impairment Loss of Loans and Debt Securities

In 2018, TCAP had impairment loss of loans and debt securities in the amount of 4,785 million baht, a decrease of 1,451 million baht or 23.27 percent from the previous year. As a result, credit cost was at 0.57 percent, a decrease from the previous year of 0.79 percent.

Impairment Loss of Loans and Debt Securities	Unit	For the year		Change	
		2017	2018	Increase/ (Decrease)	Percentage
Impairment Loss of Loans and Debt Securities	Million Baht	6,236	4,785	(1,451)	(23.27)
Credit Cost	Percentage	0.79	0.57	0.22	(27.85)



For the first six-month period of 2019, the Company and its subsidiaries had impairment loss of loans and debt securities amounting to 1,943 million baht, a decrease of 936 million baht or 32.51 percent from the same period last year. Credit cost was at 0.46 percent, a decrease from 0.69 percent.

Impairment Loss of Loans and Debt Securities	Unit	For the year		Change	
		6M/2018	6M/2019	Increase/ (Decrease)	Percentage
Impairment Loss of Loans and Debt Securities	Million Baht	2,879	1,943	(936)	(32.51)
Credit Cost	Percentage	0.69	0.46	(0.23)	(33.33)

7.1.5 Net Profit

For the year of 2016 – 2018, net profit of TCAP were 12,611.44 million baht, 14,341.16 million baht, and 15,806.55 million baht, respectively, which was accounting for the growth of 13.72 percent in 2017, and 10.22 percent in 2018. The main reason for the growth in TCAP's net profit was mainly from the revenue from its operation.

For the first six-month period of 2019, TCAP's net profit was 7,867.48 million baht which decreased from the net profit of the six-month period of 2018 which was around 8,055.75 million baht, accounting for the decrease of 2.39 percent. The main reason for the decrease in TCAP's net profit was mainly from the decrease increase in income tax of TCAP.

7.2 Statement of Financial Position

7.2.1 Assets

As of 31 December 2018, TCAP's total assets amounted to 1,060,929 million baht, an increase of 35,404 million baht or 3.45 percent from the end of 2017. Key factors are as follows:

- **Net Interbank and Money Market Items (Assets):** As of 31 December 2018, net interbank and money market amounted to 99,117 million baht, an increase of 3,199 million baht or 3.34 percent from the end of last year due to liquidity management.
- **Net Investments:** As at 31 December 2018, the Company and its subsidiaries had total net investments of 173,464 million baht, a decrease of 8,066 million baht or 4.44 percent from the end of the previous year. This mainly due to the divestment of available-for-sale securities.
- **Loans to Customers:** As at 31 December 2018, loans to customers amounted to 754,613 million baht, an increase of 41,852 million baht or 5.87 percent from the end of last year. The growth was from retail and SME loans especially hire purchase loans which continued increasing. Portion of retail loans to corporate and SME loans was 74 percent to 26 percent.
- **Total Loans and Allowance for Doubtful Accounts:** TCAP still placed strong emphasis on managing NPLs through systematic and effective control. NPLs as of 31 December 2018 amounted to 20,172 million baht, an increase of 1,278 million baht or 6.76 percent from the end of the previous year while Non-performing loans to total loans (NPL Ratio) was at 2.40 percent, stable from the end of last year. Non-performing loans after deducting reserve (NPL-net) amounted to 10,467 million baht while the ratio of NPL-net to total loans - net was at 1.26 percent. Additionally, at the end of December 2018, coverage ratio was at 120.49 percent while the ratio of reserve to required reserve under the BOT's regulation was at 153.56 percent. Excess reserve was 8,478 million baht.
- **Property Foreclosed:** As at 31 December 2018, the Company and its subsidiaries had properties foreclose stated at cost amounting to 6,522 million baht, accounting for 0.61 percent of total assets. The allowance for impairment of the properties foreclose was 1,700 million baht, accounting for 26.07 percent of total value at cost.

As of 30 June 2019, TCAP's total assets amounted to 1,078,525 million baht, an increase of 17,569 million baht or 1.66 percent from the end of 2018. The reasons for the increase in total assets of TCAP were the increase from loans, especially the increase in hire purchase loans.

7.2.2 Liabilities

Total liabilities of TCAP as at 31 December 2018 were 923,011 million baht, an increase of 27,556 million baht or 3.08 percent from the end of 2017. The key items were as follows:

- **Deposits:** As of 31 December 2018, TCAP had the deposits around 751,917 million baht, an increase of 35,826 million baht or 5.00 percent from the end of last year. This was mainly from the increase in savings deposits. The ratio of current and savings accounts to total deposits (CASA) was 48.50 percent, an increase from the previous year of 42.92 percent.
- **Interbank and money market items:** As of 31 December 2018, TCAP had the interbank and money market items around 71,923 million baht, a decrease of 10,420 million baht or 12.65 percent from the end of last year. This was due to liquidity management.
- **Debt issued and borrowings:** As of 31 December 2018, TCAP had the debt issued and borrowings around 55,013 million baht, an increase of 3,417 million baht or 6.62 percent from the end of last year. This was mainly from the issuance of debt securities of a subsidiary of TBANK.

Total liabilities of TCAP as of 30 June 2019 amounted to 933,092 million baht, an increase of 10,081 million baht or 1.09 percent from the end of 2018. The reasons for the increase in total liabilities of TCAP was the increase in Interbank and money market items, and due to the 33,000 million baht private placement of debentures and the 13,000 million baht of unsecured subordinated debentures early redemption.

7.2.3 Shareholders' Equity

Total shareholders' equity as of 31 December 2018 was 137,918 million baht, an increase of 7,848 million baht or 6.03 percent from the end of 2017. The total shareholders' equity comprised of the following

- **Equity attributable to the owners of TCAP:** As of 31 December 2018, TCAP had the equity attributable to the owners of TCAP around 65,735 million baht, an increase of 3,715 million baht or 5.99 percent. This was mainly from the increase in operating profit attributable to the Company in the year 2018 which amounted to 7,839 million baht. At the same time, there were dividend payments paid for the performance in the second half of 2017 in the amount of 1,515 million baht and interim dividend payments paid for the performance in the first six-month period of 2018 in the amount of 1,165 million baht.
- **Equity attributable to non-controlling interest:** As of 31 December 2018, TCAP had the equity attributable to non-controlling interest around 72,183 million baht, an increase of 4,133 million baht or 6.07 percent. This was mainly from the operating results of subsidiary companies.

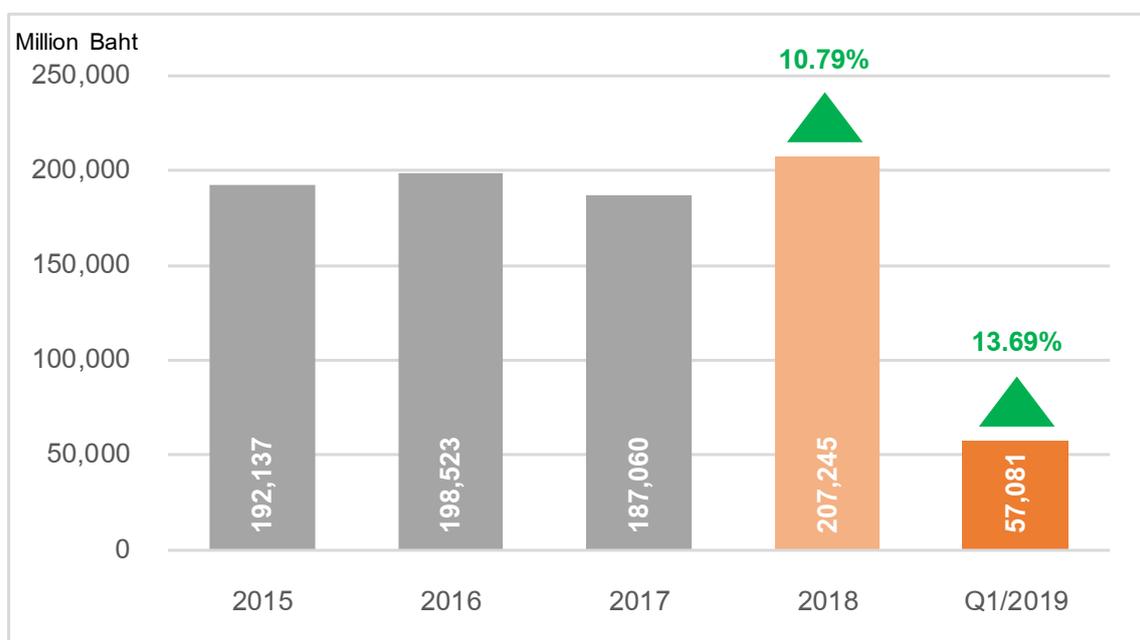
Total shareholders' equity as of 30 June 2019 was 145,433 million baht, an increase of 7,515 million baht or 5.45 percent from the end of 2018. The reasons for the decrease in total shareholders' equity of TCAP was from an increase in operating profit attributable to TCAP in the first six-month period of 2019.

8. Industry Overview

8.1 Commercial Bank Business

The performance of the commercial banking sector has grown strongly. The commercial banking sector's net profit grew from 187,060 million baht in 2017 to 207,245 million baht in 2018, representing a growth of 10.79 percent. The main reason for the increase in the commercial banking sector's net profit were mainly from the

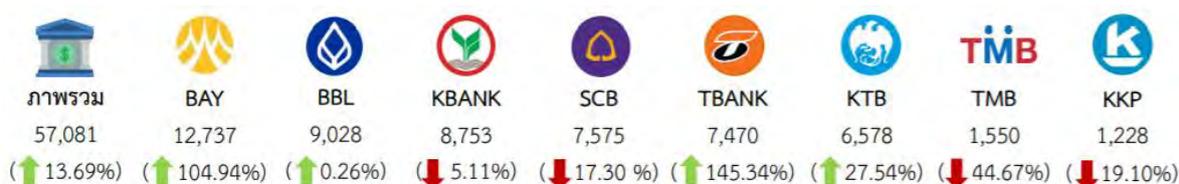
increase in the interest and fee income owing to the expansion of consumer loans and corporate loans. Moreover, the Bank has developed new financial products which are able to promptly react to the consumer behavior. Furthermore, the Bank also conveys new technology in order to increase its efficiency and to reduce its costs. According to that, in the first quarter of 2019, commercial banking sector recorded a net profit of 57,081 million baht, mounting by 13.69 percent from the first quarter of 2018.



Source: Bank of Thailand, BOT

Net profit trend of the commercial banking sector

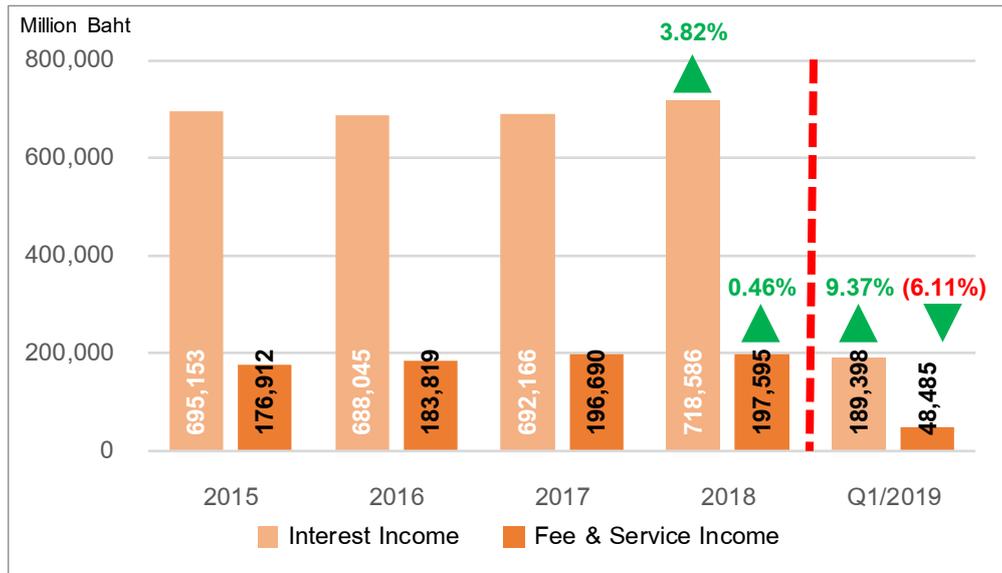
From the overall increase in net profits of the commercial banking sector, in the first quarter of 2019, the net income of each individual commercial bank can be divided as below:



Source: Bank of Thailand, BOT

Net profit of each individual commercial bank for the first 3 months of 2019

The revenue structure of commercial banking sector can be divided into 2 group which are interest income and fee income. In the first quarter of 2019, interest income grew by 9.37 percent according to the increase in loans. While the fee and service income contracted by 6.11 percent, mainly due to a decrease in money transfer fees and billing which may result in the decrease in fee income for the whole year of 2019 from the cancelation of transaction fees via digital banking channels.



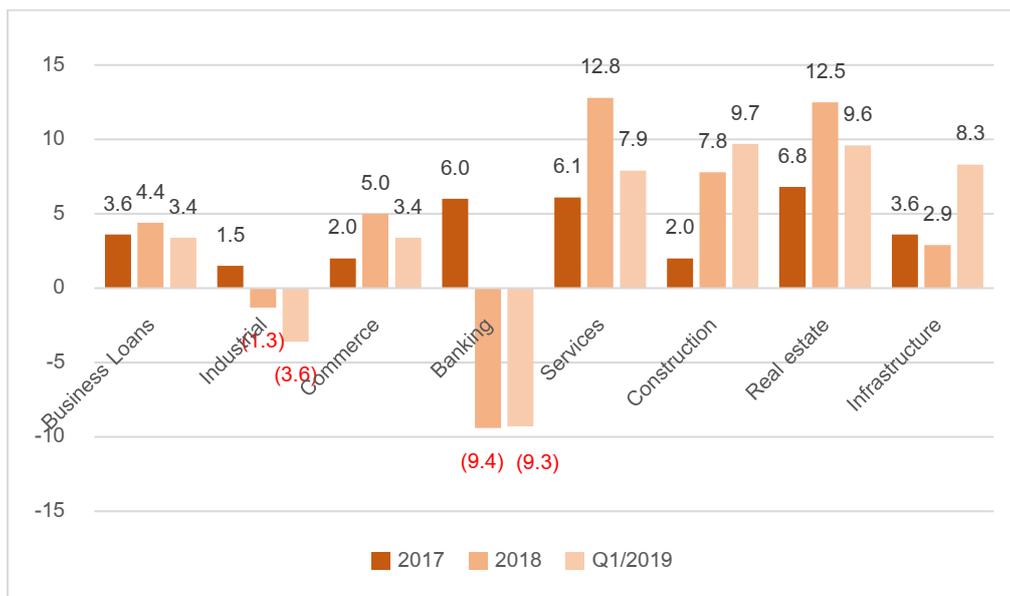
Source: Bank of Thailand, BOT

Trend of interest and fee income of commercial banking sector

From the income structure of the above, the main income of commercial banks is mainly derived from interest income from lending in various forms. The main credit structure of commercial banks can be classified into 2 main groups, namely

- **Business Loans**

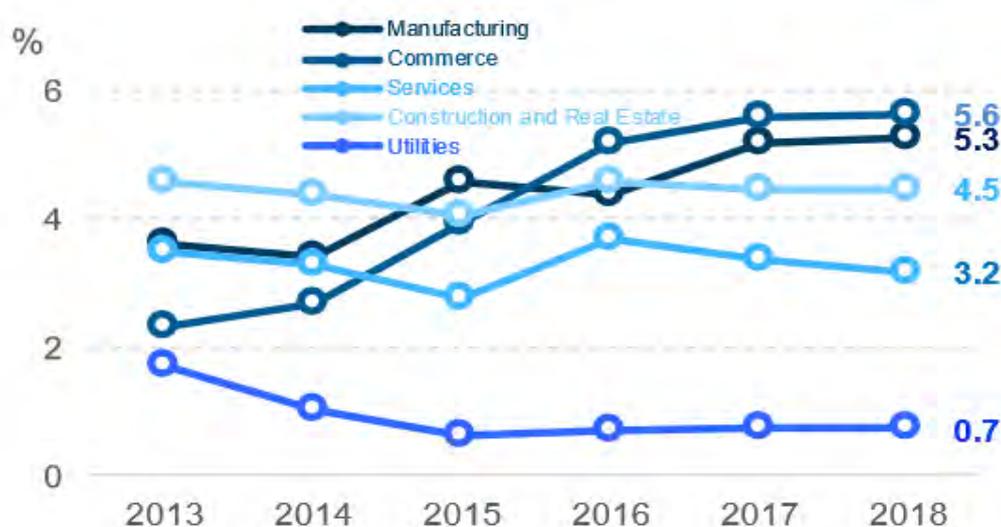
Business loans are Purpose loans to utilize money for business operations such as working capital, investing in machinery or factory for the business expansion. The example of business loan products are overdraft, long-term loans, purchase bills, promissory notes, foreign trade loans, special project loans, guarantee services, and credit certificate. The business loans can be classified into 7 groups according to the nature of industry and business operations. The details are as follows



Source: Bank of Thailand, BOT

Trend of business loan growth by product

The overall business loans of the year 2018 grew by 4.4 percent from the year 2017, as a result of a 12.8 percent increase in loans from services sectors and a 12.5 percent increase in loans from real estate sector due to the launch of the new housing project, and the acceleration of the sale of the housing inventory. On top of that, according to the increase in the loans from real estate sector, the loans from construction sector which has high correlation with the real estate sector also grew by 7.8 percent. In addition, total NPLs (gross NPLs) of commercial banks as of December 2018 increased from THB 14 billion at the same period last year to THB 443 billion. NPL ratio, though marginally increased by 2 basis point, remained elevated at 2.93%. It was largely driven by NPLs from SMEs loans, especially in construction, manufacturing and commerce business as a result of tougher competition from e-commerce as well as modern trade penetration into provincial market.



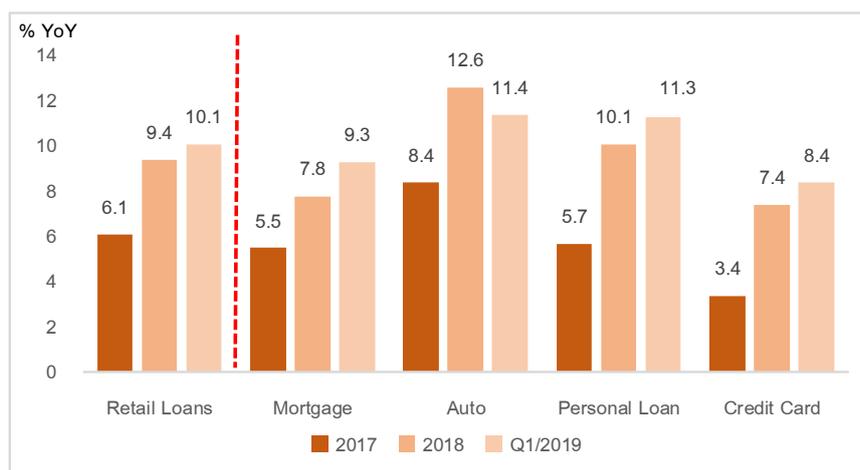
Source: Bank of Thailand, BOT

NPL ratio of business loans by industry groups

In the first quarter of 2019, the overall business loan grew by 3.4 percent due to the continuous expansion of the real estate loan and construction loan portfolio. During the first 3 quarter of 2019, the growth rate of the real estate loan and construction loan portfolio were 9.6% and 9.7%, respectively. Moreover, the utilities loan also grew by 8.3 percent

- **Consumer Loans**

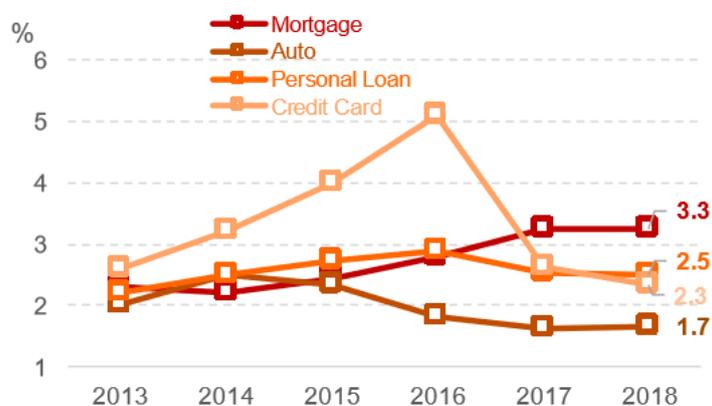
Consumer loans are Loans that are released to individuals for purchase or consumption such as home installments, cars, and electrical appliances. Consumer loans can be divided into 4 groups as follows:



Source: Bank of Thailand, BOT

Trend of consumer loan growth by product

In 2018, the overall retail loan grew by 9.4 percent. Especially, the hire purchase loans which continued to grow by 12.6 percent in 2018 owing to the increase in car sales after the end of the policy to refund tax for first-time car buyers, and the aggressive fund raising by the car leasing business. Moreover, in 2018, personal loans and credit card loans also grew by 10.1 percent and 7.4 percent, respectively, due to the demand for urgent cash to enhance daily liquidity of each individual. Retail's NPL ratio was stable at 2.7%. The largest increase was from mortgage loans due to rising loans to second or third home borrowers with deteriorating credit standards.



Source: Bank of Thailand, BOT

NPL Ratio of Retail Loan by Product

In the first quarter of 2019, retail loans continuously grew by 10.1 percent, which was the results of the growth in auto loans which grew by 11.40 percent and the growth in personal loan and credit card loans, which grew by 11.3 percent and 8.8 percent, respectively. In addition, housing loan also grew by 9.3 percent due to the hastening purchase of real estate prior to the new LTV policy which will be enforced in April 2019.

MLR of the five largest commercial banks were averaged at 6.20% at the end of 2018, which was the same as the previous year, even though BOT hiked the policy rate from 1.50% to 1.75% in December 2018.

Commercial banks maintained the same lending rate to mitigate the interest burden of their customers especially SMEs. As a result, the spread between MLR and 12-month time deposit rate was maintained at 480 basis points.



Source: CEIC

Interest Rate Movement and Spread

According to the change in consumer behavior and the rapid progress of information technology which forms change to our life style, work habits, and economic activities, the commercial banks, therefore, need to adapt to those change in business environment in order to survive. The competition trend of commercial bank business likely to change as follows:

1. Digital Banking

Banks will invest significantly in digital infrastructure, particularly in technology and people since it does not only enhance simplicity to the customer's accessibility, but also increases speed and decreases the cost of operation relatively to other channels. The cost efficiency becomes even more important after a significant drop of fee income from the elimination of transaction fees on digital platforms last year. Besides cost efficiency, digital banking will evolve financial services by building up customer experiences. Big data analytics will play a major role in analyzing and extracting the insightful customer behaviors along the customer journey. This could be considerably favorable for laying down the strategy and innovating financial products which can satisfy customer's demand. Additionally, banks could utilize such data to have a better risk management to prevent against the uncertainty and volatility in the economy. Moreover, banks also need strong IT securities. It is essential to protect against cyber risk, which is potentially harmful to the digital systems and lower user's confidence if the system is under siege. Additionally, organization structure will be changed to be consistent with the digital environment by focusing on swift and nimble movement. This agility structure will make a cumbersome traditional culture become more strategically customer-centric and faster deliverables to satisfy customers in this digital era.

2. National e-Payment

National e-payment is a national agenda to promote a standardized and up-to-date electronic payment system to reduce transaction costs for households, businesses as well as government sector, and to allow for local financial institutions to compete efficiently with others to create a foundation for Thai banking system. After the project was initiated in late 2015, it has achieved important milestones including Any ID scheme or

PromptPay, and the expansion of EDC and QR payment availability. This year the e-payment will be fully adopted by government to transfer cash, e.g. social benefits and tax refunds, to households. E-Payment could be spurred e-Commerce. However, the amendment on the Revenue code to cover e-Commerce sites and other online businesses, which was approved by the NLA last year, could concern online vendors.

3. Fintech

Fintechs have become a recent trend, especially for payment and transfer, investment, and insurance. The main reason why Fintechs become popular because they solve the customer's right financial pain points by applying current technology with an economical operating cost via Venture Capital. Consequently, the Bank of Thailand and the Securities and Exchange Commission established Regulatory Sandbox to innovate financial products and services by trial on the real customers before launching to the public. This trial will limit the unexpected risk from such innovation and possibly leads to the good governance for the regulators. For this year, some other services would be launch out from Fintechs, for instance, Peer-to-Peer Lending, Robo-Advisor, or crowd funding via Initial Coin Offering (ICO).

4. Regional Partnership

Alliance and partnership among ASEAN banks plus Chinese and Japanese counterparts will increase. The establishment of Qualified ASEAN Banks (QABs) will increase the opportunities for Thai commercial banks to do business around the region. On the other hands, regional commercial banks also gain opportunities to establish in Thailand. Such mutual benefit will facilitate transaction in either trading or investment for private demand.

5. E-Marketplace Platform

In 2019, commercial banks and financial institutions will transform themselves from financial intermediaries toward marketplace consistent with the change of consumer behaviors. With strengths in large customer base and understanding customers, Bank of Thailand already provided guidelines for commercial banks and financial institutions in providing marketplace channel for transaction exchanging and online payment between retail customers and business customers.

8.2 Securities Business and Fund Management Business

The Thai economy in 2018 was supported by the private consumption growth; consumer goods and automobiles. Public and private investments expanded in the same direction. While Chinese arrivals increased at a slower pace last year, there were more and more tourists from marginal countries such as Malaysia, Laos and Cambodia. The export sector was on a sluggish trend in line with the weakened global economy. The SET Index was down 10.8 percent and closed at 1,563.88 points in 2018, with a daily average trade volume of 56.4 billion baht, an increase of 18.1 percent compared to the daily average of 47.8 billion baht in 2017. The SET Index peaked at 1,852 points in the first quarter of 2018. However, with several risk factors, both domestic and international, in the past year, the SET Index continued to decline for the rest of the year as follows:

- The stricter monetary policy imposed by the Federal Reserve (Fed) of the United States of America since the Fed's Chairman, Mr. Jerome Powell, took the office in the beginning of the year. The Fed

fund rate was raised from 1.5 percent to 2.5 percent at the end of 2018. The Fed's balance sheet normalization since the end of 2017 impacted the liquidity of the global capital market.

- Concerns over the economic stability of Emerging Markets where there were issues of capital outflows, accelerated inflation, current account deficits, and decline in international reserves. These were particularly the case with Latin American countries and Turkey, and other Emerging Markets also consequently suffered. Although Thailand was not bothered with issues of inflation or current account deficits like the other Emerging Markets, it has impacted to the SET.
- The United States' increasingly stringent trade policies imposed by the President, Mr. Donald Trump, on trade partner countries, especially China, caused a worldwide slowdown in trade volumes. Economies of many Emerging Markets depended heavily on the export industry.
- The tourism industry which was the key boost to the economic growth for several years started to grow at a decelerated pace due to the shrinkage of Chinese tourists who made up as much as 28 percent of total tourists. However, Thailand's tourism had a good distribution and tourists from marginal countries such as Malaysia, Laos and Cambodia were on an upward trend during last year.
- High prices of many medium-small stocks affected by fiercer competition and evolving technology posted inferior performance to the forecast. This was the pressuring factor to the market throughout the past year.

According to those factors, SET index continuously dropped for the rest of the year. SET, therefore, closed trading at 1,727.58 points. (as of 22 July 2019)

The attention of both Thai and foreign investors toward SET index is the important factor to the growth in revenue from Securities Business and Fund Management Business owing to the increase in transaction or trading fees.

8.3 Insurance Business

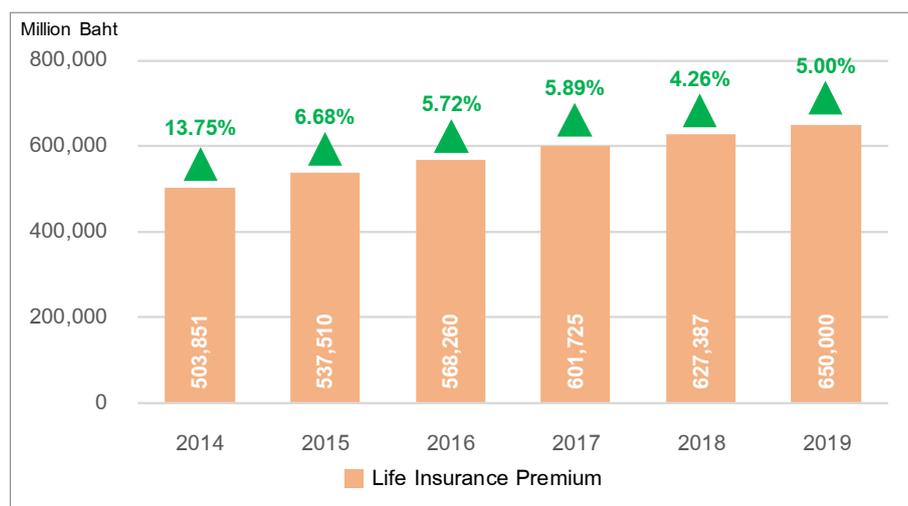
Insurance business can be divided into 2 types, which are life insurance business, and non-life insurance business. The details of each business growth and supporting factors for the growth of each business are, as follows:

8.4 Life Insurance Business

In 2018, the total insurance premiums from the life insurance business was 627,387.02 million baht, accounting for the growth of 4.26 percent from the previous year. Nowadays, the life insurance business still has high growth potential because the proportion of Thai who has life insurance is only around 22 percent to 25 percent. This means that most of Thai still do not realize the importance of life insurance, and still have no access to life insurance. Moreover, the proportion of life insurance premiums to the average population in 2018 is approximately 9,447 baht, which grows from the previous year at approximately 9,091 baht. Furthermore, the

proportion of life insurance premiums to Thailand's GDP of 2017 and 2018 is approximately 3.90 percent. According to that information, the life insurance business still has a good growth opportunity.

Based on the total life insurance premium value of 2014 - 2018, total premiums have been growing continuously since 2014, growing from 503,851.13 million baht in 2014 to 627,387.03 million baht in 2018, accounting for growth of 5.64 percent. CAGR. The main supporting factors for the growth of the life insurance industry in the past were support from the government through tax deduction, variety of distribution channels, new products to support all needs of customers, and continuous educate people in terms of the importance of life insurance



Source: Thai Life Insurance Association

Life insurance premiums from 2014 - 2018

The Thai Life Insurance Association has estimated total life insurance premiums for the year 2019 at approximately 648,000 million baht - 650,000 million baht, accounting for the growth of around 3 percent to 5 percent from the previous year. However, the growth of the life insurance business may face significant obstacles such as the global and domestic economic slowdown, adoption of new accounting standards (IFRS 9 and IFRS 17), and the new Thai mortality tables.

8.5 Non - Life Insurance Business

Total insurance premiums of non-life insurance business consist of 4 main groups, which are motor vehicle insurance, Fire Insurance, Marine Insurance, and other insurance. During the past year, the total insurance premiums of the non-life insurance business have grown steadily since 2002 to 2018. In 2018, the total insurance premiums of the non-life insurance business were 233,090 million baht, accounting for the growth of 6.71 percent from the previous year. The increase in total insurance premium are mainly from motor vehicle insurance owing to the high number of cars sold in 2018 in which reached 1 million cars sold. These number is the highest selling amount in the past 5 years.

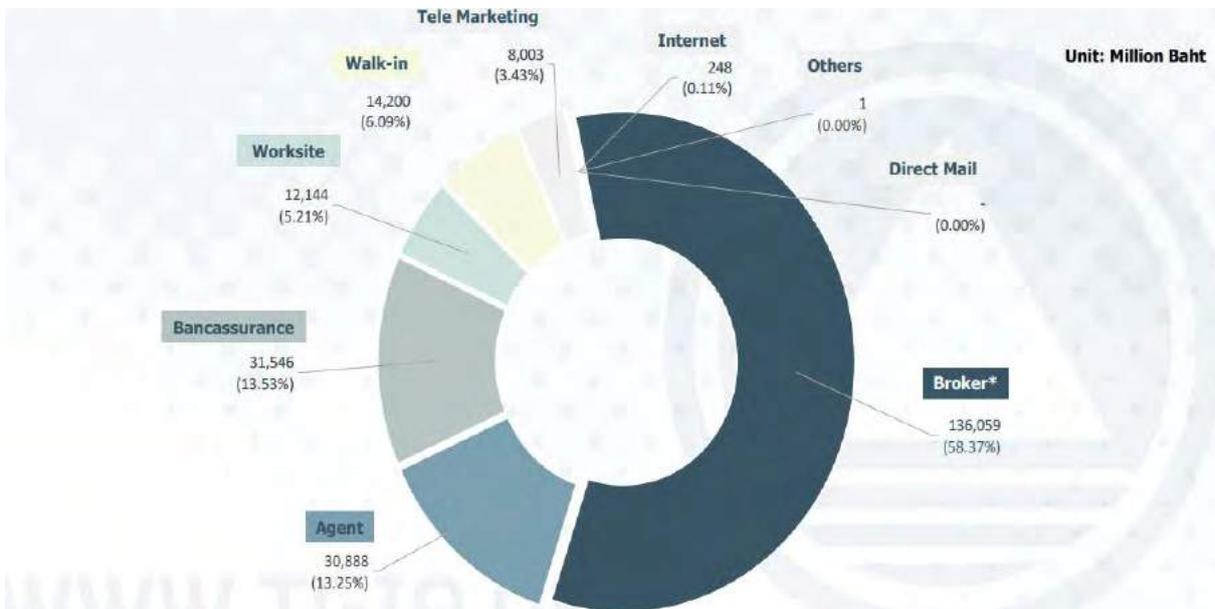
In 2018, total insurance premiums of the non-life insurance business were mainly from motor vehicle insurance which was accounting for 55 percent of the total insurance premiums. Therefore, the growth in non-life insurance business will follow the growth of motor vehicle insurance.



Source: Non-Life Insurance Association

Non - Life insurance premiums from 2002 - 2018

Distribution channels of non - Life insurance products are mainly from brokers who act as an independent intermediary that can recommend any product of any company. The selling of non - Life insurance products through brokers channel accounting for 58.37 percent of the total non - life insurance premiums.

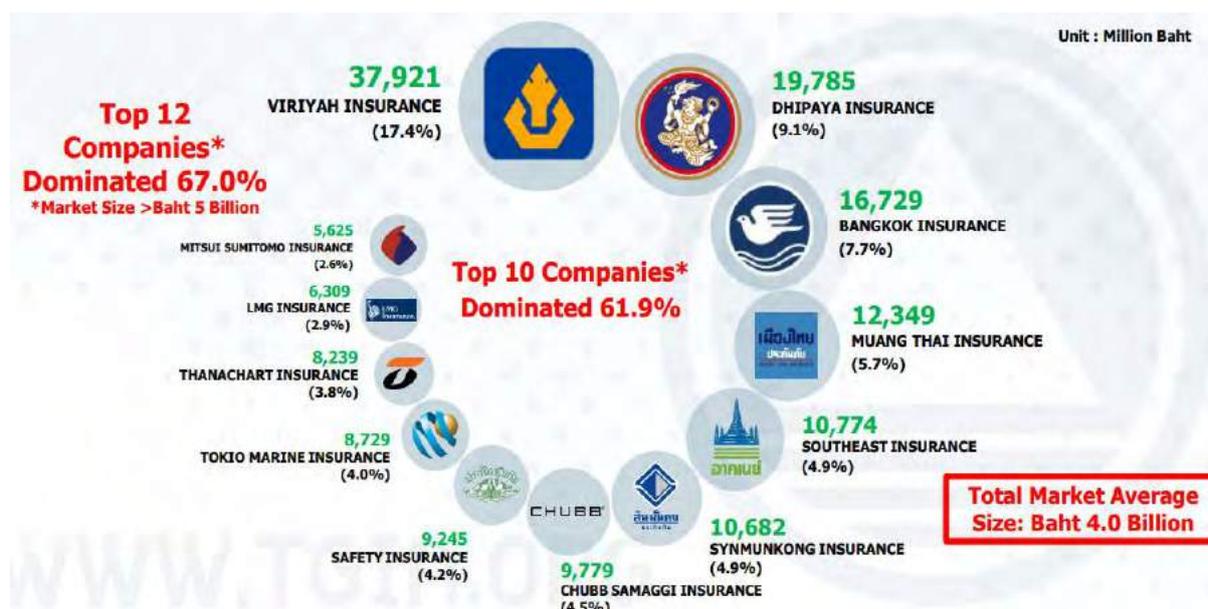


*Broker Channel: Individual Broker, Corporate Broker, Finance & Car Dealer Business, Hypermarket, Convenience Store and Post Office.

Source: Non-Life Insurance Association

Non - Life insurance premiums in 2018 by distribution channel

In 2018, the market share of non - life insurance of more than 67 percent are mainly from 12 leading non-life insurance companies. Viriyah Insurance Public Company Limited has the highest market share in the non-life insurance business with the value of non-life insurance premiums of approximately 37,921 million baht or 17.4 percent of total non-life insurance premiums



Source: Non-Life Insurance Association

Non - Life insurance premiums in 2018 by company

8.6 Asset Management Business

In managing non-performing assets, the main focus is given on finding solutions to non-performing problems. It needs to access the financial health of the debtors and their ability to repay debts. The main objective and policy in managing non-performing loans and restructuring quality of debtors are to contact the debtors for debts restructuring, making them repay debts according to their abilities and turning them into performing loans. For managing foreclosed properties including selling foreclosed properties to interested third parties and a strategy to sell the assets efficiently and to be able to compete with other players in the market, it has hired special consultants specifically for managing properties for sale. These consultants are responsible for collecting information about the properties for sale, determining their selling prices, managing high-value assets, as well as appointing selling agents or brokers with prior experience in selling these types of assets. Asset packaging is done to create more value-added. The coordination with the companies under the Group is promoted to increase sale channel which includes brokers or agents, finding and contacting private companies in organizing public auctions to dispose of the properties, and selling on the website of TCAP, as well as finding and selecting media which helps promote sales and reach as many target groups as possible.

8.7 Leasing Business

Over the last 5 years the hire-purchase market has been sluggish and so lenders have turned to expand other range of financial products and to extend these offerings into related markets. This has included supplying 'car for cash' credit, which is essentially a loan secured on a vehicle, and 'floor plan' arrangements, which provide financing to auto dealers for orders and purchases of vehicles and for working capital. Data from the Thai Hire-Purchase Association^{1/} show that in 2016, credit for new vehicles was the most important segment of the auto hire-purchase sector, accounting for 74.5% of the total. This was followed by credit for second-hand vehicles (21.3%), loans secured on vehicles (2.9%), and credit for auto dealers (0.4%)

Attachment 3: Information of Thanachart Bank Public Company Limited

1. General information

Company name	: Thanachart Bank Public Company Limited ("TBANK" or "the Bank")
Type of Business	: The companies under TBANK are classified by their types of business into two groups; (1) financial business group, consisting of commercial banking business, asset management business, securities business, insurance business, hire purchase business, and leasing business and (2) supporting business group consisting of brokerage business, service business, and training business.
Registered Number	: 0107536001401
Head office location	: 444 MBK Tower, Floor 16-17, Phayathai Road, Wang Mai, Pathum Wan Bangkok 10330
Authorized share capital	: 99,136,649,030 Baht (As of 30 June 2019) Ordinary shares of 9,913,664,903 shares at par value 10.00 Baht
Issued and paid-up share capital	: 60,648,621,700 Baht (As of 30 June 2019) Ordinary shares of 6,064,862,170 shares at par value 10.00 Baht

2. Background

Thanachart Bank Public Company Limited commenced its operation on 22 April 2002 with Thanachart Capital Public Company Limited ("TCAP") as the major shareholder. On 21 December 2006, the Bank of Thailand ("BOT") granted approval for TBANK and TCAP to form financial business group in consolidation and having TCAP as a parent company.

In 2007, the Bank of Nova Scotia ("Scotiabank") became our strategic partner by holding 24.98 percent of TBANK shares, which later increased to 48.99 percent. The current major shareholders are TCAP and Scotiabank, and in 2011, the Bank merged with Siam City Bank Public Company Limited ("SCIB").

TBANK business structure, TCAP as a parent company, consists of two groups: 1) Financial Group and 2) Supporting Group, which serves a full range of financial services through TBANK branch network and service outlet. It is strongly committed to the good corporate governance principles.

3. General business information

Major businesses of TBANK are as follows:

3.6 Commercial Bank Business TBANK operates its commercial banking business in compliance with Financial Institution Business Act B.E. 2551 and other relevant notifications issued by the BOT. It also acts as investment unit distributor for mutual fund, securities brokerage, life/non-life insurance brokerage agent, financial advisor, bond representative, and custodian service. As of 31 December 2018, TBANK has a total of 512 branches, 24 currency exchange booths of which 11 booths are

booths in branch and 13 booths are standalone booths, 1,780 Automatic Teller Machines (ATMs), 25 Recycling Machine, 108 Multi-Function Machines, and 89 Passbook Update Machines. TBANK continues to improve and develop its products and services to better serve the various needs of the customers. Its main groups of product and service include Deposits Products, Lending Products, Electronic Products and Services, Payment and Merchant Processing Products, Foreign Exchange Services, and Securities Business Support Services.

3.7 Securities Business and Fund Management Business

3.2.3 Securities Business is operated under Thanachart Securities Public Company Limited, is provided to customers through TNS. TNS was granted a full license to operate a full range of securities businesses including securities brokerage (domestically and internationally), securities underwriting, investment advisory service, securities borrowing and lending service, financial advisory service, unit trust underwriting, securities registrar, and derivative business Sor 1 (Full Service), which includes future contract broker and future contract buyer and derivatives trading for its proprietary account.

3.2.4 Fund Management Business, is operated under Thanachart Fund Management Company Limited, puts importance and emphasis on a great range of mutual funds products, in order to fully cover all needs of investors in every group and level i.e. retail, wholesale, and institutional investors. The company utilizes many types of distribution channels for sales, such as TBANK's branches and other investment unit distributors which are financial institutions licensed by the SEC.

3.8 Non-life insurance Business, is operated under Thanachart Insurance Public Company Limited which provides all types of casualty insurance services. In addition, the company also operates investment businesses.

3.9 Asset Management Business is operated under TS Asset Management Company Limited ("TS AMC") TS AMC operates stressed assets management business transferred from SCIB, including both non-performing loans and nonperforming assets, in order to conduct debt restructuring with the debtors, hence, allowing them to repay the debts at their actual capacity and turning non-performing assets back to becoming the performing ones.

3.10 Leasing Business is operated under Ratchthani Leasing Public Company Limited which offers hire purchase and financial lease in both new and used car markets for passenger cars. Moreover, it places emphasis on commercial vehicles including pick-up truck, taxi, trailer, and big lorry, among others. It also does business connected to hire purchase and financial lease which are its main businesses. Moreover, It offers after-sales services which are connected to its main businesses consisting of hire purchase and financial lease. Among others, the services include annual tax registration renewal, coordination on renewal of insurance policies, as well as technical check of car prior to tax registration renewal.

The Income structure of TBANK based on the consolidated financial statements as of 31 December 2016 – 2018 and as of 30 June 2018 and 2019 was as follows:

	Audited Financial Statement						Financial Statement*			
	2016		2017		2018		6M/2018		6M/2018	
	(Million Baht)		(Million Baht)		(Million Baht)		(Million Baht)		(Million Baht)	
Interest Income										
Interbank and Money Market Items	1,307	3.24	1,365	3.25	1,743	4.03	913	4.18	933	4.22
Investments and Trading Transactions	30	0.07	25	0.06	108	0.25	32	0.15	99	0.45
Investments in Debt Securities	3,504	8.68	3,143	7.49	2,631	6.08	1,301	5.95	1,296	5.86
Loans to Customers	18,337	45.43	17,759	42.3	17,551	40.59	8,705	39.84	8,510	38.51
Hire Purchase and Financial Lease	21,708	53.78	22,074	52.58	24,255	56.1	11,781	53.92	13,415	60.70
Total Interest Income	44,886	111.2	44,366	105.68	46,288	107.05	22,732	104.05	24,253	109.74
Interest Expenses	16,174	40.07	14,956	35.63	15,250	35.27	7,520	34.42	8,154	36.89
Net Interest Income	28,712	71.13	29,410	70.05	31,038	71.78	15,212	69.63	16,099	72.84
Non - interest Income										
Net Fees and Service Income	5,904	14.63	5,897	14.04	6,627	15.33	3,265	14.94	2,941	13.31
Gains on Trading and Foreign Exchange Transactions	491	1.22	548	1.31	357	0.83	211	0.97	344	1.56
Gains (Loss) on Investments	714	1.77	1,113	2.65	(85)	(0.20)	500	2.29	137	0.62
Share of Profit from Investments Accounted for Under Equity Method	207	0.51	200	0.48	298	0.69	101	0.46	78	0.35
Gains (Losses) on Property Foreclosed and Other Assets	2,689	6.66	2,928	6.97	2,938	6.79	1,436	6.57	1,457	6.59
Net Insurance / Life Insurance Income	400	0.99	464	1.11	411	0.95	296	1.35	309	1.40
Dividend Income	1,249	3.09	1,422	3.39	1,655	3.83	827	3.79	736	3.33
Other Operating Income	11,654	28.87	12,572	29.95	12,201	28.22	6,636	30.37	6,002	27.16
Total Non - interest Income	40,366	100.00	41,982	100.00	43,239	100.00	21,848	100.00	22,101	100.00

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

4. Board of Directors

TBANK has 12 Board of Directors as of 1 January 2019.

	Name	Position
10.	Mr. Banterng Tantivit	Chairman
11.	Mr. Suphadej Poonpipat	Chairman of the Executive Committee / Vice Chairman
12.	Dr. Thanachart Numnonda	Independent Director / Chairman of Audit Committee
13.	Mr. Narong Chivangkur	Independent Director
14.	Assoc. Prof. Dr. Somjai Phagaphasvivat	Independent Director / Audit Committee
15.	Ms. Mookda Pairatchavet	Independent Director / Audit Committee
16.	Mr. Rod Michael Reynolds	Director
17.	Mr. Walter Tas	Director
18.	Mr. Alexander Kwai Lap Choi	Director
19.	Ms. Suvarnapha Suvarnaprathip	Executive Director
20.	Mr. Praphan Anupongongarch	Executive Director
21.	Mr. William George Said	Executive Director

Source : Annual Report 2018, TBANK

5. Shareholder Structure

TBANK's major shareholders as of 6 September 2018

	Name	No. of Shares	Percent
11.	Thanachart Capital Public Company Limited	3,090,699,234	50.961
12.	Scotia Netherlands Holdings B.V.	2,971,739,163	48.999
13.	Mr. Thung-ngern Pum-ngern	460,309	0.008
14.	Ms. Kittima Tolieng	173,278	0.003
15.	Mr. Sathit Mujarintangkur	121,360	0.002
16.	Ms. Piangjai Hanpanich	96,665	0.002
17.	Mr. Kobchai Chirathivat	84,809	0.001
18.	Mr. Thanawat Charoenthassanont	70,000	0.001
19.	Mr. Pinit Laosoontorn	69,926	0.001
20.	Mr. Somyos Jittipralangsri	60,000	0.001

Source : Annual Report 2018, TBANK

6. Financial Statement

6.5 Statement of Financial Position

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Assets								
Cash	12,077.00	1.27	11,452.98	1.13	11,019.02	1.05	8,759.15	0.83
Interbank and money market items - net	47,475.58	4.99	94,651.33	9.38	97,567.63	9.32	88,359.94	8.33
Derivatives assets	3,564.24	0.37	2,889.21	0.29	2,005.39	0.19	3,815.21	0.36
Investments - net	175,081.24	18.42	167,367.98	16.58	161,077.89	15.39	163,108.62	15.38
Investments in subsidiary and associated companies - net	2,253.19	0.24	2,258.03	0.22	2,436.97	0.23	2,570.00	0.24
Loans to customers and accrued interest receivables								
Loans to customers	739,078.35	77.76	766,801.17	75.95	819,654.14	78.32	838,587.81	79.09
Accrued interest receivables	619.97	0.07	589.07	0.06	645.28	0.06	623.35	0.06
Total loans to customers and accrued interest receivables	739,698.33	77.82	767,390.24	76.01	820,299.42	78.38	839,211.16	79.15
Less: Deferred revenue	(48,171.21)	(5.07)	(55,126.64)	(5.46)	(66,156.58)	(6.32)	(69,803.65)	(6.58)
Allowance for doubtful accounts	(24,615.88)	(2.59)	(24,033.03)	(2.38)	(23,651.01)	(2.26)	(22,692.50)	(2.14)
Revaluation allowance for debt restructuring	(1.98)	(0.00)	(0.98)	(0.00)	(0.60)	(0.00)	(0.36)	(0.00)
Net loans to customers and accrued interest receivables	666,909.25	70.16	688,229.59	68.17	730,491.24	69.80	746,714.65	70.42
Customers' liability under acceptances	9.54	0.00	9.82	0.00	9.16	0.00	0.94	0.00
Property foreclosed - net	3,111.89	0.33	2,792.57	0.28	2,814.84	0.27	2,965.13	0.28
Land, premises and equipment - net	9,546.38	1.00	8,621.91	0.85	7,995.77	0.76	10,815.42	1.02
Goodwill and intangible assets - net	20,649.16	2.17	20,202.57	2.00	19,790.60	1.89	19,601.22	1.85
Deferred tax assets	790.63	0.08	712.88	0.07	767.99	0.07	713.48	0.07
Receivables from purchase and sale of securities	1,125.86	0.12	3,126.78	0.31	2,741.75	0.26	5,622.54	0.53

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Other assets - net	7,917.73	0.83	7,241.18	0.72	7,893.42	0.75	7,299.26	0.69
Total assets	950,511.70	100.00	1,009,556.84	100.00	1,046,611.66	100.00	1,060,345.55	100.00
Liabilities and equity								
Deposits	676,556.50	71.18	716,277.96	70.95	752,160.44	71.87	724,921.12	68.37
Interbank and money market items	65,834.49	6.93	82,424.43	8.16	71,954.87	6.88	81,078.33	7.65
Liability payable on demand	1,986.43	0.21	1,988.66	0.20	1,163.17	0.11	1,873.73	0.18
Derivatives liabilities	4,912.49	0.52	2,867.63	0.28	2,097.02	0.20	2,969.19	0.28
Debts issued and borrowings	49,408.92	5.20	39,307.79	3.89	43,079.28	4.12	63,393.42	5.98
Bank's liability under acceptances	9.54	0.00	9.82	0.00	9.16	0.00	0.94	0.00
Provisions	3,578.93	0.38	3,638.18	0.36	3,874.58	0.37	4,590.94	0.43
Deferred tax liabilities	867.71	0.09	1,055.73	0.10	1,319.75	0.13	2,333.43	0.22
Payables from purchase and sale of securities	2,366.29	0.25	2,318.02	0.23	1,518.34	0.15	3,478.51	0.33
Accrued interest payables	2,053.95	0.22	2,355.53	0.23	2,187.97	0.21	1,951.15	0.18
Accrued expenses	5,113.74	0.54	5,346.58	0.53	5,966.88	0.57	4,245.80	0.40
Insurance contracts liabilities	4,936.80	0.52	5,475.41	0.54	5,729.44	0.55	5,903.74	0.56
Other liabilities	6,765.33	0.71	10,283.14	1.02	11,345.55	1.08	11,995.99	1.13
Total liabilities	824,391.11	86.73	873,348.89	86.51	902,406.44	86.22	908,736.31	85.70
Equity								
Share capital								
Registered								

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
9,913,664,903 ordinary shares of Baht 10 each	99,136.65	10.43	99,136.65	9.82	99,136.65	9.47	99,136.65	9.35
Issued and paid-up share capital								
6,064,862,170 ordinary shares of Baht 10 each	60,648.62	6.38	60,648.62	6.01	60,648.62	5.79	60,648.62	5.72
Share premium	2,100.69	0.22	2,100.69	0.21	2,100.69	0.20	2,100.69	0.20
Other components of equity	1,556.37	0.16	2,541.96	0.25	1,440.75	0.14	5,020.40	0.47
Retained earnings								
Appropriated - statutory reserve	3,601.76	0.38	4,258.53	0.42	4,954.07	0.47	4,954.07	0.47
Unappropriated	56,581.15	5.95	64,740.44	6.41	72,554.41	6.93	76,315.65	7.20
Equity attributable to owners of the Company	124,488.59	13.10	134,290.26	13.30	141,698.54	13.54	149,039.43	14.06
Non-controlling interests	1,632.00	0.17	1,917.70	0.19	2,506.68	0.24	2,569.81	0.24
Total equity	126,120.59	13.27	136,207.96	13.49	144,205.22	13.78	151,609.24	14.30
Total liabilities and equity	950,511.70	100.00	1,009,556.84	100.00	1,046,611.66	100.00	1,060,345.55	100.00

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.6 Statement of comprehensive income

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Revenue from services										
Interest income	44,885.83	102.68	44,365.71	96.66	46,287.31	98.14	22,732.28	95.34	24,253.26	100.62
Interest expenses	(16,174.14)	(37.00)	(14,955.98)	(32.59)	(15,249.75)	(32.33)	(7,520.13)	(31.54)	(8,154.68)	(33.83)
Net interest income	28,711.70	65.68	29,409.73	64.08	31,037.56	65.81	15,212.14	63.80	16,098.58	66.79
Fees and service income	8,814.21	20.16	9,099.94	19.83	10,215.50	21.66	5,035.24	21.12	4,789.85	19.87
Fees and service expenses	(2,909.70)	(6.66)	(3,203.32)	(6.98)	(3,588.27)	(7.61)	(1,769.98)	(7.42)	(1,848.81)	(7.67)
Net fees and service income	5,904.51	13.51	5,896.63	12.85	6,627.23	14.05	3,265.25	13.70	2,941.04	12.20
Gains on trading and foreign exchange transactions	491.32	1.12	548.28	1.19	357.43	0.76	210.62	0.88	344.19	1.43
Gains on investments	714.39	1.63	1,112.55	2.42	(84.66)	(0.18)	500.32	2.10	136.78	0.57
Share of profit from investments accounted for under equity method	206.57	0.47	199.87	0.44	298.48	0.63	100.98	0.42	77.64	0.32
Insurance/Life insurance income	6,035.64	13.81	6,843.08	14.91	6,862.66	14.55	3,430.15	14.39	3,459.14	14.35
Dividend income	399.85	0.91	464.41	1.01	410.69	0.87	295.89	1.24	308.77	1.28
Other operating income	1,248.89	2.86	1,421.87	3.10	1,654.85	3.51	827.19	3.47	736.98	3.06
Total Operating Income	43,712.85	100.00	45,896.41	100.00	47,164.23	100.00	23,842.54	100.00	24,103.12	100.00
Insurance expenses	(3,346.85)	(7.66)	(3,914.98)	(8.53)	(3,925.29)	(8.32)	(1,994.46)	(8.37)	(2,001.96)	(8.31)
Net operating income	40,366.01	92.34	41,981.44	91.47	43,238.94	91.68	21,848.08	91.63	22,101.15	91.69
Employee's expenses	11,646.88	26.64	11,981.27	26.11	11,170.92	23.69	5,684.59	23.84	6,379.65	26.47
Directors' remuneration	45.64	0.10	52.75	0.11	58.21	0.12	42.77	0.18	44.07	0.18
Premises and equipment expenses	3,051.10	6.98	2,806.37	6.11	2,602.03	5.52	1,288.26	5.40	1,276.46	5.30

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Taxes and duties	757.49	1.73	725.82	1.58	713.09	1.51	354.86	1.49	348.63	1.45
Other expenses	5,083.58	11.63	4,870.85	10.61	5,980.72	12.68	2,970.03	12.46	2,505.59	10.40
Total other operating expenses	20,584.69	47.09	20,437.07	44.53	20,524.95	43.52	10,340.52	43.37	10,554.41	43.79
Impairment loss of loans and debt securities (reversal)	6,251.27	14.30	6,243.71	13.60	4,741.23	10.05	2,831.05	11.87	1,952.38	8.10
Profit (loss) before income tax	13,530.05	30.95	15,300.66	33.34	17,972.75	38.11	8,676.51	36.39	9,594.37	39.81
Income tax	(691.42)	(1.58)	(931.53)	(2.03)	(2,515.06)	(5.33)	(723.92)	(3.04)	(1,919.91)	(7.97)
Profit (loss) for the period	12,838.62	29.37	14,369.13	31.31	15,457.69	32.77	7,952.59	33.35	7,674.46	31.84
Other comprehensive income										
<i>Transactions that will be reclassified subsequently to profit or loss</i>										
Gains (losses) on change in value of available-for-sale investments	(1,454.02)	(3.33)	1,164.36	2.54	(1,328.10)	(2.82)	(1,436.29)	(6.02)	1,167.21	4.84
Share of other comprehensive income (loss) of an associate	153.39	0.35	75.76	0.17	4.22	0.01	36.84	0.15	(7.99)	(0.03)
Income tax relating to components of other comprehensive income (loss)	275.45	0.63	(245.31)	(0.53)	264.84	0.56	283.22	1.19	(232.64)	(0.97)
<i>Transactions that will never be reclassified subsequently to profit or loss</i>										
Surplus on revaluation of assets	1,605.51	3.67	-	-	-	-	-	-	3,245.79	-
Share of other comprehensive income (loss) of an associate	199.36	0.46	-	-	0.02	0.00	0.02	0.00	127.59	0.53
Actuarial gains (losses) on defined benefit plan	16.04	0.04	(235.69)	(0.51)	(3.75)	(0.01)	-	-	-	-
Income tax relating to components of other comprehensive income	-	-	-	-	-	-	(0.00)	(0.00)	(661.92)	(2.75)
Total other comprehensive income (loss)	451.50	1.03	805.96	1.76	(1,062.14)	(2.25)	(1,116.22)	(4.68)	3,637.02	15.09
Total comprehensive income (loss)	13,290.12	30.40	15,175.09	33.06	14,395.55	30.52	6,836.38	28.67	11,311.48	46.93

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		30 June 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Profit (loss) attributable to										
The Company	12,434.33	28.45	13,810.33	30.09	14,703.34	31.17	7,600.08	31.88	7,241.61	30.04
Non-controlling interests	404.30	0.92	558.81	1.22	754.36	1.60	352.51	1.48	432.85	1.80
	12,838.62	29.37	14,369.13	31.31	15,457.69	32.77	7,952.59	33.35	7,674.46	31.84
Total comprehensive income (loss) attributable to										
The Company	12,886.03	29.48	14,616.96	31.85	13,641.42	28.92	6,483.86	27.19	10,864.98	45.08
Non-controlling interests	404.10	0.92	558.13	1.22	754.13	1.60	352.51	1.48	446.51	1.85
	13,290.12	30.40	15,175.09	33.06	14,395.55	30.52	6,836.38	28.67	11,311.48	46.93
Earnings per share of the Company										
Basic earnings per share (Baht per share) (loss)	2.05		2.28		2.42		1.25		1.19	

Remark: *TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.7 Statement of cash flows

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Cash flows from operating activities				
Profit (loss) before income tax	13,530.05	15,300.66	17,972.75	4,892.80
Adjustments to reconcile profit before income tax to net cash provided by (paid from) operating activities				
Share of profit from investments accounted for under equity method	(206.57)	(199.87)	(298.48)	(38.71)
Depreciation and amortization	1,598.55	1,565.25	1,454.02	329.55
Impairment loss of loans and debt securities (reversal)	6,251.27	6,243.71	4,741.23	991.96
Increase in provisions	673.30	670.80	749.63	181.37
Amortization of premiums on investment in debt securities	244.30	378.50	(158.19)	(108.36)
Decrease in allowance for impairment of investments	(2.60)	(65.06)	(1.46)	2.38
Gain from disposal of investment in the associated company	-	(202.21)	(16.48)	
Decrease (increase) in allowance for change in value of investment	9.10	16.19	139.83	(69.39)
Increase (decrease) in allowance for impairment of properties foreclosed	(143.63)	10.69	(30.85)	22.99
Decrease in allowance for impairment of land, premises and equipment	(0.75)	(5.44)	-	0.00
Loss from revaluation on land	13.64	-	-	0.00
Decrease (increase) in allowance for impairment of intangible assets	(18.24)	-	-	0.00
Interest income and other income from the assets transferred for debt repayment	(0.01)	(0.74)	-	(1.23)
Loss (gain) from disposal of land, premises and equipment	(26.65)	13.56	(23.78)	(0.75)
Loss from disposal of intangible assets	43.86	0.35	0.37	0.00
Unrealized loss on exchange	299.50	1,455.89	132.87	152.98
Increase in allowance for impairment of other assets	10.62	35.05	26.55	3.98
Decrease (increase) in other income receivable	21.26	139.93	(287.95)	273.17

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Decrease in fees and rental received in advance	(159.70)	(170.18)	(231.47)	(53.43)
Decrease in deferred income	(47.01)	(28.36)	(10.08)	(1.96)
Increase in accrued expenses	227.18	145.78	584.55	(1,937.10)
	22,317.45	25,304.52	24,743.06	4,640.27
Net interest income	(28,955.99)	(29,788.23)	(30,879.37)	(7,868.20)
Dividend income	(399.85)	(464.41)	(410.69)	(89.00)
Cash received from interest on operating activities	41,271.75	41,277.38	43,587.28	11,351.68
Cash paid for interest on operating activities	(14,400.79)	(12,360.71)	(13,717.73)	(4,120.17)
Cash paid for income tax	(962.00)	(1,102.87)	(1,450.07)	(105.12)
Income from operating activities before changes in operating assets and liabilities (loss)	18,870.57	22,865.68	21,872.49	3,809.47
Decrease (increase) in operating assets				
Interbank and money market items	10,225.05	(47,351.56)	(2,853.24)	(8,461.99)
Investments in trading securities	(5,606.66)	(2,320.46)	(4,972.81)	(3,478.15)
Derivatives assets	2,427.33	1,111.36	1,230.12	488.89
Loans to customers	10,082.62	(33,546.07)	(53,302.61)	(12,817.74)
Property foreclosed	6,369.28	5,627.18	6,241.95	1,760.95
Receivables from purchase and sale of securities	(119.58)	(2,000.92)	385.03	(1,012.51)
Other assets	(204.78)	488.54	(243.23)	(422.09)
Increase (decrease) in operating liabilities				
Deposits	7,052.37	39,721.46	35,882.47	(8,342.69)
Interbank and money market items	(20,032.33)	16,456.58	(10,300.58)	3,611.50
Liability payable on demand	(215.16)	2.23	(825.49)	848.23

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Derivatives liabilities	(2,495.40)	(1,744.88)	(1,444.26)	(537.82)
Payable from purchase and sales of securities	293.78	(48.27)	(799.68)	1,001.05
Insurance contract liabilities	143.53	538.62	254.03	163.05
Other liabilities	(609.11)	2,815.79	(427.99)	(2,059.18)
Net cash flows from (used in) operating activities	26,181.49	2,615.28	(9,303.80)	(25,449.02)
Cash flows from investing activities				
Decrease (Increase) in investments in securities	715.29	10,271.39	10,346.33	22,210.76
Cash received from disposal of investment in an associated company	-	366.06	29.03	0.00
Cash received from interest	3,875.52	3,782.10	2,866.57	423.56
Cash received from dividend	399.44	464.39	410.52	23.92
Cash paid for purchase of premises and equipment/ intangible assets	(967.35)	(419.36)	(266.71)	(77.65)
Cash received from disposal of premises and equipment	70.89	12.78	52.77	1.73
Cash paid for purchase of intangible assets	(436.44)	(282.31)	(246.23)	(70.65)
Net cash flows from investing activities	3,657.36	14,195.06	13,192.27	22,511.66
Cash flows from financing activities				
Cash received from debts issued and borrowings	13,689.31	12,723.57	14,520.20	4,938.08
Cash paid for debts issued and borrowings	(35,921.48)	(22,824.70)	(10,748.71)	(3,143.65)
Cash paid for interest expenses on debts issued and borrowings	(2,746.97)	(2,208.90)	(1,681.97)	(427.29)
Cash paid for dividend	(5,882.92)	(4,851.89)	(6,246.81)	-
Cash paid for dividend to non-controlling interests	(237.07)	(272.43)	(165.16)	(78.41)

Report of Independent Financial Advisor's Opinions on Business Restructuring and Merger Appropriateness

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Net cash flows from (used in) financing activities	(31,099.13)	(17,434.36)	(4,322.44)	1,288.72
Net increase (decrease) in cash	(1,260.28)	(624.01)	(433.97)	(1,648.63)
Cash at beginning of the period	13,337.28	12,077.00	11,452.98	11,019.02
Cash at end of the period	12,077.00	11,452.98	11,019.02	9,370.39
Supplemental cash flows information				
Non-cash transactions				
Property foreclosed transferred from loans to customers and investments in receivables purchased	5,207.03	4,793.31	6,046.73	1,737.68
Payable from purchase of assets	61.63	33.68	83.56	14.92
Bad debt written-off	6,708.75	7,672.19	5,672.94	865.39

6.8 Financial Ratios

Financial Ratios	Unit	Consolidated financial statements			Consolidated
		as of 31 December			financial statements
		2016	2017	2018	as of 30 June
		2016	2017	2018	2019
Profitability ratio					
Gross Profit Margin ⁽¹⁾	%	63.97	66.29	67.05	66.38
Net Profit Margin	%	20.44	22.43	23.42	22.50
Return on Equity	%	10.27	10.68	10.68	9.80
Interest Income	%	5.06	4.93	4.91	4.91
Interest Expense	%	2.03	1.87	1.86	1.92
Interest Margin	%	3.03	3.06	3.06	2.99
Efficiency ratio					
Net interest income to asset Ratio	%	2.97	3.00	3.02	3.06 ⁽²⁾
Return on Asset	%	1.29	1.42	1.46	1.37 ⁽²⁾
Total Asset Turnover	times	0.07	0.07	0.06	0.06
Financial policy ratio					
Debt to Equity Ratio	times	6.62	6.50	6.37	6.10
Loans to Borrowings	%	94.91	93.94	94.61	97.29
Loans to Deposits	%	102.12	99.36	100.18	106.05
Loans to Deposits and promissory note	%	102.12	99.36	100.18	106.05
Deposits to Total Liabilities	%	82.07	82.02	83.35	79.77
Asset quality ratio					
Allowance for doubtful debts to Total Loans	%	3.46	3.08	2.84	2.81
Bad debt to Total Loans	%	0.87	0.79	0.57	0.48 ⁽²⁾
NPL-gross to Total Loans	%	2.29	2.30	2.30	2.32
Accrued Interest Receivable to Total Loans	%	0.09	0.07	0.08	0.08

Remark: (1) Gross Profit Margin = Net interest income / Interest income

(2) Financial Ratio Calculation for 6M/2019 was annualized for the purpose of comparison.

(3) TBANK's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

7. Analysis of financial position and performance

7.3 Overview of Performance

The success in the strategic aim at becoming Customer Centric as an organization, and thus, becoming the Main Bank for the customers through excellence in services in all channels coupled with offering products suitable for the specific needs of each customer and the increase in the productivity in business operation, especially in the core businesses. In 2018, the Bank and its subsidiaries' net profit grew for the fourth consecutive quarter and totaled at 14,703 million baht for the year, an increase of 893 million baht or 6.47 percent from the previous year. Pre-provision operating profit grew as a result of the core business growth. Furthermore, the Bank continued to maintain asset quality, liquidity and capital adequacy consistently, illustrating strength in business operation and competitive edge.

Total income of the Bank grew 2.99 percent from net interest income which grew 5.54 percent from expanding loan volume. However, Non-interest income declined by 2.95 percent mainly from a lower gain on investments. Operating expenses increase slightly at 0.43 percent while impairment loss of loans and debt securities expenses decreased by 24.07 percent. Consequently, net profit before tax increased 2,672 million baht or 17.46 percent from the previous year.

Total assets have been growing consistently throughout the year and have increased 3.67 percent from the end of last year, following good performing loan growth which increased by 5.88 percent mainly from retail and SME loan. Amid loan growth, the Bank was able to maintain strong asset quality from a prudent risk policy. Total deposit also increased by 5.01 percent.

NPL ratio on consolidated financial statements ended at 2.30 percent with coverage ratio at 123.20 percent. Reserve to required reserve as of 31 December 2018 was 154.90 percent.

7.1.6 Net Interest Income

In 2018, TBANKs' net interest income totaled 31,038 million baht, an increase of 1,628 million baht or 5.54 percent from last year. The composition of interest incomes and expenses are as follow:

Net Interest Income (Unit: Million Baht)	2017	2018	Change	
			Increase / (Decrease)	percentage
Interest Income	44,366.00	46,288.00	1,922.00	4.33
Interbank and Money Market Items	1,365.00	1,743.00	378.00	27.69
Investments and Trading Transactions	25.00	108.00	83.00	332.00
Investments in Debt Securities	3,143.00	2,631.00	(512.00)	(16.29)
Loans to Customers	17,759.00	17,551.00	(208.00)	(1.17)
Hire Purchase and Financial Lease	22,074.00	24,255.00	2,181.00	9.88
Interest Expenses	14,956.00	15,250.00	294.00	1.97
Deposits	8,699.00	9,071.00	372.00	4.28
Interbank and Money Market Items	792.00	997.00	205.00	25.88

Net Interest Income (Unit: Million Baht)	2017	2018	Change	
			Increase / (Decrease)	percentage
Contribution Fee to the Financial Institution Development Fund and the Deposit Protection Agency	3,348.00	3,482.00	134.00	4.00
Debts Issued and Borrowings	2,110.00	1,690.00	(420.00)	(19.91)
Borrowing Cost	7.00	10.00	3.00	42.86
Net Interest Income	29,410.00	31,038.00	1,628.00	5.54

The increase in net interest income is mainly from an increase in loans. Especially, the hire purchase loans which grew by approximately 2,181 million baht or 9.88 percent growth from 2017. Moreover, TBANK had more efficient cost management from the bank's liquidity management strategy. This result in the growth in interest income is much higher than the growth in interest expenses. However, the rate of return of TBANK and its subsidiaries has slightly decreased from 4.93% in 2017 to 4.91% in 2018. While the financial costs of TBANK has also dropped from 1.87 percent in 2017 to 1.85 percent in 2018. From the decline in both the rate of return, and the financial cost, the interest spread of TBANK was stable at 3.06 percent which was similar to the previous year.

Interest Rate Margin	Unit	For the Year	
		2017	2018
Interest Income ⁽¹⁾	%	4.93	4.91
Interest Expense ⁽²⁾	%	1.87	1.85
Interest Margin	%	3.06	3.06

Remark: (1) Interest Income = Interest Income / (Loans to customers - Deferred revenue + Average of Interbank and money market items - net)

(2) Interest Expense = Interest Expense / Average of Deposits+ Interbank and money market items - net + Liability payable on demand + Debts issued and borrowings)

For the first six-month period of 2019, TBANK's net interest income totaled 16,099 million baht, an increase of 887 million baht or 5.83 percent from the same period last year. The increase in net interest income is owing to the increase in revenue from Hire Purchase and Financial Lease.

7.1.7 Non-interest Income

In 2018, non-interest income of TBANK totaled 12,201 million baht, a decrease of 371 million baht or 2.95 percent from last year. The composition of non-interest incomes and expenses are as follow:

Non-interest Income (Unit: Million Baht)	2017	2018	Change	
			Increase / (Decrease)	percentage
Net Fees and Service Income	5,897.00	6,627.00	730.00	12.38
Gains on Trading and Foreign Exchange Transactions	548.00	357.00	(191.00)	(34.85)
Gains on Investments	1,113.00	(85.00)	(1,198.00)	(107.64)
Share of Profit from Investments in Associated Companies Accounted for under Equity Method	200.00	299.00	99.00	49.50

Non-interest Income (Unit: Million Baht)	2017	2018	Change	
			Increase / (Decrease)	percentage
Net Insurance Income	2,928.00	2,937.00	9.00	0.31
Dividend Income	464.00	411.00	(53.00)	(11.42)
Other Income	1,422.00	1,655.00	233.00	16.39
Total Other Operating Income	6,675.00	5,574.00	(1,101.00)	(16.49)
Non-interest Income	12,572.00	12,201.00	(371.00)	(2.95)

The decrease in non-interest Income was mainly owing to gain on investment which declined 1,198 million baht as a result of investment portfolio adjustment in accordance to the market environment. As a result, the ratio of non-interest income to net operating income in 2018 was 28.22 percent, a decrease from 29.95 percent last year.

For the first six-month period of 2019, the non-interest Income was 6,002 million baht, dropped around 634 million baht or 9.55 percent from the previous year. The decrease in net Non-interest Income was owing to the decrease in fee from brokerage, and a decrease in net profit from investment sales.

7.1.8 Other Operating Expenses

In 2018, other operating expenses of the Bank and its subsidiaries totaled 20,525 million baht, an increase of 88 million baht or 0.43 percent from last year. The composition of Other Operating Expenses is as follow:

Other operating expense (Unit: Million Baht)	2017	2018	Change	
			Increase/ (Decrease)	Percentage
Employee's Expenses	11,981.00	11,171.00	(810.00)	(6.76)
Premises and Equipment Expenses	2,806.00	2,602.00	(204.00)	(7.27)
Taxes and Duties	726.00	713.00	(13.00)	(1.79)
Directors' Remuneration	53.00	58.00	5.00	9.43
Other Expenses	4,871.00	5,981.00	1,110.00	22.79
Total Other Operating Expenses	20,437.00	20,525.00	88.00	0.43

The other operating expense, in 2018, increased around 0.43 percent which was lower than the growth of net interest income. Therefore, cost to income ratio in 2018 was at 47.47 percent, decreased from 48.68 percent in the previous year.

In the first six-month period of 2019, TBANK's other operating expenses totaled 10,554 million baht, an increase of 214 million baht or 2.07 percent from the same period last year due to the one-time expense for retirement pension and severance payment as aforementioned. As a result, cost to income ratio totaled 47.75 percent. If exclude the one-time expense, the other operating expenses would decrease 5.11 percent and the cost to income ratio would be 44.40 percent, a decrease from 47.33 percent in the same period last year.

7.1.9 Impairment Losses of Loans and Debt Securities

In 2018, the Bank and its subsidiaries had 4,741 million baht impairment loss of loans and debt securities, a decrease of 1,503 million baht or 24.07 percent from the previous year. Credit cost was at 0.57 percent, lower than 0.79 percent last year.

Impairment Loss of Loans and Debt Securities	Unit	For the year		Change	
		2017	2018	Increase/(Decrease)	Percent
Impairment Loss of Loans and Debt Securities	Million Baht	4,741	6,244	(1,503)	(24.07)
Credit Cost	Percentage	0.57	0.79	(0.22)	(27.85)

For the first six-month period of 2019, TBANK had 1,953 million baht, a decrease of 878 million baht or 31.01 percent from the same period last year. Credit cost for the period was at 0.47 percent, a decrease from 0.69 percent from the same period last year.

Impairment Loss of Loans and Debt Securities	Unit	For the period		Change	
		6M/2018	6M/2019	Increase / (Decrease)	Percent
Impairment Loss of Loans and Debt Securities	Million Baht	2,831	1,953	(878.00)	(31.01)
Credit Cost	Percentage	0.69	0.47	(0.22)	(31.88)

7.1.10 Net Profit

For the year of 2016 – 2018, net profit of TBANK were 12,838.62 million baht, 14,369.13 million baht, and 15,457.69 million baht, respectively, which was accounting for the growth of 11.92 percent in 2017, and 7.58 percent in 2018. The main reason for the growth in TBANK's net profit was mainly from the revenue from its operation.

For the first six-month period of 2019, TBANK's net profit was 7,241.61 million baht which decreased from the net profit of the first six-month period of 2018 which was around 7,600.08 million baht, accounting for the decrease of 4.71 percent. The main reason for the lessening in TBANK's net profit was mainly from the increase in the expense from tax.

7.4 Statement of Financial Position

7.2.4 Assets

As of 31 December 2018, the Bank and its subsidiaries' total assets amounted to 1,046,612 million baht, an increase of 37,055 million baht or 3.67 percent from the end of 2017. The key changes are as follows:

- **Net interbank and money market items** : As of 31 December 2018, Net interbank and money market items were in the amount of 97,568 million baht, an increase of 2,917 million baht or 3.08 percent from the end of last year, mainly due to liquidity management.
- **Net investments** : As of 31 December 2018, Net investments totaled 161,078 million baht, a decrease of 6,290 million baht or 3.76 percent from the end of last year, mainly due to management for suitable yield return.

- **Loans** : As of 31 December 2018, Loans totaled 753,498 million baht, an increase of 41,823 million baht or 5.88 percent from the end of last year from retail and SME loans. In particular, hire purchase loans have experienced good growth of 13.44 percent, a result of an improved internal process and recovered automotive market, allowing the Bank to maintain a market leader position. The proportion of retail to corporate and SME loans was 74 to 26 percent.

As of 30 June 2019, TBANK's total assets totaled 1,060,345.55 million baht, an increase of 13,734 million baht or 1.31 percent from the end of 2018. The reasons for the increase in total assets of TBANK were the increase from loans and net investment.

7.2.5 Liabilities

The Bank and its subsidiaries' total liabilities as of 31 December 2018 amounted to 902,406 million baht, an increase of 29,057 million baht or 3.33 percent from the end of 2017. The key changes are as follows:

- **Deposits** : As of 31 December 2018, Deposits totaled 752,160 million baht, an increase of 35,882 million baht or 5.01 percent from the end of last year. An increase was mainly due to saving deposits. As a result, CASA ratio was 48.52 percent, an increase from 42.93 percent at the end of last year.
- **Debt issued and borrowings** : As of 31 December 2018, Debt issued and borrowings totaled 43,079 million baht, an increase of 3,771 million baht or 9.59 percent mainly from issuance and offering of subsidiary company.

As of 30 June 2019, TBANK's total liabilities totaled 908,737 million baht, an increase of 6,331 million baht or 0.70 percent from the end of 2018. The reasons for the increase in total liabilities of TBANK was due to 33,000 million baht private placement of debentures and the 13,000 million baht of unsecured subordinated debentures early redemption.

7.2.6 Shareholders' Equity

Shareholders' equity as of 31 December 2018 was in the amount of 144,206 million baht, an increase of 7,998 million baht or 5.87 percent from the end of 2017. The details are as follows:

- **The Bank's shareholders' equity** : As of 31 December 2018, TBANK's shareholders' equity was in the amount of 141,699 million baht, an increase of 7,409 million baht or 5.52 percent. This was mainly due to profitable operating results of the Bank and its subsidiaries in 2018 which totaled 14,703 million baht, mark to market on investment which decreased by 1,063 million baht and dividend payment of 6,247 million baht.
- **Equity attributable to non-controlling interests** : As of 31 December 2018, Equity attributable to non-controlling interests was in the amount of 2,507 million baht, an increase of 589 million baht or 30.71 percent, a result of profitable operating results of subsidiaries.

Shareholders' equity as of 30 June 2019 was in the amount of 151,609 million baht, an increase of 7,403 million baht or 5.13 percent from the end of 2018. The reasons for the increase in total shareholders' equity of TBANK was the increase in operating profit attributable to TBANK in the first six-month period of 2019.

8. Industry Overview

Refer to Attachment 2: Information of Thanachart Capital Company Limited No. 8

Attachment 4 : Information of Thanachart Broker Company Limited

1. General information

Company name	:	Thanachart Broker Company Limited
Registered Date	:	August 21, 1997
Registered Number	:	0105540075314
Head office location	:	999/3, 999/4 The Nine Building Rama 9 Road, Phatthanakan, Suan Luang, Bangkok 10250
Authorized share capital	:	100,000,000 baht (as of June 19, 2019) divided into 100,000,000 ordinary shares with a par value of 1.00 baht per share)
Issued and paid-up share capital	:	100,000,000 baht (as of June 19, 2019) divided into 100,000,000 ordinary shares with a par value of 1.00 baht per share
Business Type	:	Performing securities businesses in the category of investment management

2. General Business Information

Performing Mutual Fund Management Business, Private Fund Management, Provident Fund and Financial Investment Advisory Business which is considered as a company that provides a full range of services

3. Board of Director as of June 19, 2019

No.	List of Director	Position
1.	Mr. Ekkasit Sakthanakorn	Director
2.	Mr. Bancha Chirasan	Director
3.	Miss Temduean Kesawattana	Director
4.	Miss Sujai Suphapitiporn	Director
5.	Mrs. Wanruedee Phitpricha	Director

Source: Certified report of Thanachart Broker Company Limited

4. Shareholders structure as of May 10, 2019)

No.	List of Shareholder	Nos. of Share	Percentage (%)
1.	Thanachart Bank Public Company Limited	9,999,000	99.99
2.	Miss Nonglak Techamahalarp	800	0.00
3.	Miss Warunee Namsao	100	0.00
4.	Miss Alongkot Premkamonnnet	100	0.00

No.	List of Shareholder	Nos. of Share	Percentage (%)
	Total	10,000,000	100.00

Source: Certified Copy the list of shareholders of Thanachart Broker Company Limited

5. Summary of financial statement and analysis of operating result)

5.1 Financial statement

5.1.1 Statements of financial position

Unit : Baht	Financial statement as of		
	December 31, 2016 (Audited)	December 31, 2017 (Audited)	December 31, 2018 (Audited)
Current assets			
Cash and cash equivalent	210,448,134	226,441,188	220,466,789
Insurance Premium receivables and other accrued receivables, net	62,314,348	68,169,633	70,652,996
Other current assets	191,144	301,148	350,685
Total Current Assets	272,953,626	294,911,969	291,470,470
Non-current assets			
Equipment – Net	18,032,549	20,423,207	15,066,078
Intangible assets – Net	20,427,800	25,163,640	25,038,523
Deferred tax assets	3,456,388	4,596,631	5,323,646
Other Non-current asset -Deposit	2,347,601	3,012,342	2,813,461
Total Non-current Assets	44,264,338	53,195,820	48,241,708
Total assets	317,217,964	348,107,789	339,712,178
Current Liabilities			
Insurance premium payable	84,418,019	108,547,875	127,764,174
Other account payable	44,557,988	53,709,581	44,124,720
Payable according to financial leasing due within one year	104,070	-	-
Income tax payable	5,030,119	1,813,660	582,140
Other current liabilities	5,240,006	6,908,034	6,474,538
Total Current Liabilities	139,350,202	170,979,150	178,945,572
Non-current liabilities			
Payable according to financial leasing due over one year	-	-	-
Provisions for liabilities - reserve for long term provisions of employee benefits	12,340,807	18,017,894	22,286,115
Total Non-current liabilities	12,340,807	18,017,894	22,286,115
Total liabilities	151,691,009	188,997,044	201,231,687
Equity			

Unit : Baht	Financial statement as of		
	December 31, 2016 (Audited)	December 31, 2017 (Audited)	December 31, 2018 (Audited)
Share capital			
Authorized share capital) – 10,000,000 ordinary shares of 10 Baht each	100,000,000	100,000,000	100,000,000
Issued and paid-up share capital)10,000,000 issued ordinary shares of 10 Baht each)	100,000,000	100,000,000	100,000,000
Appropriated			
Legal reserve	10,000,000	10,000,000	10,000,000
Unappropriated	55,526,955	49,110,745	28,480,491
Total equity	165,526,955	159,110,745	138,480,491
Total liabilities and equity	317,217,964	348,107,789	339,712,178

5.1.2 Statements of Comprehensive income

Unit : Baht	Financial statement as of		
	December 31, 2016 (Audited)	December 31, 2017) (Audited)	December 31, 2018) (Audited)
Income			
Insurance broker income	357,703,395	357,590,833	376,521,222
Advisor income	47,062,003	55,246,154	53,487,096
Interest Income	2,215,659	1,862,739	1,935,549
Other Income	16,580,233	29,647,936	36,273,376
Total Income	423,561,290	444,347,662	468,217,243
Expenses			
Fees and service expenses	85,301,919	89,386,049	105,132,696
Admin. expenses	21,512,153	251,679,322	263,926,234
Bad debt and allowance for doubtful accounts	-	-	1,588,928
Total Expenses	300,434,072	341,065,371	370,647,858
Profit before income tax	123,127,218	103,282,291	97,569,385
Income tax	(22,455,206)	(19,698,501)	(18,199,639)
Profit(Loss) for the year	100,672,012	83,583,790	79,369,746

Attachment 5 : Information of Thanachart Fund Management Company Limited

1. General information

Company name	:	Thanachart Fund Management Company Limited
Registered Date	:	(March 19, 1992
Registered Number	:	0105535049696
Head office location	:	231 MBK Life Building, Floor 5-7, Ratchadamri Road, Lumpini Subdistrict, Pathumwan District, Bangkok
Share capital	:	100,000,000 baht (as of July 2, 2019) divided into 100,000,000 ordinary shares with a par value of 1.00 baht per share
Issued and paid-up share capital	:	100,000,000 baht (as of July 2, 2019) divided into 100,000,000 ordinary shares with a par value of 1.00 baht per share
Business Type	:	Performing securities businesses in the category of investment management

2. General Business Information

Performing Mutual Fund Management Business, Private Fund Management, Provident Fund and Financial Investment Advisory Business which is considered as a company that provides a full range of services

3. Board of Director as of March 27, 2019

No.	List of Director	Position
1.	Mr. Somjate Moosirilert	Director
2.	Mrs. Pichet Thamaviphak	Director
3.	Mr. Amornrit Chanprasit	Director
4.	Mr. Boonchai Keattitanawit	Director
5.	Mrs. Piyapong Atmangkorn	Director
6.	Mr. Kriangkrai Phuriwitwattana	Director
7.	Mr. Paul Alan Diwolf	Director
8.	Mr. Songwut Chaowalit	Director

Source: Certified report of Thanachart Fund Management Company Limited

4. Shareholders as of March 27, 2019

No.)	List of Shareholder	Nos. of Share	Percentage (%)
1.	Thanachart Bank Public Company Limited)\	7,499,993	74.99
2.	Government Savings Bank	2,500,000	0.00

No.)	List of Shareholder	Nos. of Share	Percentage (%)
3.	Mr. Chukiat Sathitskun	1	0.00
4.	Mr. Chotchuang Theerakajonchot	1	0.00
5.	Mrs. Boonchai Keatthanawit	1	0.00
6.	Mr. Varinthorn Khao La-Or	1	0.00
7.	Miss Wiphasiri Kasemsuk	1	0.00
8.	Mr. Wisit Chuenrattanakun	1	0.00
9.	Mr. Sombat Lappichet	1	0.00
Total		10,000,000	100.00

Source: Certified Copy the list of shareholders of Thanachart Fund Management Company Limited

5. Summary of financial statement and analysis of operating result

5.1 Financial statement

5.1.1 Statements of financial position

Unit : Baht	Financial statement as of		
	December 31, 2016 (Audited)	December 31, 2017 (Audited)	December 31, 2018 (Audited)
Assets			
Cash and cash equivalents	41,124,792	86,042,111	27,890,820
Fee and services receivable	95,339,981	144,909,298	161,048,063
Investment	281,054,813	260,991,817	409,244,774
Premises and equipment	4,881,899	7,096,448	8,855,727
Intangible assets	9,231,206	9,968,122	12,397,738
Deferred tax assets	6,578,556	7,220,081	7,818,610
Other assets	19,227,227	26,567,362	31,476,878
(Total Assets)	457,438,474	542,795,239	658,732,610
Liabilities			
Fee and services payable	31,964,931	52,942,974	50,012,143
Income tax payable	29,243,941	36,116,502	52,997,487
Provisions for liabilities	25,337,029	29,900,927	33,887,071
Other liabilities	82,854,248	95,175,029	98,326,712
Total Liabilities	169,400,149	214,135,432	235,223,413
Equity			
Issued and paid-up share capital			
Ordinary shares	100,000,000	100,000,000	100,000,000
Retained earning			
Appropriated - Legal reserve)	10,000,000	10,000,000	10,000,000
Unappropriated	178,038,325	218,659,807	313,509,197
Total equity	288,038,325	328,659,807	423,509,197

Unit : Baht	Financial statement as of		
	December 31, 2016 (Audited)	December 31, 2017 (Audited)	December 31, 2018 (Audited)
Total liabilities and equity	457,438,474	542,795,239	658,732,610

5.1.2 Statements of Comprehensive income

Unit : Baht	Financial statement as of		
	December 31, 2016 (Certified)	December 31, 2017 (Certified)	December 31, 2018 (Certified)
Income			
Fee income	1,058,343,232	1,333,405,938	1,859,344,674
Profit and gain from financial instruments	7,016,442	5,534,192	5,602,742
Other Income	4,734,223	3,077,422	3,318,676
Total Income	1,070,093,897	1,342,017,552	1,868,266,092
Expenses			
Employee benefit expenses	174,251,913	186,417,492	182,127,236
Fee and services expenses	327,502,481	485,683,969	695,614,672
Other expenses	12,396,704	137,143,129	17,292,293
Total Expenses	625,720,098	809,244,590	1,049,834,201
Profit before income tax	444,373,799	532,772,962	818,431,861
Income tax	(88,898,731)	(107,143,994)	(63,854,952)
Profit for the year	355,475,068	425,628,968	654,676,939
Other comprehensive profit or loss):			
Loss provisions from actuarial science principle	344,205	(2,590,357)	(159,436)
Taxes and duties	(68,841)	501,871	31,887
Total comprehensive profit or loss for the year	275,364	(2,007,486)	(127,549)
Comprehensive profit or loss for the year	355,750,432	423,621,482	65,444,939

Attachment 6 : Information of TMB Bank Public Company Limited

1. General information

Company name	: TMB Bank Public Company Limited ("TMB" or "The Bank")
Type of Business	: TMB engages in universal banking business to serve corporate, SME, and retail customers. ING Bank B.V., a financial group in the Netherland, is its strategic partner and a major shareholder as well as Ministry of Finance.
Registered Number	: 0107537000017
Head office location	: 3000 Phahothin Rd., Jompol, Chatu Chak Bangkok 10900
Authorized share capital	: 41,903,301,555.05 Baht (As of 30 June 2019) Ordinary shares of 43,851,893,110 shares at par value 0.95 Baht
Issued and paid-up share capital	: 41,903,301,555.05 Baht (As of 30 June 2019) Ordinary shares of 43,851,893,110 shares at par value 0.95 Baht

2. Background

TMB Bank Public Company Limited. was established on November 5, 1957 at Mansion 2, Rajdamnern Avenue, Bangkok. At that time, Field Marshal Saridi Dhanarajata was Chairman of the Board of Directors, Mr. Chote Guna-Kasem was the Bank's President, and the Bank had a total workforce of 26. TMB's initial registered capital was 10 million baht, divided into 100,000 shares, each with THB 100 par value. Most of the shareholders in the initial stage were military personnel both in-service and out-of-service.

The year 1982 marked a milestone for the Bank as His Majesty King Bhumibol Adulyadej graciously bestowed the Royal Garuda Emblem to TMB and its registered capital had its first increase, from 10 million baht to 100 million baht. To expand the fund-raising capability, the Bank was listed on the Stock Exchange of Thailand (SET) on December 23, 1983 and transformed into a public company limited in 1994. As of December 31, 2013, the Bank's registered capital was 41,903,301,555 baht of which 41,426,006,153 baht was paid up and 43,606,322,266 from common stock with par value of THB 0.95 per share.

Thai Military Bank Plc., DBS Thai Danu Bank Plc. and the Industrial Finance Corporation of Thailand legally merged to become TMB Bank Plc. on September 1, 2004. This merger enabled the Bank to operate as a universal bank, with total assets of 673 billion baht as of December 31, 2004.

In December 2007, TMB underwent a share capital increase of 37,622 million baht by forming a new business partnership with ING Group, a leading financial institution from The Netherlands. After recapitalization, the Ministry of Finance held 26.1 percent and ING Group held 25.2 percent of the entire issued and offered shares of the Bank. ING Group also held NVDRs (Non-Voting Depository Receipts) representing rights to

TMB's securities and/or ordinary shares for 4.92 percent of the entire issued and offered shares of the Bank. Currently, TMB is the seventh largest bank in Thailand in term of total assets, deposits and loans. The Bank has total assets of 888.2 billion baht, deposits of 649.6 billion baht and net loans of 685.7 billion baht as of December 31, 2018 (Bank only statements).

3. General business information

TMB offers financial products and services, ranging from deposit, loans, investment product and bancassurance. However, each customer segment has different financial needs. As a customer centric organization, understanding customer's needs is one of TMB key success factors. TMB business is organized into 3 key customer segments : Wholesale Banking Group, SME Banking Group, Retail Banking Group

4. Board of Directors

TMB has 12 Board of Directors as of 31 December 2018.

No.	Name	Position
1.	Mr. Prasong Poontaneat	Chairman
2.	Mr. Philippe G.J.E.O. Damas	Chairman of the board of Executive Directors / Director
3.	Mr. Piti Tantakasem	Chief Executive Officer / DIRECTOR
4.	General Nattaphon Narkphanit	Director
5.	Ms. Catherine Low Peck Cheng	Director
6.	Mr. Chumpol Rimsakorn	Director
7.	Mr. Vaughn Nigel Richtor	Director
8.	Mr. Yokporn Tantisawetrat	Director
9.	Mr. Singha Nikornpun	Independent Director / Chairman of the Audit Committee
10.	Mr. Siripong Sombutsiri	Independent Director
11.	Mr. Christopher John King	Independent Director / Audit Committee
12.	Mr. Praisun Wongsmith	Independent Director / Audit Committee

Source : www.set.or.th

5. Shareholder Structure

TMB's major shareholders as of 24 April 2019

No.	Name	No. of Shares	Percent
1.	Ministry of Finance	11,364,282,005	25.92
2.	ING Bank N.V.	10,970,893,359	25.02
3.	Thai NVDR Co., Ltd.	4,440,084,852	10.13
4.	South East Asia UK (TYPE C) Nominees Ltd.	749,436,044	1.71
5.	Mrs. Somporn Junggrueangkrit	618,000,000	1.41
6.	Royal Thai Army	546,487,860	1.25

7.	N.C.B.Trust Limited-Norges Bank 5	542,441,700	1.24
8.	The Bank of New York MELLON	476,900,500	1.09
9.	State Street Europe Ltd.	383,501,644	0.87
10.	Bualuang Long-term Equity Fund	233,765,400	0.53

Source : www.set.or.th

6. Financial Statement

6.1 Statement of Financial Position

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Assets								
Cash	16,530.91	2.07	17,871.74	2.12	15,234.24	1.71	10,840.25	1.20
Interbank and money market items, net	113,857.83	14.28	112,534.39	13.34	113,522.39	12.73	114,358.85	12.71
Derivative assets	10,460.37	1.31	8,673.72	1.03	7,916.45	0.89	10,181.24	1.13
Investments, net	62,985.27	7.90	61,305.16	7.26	73,476.65	8.24	84,264.09	9.36
Investments in subsidiaries and associate, net	-	-	-	-	4,577.26	0.51	4,712.49	0.52
<i>Loans to customers and accrued interest receivables, net</i>								
Loans to customers	593,509.98	74.44	643,424.65	76.25	685,793.19	76.91	679,850.20	75.56
Accrued interest receivables	914.97	0.11	969.07	0.11	1,308.44	0.15	1,293.10	0.14
Total loans to customers and accrued interest receivables	594,424.95	74.55	644,393.72	76.36	687,101.63	77.05	681,143.31	75.70
Less deferred revenue	(68.64)	(0.01)	(51.60)	(0.01)	(86.23)	(0.01)	(74.76)	(0.01)
Less allowance for doubtful accounts	(24,910.91)	(3.12)	(24,638.71)	(2.92)	(31,975.86)	(3.59)	(29,026.18)	(3.23)
Less revaluation allowance for debt restructuring	(177.35)	(0.02)	(330.47)	(0.04)	(999.48)	(0.11)	(1,044.59)	(0.12)
Total loans to customers and accrued interest receivables, net	569,268.06	71.40	619,372.93	73.40	654,040.05	73.35	650,997.77	72.35
Properties for sale, net	1,506.05	0.19	2,213.60	0.26	2,613.77	0.29	2,778.69	0.31
Premises and equipment, net	12,383.37	1.55	12,070.72	1.43	11,876.26	1.33	12,962.14	1.44
Goodwill and other intangible assets, net	1,704.05	0.21	2,131.81	0.25	2,592.36	0.29	2,645.71	0.29
Deferred tax assets	774.85	0.10	682.97	0.08	400.88	0.04	706.48	0.08
Other receivables, net	2,261.63	0.28	1,689.91	0.20	1,251.20	0.14	1,489.16	0.17
Other assets, net	5,583.81	0.70	5,324.83	0.63	4,211.81	0.47	3,862.76	0.43

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Total assets	797,316.19	100.00	843,871.77	100.00	891,713.31	100.00	899,799.64	100.00
Liabilities and Shareholder's Equity								
Liabilities								
Deposits	598,948.20	75.12	611,429.82	72.46	649,568.44	72.84	648,824.42	72.11
Interbank and money market items	45,417.48	5.70	60,349.10	7.15	64,266.59	7.21	49,402.68	5.49
Liabilities payable on demand	4,032.19	0.51	3,664.92	0.43	3,504.74	0.39	4,508.86	0.50
Financial liabilities designated at fair value through profit or loss	361.63	0.05	385.70	0.05	396.56	0.04	407.27	0.05
Derivative liabilities	10,728.16	1.35	8,558.76	1.01	7,327.95	0.82	9,981.17	1.11
Debts issued and borrowings, net	39,874.31	5.00	33,351.58	3.95	35,124.01	3.94	55,381.45	6.15
Provisions for obligations on transfers of non-performing assets	1,656.71	0.21	0.00	0.00	0.00	0.00	0.00	0.00
Provisions for employee benefits	1,453.10	0.18	1,301.44	0.15	1,220.76	0.14	1,512.37	0.17
Provisions for other liabilities	701.09	0.09	544.22	0.06	630.22	0.07	609.33	0.07
Deferred revenue	217.98	0.03	18,907.91	2.24	17,593.62	1.97	17,038.88	1.89
Other liabilities	10,077.55	1.26	15,522.77	1.84	13,301.51	1.49	11,695.62	1.30
Total liabilities	713,468.38	89.48	754,016.22	89.35	792,934.40	88.92	799,362.05	88.84
Shareholder's Equity								
Registered Capital								
44,108,738,479 ordinary shares of Baht 0.95 each issued and	41,903.30	5.26	41,903.30	4.97	41,903.30	4.70	41,903.30	4.66
Paid-up share capital								
43,851,893,110 ordinary shares of Baht 0.95 each	41,617.00	5.22	41,647.87	4.94	41,659.30	4.67	41,659.30	4.63

Statement of Financial Position	Consolidated Financial Statements ("FS")							
	31 December 2016		31 December 2017		31 December 2018		30 June 2019	
	(Audited)		(Audited)		(Audited)		(Before review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
(31 December 2017 : 43,839,858,871 ordinary shares and 31 December 2016 : 43,807,370,307 ordinary shares)								
Premium on share capital	325.41	0.04	378.93	0.04	403.60	0.05	403.60	0.04
Other reserves	5,277.87	0.66	5,097.30	0.60	4,810.56	0.54	5,938.48	0.66
Retained earnings								
Appropriated - Legal reserve	2,120.00	0.27	2,550.00	0.30	3,000.00	0.34	3,000.00	0.33
Unappropriated	34,382.50	4.31	40,181.45	4.76	48,905.46	5.48	49,436.21	5.49
Equity attributable to equity holders of the Bank	83,722.77	10.50	89,855.55	10.65	98,778.91	11.08	100,437.59	11.16
Non-controlling interest	125.04	0.02	-	-	-	-	-	-
Total shareholders' equity	83,847.81	10.52	89,855.55	10.65	98,778.91	11.08	100,437.59	11.16
Total liabilities and shareholders' equity	797,316.19	100.00	843,871.77	100.00	891,713.31	100.00	899,799.64	100.00

Remark: *TMB's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.2 Statement of comprehensive income

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		31 March 2018		31 March 2019	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Interest income	35,631.31	73.83	34,713.28	68.92	35,128.36	56.57	17,244.91	67.77	18,288.27	74.37
Interest expenses	10,870.43	22.52	9,979.43	19.81	10,631.61	17.12	5,115.32	20.10	5,707.81	23.21
Net interest income	24,760.88	51.30	24,733.85	49.11	24,496.75	39.45	12,129.59	47.67	12,580.46	51.16
Fees and service income	10,167.92	21.07	13,532.89	26.87	12,763.66	20.55	6,955.54	27.33	5,104.06	20.76
Fees and service expenses	2,171.03	4.50	2,947.21	5.85	3,426.06	5.52	1,754.70	6.90	1,473.35	5.99
Net fees and service income	7,996.89	16.57	10,585.68	21.02	9,337.59	15.04	5,200.84	20.44	3,630.71	14.77
Gains on trading and foreign exchange transactions, net	-	-	1,146.76	2.28	1,528.79	2.46	806.73	3.17	670.45	2.73
Losses on financial liabilities designated at fair value through profit or loss	1,691.41	3.50	(24.06)	(0.05)	(10.86)	(0.02)	(2.92)	(0.01)	(11.57)	(0.05)
Gains on investments, net	(12.52)	(0.03)	64.32	0.13	11,963.44	19.26	105.90	0.42	99.80	0.41
Share of profit from investment using equity method	200.89	0.42	0.00	0.00	63.94	0.10	-	-	135.23	0.55
Other operating income	585.10	1.21	932.10	1.85	662.58	1.07	336.24	1.32	303.68	1.23
Total operating income	35,222.65	72.98	37,438.64	74.33	48,042.23	77.36	18,576.37	73.00	17,408.75	70.80
Other operating expenses										
Employee expenses	8,117.59	16.82	8,511.08	16.90	8,198.29	13.20	4,134.38	16.25	4,456.51	18.12
Directors' remuneration	41.45	0.09	45.11	0.09	44.42	0.07	28.60	0.11	31.33	0.13
Premises and equipment expenses	3,149.91	6.53	3,384.03	6.72	3,430.87	5.52	1,699.08	6.68	1,609.04	6.54
Taxes and duties	1,272.56	2.64	1,249.91	2.48	1,263.58	2.03	618.88	2.43	646.12	2.63
Others	4,007.38	8.30	4,602.29	9.14	4,537.51	7.31	2,077.94	8.17	2,204.83	8.97
Total other operating expenses	16,588.88	34.37	17,792.42	35.33	17,474.66	28.14	8,558.88	33.63	8,947.83	36.39

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016		31 December 2017		31 December 2018		31 March 2018		31 March 2019	
	(Audited)		(Audited)		(Audited)		(Review of Interim FS)		(Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Impairment loss on loans and debt securities	8,649.50	17.92	8,914.70	17.70	16,100.38	25.93	4,684.84	18.41	4,329.31	17.61
Profit from operations before income tax	9,984.27	20.69	10,731.53	21.31	14,467.19	23.30	5,332.64	20.96	4,131.62	16.80
Income tax	1,739.86	3.60	2,003.85	3.98	2,865.96	4.62	1,026.65	4.03	635.46	2.58
Profit for the year	8,244.41	17.08	8,727.68	17.33	11,601.24	18.68	4,306.00	16.92	3,496.16	14.22
Other comprehensive income										
<i>Items that will be reclassified subsequently to profit or loss</i>										
Gains (losses) on remeasuring available-for-sale investments	(172.87)	(0.36)	102.94	0.20	(79.98)	(0.13)	(133.52)	(0.52)	142.53	0.58
Losses arising from translating the financial statements of foreign operations	(0.02)	(0.00)	(50.52)	(0.10)	(10.13)	(0.02)	-	-	(31.07)	(0.13)
Income tax relating to items that will be reclassified subsequently to profit or loss	34.58	0.07	(10.49)	(0.02)	18.02	0.03	26.70	0.10	(22.29)	(0.09)
<i>Items that will not be reclassified subsequently to profit or loss</i>										
Change in revaluation surplus on assets	2,079.34	4.31	(39.86)	(0.08)	(48.53)	(0.08)	(9.61)	(0.04)	1,356.68	5.52
Actuarial gains on post-employment benefit plan	89.07	0.18	192.77	0.38	79.14	0.13	101.87	0.40	71.96	0.29
Income tax relating to items that will not be reclassified subsequently to profit or loss	(433.68)	(0.90)	(30.58)	(0.06)	(6.12)	(0.01)	(18.45)	(0.07)	(285.73)	(1.16)
Total other comprehensive income for the year, net of income tax	1,596.42	3.31	164.27	0.33	(47.60)	(0.08)	(33.01)	(0.13)	1,232.08	5.01
Total comprehensive income for the year	9,840.82	20.39	8,891.96	17.65	11,553.64	18.60	4,272.99	16.79	4,728.24	19.23

Statement of comprehensive income	Consolidated Financial Statements ("FS")						Consolidated Financial Statements ("FS")			
	31 December 2016 (Audited)		31 December 2017 (Audited)		31 December 2018 (Audited)		31 March 2018 (Review of Interim FS)		31 March 2019 (Before Review of Interim FS)*	
	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage	Million Baht	Percentage
Profit attributable to:										
Equity holders of the Bank	8,226.26	17.04	8,686.66	17.25	11,601.24	18.68	4,306.00	16.92	3,496.16	14.22
Non-controlling interest	18.15	0.04	41.03	0.08	-	-	-	-	-	-
Profit for the year	8,244.41	17.08	8,727.68	17.33	11,601.24	18.68	4,306.00	16.92	3,496.16	14.22
Total comprehensive income attributable to:										
Equity holders of the Bank	9,822.91	20.35	8,850.64	17.57	11,553.64	18.60	16.79	4,728.24	19.23	16.79
Non-controlling interest	17.91	0.04	41.32	0.08	-	-	-	-	-	-
Total comprehensive income for the year	9,840.82	20.39	8,891.96	17.65	11,553.64	18.60	4,272.99	16.79	4,728.24	19.23
Earnings per share										
Basic earnings per share (in Baht)	0.19		0.20		0.26		0.10		0.08	
Diluted earnings per share (in Baht)	0.19		0.20		0.26		0.10		0.08	

Remark: *TMB's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

6.3 Statement of cash flows

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Cash flows from operating activities				
Profits from operations before income tax	9,984.27	10,731.53	14,467.19	1,939.71
Adjustments to reconcile profit from operations before income tax to net cash provided by (used in) operating activities				
Depreciation and amortization	1,253.69	1,339.98	1,425.42	381.54
Impairment loss on loans and debt securities	8,649.50	8,914.70	16,100.38	1,838.97
Impairment loss on premises and equipment (reversal of)	(55.23)	22.83	9.57	3.57
Impairment loss on properties for sale and other assets (reversal of)	(12.24)	286.66	124.51	22.12
Provisions for employee benefits and other liabilities	364.02	18.87	156.57	416.81
Impairment losses on investment (reversal of)	5.15	(21.78)	1.26	0.00
Losses (Gains) on revaluation of trading investments	(4.79)	(0.34)	1.57	2.87
Losses on disposal of intangible assets	0.00	8.74	0.00	0.00
Gains on disposal of premises and equipment	(37.23)	(42.92)	(17.24)	(1.57)
Gains on disposal of investments	(206.04)	(42.54)	(113.11)	(3.66)
Profit on the loss of control of a subsidiary	0.00	0.00	(11,851.60)	0.00
Unrealized losses on remeasurement of financial liabilities designated at fair value through profit or loss	12.77	24.06	10.86	5.77
Unrealized gains on exchange on derivatives	(67.00)	(382.74)	(471.32)	(251.78)
Unrealized losses (gains) on exchange on debentures and long-term borrowings	376.47	(1,027.50)	(74.11)	(290.15)
Expenses in relation to share-based payments	37.47	15.40	0.71	0.00
Share of profit from investments accounted for using the equity method	-	-	(63.94)	(60.02)
Net interest income	(24,760.88)	(24,733.85)	(24,496.75)	(6,236.49)
Dividend income	(61.96)	(32.15)	(18.56)	(0.02)

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Interest received	34,470.47	33,783.02	33,593.35	8,665.21
Interest paid	(9,675.34)	(8,625.76)	(9,338.93)	(1,851.56)
Income tax paid	(1,466.04)	(2,252.35)	(1,288.32)	(53.16)
Profits from operations before changes in operating assets and liabilities	18,808.05	17,983.85	18,157.52	4,528.15
Decrease (increase) in operating assets				
Interbank and money market items	2,010.94	1,327.10	(5,031.51)	9,276.56
Trading investments	4,647.99	9,594.03	(674.30)	(3,096.37)
Loans to customers	(26,289.95)	(59,532.18)	(50,469.45)	(4,642.17)
Properties for sale	324.61	251.91	(209.27)	(54.46)
Other receivables	(171.65)	166.11	358.41	(74.85)
Other accrued income	(113.93)	(197.60)	249.38	94.46
Other assets	(1,001.51)	550.64	(313.60)	748.43
Increase (decrease) in operating liabilities				
Deposits	(46,067.36)	12,415.97	38,072.66	11,721.26
Interbank and money market items	9,200.82	14,931.62	3,917.49	(13,000.23)
Liabilities payable on demand	1,023.99	(367.26)	(160.18)	1,513.20
Financial liabilities designated at fair value through profit or loss	50.00	-	-	-
Short-term debts issued and borrowings	(33.22)	(748.40)	-	-
Provision for obligations or transfers of non-performing assets	-	(1,317.05)	-	-
Provisions for employee benefits	(159.81)	(144.04)	(246.06)	(41.01)
Provisions for other liabilities	(19.92)	(19.17)	(51.09)	(493.08)
Account payables	(224.30)	323.12	182.98	(256.16)

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Other accrued expenses	(255.61)	991.04	(214.26)	(1,092.01)
Deferred revenue	20.44	18,680.42	(1,309.60)	(339.26)
Other liabilities	2,046.75	3,669.26	(2,093.98)	(178.34)
Net cash provided by (used in) operating activities	(36,203.67)	18,559.37	165.15	4,613.26
Cash flows from investing activities				
Interest received	1,504.33	1,302.29	1,373.47	139.56
Dividend received	61.96	32.15	18.56	0.02
Purchase of available-for-sale investments	(42,935.44)	(50,780.62)	(80,860.37)	(17,079.50)
Proceeds from sales of available-for-sale investments	59,229.69	41,534.71	76,804.89	15,582.70
Purchase of held to maturity debt securities	(8,058.25)	(3,984.17)	(12,899.50)	(6,651.20)
Proceeds from redemption of matured held to maturity debt securities	21,630.32	5,284.59	5,285.58	519.41
Proceeds from sales of general investments	124.75	121.45	102.29	-
Purchase of investments in subsidiaries	-	(258.21)	-	-
Proceeds from reduction and sales of investment in a subsidiary	-	-	11,437.53	0.00
Purchase of premises and equipment	(1,344.19)	(1,019.78)	(1,068.13)	(139.16)
Purchase of leasehold rights	(2.05)	(1.78)	(4.78)	(1.85)
Purchase of intangible assets	(976.05)	(761.36)	(1,019.04)	(173.54)
Proceeds from disposals of premises and equipment	415.09	132.33	141.31	23.48
Net cash provided by (used in) investing activities	29,650.15	(8,398.41)	(688.19)	(7,780.09)
Cash flows from financing activities				
Repayments of long-term debts issued and borrowings	(773.59)	(12.47)	(12.68)	20.00
Interest paid on long-term debts issued and borrowings	(1,345.83)	(1,195.74)	(1,319.89)	(1.70)
Cash receipts on debenture issued	10,542.30	5,430.00	4,868.10	(397.24)

Statement of cash flows	Consolidated Financial Statements ("FS")			
	31 December 2016	31 December 2017	31 December 2018	31 March 2019
	(Audited)	(Audited)	(Audited)	(Review of Interim FS)
	Million Baht	Million Baht	Million Baht	Million Baht
Cash paid for redemption of debenture	-	(10,350.00)	(3,008.88)	0.00
Expenses in relation to issuance of ordinary shares to employees	(0.54)	(0.51)	(0.49)	0.00
Dividend paid to equity holders of the Bank	(2,628.31)	(2,622.97)	(2,630.49)	0.00
Dividend paid to non-controlling interest	-	(17.93)	-	-
Net cash provided by (used in) financing activities	5,794.04	(8,769.61)	(2,104.33)	(378.94)
Change in translation adjustments of foreign operations	(0.02)	(50.52)	(10.13)	(10.36)
Net increase (decrease) in cash	(759.49)	1,340.83	(2,637.50)	(3,556.13)
Cash at 1 January	17,290.40	16,530.91	17,871.74	15,234.24
Cash at 31 December	16,530.91	17,871.74	15,234.24	11,678.11
Supplementary disclosures of cash flow information				
Non-cash transactions:				
Issuance of ordinary shares to employees	144.74	84.90	36.58	0.00
Change in remeasuring available-for-sale investments	(172.87)	-	-	-
Change in revaluation surplus on assets and transferred revaluation surplus on assets directly to retained earnings	1,954.70	-	-	-
Actuarial gains on post-employment benefit plan	89.07	-	-	-
Change in translation adjustments of foreign operations	(0.02)	-	-	-
Increase in properties for sale due to debts settlement	335.10	-	-	-
Transfer of premises and equipment to properties for sale	317.41	-	-	-
Reversal of provisions for obligation on transfers of non-performing assets net of written-off a promissory note and accrued interest receivables	4,341.00	337.67	-	-

6.4 Key financial ratios

Financial Ratios	Unit	Consolidated financial statements as of 31 December			Consolidated financial statements as of 30 June*
		2016	2017	2018	2019
Profitability ratio					
Gross profit margin ⁽¹⁾	%	69.5	71.3	69.7	68.8
Net profit margin	%	17	17.3	18.7	14.2
Return on equity	%	10.2	10	12.4	7.1 ⁽⁹⁾
Interest income ⁽²⁾	%	4.7	4.5	4.4	4.4
Interest expenses ⁽³⁾	%	1.5	1.4	1.5	1.5
Return on investment	%	3.2	3.1	2.9	2.9
Efficiency ratio					
Net interest income to assets	%	3	3	2.8	2.8 ⁽⁹⁾
Return on assets	%	1	1.1	1.4	0.8 ⁽⁹⁾
Asset turnover	Time	0.06	0.06	0.07	0.05 ⁽⁹⁾
Financial policy ratio					
Debt to equity ratio	Time	8.5	8.4	8	8.0
Loans to borrowings	%	92.3	99.2	99.6	96.5
Loans to deposits	%	99.1	105.2	105.6	104.8
Deposits to total liabilities	%	83.9	81.1	81.9	81.2
Capital adequacy ratio ⁽⁴⁾	%	18.1	17.3	17.5	21.1
Asset quality ratio					
Allowance for doubtful debts to total loan	%	4.2	3.9	4.8	4.4
NPLs coverage ⁽⁵⁾	%	143	143	152	141
NPLs to total loans	%	2.5	2.4	2.8	2.7
Accrued interest receivable to total loans	%	0.2	0.2	0.2	0.20

Remark:(1) Gross profit margin = net interest income / interest income

(2) Interest income = interest income / average earning assets(7)

(3) Interest expenses = interest expenses / average interest-bearing liabilities(8)

(4) Capital adequacy ratio used the guidelines specified in the BoT's notification (Bank Only)

(5) % NPLs coverage = allowance for doubtful debts + revaluation allowance for debt restructuring / NPLs

(6) % NPLs to total loans used the guidelines specified in the BoT's notification

(7) Average earning assets = average loans + average interest-bearing interbank and money market items (assets) + average investments in debt securities

(8) Average interest-bearing liabilities = average deposits + average interest-bearing interbank and money market items (liabilities) + average debts issued and borrowings

(9) Financial Ratio Calculation of Q1/2019 was annualized for the purpose of comparison.

(10) TMB's Financial Statement as of 30 June 2018 was the financial statement before the auditor reviewed.

7. Analysis of financial position and performance

7.1 Overview of Performance

In 2018, the Bank strengthened its deposit value proposition with “Get More with TMB” concept and could expand deposit base by 6.2%. Meanwhile a key focus on loan was to ensure portfolio quality amid Thailand's uneven economic recovery cycle. The Bank therefore grew loan selectively and registered a growth of 6.6%. While total operating income rose by 28.3%, non-interest expense dropped by 1.8%. Therefore, PPOP for 12 months was reported at 30,540 million baht which grew by 54.7% YoY. Growing PPOP allowed TMB to set higher provision for prudence and preparation for IFRS 9 implementation. Coverage ratio, as a result, rose to 152%. Net profit grew 33.6% YoY to 11,601 million baht.

In the second quarter of 2019, TMB's operating performance showed an improvement, reflecting a recovery momentum of earning capability and efficiency. NII maintained a positive trend while Non-NII also resumed its growth pace. Operating expense was well managed. PPOP, therefore, grew by 24.5% QoQ. The Bank set aside high provision to de-risk loan portfolio, coverage ratio, as a result, was maintained at 140% with NPL ratio of 2.74%.

7.1.1 Operating income

For the year 2018, TMB reported operating income of 48,042 million baht, an increase of 10,604 million baht or 28.3% from last year. Net interest income slightly declined by 1.0% from the same period last year, resulting from non-transactional deposit expansion while non-interest income registered its strong growth. Operating cost was well-managed. Details of the Bank's operating performance was as follows.

7.1.2 Net interest income

Unit: million baht	2017	2018	%YoY
Interest income			
Interest on loans	31,580	32,082	1.59
Interest on interbank and money market items	1,824	1,761	(3.45)
Investments in debt securities	1,214	1,220	0.49
Investments and trading transactions	61	56	(8.2)
Other	35	10	(71.43)
Total interest income	34,713	35,128	1.2
Interest expense			
Interest on deposits	4,990	5,627	12.77
Interest on interbank and money market items	744	686	(7.80)
Contributions to the Deposit Protection Agency	2,842	2,965	4.33
Interest on debt issued and borrowings	1,378	1,278	(7.26)
Borrowing fee and others	23	76	230.43
Total interest expense	9,977	10,632	6.57
Net interest income	24,734	24,497	(0.97)

For the year 2018, the Bank had net interest income of 24,497 million baht accounting for a decrease of 237 million baht or 1.0 percent from the previous year. The main reasons for the decrease in net interest income are mainly from the decrease in revenue from interbank and money market items, and an increase in deposits due to the increase in the bank's financial costs.

For the first six-month period of 2019, TMB recorded 12,580 million baht of net interest income, relatively stable when compared to previous quarter (QoQ) and 3.4% increase from the same period last year (YoY). The reasons for the increase in net interest income from the same period last year are mainly from the increase in yield on earning asset.

7.1.3 Non-interest income

Unit: million baht	2017	2018	%YoY
Fees and service income	13,533	12,764	(5.68%)
Fee receive credit	568	484	(14.79%)
Others	12,965	12,280	(5.28%)
Fees and service expenses	2,947	3,426	16.25%
Net fees and service income	10,586	9,338	(11.79%)
Gains (losses) on trading and foreign exchange transactions	1,147	1,529	33.30%
Gains (losses) on financial instrument designated at fair value	(24)	(11)	(54.17%)
Gains (losses) on investments	64	11,963	18592.19%
Share of profit from investment using equity method	-	64	100.00
Gains on sale of assets	209	70	(66.51%)
Dividend income	32	19	(40.63%)
Others	691	574	(16.93%)
Total non-interest income	12,705	23,545	85.32%

In 2018, total non-interest income of the Bank and its subsidiaries was 23,545 million baht, an increase of 10,840 million baht or 85.3% over-year, driven mainly by an increase in gains on investment from selling 65% stake in TMBAM in 3Q18 and gains on trading and FX transactions.

For the first six-month period of 2019, TMB recorded 4,828 million baht of total non-interest income, a decrease of 25.1 percent from the same period last year (YoY) The reasons for the decrease in total non-interest income were mainly from the lower net fees and service income from Bancassurance and mutual fund sales, and the decrease in gains on trading and foreign exchange transactions.

7.1.4 Non-interest expenses

Unit: million baht	2017	2018	%YoY
Employee expenses	8,511	8,198	(3.68)
Premises and equipment expenses	3,384	3,431	1.39
Taxes and duties	1,250	1,264	1.12
Directors' remuneration	45	44	(2.22)
Loss on impairment of properties foreclosed	114	26	(77.2)

Unit: million baht	2017	2018	%YoY
Loss on diminution in value of other assets	172	98	(43.02)
Provisions for other liabilities (reversal)	(166)	(124)	25.30
Other expense	4,482	4,537	1.23
Total non-interest expense	17,792	17,475	(1.78)

At the end of 2018, total non-interest expenses of the Bank and its subsidiaries was 17,475 million baht, a decrease of 317 million baht or 1.8% from last year, due to the decrease in Employee expenses from the lower incentive.

For the first six-month period of 2019, TMB recorded 8,948 million baht of total non-interest expense, an increase of 4.50 percent from the same period last year (YoY) The reasons for the increase in net non-interest expenses were from the one-off set up related to employee retirement benefit due to the new Labor Protection Act booked in 1Q19 and annual salary incremental, the drop in premises and equipment expenses, and outsource expense.

7.1.5 Bad debt, Doubtful accounts and impairment losses

Provisions for bad debt and doubtful accounts and impairment loss on debt securities were 16,100 million baht, an increase of 7,185 million baht or 80.6 percent from last year. In 3Q18, TMB set aside additional provision from its normal business level for prudent qualitative loan downgrade and in preparation for implementation of IFRS 9 in 2020. As a result, coverage ratio of the Bank and its subsidiaries stood at 152 percent as of December 2018, compared with 143 percent as of December 2017.

For the first six-month period of 2019, Provisions for bad debt and doubtful accounts and impairment loss of debt securities of TMB was 2,490 million baht resulting in its coverage ratios dropped to 140 percent.

7.1.6 Profit before income tax

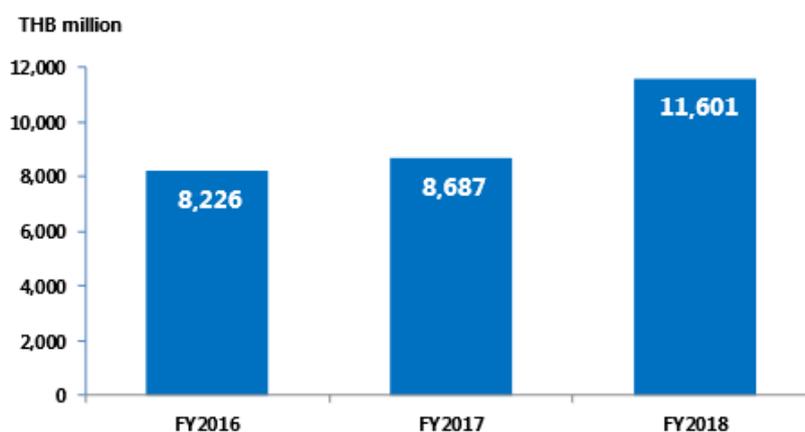
TMB had operating profits before income tax of 14,467 million baht, an increase of 3,735 million baht or 34.8 percent compared to the previous year.

While TMB's operating profit before income tax for the first six-month period of 2019 was 4,132 million baht, a decrease of 1,201 million baht or 22.22 percent compared to the same period of the previous year. The reason for the decrease in operating profits before income tax was the bank had a special profit from selling 65% of TMBAM shares in the 3rd quarter of 2018 resulting in an increase in non-interest income of the year 2018 by approximately 12,000 million baht

7.1.7 Net Income

TMB's net profit increased from 8,687 million baht in 2017 to 11,601 million baht in 2018, representing an increase of 32.9 percent of net profit from the year 2017. The reason for the increase in TMB's net profit was mainly due to the special profit from selling 65% of TMB Asset Management, resulted in an increase in non-interest income of 2018 by approximately Baht 12,000 million.

TMB's net profit for the year 2016 - 2018



For the first six-month period of 2019, TMB's net profit was 3,496 million baht, representing a decrease of 18.81 percent from the same period last year. The decrease in net profit for the first six-month period of 2019 was mainly due to a decrease in non-interest income such as fees and services income.

7.2 Statement of Financial Position

7.2.1 Assets

Total assets of the Bank and its subsidiaries as of 31 December 2018 were 891,713 million baht, an increase of 47,842 million baht or 5.7% from last year. Details of change in major assets are as follows.

- **Loans** : As of 31 December 2018, TMB reported 685,707 million baht of total loans (excluding accrued interest receivable), an increase of 42,334 million baht or 6.6% from last year. Key growth driver was performing loan growth in retail and corporate lending.
- **Non-performing loan** : As of 31 December 2018, the Bank and its subsidiaries had the allowance for debt restructuring of 32,975 million baht, increased by 8,006 million baht. In 3Q18, the Bank set aside additional provision as a cushion for prudent qualitative loan downgrade and in preparation for IFRS 9 implementation. As a result of higher provisions, the ratio of allowance to total NPL or coverage ratio on both consolidated and bank-only basis increased to 152 percent from 143 percent at the end of 2017.
- **Investment** : As of December 2018, the Bank reported net investment at 78,054 million baht, a slight decrease of 16,749 million baht or 27.3 percent. It was mostly from an increase in HTM portfolio, AFS

& Trading portfolio in line with balance sheet optimization plan and gain from change in control of investment as the Bank recognized 35 percent remaining of TMBAM stake.

- **Properties for sales** : As of December 2018, TMB's properties for sales were 2,614 million baht which increased 400 million baht or 18.1 percent from December 2017.

As of 30 June 2019, TMB's total assets was 899,800 million baht, which slightly increased from its assets on 31 December 2018. The reasons for the increase in TMB's total assets were from the increase in Interbank and money market items, net, and the increase in the investment.

7.2.2 Liabilities

As of 31 December 2018, total liabilities of the Bank and its subsidiaries reported 792,934 million baht, an increase of 38,918 million baht or 5.2 percent, in comparison to the last year. Details of change in major liabilities are shown below;

- **Deposits** : As of 31 December 2018, TMB's total deposits was 649,568 million baht, an increase of 38,138 million baht or 6.2 percent from the previous, driven by mainly retail and commercial segments. This reflected TMB's value proposition of "Get More with TMB". Overall, the deposit has expanded as planned, backed by No-Fixed and One Bank which rose by 14.3% and 14.6%. The increase was in line with Bank's strategy to acquire new customers.
- **Borrowings** : As of 31 December 2018, TMB's total borrowing was 35,124 million baht, an increase of 1,773 million baht or 5.3 percent from the previous year. An increase was mostly from the issuance of Green Bond USD, amounting to 60 million in June 2018 and amounting to USD90 million in December 2018, offsetting the redemption of CNH senior debt, amounting to CNY600 million in March 2018.

As of 30 June 2019, TMB's total liabilities was 799,362 million baht, which slightly increased from its liabilities on 31 December 2018 which was around 792,934 million baht. The reasons for the increase in TMB's total liabilities was due to the issuance of subordinate debenture with the total size of 30,000 million baht. However, the Company also redeemed its subordinate debenture with the total size of 9,000 million baht.

7.2.3 Shareholders' Equity

As of 31 December 2018, shareholders' equity of TMB was 98,779 million baht, an increase of 8,923 million baht or 9.9 percent from the previous year. The increase was due to recognition of TMB's profit during the period.

While as of 30 June 2019, the shareholders' equity of TMB was 100,438 million baht, which slightly increased from its shareholders' equity on 31 December 2018 which was around 98,779 million baht, an increase of 1,615 million baht or 1.6 percent from the end of December 2018. The increase was due to recognition of TMB's profit during the period.

8. Industry Overview

Refer to Attachment 2: Information of Thanachart Capital Company Limited No. 8