

Principle 6 Strengthen Effective Risk Management and Internal Control

1. Internal Control and Internal Audit

The Board of Directors has promoted and pays attention to internal control and internal audit consists of 5 configurations consists of the environmental, the internal control in the organization, the risk assessment, the operation control activities of the information and technology system, and the monitoring and the assessment system to ensure the bank has the internal control system adequacy and appropriately which will achieve the operation business objective under the good compliance and good internal control.

2. Risk Management

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

Whistleblower Policy

The bank has determined the whistleblower policy for protecting the whistleblowers and to ensure that the whistleblowers will not gain the suffering, damage or unfairness after notify to the bank. The policy is to protect the right of the complainant and informants, and keep information secret by limiting those responsible for perception. In addition, if the company has found data misuse or data without proper disclosure which breaches of the company rules, the bank will consider taking disciplinary action.

Informational and Complaints

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

The Complaint via Independent Directors

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

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Role of Stakeholders

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

Specifying the Policy in Treating the Stakeholders

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

3. The Interests of the Directors

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

In addition, the directors and the executives must be submit the report on his interest or a related person's interest in relation to management of the Company or the subsidiaries according to the Securities and Exchange Act B.E. 2535 and the Notification of the Capital Market Supervisory Board by providing the report within 1 month from the date of appointment or the day from the date of the change and send the report to the bank's secretary for keeping and also send the copy to the Chairman and the Chairman of the Audit Committee.

4. Conflicts of Interest Prevention

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

The Principle of Conflict of Interest Prevention

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

The Practical Guidelines for Conflicts of Interest Prevention

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

1. To determine the framework system and the measures to prevent the conflicts of interest in accordance with the criteria as follows:
 - 1.1 Treatment all group of customers with fairly for the maximum benefits for the customers
 - 1.2 Prevention no using the information or opportunity from the unlawful services (need to know basic).
 - 1.3 Providing the classification of the departments and the persons which had the conflicts of interest or the separation the working space (Chinese wall) such as the Private Banking Office and the Bank Operation Group
 - 1.4 Determining the operational regulations to prevent any action that may cause conflicts of interest.
2. Determining the measures of following, controlling and monitoring the operation in order to comply with the measures and the systems of the bank

3. Determining the reviewing of the appropriate measures and the working system regularly, at least immediately reviewing when had the affect situations or report the reviewing following the bank determined
- At the meeting of the Board of Directors or shareholders' meeting, the bank has determined the Board of Directors, the executives, or shareholders with the stake holding in any agenda must reveal the information about their stakes and related persons to the meeting. They have no rights to vote in such agenda in order to make the meeting be able to consider the transaction with the possible interest conflict and make the decision for the bank's benefits. Including they must not to consider in the matter and record the interest conflict in the resolution in the minutes of the meeting
 - Any director or the person who may have the conflicts or the conflict of interest, that director does not have the authority to approve the operation of the company or its subsidiaries as required by the Office of the Securities and Exchange Commission and / or the Stock Exchange of Thailand.

Anti-Corruption Policy

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