



**40<sup>th</sup> TISCO**  
anniversary

Annual Review 2008

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# Financial Highlights

(Million Baht)

Summary Result	2006	2007	2008
Total interest and dividend income	5,705	6,944	7,586
Net interest and dividend income	2,806	3,488	4,162
Non-interest income	2,293	2,444	2,134
Non-interest expense	(2,947)	(2,948)	(3,234)
Pre-provision operating profit	2,152	2,984	3,062
Net bad debt written back revenue	599	24	74
Allowance for doubtful accounts	(549)	(719)	(1,055)
Pre-tax and minority interest profit	2,203	2,289	2,082
Net profit	1,546	1,651	1,714

ROAA (%)	1.9	1.8	1.5
ROAE (%)	12.0	13.2	14.4
Loan spread (%)	3.1	3.5	3.7
Net interest margin (%)	3.1	3.9	3.8
Cost-to-income (%)	47.7	44.2	46.7

(Million Baht)

Balance Sheet Information	2006	2007	2008
Loans and receivable	74,641	86,420	103,110
Total assets	84,781	98,953	126,173
Total deposits and bills of exchange	66,288	68,459	100,591
Borrowings	362	8,005	4,899
Total liabilities	72,099	86,579	114,637
Total shareholders' equity	12,683	12,374	11,536

BIS Ratio (%)	13.4	11.9	11.7
Tier I Capital (%)	12.7	11.6	11.2
Net Capital Rule (TISCO Securities) (%)	181.2	108.4	115.9
NPL (%)	4.6	4.3	2.9
Coverage Ratio (%)	81.0	74.8	62.1

	2006	2007	2008
Branches	15	27	34
Employees (permanent and contract staff)	2,031	2,347	2,662

## Credit Rating

Fitch Ratings (Thailand) Limited			
Long-Term National Rating	A (tha)	A (tha)	A (tha)
Short-Term National Rating	F1 (tha)	F1 (tha)	F1 (tha)
Rating Outlook	Stable	Stable	Stable
Issue Ratings			
TSCO105A : Bt 3,000 million senior debentures due 2010	-	A **	A (tha)
TSCO125A : Bt 1,000 million senior debentures due 2012	-	A **	A (tha)
TSCO192A : Bt 2,000 million subordinated debentures due 2019	-	-	A- (tha)

As of or for the year ended December 31		2006		2007		2008	
TISCO Share Information		TISCO-P	TISCO	TISCO-P	TISCO	TISCO-P	TISCO
Share price (Baht)	high	31.00	31.75	33.50	34.75	31.75	30.75
	low	20.00	18.00	19.90	18.60	7.50	6.75
	close	22.80	22.00	30.50	30.00	9.25	8.80
Share outstanding at end of year (shares)		185,127,630	541,277,120	182,775,380	544,617,120	183,427,226	541,179,179
Earnings per share (Baht)	basic		1.88		2.02		2.11
	diluted		1.87		2.01		2.11
Book value per share (Baht)			17.46		17.01		15.92
Dividends per share (Baht)		3.0	2.0	2.8	1.8	2.0*	1.0*

\* Dividend payment for the year 2008 proposed at the AGM 2009

\*\* Ratings issued by TRIS Rating Co., Ltd.

## Report from the Board of Directors

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The year 2008 was a challenging year for the global economy and financial markets. The economy faced record high oil prices, followed by economic fallout from the subprime crisis, which was exacerbated by domestic political uncertainty. As a consequence, the Thai economy experienced a sharp downturn in consumer and business confidence, and reported a decline in economic growth of 4.3% for the last quarter. The SET index finished at 449.96 points by the end of the year, a sharp decline of 47.6% over the year with a net foreign capital outflow of 162 billion Baht.

Despite the challenging backdrop, TISCO Group maintained a strong operating performance in 2008. The Group reported a net income of 1,714 million Baht or 2.11 Baht per share, a 3.8% improvement from the previous year. While achieving strong growth momentum in the first half of 2008, TISCO showed resilience in the face of the economic and financial market turmoil which dominated the latter half of the year.

In 2008, core business of the Group continued to grow at a satisfactory rate in most areas. In banking, the loan portfolio expanded by 19.3% driven by continued strong growth in hire purchase, corporate and SME loans, despite shrinking demand in the slowing economy. With cost of funds well managed and asset yields sustained, net interest income increased by almost 20% over the year. Meanwhile, fee-based business has surged, with a rise in banking fee income as high as 41%, driven by great success in the bancassurance business.

Securities, on the other hand, were more affected by the economic collapse in the later half of the year. Securities brokerage fee income dropped by almost 17% following a sharp decline in market activity. Meanwhile, asset management fee income managed to grow at a slower rate of 2.9%, although the asset management market shrank by 13% following the decline in equity markets around the globe. On the bright side, our investment banking demonstrated steady growth, following our refocused strategies, as evidenced in an increase of 81% in investment banking fee income.

The hardest hit area was in proprietary trading, in which a net trading loss of 223 million Baht was recorded. Nonetheless, TISCO Group still exhibited solid financial performance with net revenue from core businesses recording continued growth and strong profitability over the year. Good asset quality was maintained as evidenced in the decrease of NPLs from 4.3% at the end of 2007 to 2.9% at the end of 2008. In addition, TISCO's capital position remained strong with the capital adequacy ratio (BIS Ratio) under the Basel II framework as high as 11.7%. With Tier-II subordinated debt being issued in the first quarter of 2009, it is expected that the BIS ratio of TISCO will be 13% or higher throughout 2009.

The year 2008 marked a key development in the completion of the holding company restructuring process for TISCO Group. Effective from January 2009, TISCO Group will operate with TISCO Financial Group Public Company Limited as the new parent holding company whereby TISCO Bank, the former parent company, will become a subsidiary company. The tender offer process for share swaps which took place during December 2008 – January 2009 resulted in 99.51% of shares swapped in the restructuring process, reflecting genuine understanding of the benefit of the new holding structure. We take this opportunity to thank our shareholders for their continued support of the Group's restructuring.

Under the new structure, TISCO Financial Group, the parent company, operates as the governance body, overseeing group governance, strategy & business direction, risk management and control, finance, accounting, and human resource management for the Group. Subsidiary companies, including TISCO Bank, TISCO Securities, TISCO Asset



## Report from the Board of Directors

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Management etc., operate as strategic business units, providing financial services to clients in various sectors. Under the new operating structure, maximum flexibility will be wielded in terms of business management while also ensuring optimal management and control of resources as well as good standards of governance.

TISCO Group also celebrated the year end with the addition of a new member to the group - TISCO Tokyo Leasing, a new subsidiary joint venture company with Tokyo Leasing, a leading Japanese company. The company, 49% owned by TISCO Financial Group, provides machinery and equipment financing for clients in the Japanese market.

In addition, TISCO Group also successfully acquired Primus Leasing Company Limited, a captive leasing company for vehicles under the Ford, Mazda and Volvo brands, with total assets of around 7 billion Baht. The acquisition marks another important milestone in business expansion for TISCO Group, even amidst the troubled economic conditions in 2009. The business acquisition will result in TISCO becoming the sole partner in auto floor plans and leasing with the Ford group in Thailand.

In 2008, TISCO Group continued to receive numerous prestigious awards, reflecting group business excellence. The Group received the “Top Corporate Governance Report Award” at the SET Awards 2008, an event organized by the Stock Exchange of Thailand to honor outstanding listed companies, securities companies and asset management companies which performed best in their category. The Group was also voted “Best Managed Company” (Mid-Cap category) for Thailand in the Asia’s Best Managed Companies Poll 2008 by Finance Asia Magazine, reflecting the opinions of investors, financial analysts and investment professionals in the region. TISCO Bank also ranked first in the Asset Currency Bond Benchmark Survey for Thai Baht Corporate Bonds as the “Best Bank in Thai Baht Corporate Bonds 2008,” the result of a survey of more than 300 institutional investors across nine markets in Asia reflecting their opinions regarding dealer services in the region.

In continuing our commitment to Corporate Social Responsibility (CSR), in 2008, the TISCO Foundation granted 5,532 scholarships to needy students at more than 700 educational institutions and donated 106 used computers, books, stationery, school uniforms and educational equipment to under-resourced schools throughout the country. Sixty per cent of the scholarships are provided on a long-term basis to allow the recipients to continue their studies until completion.

Looking forward, the business outlook for 2009 will be challenging. After enjoying a strong and sustained period of expansion with GDP growth averaging 5.5% per year over the past decade, Thailand cannot escape the adverse consequences of deteriorating global economic conditions. With negative GDP growth expected for 2009, our strategy for going through this difficult period will be more prudent and stringent business growth and asset quality. Tight management of risk, capital and costs will be a priority as we redouble our efforts in this turbulent time.

Finally, the board wishes to convey its gratitude to all of TISCO’s clients and shareholders for their commitment and support, and would like to extend special thanks to management and staff for their dedication, diligence and contributions throughout the year.

Board of Directors

# Board of Directors



**Dr. Phisit Pakkasem**  
Chairman and Independent Director



**Mr. Pliu Mangkornkanok**  
Director and Chairman of the Executive Board



**Ms. Krisna Theravuthi**  
Independent Director and Chairperson  
of the Nomination and Compensation Committee



**Assoc. Prof. Dr. Angkarat Priebjivat**  
Independent Director and  
Chairperson of the Audit Committee



**Ms. Panada Kanokwat**  
Independent Director and  
Member of the Audit Committee



**Prof. Dr. Pranee Tinakorn**  
Independent Director and  
Member of the Audit Committee



**Mr. Alexander H. Shing**  
Director, Vice Chairman  
of the Executive Board and  
Member of the Nomination  
and Compensation Committee



**Mr. Hirohiko Nomura**  
Director, Member  
of the Executive Board and  
Member of the Nomination  
and Compensation Committee



**Ms. Oranuch Apisaksirikul**  
Director and Member of the Executive Board



**Mr. Suthas Ruangmanamongkol**  
Director and Member of the Executive Board



# Management Committee



**Mr. Pliu Mangkornkanok**  
Group Chief Executive Officer



**Ms. Oranuch Apisaksirikul**  
President,  
TISCO Financial Group Public Company Limited



**Mr. Suthas Ruangmanamongkol**  
President,  
TISCO Bank Public Company Limited



**Mr. Sakchai Peechapat**  
Senior Executive Vice President -  
Marketing and Customer Relations,  
TISCO Bank Public Company Limited



**Mr. Panya Wotticharoenvong**  
Executive Vice President - Banking Transactions,  
TISCO Bank Public Company Limited



**Ms. Nattamon Issaradharm**  
Executive Vice President - Credit Control,  
TISCO Bank Public Company Limited



**Mr. Metha Pingsuthiwong**  
Executive Vice President -  
Treasury and Private Banking,  
TISCO Bank Public Company Limited



**Ms. Araya Thirakomen**  
President,  
TISCO Asset Management Company Limited



**Mr. Paiboon Nalinthrangkurn**  
Chief Executive Officer,  
TISCO Securities Company Limited

Mr. Pichai Chanvirachart Advisor

Mr. Sathit Aungmanee Advisor

# Comprehensive and Value-Added Financial Services



**40<sup>th</sup> TISCO**  
anniversary

TISCO Group comprises a group of financial services companies providing a full range of financial solutions to a broad range of end clients. Throughout our 40 years of history, the Group has enjoyed a great deal of goodwill, in many cases having gained the trust of customers that has spanned generations. Its services are widely recommended by those who are in need of professional financial solutions backed up by a strong reputation of trustworthiness, credibility, and integrity.

TISCO Group provides comprehensive services through its securities, asset management, and leasing subsidiaries. All are prominent market players in their respective service areas, making the Group a well diversified, yet highly focused financial services institution.

## Vision

Our vision is “To be Customers’ First Choice”, which represents our ultimate measure of success as a leading financial institution.

## Mission

At TISCO Group, we are a constantly learning organization that strongly adheres to the highest standards of professionalism and good corporate governance. We are committed to providing competitive and innovative financial solutions that ensure complete customer satisfaction. We are also dedicated to investing in our people and providing them with every opportunity for career development.

## Group Operating Structure

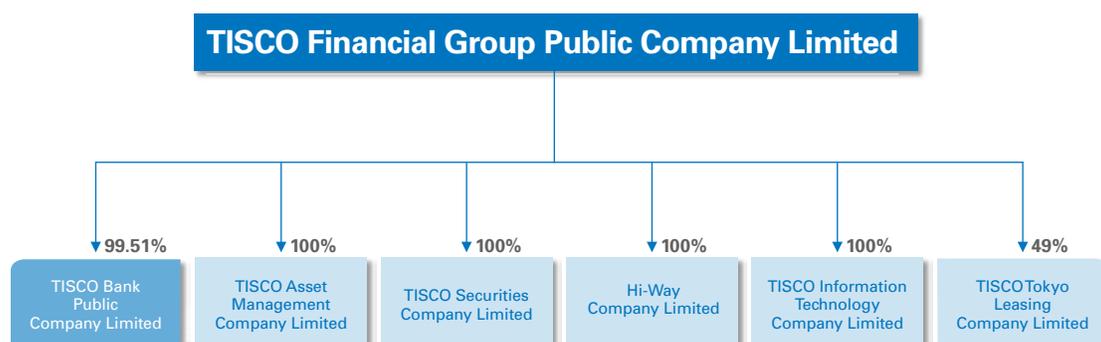
After successfully restructuring into a holding company format in January 2009, TISCO Financial Group Public Company Limited (“TISCOFG”), the new parent company of TISCO Group, directly holds shares in 6 subsidiary companies, namely TISCO Bank (99.51%), TISCO Asset Management (100%), TISCO Securities (100%), Hi-Way (100%), TISCO Information Technology (100%), and TISCO Tokyo Leasing (49%).

Under the new structure, TISCOFG operates as the governance body, overseeing group governance, strategy & business direction, risk management and control, finance, accounting, and human resource management. Each subsidiary company operates as a strategic business unit in fulfilling its own goals while adhering to the Group’s overall vision and strategy.

With its 6 subsidiary companies, the Group provides banking services through TISCO Bank. In the asset management business, TISCO Asset Management is ranked as the top player in managing provident, mutual, and private funds. TISCO Securities offers a wide range of securities services to diversified clients including individual and institutional customers. In addition to the Group’s broad range of hire purchase loans offered through TISCO Bank, Hi-Way services the specialized motorcycle leasing market niche.

# TISCO Financial Group

In addition, TISCO Tokyo Leasing, a new subsidiary joint venture with Tokyo Leasing, a leading Japanese leasing company, has recently become part of TISCO Group. The company, 49% owned by TISCOFG, operates in machinery and equipment financing, focusing on clients in the Japanese market.



The new holding company structure optimizes operating efficiency and effectiveness in serving clients, while at the same time strengthening the company's financial position and increasing value to shareholders in the long run.

## TISCO Companies

### TISCO Financial Group Public Company Limited

TISCO Financial Group Public Company Limited was established on August 22, 2008 as the new holding company and parent company of TISCO Group according to the holding company restructuring plan of TISCO Group. TISCOFG, a listed company on the SET, is currently holding investments in 6 subsidiary companies from 49% to 100%.

TISCOFG, acting as the governance body of TISCO Group, oversees, monitors and controls the business operations of all subsidiary companies. Corporate governance, risk management, business development, compliance and corporate support functions are centralized at TISCOFG to ensure that all subsidiary companies operate under the same standards to maximize shareholder benefits.



## TISCO Bank Public Company Limited

While TISCOFG is the parent company of TISCO Group, TISCO Bank is still the core company of the Group. TISCO was co-founded in 1969 by a joint venture comprising Banker Trust New York (60%), Kasikornbank (20%), and Bancom Development Corporation (20%). In 1972, Dai Ichi Kangyo Bank Ltd, later renamed Mizuho Corporate Bank Ltd, took over Bancom Development Corporation's shareholdings in TISCO. Later, in 1983, TISCO was listed on the Stock Exchange of Thailand and became a public company in 1993.

In 1973, TISCO was the first company in Thailand to obtain a license from the Ministry of Finance to operate a finance and securities business. The company was also the first to introduce investment banking and provident fund management, and played a major role in bringing capital market services to the Thai market. TISCO was also a pioneer in the hire purchase business and contributed as a founding member to the establishment of the Stock Exchange of Thailand.

After weathering the 1997 economic crisis, in 1999, TISCO raised capital through the Tier-I capital support schemes of the Ministry of Finance (MoF). The company was the recipient of a 6,000 million Baht capital increase from private investors and the MoF in equal proportion. At that time, the MoF issued 3-year warrants to investors, with an option to purchase TISCO preferred shares. These warrants were fully exercised in 2002 resulting in a widely diversified shareholding structure and improved TISCO share liquidity in the market. Following the recapitalization, CDIB & Partners Investment Holding (Cayman) Ltd., has been the major shareholder, currently holding an 11.8% stake, while the remainder has been diversified among local and foreign investors. During the years of the financial crisis, even though recapitalization and risk concerns were the company's primary focus, TISCO conducted business without interruption and continued to explore opportunities for future growth. Consequently, TISCO was able to make a remarkable turnaround from net loss to net profit in 2000.

Under the Financial Sector Master Plan, implemented in October 2004 by the Bank of Thailand and aimed at reforming the finance and banking industry, TISCO Finance Public Company Limited was the first to receive approval from the Ministry of Finance to become a full-service commercial bank. TISCO commenced banking operations on July 1, 2005, and upgraded 14 provincial loan offices to become bank branches, and finalized plans to expand its branch network in strategic areas with the aim of providing better service and coverage. In 2008, TISCO Bank opened 7 new branches nationwide, including full and sub branches, for a total of 34 branches at present.

TISCO Bank engages in banking business with service areas including retail and SME lending, corporate lending, retail deposit, private banking, bancassurance, cash management and custodian services.

## **TISCO Asset Management Company Limited**

TISCO Asset Management Company Limited former “Thai Asset Management”, was established in 1992 with capital of 100 million Baht. Initially, TISGO Group operated its asset management business, mainly provident funds, through TISCO Securities. After developing a strong reputation with clients, including public and private organizations, TISCO Securities made an acquisition proposal to “Thai Asset Management” and subsequently changed the name to “TISCO Asset Management”. The underlying reason was derived from our intent to focus on the asset management business. Accordingly, TISCO Asset Management has been fully separated from TISCO Securities as a means of exploiting its expertise in this area.

At present, TISCO Asset Management is one of the biggest asset management companies in Thailand. Since acquiring its asset management license in 2000, the company has been delivering exceptional services to its clients, ranging from charitable entities, universities, government organizations, and domestic corporations.

TISCO Asset Management offers a complete line of asset management services including Provident, Mutual, and Private Funds. TISCO Asset Management currently manages combined assets of over 100 billion Baht and serves more than 400,000 customers, making it one of the largest asset management companies in Thailand.

## **TISCO Securities Company Limited**

TISCO Securities was established in 1975 (the name was changed from Thai Securities Company “TSC” in 1998) to engage in all securities businesses. The company is one of the founding members of the Stock Exchange of Thailand and has been an acknowledged leader in the Thai securities industry for over 30 years.

TISCO Securities offers a wide range of securities-related services, which include Brokerage, Internet Trading, Securities Borrowing and Lending, Research, and Investment Banking. The company ranks among the top ten brokers in Thailand in terms of market share based on a highly experienced sales team, extensive research capabilities, and a strong back office. Our Investment Banking team is a recognized leader in its field.

TISCO Securities has a well-diversified and established client base comprising both institutional and retail brokerage customers. Based in Bangkok, it maintains 5 branch offices throughout the country.

## **Hi-Way Company Limited**

The company was founded in February 1978 under the name Hiway-Credit Company Limited which was later changed to Hi-Way Company Limited on April 2, 1984. Presently, the company has fully paid-up capital of 100 million Baht.

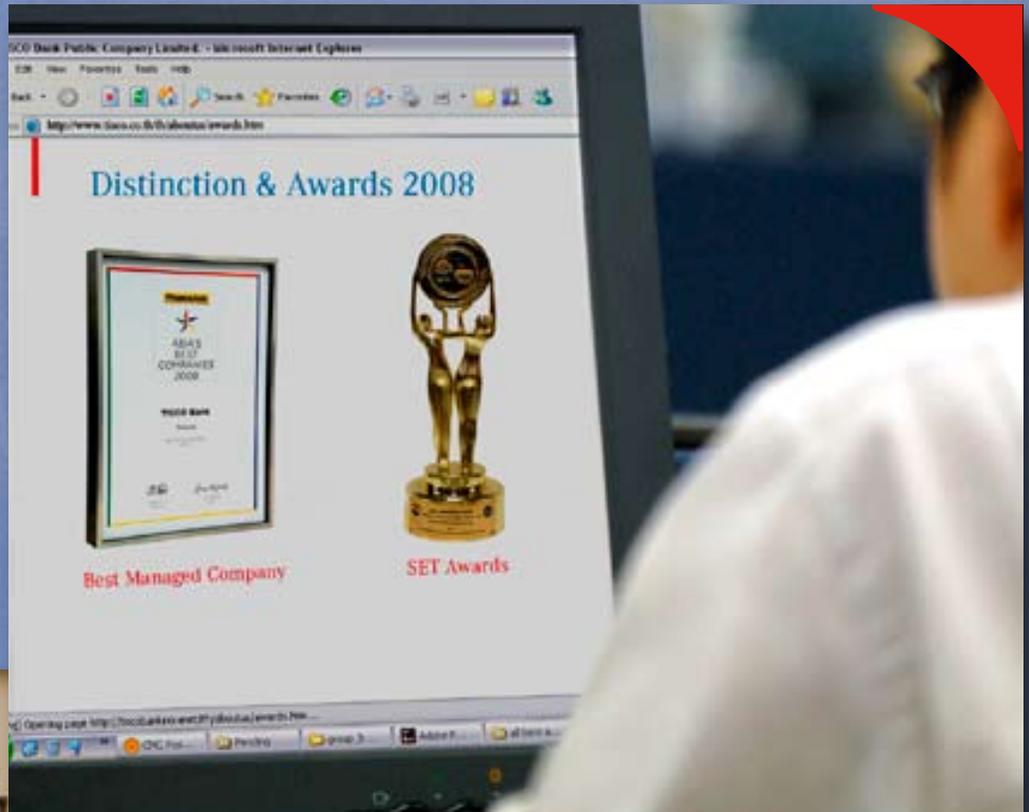
Hi-Way is engaged in the motorcycle hire purchase business covering Bangkok and the Metropolitan area, as well as after-sales services such as renewing vehicle licenses and other related legal services offering added convenience to its customers.



### TISCO Tokyo Leasing Company Limited

TISCO Tokyo Leasing Company Limited, formerly Tokyo Leasing, is a joint-venture of TISCOFG Company Limited (49%), Tokyo Leasing Company Limited (44%) which is a subsidiary of Mizuho Financial Group and insurance companies (7%). Presently, the company has fully paid-up capital of 60 million Baht. TISCO Tokyo Leasing provides a wide range of leasing services including commercial vehicles, machinery and equipment for commercial purposes primarily for Japanese corporations in Thailand.

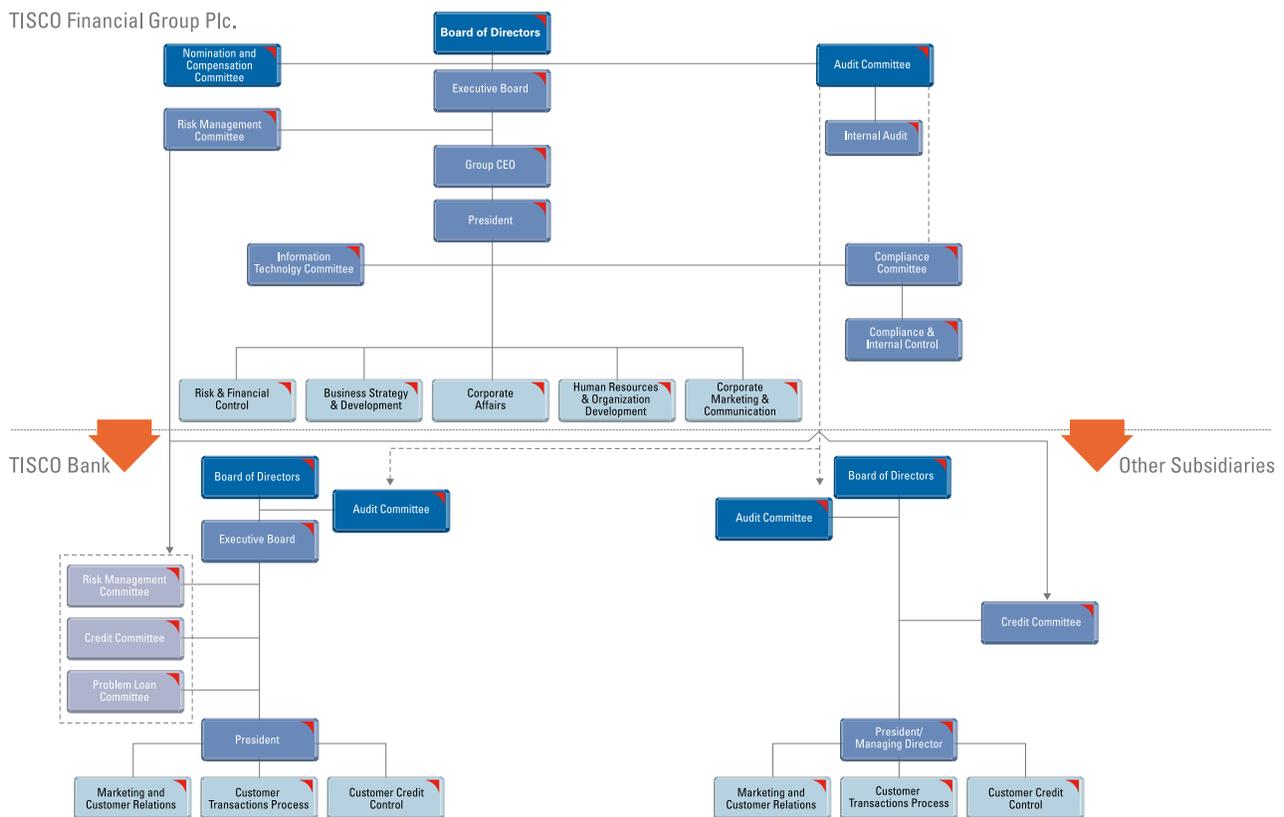
# Committed to the Highest Standard of Corporate Governance



## Governance Structure

TISCO Financial Group Public Company Limited, the parent company of TISCO Group, oversees, monitors and controls the business operations of all subsidiary companies. Corporate governance, risk management, business development, compliance and corporate support functions are centralized at the Company to ensure that all subsidiary companies operate under the same standards to maximize shareholder benefits. Subsidiary companies function as strategic business units, responsible for marketing & customer relationships, and transaction processing & credit control activities.

The governance structure of TISCO Group is illustrated below:



The governance body of TISCOFG, the parent company, comprises 4 boards/committees: (1) Board of Directors, (2) Executive Board, (3) Audit Committee and (4) Nomination and Compensation Committee. In addition, the Management Committee oversees and monitors all companies in TISCO Group to ensure that all operations are in line with policy and planning as approved by the Board of Directors.

**The Board of Directors** The main responsibility of the Board is to define the overall direction and strategies of TISCO Group, to develop Governance policy for implementation by all companies in TISCO Group under a Consolidated Supervision framework, and to ensure that the strategies and policies are implemented efficiently and effectively to maximize shareholder interests.

## Group Governance

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**The Executive Board** is appointed by the Board of Directors. The Executive Board monitors operations in accordance with TISCO Group policies and related laws, determines business strategies, mergers and acquisitions, new business ventures, new products, and annual budgeting for TISCO Group.

**The Audit Committee** is appointed by the Board of Directors to review the accuracy and adequacy of TISCO Group's financial reports, and evaluate internal audit and control systems for ensure their appropriateness and effectiveness. The Audit Committee shall ensure that the performance of TISCO Group complies with related laws and regulations governed.

**The Nomination and Compensation Committee** is appointed by the Board of Directors. The main responsibilities of this committee are the formulation of policies governing selection, nomination, remuneration and benefits, proposing the names of qualified candidates for appointment as directors, members of committees, and top management positions, and issuing recommendations for the size and composition of the Board, including remuneration benefit policy for the Board and TISCO Group employees with clear and transparent criteria.

**The Management Committee** oversees and monitors the operations of each business to be in line with policy and planning as approved by the Board of Directors. The committee also formulates corporate planning and strategies, as well as overseeing business operations and resource management.

TISCOFG set up comprehensive operating policies and guidelines covering all key governance and operating aspects, such as strategic planning and business policy, human resources, financial and risk management, internal controls and compliance, etc. Across all subsidiary companies of the Group, the boards shall ensure the adoption of those policies in each company.

To foster good governance practice and promote efficiency across the Group's business operations, corporate support functions are centralized and outsourced to TISCOFG. These functions comprise centralized support, control and operation areas, such as Risk and Financial Control, Business Strategy and Productivity Improvement, Human Resources and Organizational Development, Corporate Marketing and Communication, etc.

### Corporate Governance Practice

TISCO Group is dedicated to providing competitive and innovative financial solutions that ensure complete customer satisfaction. Our commitment to the highest ethical standards and good corporate governance is the result of our belief that a truly successful business is one that conducts itself as a good corporate citizen of the society in which it operates. This can only be achieved by ensuring that the rights and interests of all stakeholders, which includes shareholders, employees, customers, business partners and creditors, society and the environment, are fully protected. We believe that this fundamental guiding principle paves the way for stable and sustainable growth.

TISCO Group strictly and consistently applies good corporate governance at all levels within the organization, from directors, to management and employees. This commitment has yielded TISCO Bank much recognition and honors from many institutes. TISCO Bank's **Shareholder Ordinary General Meeting for the year 2008** received an "Excellent" score from the Ordinary General Meeting Assessment Program conducted by the Securities and Exchange Commission in



cooperation with the Thai Listed Companies Association, and the Thai Investors Association. TISCO Bank was also among 182 listed companies, out of 486 in the program, to score over 90 points. The Bank also received the **“Top Corporate Governance Report Awards”** from the SET Awards 2008, organized by the Stock Exchange of Thailand. The Award were presented to listed companies with outstanding corporate governance reports considering information disclosed in the Annual Report, Annual Registration Statement (Form 56-1), AGM Notice to shareholders and AGM minutes. In addition, the Thai Institute of Directors (IOD) ranked TISCO Bank as 1 of 22 listed companies with **“Excellent” corporate governance recognition levels in the Corporate Governance Report of Thai Listed Companies in 2008 (CGR 2008)**.

TISCO Bank was voted one of **Thailand’s Best Managed Companies** in Asia’s Best Managed Companies Poll 2008 by Finance Asia Magazine in the Mid-Cap category, which covers firms with a total market capitalization of between USD 100 Million to USD 1 Billion. The result reflects the opinions of investment analysts and institutional investors in the Asian region. TISCO Group emphasizes information disclosure. Therefore, regular meetings with both local and international investors were held to illustrate TISCO Group’s policies, exchange viewpoints, and respond to any queries from stakeholders.

To ensure that TISCO Group operates in accordance with good corporate governance, TISCOFG has established a “Corporate Governance Policy” covering 5 main areas including the Rights of Shareholders, Equitable Treatment of Shareholders, Role of Stakeholders, Disclosure and Transparency, and Responsibilities of the Board.

**Rights of Shareholders** : In recognition of the significance of the rights of shareholders as the real owners of the company, TISCOFG is committed to ensuring their equitable treatment to all stakeholders. TISCOFG encourages shareholders to fully exercise their rights by providing them with convenient access to relevant information via its website. It has also set up a dedicated investor relations function for direct communication with shareholders to encourage them to propose agenda items as well as nominate qualified candidates for directorships, and to facilitating attendance at shareholder meetings. TISCOFG gives great emphasis to shareholder meetings as important occasions in which the shareholders have the right to participate in the decision-making process. To facilitate participation, TISCOFG provides advance notification of meeting details and documents, opportunities for inquiries and opinions, and transparent meeting and voting processes. Complete and accurate meeting minutes are sent to shareholders following the event.

## Group Governance

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**Equitable Treatment of Shareholders :** TISCOFG treats all shareholders, majority or minority, individual or institutional, foreign or Thai, both executive and non-executive, fairly and equally. All TISCOFG shareholders shall receive important and accurate information at the same time. For director elections, TISCOFG has adopted a “Cumulative Voting” method, which allows minority shareholders to take part in nominating and appointing independent directors. To ensure transparency and equitable treatment, shareholders are allowed to cast their votes for individual directors. Regarding measures taken to prevent conflicts of interest, TISCO Group has no policy to encourage transactions between related parties or any other transactions that may result in a conflict of interest. Should any such transactions occur, they must be considered thoroughly by the Audit Committee. The Audit Committee shall report and/or propose details of the transaction to the Board of Directors meeting for approval, if applicable. TISCO Group has compiled business guidelines, relevant regulations and its business code of conduct into a Compliance Manual published on the company’s intranet system. The manual includes relevant criteria and procedures to protect against conflict of interest.

TISCOFG requires management and employees to open securities trading accounts with TISCO Securities, the subsidiary company. In this regard, he or she must, however the case may be, seek approval from supervisors before executing trades and report to supervisors and the Compliance function after execution. Furthermore, TISCOFG also prohibits management and insiders from trading TISCO shares from the last working day of each accounting period until the day the financial statements are published.

**Role of Stakeholders :** TISCO Group always ensures that the rights and interests of all stakeholders, including shareholders, employees, customers, business partners and creditors, competitors, society and the environment, are treated with care and well protected according to their legal rights. The principal stakeholders of TISCO Group include: shareholders and investors, depositors and creditors, management and employees, customers and suppliers, external auditors and concerned state agencies, the communities in which TISCO Group’s activities are located, and the environment. Co-operation between TISCO Group and various groups of stakeholders is promoted in order to secure profits and business sustainability.

**Disclosure and Transparency :** TISCOFG continuously provides information with respect to financial reports and non-financial information, in an accurate, complete, transparent, equitable, and timely manner, in compliance with applicable laws and regulations. Disclosure is conducted in both Thai and English, through easy access channels including TISCO Group’s website, press releases, analyst meetings, and the information dissemination channels of The Stock Exchange of Thailand and the Securities and Exchange Commission. Furthermore, TISCOFG has set up numerous activities which include the participation of senior management for updating stakeholders with regard to TISCOFG information and to provide responses to inquiries from investors. These include quarterly analyst meetings, press conferences, one-on-one meetings and meetings with local and international investors.

**Responsibilities of the Board :** Our Board members are selected on the basis of, among other things, knowledge, experience, skill, expertise, integrity, diversity, ability to make independent analytical inquiries, and their understanding of TISCO Group’s business environment. TISCOFG has clearly established the proper structure of the Board as well as Guidelines for Board



Composition and Selection Criteria with regard to the proportion of independent directors, management directors, and directors nominated by major shareholders to ensure the appropriateness of the Board's composition. Moreover, the Board also clearly separates its roles and the responsibility of management to ensure a balance of power and authority, and to avoid situations where a single individual has unfettered power in decision-making, TISCOFG has a policy to restrict directors and members of the management committee from assuming the position of Chairman of the Board, Executive Board or serving as an authorized director in more than three other business groups. Furthermore, TISCOFG's Corporate Governance Code of Conduct states that directors shall avoid taking such positions or engaging in work that may result in a conflict of interest.

The Board of Directors delegates other committees to take on tasks that require in-depth consideration, such as the Executive Committee, the Audit Committee, and the Nomination and Compensation Committee.

Key roles of the Board of Directors are divided into 2 areas: Strategy and Policy Formulation and Governance. This illustrates that the Board of Directors not only places great emphasis on overseeing TISCO Group's strategic planning, but that it is also responsible for monitoring TISCO Group's operations to ensure that key policies are implemented effectively and efficiently and in accordance with all laws, rules and regulations as well as upholding the highest ethical standards.

In order to improve its performance, the Board of Directors has formulated a self-assessment process to assess Board performance and efficiency according to corporate governance best practices. The Board of Directors analyzes the assessment results, recommendations and remarks from board members and considers them for future application according to TISCO Group's business environment and operations.

Our complete Corporate Governance Policy and Code of Conduct, as well as TISCO Group information and minutes of shareholder meetings, is available on the website: [www.tisco.co.th](http://www.tisco.co.th).

### **Risk Management**

TISCO Group places great importance on prudent enterprise-wide risk management through greater diversity in business and financial activities. TISCO balances the desire for business expansion with justified risk and return. A best-practices risk management framework has been developed and implemented that incorporates, for example, best practice risk measurement, capital allocation through internal portfolio modelling, credit grading tools for both hire purchase and corporate clients, and portfolio provisioning aligned with risk and expected losses. In addition, TISCO Bank has enhanced its risk management system in order to support the capital requirements of Basel II-IRB.

TISCO Group has developed a standard risk measurement tool using the Group's internal model, which is based on industry practices and has been accepted by the regulatory authorities. TISCO group has efficiently allocated its available economic capital for business expansion to correspond with its objective of maximizing shareholder value according to the level of risk.

TISCO Group also places a strong emphasis on providing transparent risk disclosure to investors. TISCO has adopted International Financial Reporting Standards Number 7 (IFRS7) for the year end 2008 position.

# Consistently Create Client's Value





## Group Business

Client value is paramount in all of TISCO's business practices, as it represents the ultimate goal of fulfilling our vision "to be customers' first choice." Throughout our 40 years of history, TISCO Group has employed client-centric business strategies in recognition of the fact that the long-term trust of our clients will be won if we consistently create value for them.

TISCO Group operates in three main business areas, namely Retail and SME Banking, Private Clients and Asset Management, and Corporate and Investment Banking. These business units have clear business strategies for focused clients. Meanwhile, Corporate Investment and Governance provide an integrated platform for all aspects of group governance, controls, and centralized operations.

### 1. Retail and SME Banking

The Retail and SME Banking group offers comprehensive financial services for retail individuals, corporate clients, and small-to-medium sized business enterprises. With our focus on retail banking, the Group has been enhancing serviceability for retail clients. The services comprise retail and SME lending, retail deposit, and bancassurance.

➤ **Retail and SME Lending** provides loan services including hire-purchase financing, mortgage loans, and consumption loans, to retail customers, including individual and SME enterprises. Since its inception, the Group has consistently developed its services. As a result, TISCO Group is regarded as the leader in hire purchase business, providing a full range of hire purchase loans for all vehicle types, i.e. passenger cars, motorcycles, multipurpose vehicles, and commercial vehicles in both the new and used automobile markets. The leasing business is operated primarily through TISCO Bank, which has had a very strong market position in hire purchase for decades. Additionally, we also deliver motorcycles leasing services and Japanese-firm related leasing services through subsidiary companies, Hi-Way and TISCO Tokyo Leasing, respectively.



## Group Business



➤ **Retail Deposit** - TISCO Group mainly offers this service through TISCO Bank. The Bank provides comprehensive deposit services, including savings accounts, current accounts, and term deposits, together with other relevant banking services such as ATM, money transfers and bill payments. Deposit services are provided through the Bank's network, which currently has 34 branches nationwide. In addition, as a partner with Thailand Post Co., Ltd., clients can access our deposit and payment services through 1,200 post offices countrywide.



In 2008, TISCO Bank offered additional innovative products for electronic transaction services. A new card product called "TISCO Purse" was launched, which serves a two-in-one function as both an ATM and electronic money card. The bank also initiated an e-Money ATM product called "ETM" for electronic transactions. Via TISCO ETMs, customers can make deposits, withdrawals, money transfers, and payments with ease. In addition, TISCO Purse cardholders can top up their credit by transferring money from a savings account into the TISCO Pursecard via ETMs. Both "TISCO Purse" and "ETM" are the latest financial innovations that the Bank has developed to fulfill customer needs. The Bank also offered a new range of bundled financial products such as TIP savings, which combine a savings



account with life insurance coverage, fixed deposits with health insurance, Auto Savings and Down Payment Savings which charge the down payment to a savings account held by the hire purchase customer.



➤ **Bancassurance** – TISCO Group operates as a life and non-life insurance broker which provides various services such as life insurance, health insurance, credit insurance, motor insurance, etc. For miscellaneous insurance, we also offer services such as personal accident insurance, travel insurance, and cancer insurance. For sustainable growth in this area, the Group has entered into a business cooperation agreement with American International Assurance Company Limited (Thailand) and Ayudhya Allianz C.P. Life Public Company Limited two major insurance companies, in developing and launching innovative value-added insurance packages for a broad range of customers.



## 2. Private Clients and Asset Management

Private Clients and Asset Management offer leading-edge savings and investment solutions to high net-worth clients. TISCO Group provides these services in three main areas as follows:

➤ **Private Banking** Private Banking is responsible for high net worth clients with a minimum of 10 million Baht for initial investment. The Group provides a wide array of financial services including current accounts, deposits and loans, cash management services, and professional financial advisory. Private Banking philosophy is to maximize clients' satisfaction through exclusive and intimate services together with superior product solutions and performance.

# Group Business



➤ **Private Sales Brokerage** TISCO Group operates brokerage services through TISCO Securities, which offers brokerage services to domestic and international retail clients through head office in Bangkok and 5 branches nationwide. Service foundation of TISCO Securities is built on quality of services, integrity, and customers' satisfactions. Clients can access to our in-house research or consult designate marketing officers to form their trading decisions.

➤ **Asset Management** TISCO Asset Management is regarded as the leading player in the industry in operating provident funds, private funds, and mutual funds management businesses. In addition, being the pioneer in asset management business in Thailand, TISCO has long been a market leader in provident fund and private fund management, providing intimate and high-performance solutions to corporate and high net-worth clients.



### 3. Corporate and Investment Banking

Corporate and Investment Banking group delivers unique financial solutions to medium and large corporate clients. Services include project loans and working capital, securities, underwriting, financial advisory, capital markets, and other tailored financial solutions. The Group provides four services types as follows:

➤ **Corporate Lending** provides various commercial lending facilities for medium and large corporate clients, including loans and related services such as guarantees, aval, loan arrangement services, and loan restructuring.



# Group Business

➤ **Investment Banking**, through TISCO Securities, provides financial advisory services and capital market transactions including public offerings, merger and acquisitions, financial restructuring, feasibility studies, and corporate valuation. The Group has a remarkable milestone in this business by regularly involving in equity or debt related public offerings of major corporations.



➤ **Institutional Sales Brokerage** delivers full-service securities brokerage for local and foreign institutional clients with dedicated team of highly professional securities research analysts. TISCO research materials are well-recognized in the industry of high quality standard, broad coverage, and fast market response.

➤ **Cash Management and Custodian Services**, the Group's cash management service includes cash inflow and cash outflow management for corporate clients, which ultimately help increase operation efficiency and reduce operating cost for clients. Cash management comprises four main services, including TISCO Collection, TISCO payment, TISCO Liquidity Management, and TISCO E-Cash Management. In addition, the Group also provides custodian services for provident fund, mutual fund, private fund, and corporate clients.

## 4. Corporate Investment and Governance

Corporate Investment and Governance, centralized at TISCOFG, oversees strategic investments, financial investments and group governance of TISCO Group. The group business is responsible for investment, acquisition, and divestment decisions as well as overseeing strategic directions, governance of business conduct, and resource management of the Group. Its aims are to maximize return in relation to risk to shareholders and to ensure all investments, business strategies, and group resources are well managed under the Group's prudent risk management framework and good corporate governance.

# Committed to Providing Innovative Financial Solutions



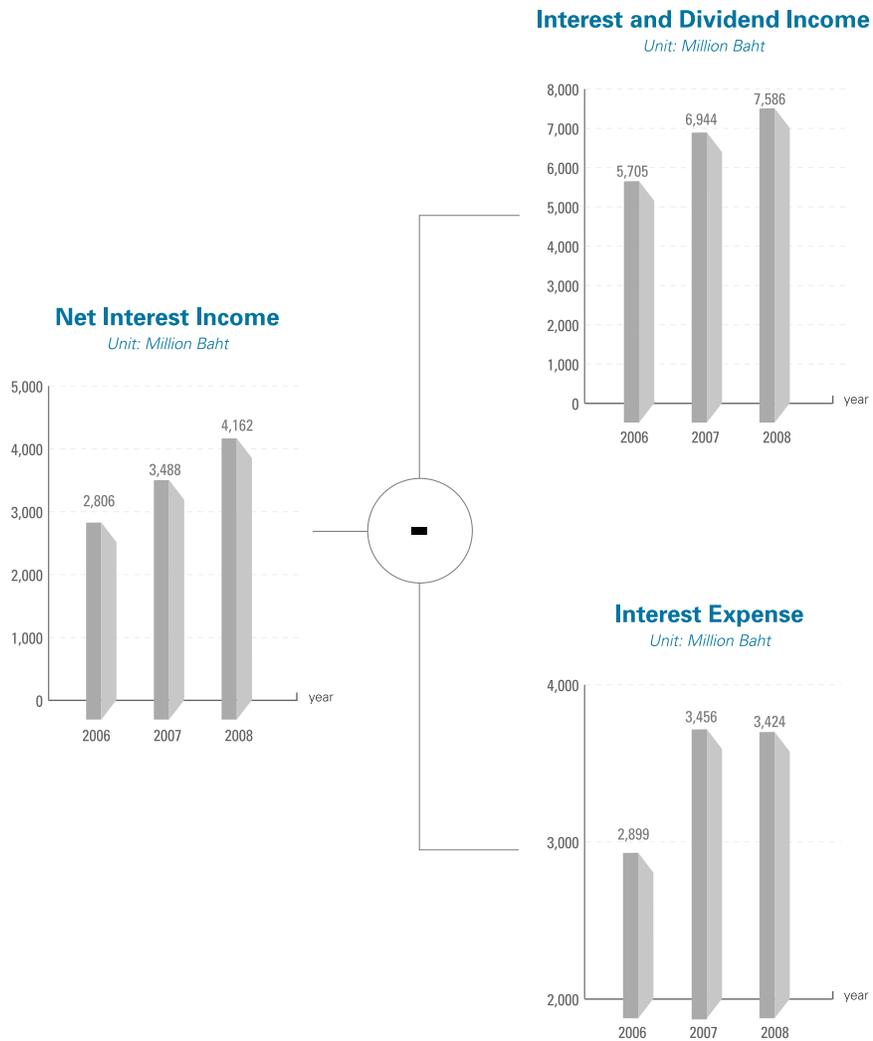


# Achievements in 2008

## Business Performance

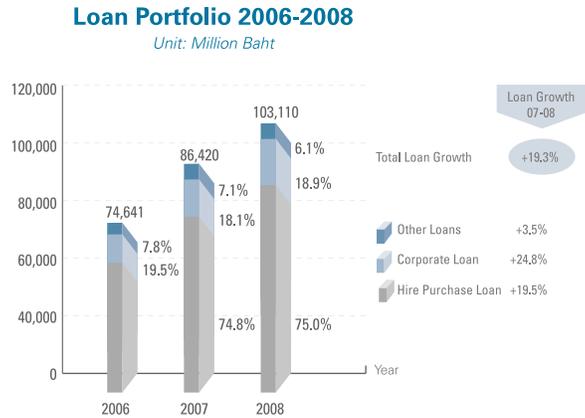
### Overall Performance

In 2008, TISCO Group furthered its growth momentum with consolidated net profit of 1,714.1 million Baht, up 3.8% from the previous year. Net interest and dividend income increased by 19.3% following strong growth in corporate and retail lending businesses of 19.3% together with a higher loan spread.

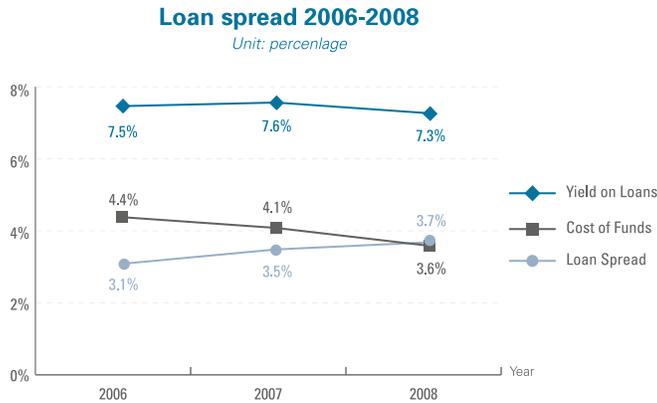


# Achievements in 2008

For the year, the Group's loan portfolio further expanded, particularly hire purchase and corporate lending, which exhibited strong growth of 19.5% and 24.8%, respectively.



Improvement in loan spread from 3.5% in the previous year to 3.7% in 2008 was due mainly to the Group's lower funding costs, as a result of expanded retail banking business by offering a wide range of savings products.

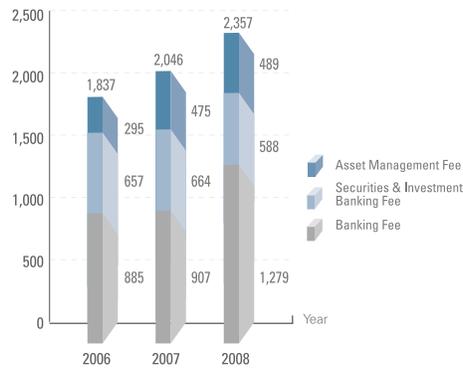


## Achievements in 2008

Non-interest income of TISCO Group's core businesses increased by 15.2% as contributed by an increase in income from hire purchase, bancassurance, financial advisory and asset management business, while brokerage income decreased by 16.9% in line with the sluggish investment environment. Overall, total non-interest income decreased by 12.7% due to losses from proprietary trading of 222.6 million Baht.

### Fee Base Income 2006-2008

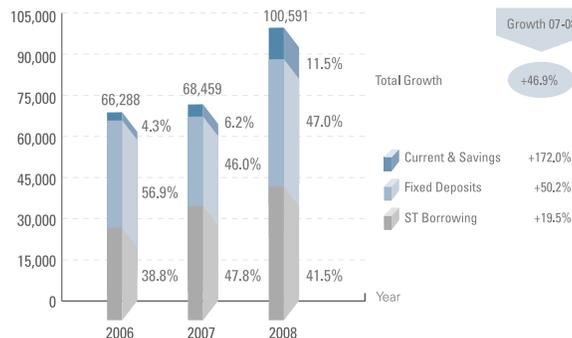
Unit: Million Baht



In banking services, TISCO Group's strategy of attracting new retail funding sources continued with positive results. The Group increased the amount of funds available from current and savings deposits by as much as 172.0%, fixed deposits by 50.2%, and borrowings by 27.5%, due mainly to its successful approach to offering greater varieties of deposit products, marketing campaigns, infrastructure development, and network expansion.

### Deposits & ST Borrowing Breakdown 2006-2008

Unit: Million Baht

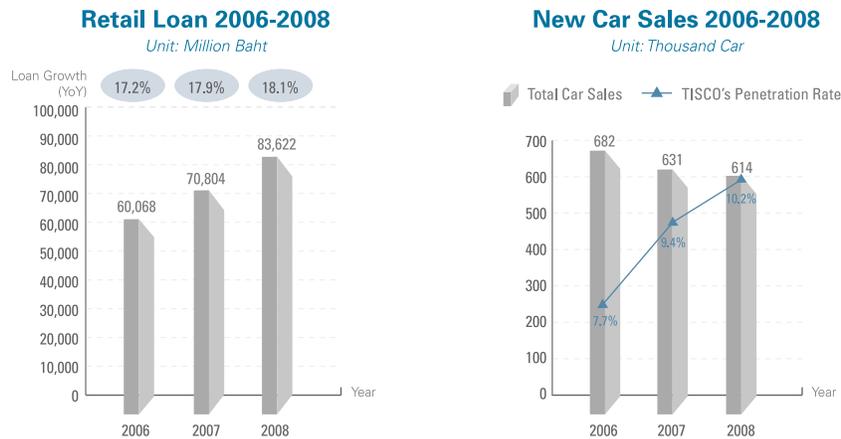


# Achievements in 2008

## Performance by Group Business

### Retail & SME Banking

Retail loans represented 81.2% of the total lending portfolio in 2008. Over the past year, the retail loan portfolio grew 18.3 %, mainly driven by strong growth in hire purchase. Although new car sales in 2008 dropped slightly due to higher oil prices and the economic slowdown, TISCO Group managed to achieve solid growth by leveraging its strong market position, increasing its penetration rate in the new car market, and more aggressively expanding in the used car market.



In 2008, TISCO Group pursued continuous infrastructure development and network expansion of its retail banking services with the aim of delivering a broader range of financial services. TISCO opened 7 new bank branches nationwide in order to increase convenience for its customers in such areas as loan applications, deposits, withdrawals, and bill payments. Furthermore, TISCO offered more innovative services for electronic banking transactions with the issuance of the "TISCO Purse" card, which was positioned in the market as a bundled ATM and E-money card. TISCO Purse can be used at 7-11 convenience stores and at its allied network of more than 8,000 shops nationwide. TISCO also initiated the e-Money ATM, an ETM product. Via TISCO ETM, customers can complete deposits, withdrawals, money transfers, and bill payments. In addition, the Bank's customers can make deposits and use payment services offered at 1,200 post office branches nationwide.

Due to successful product initiatives, service improvements, network expansion, infrastructure development, and the extensive implementation of cross-selling programs, TISCO Group continued its record of strong growth momentum in promoting current and savings accounts, which increased 207.0% in 2008, on top of 138.2% growth the previous year.

## Achievements in 2008

(Million Baht)

Deposits and Short-Term Borrowing	2006	%	2007	%	2008	%	%YoY
Current Deposits	1,390	2	2,089	3	6,414	6	207.0
Savings Deposits	1,464	2	2,158	3	5,140	5	138.2
Fixed Deposits	37,714	57	31,467	46	47,268	47	50.2
Short-term Borrowing	25,720	39	32,475	48	41,768	42	27.6
<b>Total</b>	<b>66,288</b>	<b>100</b>	<b>68,459</b>	<b>100</b>	<b>100,591</b>	<b>100</b>	<b>46.9</b>

For bancassurance business, Auto Loan Protection Insurance (“ALP”), which TISCO Bank partnered with American International Assurance Co., Ltd. (Thailand), was launched in 2007. Since then, it has become highly popular among hire purchase customers. Out of a total of 120,000 hire purchase customers in 2008, 116,488 also bought ALP. The protection coverage rate from ALP offered with new hire purchase loans granted during the year was as high as 64%.

### Private Clients & Asset Management

At the end of 2008, total assets under management by TISCO Group, through TISCO Asset Management, was 106,985 million Baht, down 0.7% from the previous year, largely the result of a sharp decline in global equity capital markets and debt markets. Nevertheless, TISCO ranked 1<sup>st</sup> in the market for provident fund business, and managed to maintain this top market position throughout 2008.

In mutual funds, TISCO had assets under management at the same level as the previous year despite a 15.7% decline in the market. Even amidst economic slowdown, TISCO continued to develop mutual fund products to meet clients’ particular needs. In 2008, the Group offered a full range of 16 mutual fund products, ranging from traditional asset management products to high-value products including Fixed Income Funds, Long Term Mutual Funds (LTF), and Foreign Investment Funds (FIF). TISCO issued Foreign Investment Funds including “TISCO Australia Bond”, “TISCO New Zealand Bond”, “TISCO Asia Pacific Trigger 15%”, and “TISCO Agricultural Euro Fund”. Currently, we are ranked in the top position for managing FIF mutual funds in Thailand.

In private funds, TISCO is one of the leading players. The previous year was the first year that the Securities and Exchange Commission granted large customers, including institutional customers, the option of investing in foreign countries through private funds. We provided advisory services in this niche, which has been well-received by our clients.

In provident funds, TISCO developed a new member-license system for supporting the implementation of Master Funds. The system promotes the unique objectives of members by selecting different investment policies in accordance with their needs. Members select the types of investments they desire, and can adjust the proportions of assets allocated within categories. Overall, 2008 was an outstanding year for our provident fund business, and we were ranked in 1<sup>st</sup> place.

## Achievements in 2008

### Asset Size Under Management

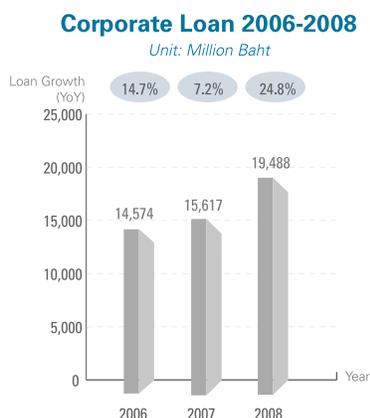
Million Baht	2006	2007	2008
Provident Funds	53,016	62,703	68,525
Mutual Funds	7,328	14,564	14,612
Private Funds	24,393	30,417	23,848
<b>Total</b>	<b>84,737</b>	<b>107,713</b>	<b>106,985</b>

### Market Share and Ranking

Market Share (Percentage)	2006	2007	2008
Provident Funds	13.7	14.2	14.7
Mutual Funds	0.7	0.9	1.1
Private Funds	16.6	17.3	14.2
<b>Total</b>	<b>5.4</b>	<b>4.8</b>	<b>5.4</b>
Ranking	2006	2007	2008
Provident Funds	2/18	2/20	1/17
Mutual Funds	17/18	17/21	14/21
Private Funds	2/23	2/26	4/23
<b>Total</b>	<b>7/28</b>	<b>8/32</b>	<b>8/28</b>

### Corporate & Investment Banking

In corporate lending, TISCO Group focuses on providing financial solutions for our corporate clients. In 2008, our client coverage teams were realigned into a unified structure in which product specialists are coordinated by a single coverage officer. This allowed us to deepen our strategic advisory relationships. As a result, our corporate lending portfolio grew by 24.8% or totaled 19,488.1 million Baht. The increase was mainly in real estate and the construction industry, public utilities and services, and agriculture and mining.



In financial advisory and capital market transactions, TISCO Group, through TISCO Securities, served as lead underwriter for a number of major corporate debenture issues, including those of Thai Airways International Public Co., Ltd., PTT Chemical Public Co., Ltd., AEON Thana Sinsap (Thailand) Public Co., Ltd., for a total of 3.3 billion Baht. TISCO also served as an underwriter for the share offerings of 2 companies, including ESSO (Thailand) Public Co., Ltd., and Thai Tap Water Supply Public Co., Ltd., for a total issue of 584 million Baht.

After realigning business strategy to be in line with the current capital market situation, fee income from investment banking business continuously improved. In 2008, investment banking fees increased by 37 million Baht to 67 million Baht, up by 81.1% from the previous year.

On the product development and service improvement front, TISCO Group launched Direct Market Access (DMA) for institutional investors. This channel has been globally recognized and utilized by institutional investors all over the world. In addition, we pioneered the provision of advisory services related to the Clean Development Mechanism (CDM) in order to support businesses involved in carbon credit trading. TISCO Group provided a full range of CDM advisory services including project planning, project approval, and project financing. We also joined a consortium to launch the MTrack Energy Exchange Traded Fund, which is the second ETF product listed on the Stock Exchange of Thailand. TISCO serves as one of the participating dealers responsible for creating and redeeming ETF units.

### **Corporate Investment and Governance**

In corporate investment and governance, TISCO had successfully restructured the Group to the holding company shareholding structure with TISCOFG as a holding parent company. The new structure will lead to risk reduction, capital efficiency and enhancement of business opportunities and competitiveness of the Group.

At the end of 2008, TISCO Bank has fully complied with Basel-II capital adequacy framework, which has come into full effect. The Bank's BIS ratio under the Basel-II Standard Approach stood as high as 11.7%. In addition, TISCO Group is moving forward towards adopting Internal Ratings Based Approach (IRB) in maintain capital adequacy, with the first phase of implementation on its core hire purchase portfolio. This reflect the Group's strength in risk management standard and capital adequacy practices. In addition, the Group is also moving closer to align with the International Accounting Standard No. 39 (IAS39), which will fully present group performance and financial position most transparently under fair value concept. In this regards, the financial statement for the year ending 2008 also provides information disclosures in compliance with the most advanced the IFRS 7 accounting standard.

TISCO Group continued to pursue the development in infrastructure development to better response to the varieties of customers' needs. In 2008, we developed information technology system to support full services of ETM (an electronic money ATM) and TISCO Purse (a bundling ATM with electronic money card). We also launched TISCO contact center, a one stop service under one contact number. In addition, TISCO Bank opened 7 new branches in 2008, making a total of 34 branches, at both metropolitan and provincial area which can expand banking service to customers nationwide.

# Clients

Client value is paramount in all of TISCO's business practices, as it represents the ultimate goal of fulfilling our vision "to be customers' first choice". With this in mind, TISCO employs client-centric business strategies in recognition of the fact that the long-term trust of our clients will be won if we consistently create value for them.

TISCO Group services clients in three main business groups, namely Retail and SME Banking, Private Clients and Asset Management, and Corporate and Investment Banking.

## Retail and SME Banking

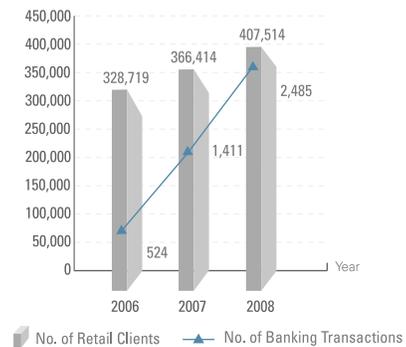
TISCO Group serves retail and SME clients through Retail and SME Banking group which places emphasis on providing accessible services to all retail customers by offering a greater variety of innovative financial products and efficient services. Such initiatives ensure that TISCO responds effectively to clients' needs and maximizes their satisfaction. Also, we have progressively upgraded our banking infrastructure to increase customer convenience as well as to support business growth.

Due to successful product initiatives, service improvements, network expansion, infrastructure development, and the extensive implementation of cross-selling programs, the retail client base increased from 366,144 clients in 2007 to 407,514 clients in 2008.

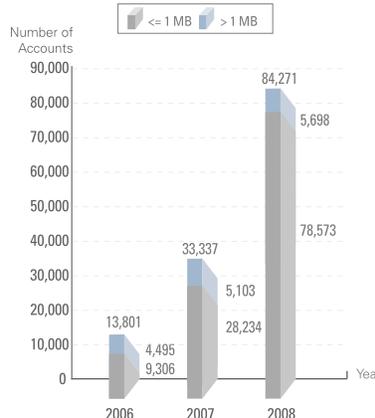
In consistent with the increase in retail client base, TISCO Bank showed a significant improvement in raising its deposit accounts. From 2007 to 2008, the number of deposit accounts of less than 1 million Baht rose dramatically from 28,234 to 78,573 accounts. In addition, the accounts exceeding 1 million Baht also increased 13.53% and 11.66% in 2007 and 2008, respectively.

**No. of Retail Clients vs No. of Banking Transaction 2006-2008**

Unit: Clients, Thousand Transaction (RHS)



**No. of Deposit Accounts 2006-2008**





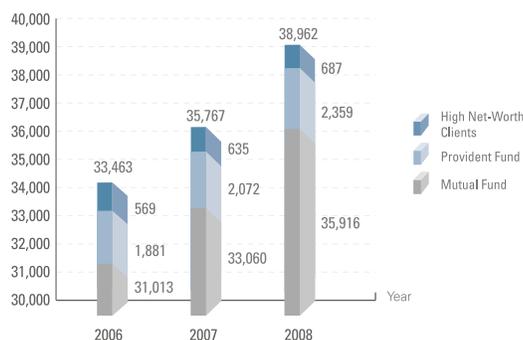
### Private Banking and Asset Management

TISCO Group provides Private Banking services to wealthy individuals and families throughout the country by offering variety of products and services covering traditional banking services and Private funds. TISCO aims to fulfill clients’ needs and maximize their satisfaction with a wide range of investment products including debt and equity-related products.

To provide financial solutions for clients’ unique investment objectives, we also offered Asset Management services including Provident Funds and Mutual Funds for private clients. Currently, TISCO is ranked in the top position for managing provident funds, private funds, and FIF mutual funds in Thailand.

In line with our continued commitment to offering innovative and comprehensive approaches to distinctive needs, TISCO currently manages 307 funds in total, of which 78 were newly issued in 2008. The new issues raised the number of clients served from 35,767 to 38,962 in 2008.

No. of High Net-Worth and Asset Management Clients 2006 - 2008  
Unit: No of Clients



### Corporate and Investment Banking

TISCO Group consolidated corporate lending, investment banking, and research activities together to provide the best financial solutions to our corporate clients including financial advisor, M&A advisory, debt capital markets, and equity capital markets. Additionally, we are pioneer in providing advisory services relating to the Clean Development Mechanism (CDM) to support carbon credit trading. The Group also provided advisory services for greenhouse effect mitigation projects and Certified Emissions Reductions (CERs) brokerage services. Such services add to the attractiveness of carbon credit trading for both buyers and sellers.

In addition, in response to corporate clients’ growth financing needs, the Group successfully performed as lead underwriter for the debenture and equity issues of major companies. We were the lead underwriter of a number of outstanding corporate debenture issues, including PTT Chemical Public Co., Ltd., AEON Thana Sinsap (Thailand) Public Co., Ltd., and as an underwriter for the share offering of 2 major companies, including ESSO (Thailand) Public Co., Ltd., and Thai Tap Water Supply Public Co., Ltd.

## Shareholders

Shareholders Information		2006	2007	2008
Number of Shareholders <sup>1</sup>		4,640	5,795	8,613
Regional Breakdown (in % of share capital)	Thai	26	32	50
	Thai NVDR	25	19	9
	Foreign	49	49	41
Share Information				
Earnings per share (Baht)	Basic Earnings	1.88	2.02	2.11
	Diluted Earnings	1.87	2.01	2.11
Dividend per share (Baht)	TISCO	2.00	1.80	1.00 <sup>2</sup>
	TISCO-P	3.00	2.80	2.00 <sup>2</sup>
Dividend Payout Ratio (%)		106	90	53 <sup>2</sup>
Share Price Performance				
Average daily trading volume (‘000 shares)	TISCO	1,467.22	2,567.50	3,360.03
	TISCO-P	28.05	55.14	52.01
Average share price (Baht)	TISCO	25.22	26.12	18.37
	TISCO-P	26.43	27.95	19.50
Close share price (Baht)	TISCO	22.00	30.00	8.80
	TISCO-P	22.80	30.50	9.25
Outstanding shares (Million Shares)	TISCO	541.28	544.62	544.65
	TISCO-P	184.84	182.77	183.50
Market Capitalization (Million Baht)	TISCO	11,908.10	16,338.51	4,792.94
	TISCO-P	4,214.35	5,574.54	1,697.38

<sup>1</sup> As of closing shareholder book date: April 10, 2006, March 30, 2007 and November 24, 2008

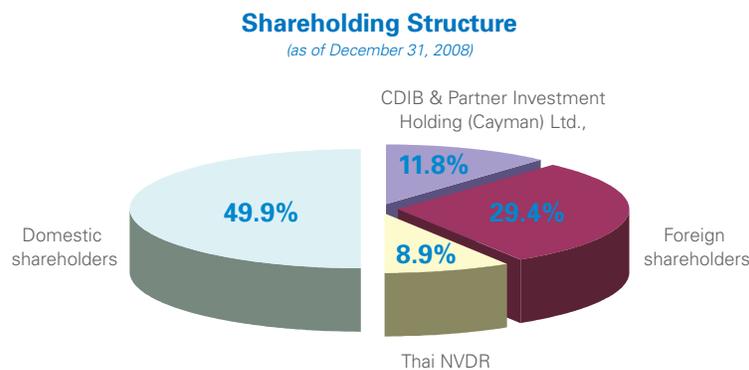
<sup>2</sup> Dividend payment for the year 2008 of 1.00 Baht and 2.00 Baht proposed at the AGM 2009



## Shareholders

The number of registered shareholders increased to 8,613 as of November 24, 2008, compared to 5,795 as of March 30, 2007 and 4,640 as of April 10, 2006.

As of December 31, 2008, the largest known shareholder subject to reporting was CDIB Partner Investment Holding (Cayman) Ltd., with a holding of 11.8%, with the rest institutional and retail investors. Out of 724,606,405 issued shares, 49.9 % were held by local investors, 41.2% by foreign investors, and 8.9% by Thai NVDR Co., Ltd.



The Investor Relations team recognized growing demand for information from analysts and investors in 2008. To meet this demand, more than 100 face-to-face meetings and international investor conferences were organized on several occasions with representatives from top management. These efforts included 1 non-deal roadshow, 8 investor conferences and 8 analyst meetings both locally and internationally. In addition, the Company held 25 one-on-one meetings, 13 conference calls and 16 press conferences discussing updates on business performance and strategic initiatives.

We address our shareholders and investors primarily through the IR call center at: +66-2-633-6868 and via email at: [ir@tisco.co.th](mailto:ir@tisco.co.th). TISCO information is also disseminated via [www.tisco.co.th](http://www.tisco.co.th).

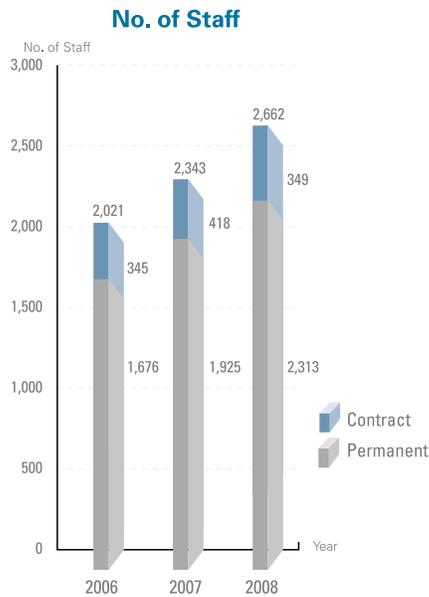
# Staff

As an organization built on the solid foundation of good corporate governance over the past 40 years, TISCO Group maintains a clear objective of ensuring that employees are properly trained to employ the corporate values of Customer Priority, Integrity, Reliability and Mastery.

## Manpower

The number of employees of TISCO Group at the end of 2008 increased by 319 positions, or 13.64%. New hires were mainly marketing staff to support hire-purchase business expansion and operations support for the 7 new bank branches opened in 2008.

Staff Information		2006	2007	2008
Number of Staff (permanent and contract)		2,021	2,343	2,662
Main Division	Retail and SME Banking	1,142	1,365	1,465
	Corporate & Investment Banking	79	87	108
	Wealth Management	369	339	354
	Corporate Center	431	552	735



## Performance Metric

TISCO Group is a performance-driven organization. Clear goals and KPIs are set for each individual employee, and performance assessments are tied to rewards and employee development.

## Remuneration Philosophy

TISCO Group recognizes and values the dedication and commitment of staff in carrying out their duties. The compensation structure consists of variable bonuses that reflect individual performance and base pay that is reflected in the individual's competency level.

## Employee Development

TISCO Group continues to focus mainly on improving customer service distribution channels based on a Customer Centric approach. Training and development activities, therefore, are aligned with corporate goals and direction. The 2008 Employee Capability Development programs included major projects, such as the Branded Customer Service Project, TISCO Best Practices Development Model, and the Talent Development Program.

### Branded Customer Service :

This module was designed based on the Customer Service Research Survey to enhance employee abilities, particularly at customer touch-points, in the three essential elements of Ethics, Service Excellence, and Technical skill and knowledge.

### TISCO Best Practices Development Model :

This initiative was aimed at developing best practices guidelines for key positions in order to assist employees in achieving performance targets at the maximum level possible for each individual or team's competency in terms of knowledge, understanding, and skills. The key target groups were sales, marketing, and customer service staff involved in strategic and business functions.

### Talent Management and Succession Planning :

TISCO Group actively identifies and recruits top-performing employees with the aim of cultivating emerging leaders. Top talents and successor candidates are encouraged to aspire to become "TISCO Officers" and participate in "Executive Trainee Development" programs.

Committed to Sustainable Development





## Corporate Social Responsibility

TISCO Group places great importance on its corporate commitment to social responsibility as one of the Group’s core values. The Group’s CSR projects and activities are focused on the sustainable development of our nation’s people, culture and environment. All of them require continuous efforts and personal involvement by management and staff, and for the most part are undertaken as long-term commitments.

First and foremost, we recognize that the root of sustainable development for human beings is proper education which allows people in need of assistance to break out of poverty, and through self-reliance, provide a better future for themselves and their families. Therefore, educational support is our most important contribution. Other projects that we have also supported because they provide the basis for improved quality of life for all, are those aimed at public health and welfare, as well as art, culture and the environment.

### TISCO’s CSR Initiatives in 2008

#### Educational Support

Every year, TISCO Group makes a major contribution to the “TISCO Foundation for Charity”, which provides educational support for needy students at every level throughout the nation. Since its inception 26 years ago, the Foundation’s support for education has grown each year. In 2008, the TISCO Foundation granted 5,532 scholarships to needy students from more than 700 educational institutions throughout the country, ranging from primary school to the university level. Sixty per cent of these scholarships are offered long-term for the recipients to be able to continue their studies through to graduation.

In 2008, TISCO Foundation also donated 106 used computers, books, stationery, school uniforms, and other types of educational equipment to needy schools in Bangkok and 15 provinces.

	Year	Baht
Total educational funds donated by TISCO Foundation	1982-2007	120,934,612
	2008	19,411,000



# Corporate Social Responsibility

## Social Development

In 2008, TISCO Group donated funds to support the “Krom Luang Songkhla Nagarindra Foundation under Royal Patronage Project”, which supplies medical equipment to hospitals in the four southernmost border provinces.

Other charitable funds and non-profit organizations that we directly supported included UNICEF Thailand, the Education Research and Development Center of Kasetsart University Laboratory School to support educational programs for children with Autism, and the Law Development Foundation of Thailand to support research and development projects related to the Revenue Code.

The Nargis cyclone that struck Myanmar in May resulted in calls for international support to help millions of victims survive the aftermath. In conjunction with several organizations in Thailand, both from government and the private sector, TISCO employees gathered donations to provide 230 survival kits to help Nargis victims in Myanmar, which were sent through the Federation of Thai Industries’ aid center.



Public health and welfare is another important issue which requires continuous support in many areas. The projects we supported included financial assistance for the “Sua Yai Infant House”, a baby care center in the Klongtoey slum area, and the “Sem Pringpuangkeo Foundation”, which provides educational support for HIV-infected orphans.

Blood donation campaigns in support to the Thai Red Cross are hosted at TISCO headquarters four times a year. In 2008, a total of 856 units or 342,400 cc of blood was donated by TISCO employees. More than 300 employees are regular donors.





# Corporate Social Responsibility

## Environmental Conservation

TISCO organized its 21<sup>st</sup> annual reforestation trip with participation from management and 250 staff, mostly new recruits, to plant 4,000 saplings on a 12-rai plot of land at the Huay Sai Royal Development Center in Phetchaburi Province. Apart from fostering a sense of environmental responsibility, the reforestation program also aims to forge camaraderie among colleagues within the organization. Since the reforestation project began in 1991, TISCO staff have planted more than 265,000 trees on 1,054 rai in deforested and eroded areas in Kanchanaburi, Phetchaburi, and Nakhon Nayok provinces.



The year 2008 marked the 20<sup>th</sup> anniversary of TISCO's reforestation program. To mark this important milestone, we published a CSR special report featuring "Two Decades of TISCO Reforestation" which was distributed to our shareholders and the public, including university libraries and listed companies on the Stock Exchange of Thailand as well as other corporations to share our long experiences and lessons learned. The publication was also submitted to the national environmental conservation society's Green Globe Awards this year.

TISCO in 2008 joined the global effort to halt anthropogenic climate change with the establishment of a new unit attached to its Investment Banking function called the "Clean Development Mechanism (CDM) Division". Its aim is to provide Certified Emission Reductions (CERs) brokerage services for CDM project owners by helping them to identify the most suitable buyers, generally those with a credit rating of A, or those that are well recognized internationally.



The new CDM division not only operates CERs trading, but it also educates investors and the public about Carbon Credit trading and provides advisory services on strategies for maximizing the value of CERs. Recently, TISCO Securities sponsored the Asia and the Pacific Clean Development Mechanism (APACCDM), an organization managed by and for the benefit of the CDM community specifically in South Asia and Southeast Asia, in organizing a CDM forum which will be held in Bangkok in 2009.



# Corporate Social Responsibility



## Cultural Support

TISCO Group continued its annual support of religious traditions. TISCO hosted a kathin ceremony at Prariyattitham Bor-ngern Bor-tong Monk Sanctuary and School, in Phanom Sarakham District, Chachoengsao Province. The contribution supports the religious education of novice monks at the temple. Another merit-making ceremony, Thot Phapa, was made at Wat Tham Khuha Sawan, Ubon Ratchathani Province, where the contribution was made to support the monks' religious education.

Key Figures		2006	2007	2008
Educational & Social Support	Contributions through TISCO Foundation	13,067,490	13,095,242	19,537,601
	<ul style="list-style-type: none"> <li>• Scholarships</li> <li>• Medical and Start-Up Fund</li> </ul>	12,987,000	13,065,000	19,411,000
	Contribution to Other Social Projects	80,490	30,242	126,601
	<ul style="list-style-type: none"> <li>• Education, Public Health and Welfare</li> <li>• Relief fund for Nargis victims in Myanmar</li> </ul>	4,600,000	2,792,214	1,097,600
Environmental Conservation	Annual reforestation project	242,989	375,000	402,000
Arts & Culture Support	Help promote and preserve Thai art & culture	1,280,000	786,043	709,633
	<b>Total</b>	<b>19,190,479</b>	<b>18,381,832</b>	<b>21,746,834</b>

Special Initiative Projects in 2008	
Giving the Gift of Life	TISCO Group has organized a quarterly blood donation campaign for the Thai Red Cross at its head office for 10 consecutive years. In 2008, a total of 342,400 cc of blood was donated by nearly 300 regular donors, most of them TISCO employees.
Tools for Schools	106 used computers were donated and delivered to 15 needy schools in Bangkok and the northeastern provinces. On many occasions, books, stationery and sporting equipment was also provided to schools in rural areas by provincial staff.

## Financial Summary

Million Baht

<b>Balance Sheet</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
<b>Cash</b>	210	440	596
Total interbank and money market items - net	1,024	1,050	13,591
Investments	6,368	8,210	5,355
Loans and receivable	74,641	86,420	103,110
Less allowance for doubtful accounts	(2,771)	(2,805)	(1,855)
Other assets	5,309	5,638	5,376
<b>Total assets</b>	<b>84,781</b>	<b>98,953</b>	<b>126,173</b>
<b>Deposits in Baht</b>	40,568	35,714	58,823
Interbank and money market items	2,157	5,852	5,728
Liability payable on demand	478	475	497
Total borrowings	26,082	40,750	46,668
Other liabilities	2,814	3,788	2,922
<b>Total liabilities</b>	<b>72,099</b>	<b>86,579</b>	<b>114,637</b>
Fully paid-up share capital	7,264	7,274	7,246
Premium on share capital	110	121	-
Adjustments	745	825	336
Minority interest	427	-	118
Retained earnings	4,137	4,153	3,836
<b>Total shareholders' equity</b>	<b>12,683</b>	<b>12,374</b>	<b>11,536</b>

Million Baht

<b>Income Statement</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>
Total interest and dividend income	5,705	6,944	7,586
Total interest expenses	2,899	3,456	3,424
<b>Net income from interest and dividend</b>	<b>2,806</b>	<b>3,488</b>	<b>4,162</b>
Total non-interest income	2,293	2,444	2,134
Total non-interest expenses	2,947	2,948	3,234
<b>Pre-provision operating profit</b>	<b>2,152</b>	<b>2,984</b>	<b>3,062</b>
Provisions (reversal)	50	(695)	(980)
<b>Earnings before income tax and minority interest</b>	<b>2,203</b>	<b>2,289</b>	<b>2,082</b>
Earnings after tax	1,569	1,651	1,721
<b>Net earnings for the year</b>	<b>1,546</b>	<b>1,651</b>	<b>1,714</b>

## Financial Summary

Million Baht

Breakdown of Interest and Dividend Income	2006	2007	2008
Hire purchase and financial lease interests	4,068	5,173	5,680
Loans interests	943	1,044	1,215
Interbank and money market interests	438	442	334
Investments	256	285	357
<b>Total interest and dividend income</b>	<b>5,705</b>	<b>6,944</b>	<b>7,586</b>

Million Baht

Breakdown of Non-interest Income	2006	2007	2008
Banking fees	885	907	1,279
Asset management fees	295	475	489
Brokerage fees	649	627	521
Investment banking fees	9	37	67
<b>Total (excluding trading income)</b>	<b>1,838</b>	<b>2,046</b>	<b>2,357</b>
Trading	455	398	(223)
<b>Total non-interest income</b>	<b>2,293</b>	<b>2,444</b>	<b>2,134</b>

Million Baht

Breakdown of Deposits and Short-term Borrowings	2006	2007	2008
Current	1,390	2,089	6,414
Savings	1,464	2,158	5,140
Fixed deposits	37,714	31,467	47,268
Short-term borrowings	25,720	32,745	41,768
<b>Total deposits and short-term borrowings</b>	<b>66,288</b>	<b>68,459</b>	<b>100,591</b>

Million Baht

Breakdown of Loan Portfolio	2006	2007	2008
Corporate loan	14,574	15,617	19,488
Hire purchase loan	54,245	64,684	77,287
Mortgage	2,005	1,888	1,706
Other loans	3,818	4,232	4,629
<b>Total loans</b>	<b>74,641</b>	<b>86,420</b>	<b>103,110</b>

## Financial Summary

Financial Ratios		2006	2007	2008
<b>Profitability Ratio</b>				
Gross Profit Margin	(%)	49.9	56.5	60.8
Net Profit Margin	(%)	30.0	31.5	32.2
Return on Average Shareholders' Equity	(%)	12.0	13.2	14.4
Interest Spread	(%)	2.9	3.4	3.4
<b>Efficiency Ratio</b>				
Net Interest Income to Total Assets	(%)	3.5	3.8	3.7
Return on Average Assets	(%)	1.9	1.8	1.5
Total Asset Turnover	(times)	0.1	0.1	0.1
Cost-to-income	(%)	47.7	44.2	46.7
<b>Financial Ratio</b>				
Debt to Equity Ratio	(times)	5.7	7.0	9.9
Total Loans to Total Borrowing and Deposits	(%)	111.2	112.3	92.7
Total Loans to Short-term borrowing and Deposits	(%)	184.0	242.0	175.3
Deposits to Total Liabilities	(%)	56.3	41.3	51.3
Dividend Payout Ratio	(%)	105.7	90.4	53.0
<b>Asset Quality</b>				
NPL	(%)	4.6	4.3	2.9
Coverage Ratio	(%)	81.0	74.8	62.1
Non-accrued loans <sup>1</sup> to Total Loans	(%)	3.8	4.3	3.7
Accrued Interest Receivable to Total Loans	(%)	0.2	0.2	0.1
<b>Other Ratios</b>				
Tier I	(%)	12.7	11.6	11.2
Tier II	(%)	0.7	0.4	0.5
Capital Funds to Risk Weighted Asset (BIS)	(%)	13.4	11.9	11.7
Net Capital Rule (TISCO Securities)	(%)	181.2	108.4	115.9

<sup>1</sup> according to the Bank of Thailand's definition

# TISCO Companies and Branches

## TISCO Financial Group Public Company Limited

Head Office	
<b>Address</b>	TISCO Tower, 48/49 North Sathorn Road, Bangrak, Bangkok 10500
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<b>Website</b>	www.tisco.co.th

## TISCO Bank Public Company Limited

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<b>Website</b>	www.tisco.co.th

## Branches

Bangkok & Metropolitan Area	Tel.	Fax.
Asoke	+66 (0) 2664 4204	+66 (0) 2664 4205
Central Chaeng Wattana	+66 (0) 2193 8080	+66 (0) 2193 8077
Central World	+66 (0) 2646 1571	+66 (0) 2646 1570
Fashion Island	+66 (0) 2947 5315	+66 (0) 2947 5314
New Phetchaburi	+66 (0) 2318 3717	+66 (0) 2318 3715
Pakin Building	+66 (0) 2633 4333	+66 (0) 2633 4288-9
Rangsit	+66 (0) 2959 2166	+66 (0) 2959 2167-8
Ratchadaphisek-Huai Khwang	+66 (0) 2642 2151	+66 (0) 2642 2150
Rattana Tibet	+66 (0) 2965 5844	+66 (0) 2965 5821-2
Srinakarin	+66 (0) 2758 6269	+66 (0) 2758 6192-3
The Old Siam	+66 (0) 2623 9141	+66 (0) 2623 9142
UTCC	+66 (0) 2276 4653	+66 (0) 2276 4654
Provincial Area	Tel.	Fax.
Ayutthaya	+66 (0) 3523 5155	+66 (0) 3523 5526-7
Chanthaburi	+66 (0) 3934 6688	+66 (0) 3934 6689-90
Chiang Mai	+66 (0) 5321 1112	+66 (0) 5321 0025-6
Chon Buri	+66 (0) 3878 4522	+66 (0) 3878 4511
Khonkaen	+66 (0) 4332 4966	+66 (0) 4332 4977
Krabi	+66 (0) 7563 2989	+66 (0) 7563 2923-4
Nakhon Pathom	+66 (0) 3421 2277	+66 (0) 3421 2271-2
Nakhon Ratchasima	+66 (0) 4427 1711	+66 (0) 4429 3655-6
Nakhon Sawan	+66 (0) 5633 1511	+66 (0) 5622 8011, 44
Phitsanulok	+66 (0) 5521 1388	+66 (0) 5521 1389
Phuket	+66 (0) 7626 1929	+66 (0) 7626 1921-2
Ratchaburi	+66 (0) 3232 7010	+66 (0) 3232 7016-7
Rayong	+66 (0) 3880 8555	+66 (0) 3880 8258, +66 (0) 3880 8428
Samut Sakhon	+66 (0) 3481 1383	+66 (0) 3481 1370, +66 (0) 3481 1380
Saraburi	+66 (0) 3622 2449	+66 (0) 3622 0671-2
Si Racha	+66 (0) 3877 1471	+66 (0) 3877 1461
Song Khla	+66 (0) 7434 3111	+66 (0) 7434 3121-2

Provincial Area	Tel.	Fax.
Surat Thani	+66 (0) 7727 5633	+66 (0) 7720 5505-6
Surin	+66 (0) 4452 1531	+66 (0) 4452 1532-3
Trang	+66 (0) 7522 3277	+66 (0) 7522 3278-9
Ubon Ratchathani	+66 (0) 4528 4633	+66 (0) 4528 4630-1
Udon Thani	+66 (0) 4232 6333	+66 (0) 4232 6881-2

## TISCO Asset Management Company Limited

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Chiang Mai	+66 (0) 5322 4722	+66 (0) 5322 4711
Nakhon Pathom	+66 (0) 3421 1812	+66 (0) 3425 1676
Nakhon Ratchasima	+66 (0) 4425 7752	+66 (0) 4425 3752
Udon Thani	+66 (0) 4224 6888	+66 (0) 4224 5793

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## TISCO Information Technology Company Limited

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## TISCO Tokyo Leasing Company Limited

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<b>Website</b>	www.tiscotokyo-leasing.co.th



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