



TISCO Financial Group Public Company Limited

Annual Report 2015

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Report from the Board of Directors

Economic Environment

Thai economy has been through the year 2015 with continued economic pressures both domestically and externally. Slower-than-expected GDP growth was caused by not only sluggish private consumption and investment, but also from sharply contracted exports, the main engine of Thailand's growth, following China economic slowdown and the collapse of commodities prices. Government infrastructure spending which was hoped to be the catalyst to stimulate growth, was still slow to produce the desired multiplier effect. All in all, the GDP growth for the year has been revised down to 2.8% from the initial consensus estimate of around 4.0%.

Following broad based economic slowdown, loan growth in the banking system further declined from 5.0% in 2014 to 4.3% in 2015, from most loan sectors. Consumer loan in particular was largely held back by the high level of household debt which already reached approximately 80.6% in 2015, a level of which further increase is not deemed sustainable. Meanwhile, the SME sector was showing increasing signs of asset quality concerns for most banks, following economic impact to the more vulnerable business segments. Domestic car sales, despite some increased demand motivated by car excise tax increase at the end of the year, still declined by 9.3% from the previous year.

The capital markets although started out the year with bullish outlook, has encountered great volatility before closing the year on a bearish note for most of capital markets around the globe. The SET index closed the year at 1,288.02 points, down from 1,497.67 at the end of previous year. The global markets will continue to be volatile with unresolved situation of slowdown in China, declining oil and commodity prices, and large fund flows due to the difference in macro policies between the US, Eurozone, Japan, and emerging markets.

TISCO in 2015

In 2015, TISCO performance has shown resiliency with strong operating result despite economic slowdown and higher credit costs. The net profit for the year was reported at 4,250 million baht, stable from the previous year level. TISCO core business' revenue exhibit good growth of 5% through recovery in business activities, well- managed cost of fund and business margin, and the success in increasing non-interest income through client penetrations. However, the credit cost also substantially increased after setting aside higher provision for a major defaulted corporate client, following the global economic downturn. With effective cost management, TISCO managed to continue delivering high performance with a return on shareholders' equity of 16%, consistently still at the top of the banking industry.

Amidst slow-going economy and loan demand, TISCO business has started to recover in several areas. Autoloan business was seeing growth in new business activities of approximately 7% year-on-year. Consumer loan business also grew the portfolio by 6%, following the expansion of "Somwang" microfinance network to reach 100 branch offices by the end of the year. Meanwhile, asset management business has demonstrated a strong fee income growth of more than 20% with continued expansion in asset under management, and the bancassurance business exhibited continued growth in insurance premium achieved from improved cross-selling.

Corporate banking business was somewhat affected by the economic slowdown over the year with corporate loan portfolio contracted by almost 20% following a default and write-off of one major credit case, and some prepayment of key accounts. However, business has gained momentum of building up new capital market-related deals, which will become more fruitful in the year to come, whereas the loan portfolio has been cleared of asset quality concerns with sufficient level provisions made.

During the year, TISCO was the financial advisor and lead underwriter for the IPO of Global Power Synergy Company (GPSC) which was highly successful from the strong demand amid the volatile capital market. The group wealth management still upheld a strong position as "Top Advisory House", delivering savings and investment services and products. TISCO Asset Management has successfully launched several triggered funds to clients in over the past few years, of which around 70% have been successfully triggered and delivered satisfactory returns. "TISCO Mid/Small Cap Equity Fund" also succeeded in ranking number 1 for the second years in terms of giving the highest returns in the mutual fund management industry. This year, TISCO Securities was also named to be the recipient of "Best Securities Company Awards – Retail Investors" by SET Awards 2015, with "Outstanding Securities Company Awards" for 2 categories – institutional investors for the fifth consecutive year and retail investors for the third consecutive year.

Sustainable Development Practices

In addition to delivering strong business performance, TISCO advocates that good organization should be sustainable not only to itself but also to the broader society. All key aspects of Sustainable Development related to our business as a leading trust-worthy financial institution have been addressed at TISCO, including good governance practices, human capital, and social contribution.

In terms of good governance, TISCO further strengthened good governance culture and risk management practices via the semi-annual Corporate Governance Committee meetings that were held regularly to review CG standard and update the corporate governance policy to reaffirm the alignment with the international best practices. In 2015, TISCO was rewarded for another year of outstanding corporate governance structure and transparent business practices, by receiving "Excellent Corporate Governance Report of Thai Listed Companies" recognition from The Institute of Directors Association (IOD).

TISCO's competent and skillful staffs were the most valuable factor to drive the company to achieve the ultimate sustainable goal. The investment in people is what TISCO never neglected, with the reiteration of core value communication and the development of various learning programs. "Learning Management System (LMS)", developed by TISCO Learning Center, was implemented as a tool to increase staff competency and fundamental understanding of business, and as a motivation to inspire people to work, both individually and as a team, to produce the best results for business in the most effective manner.

On social contribution, TISCO emphasized on supporting educational development and financial literacy while incorporated the programs within the operational process. With the study on the lack of financial knowledge in each suburban area, the financial literacy program offered different coursework specifically to each location in need, aiming to give concise answers to the needed

people. Not only did the program enhance the community with financial proficiency, but it also improved the quality of the future potential clients that will engage in activities with TISCO. Moreover, TISCO put more importance in ESG activities which were the foundation of sustainable development. This year, TISCO was a co-founder of "Philanthropic Investments" project with purpose to generate returns that can be used for sustainable social development, and was named one of 100 sustainable businesses or "ESG100", rated by Thaipat Institute, as the company that promoted sustainable business practice and offered transparent investments for social and environmental care.

2016 Outlook

The outlook of 2016 is still that of uneven economic recovery. Government disbursement of the mega infrastructure projects will be the key growth stimulus, as well as tourism sector. However, private consumption and investment, as well as the prospects of export market, still face with challenges, given the high level of household debts, poor farm income, further risk of serious draught, as well as weakening Chinese economy. Auto market is expected to remain slow, while the demand could recover toward normalcy in the next year once the effect of first car buyer scheme started to complete full cycle. Regardless, the Thai banking sector should continue to be strong in terms of stability, with the currently high level of capital adequacy, while the asset quality situation should gradually resolve, after which the business profitability could recover in near the future.

The board would like to extend our appreciation to all clients, business partners, and shareholders for their long-term support for TISCO through all the difficulties. With the complete dedication, full commitment and hard work of management team and staffs, TISCO will surely thrive through any challenges yet to come

Board of Directors

Part 1

1. Overview of TISCO Business

1.1 Important Changes and Developments during the past 5 years

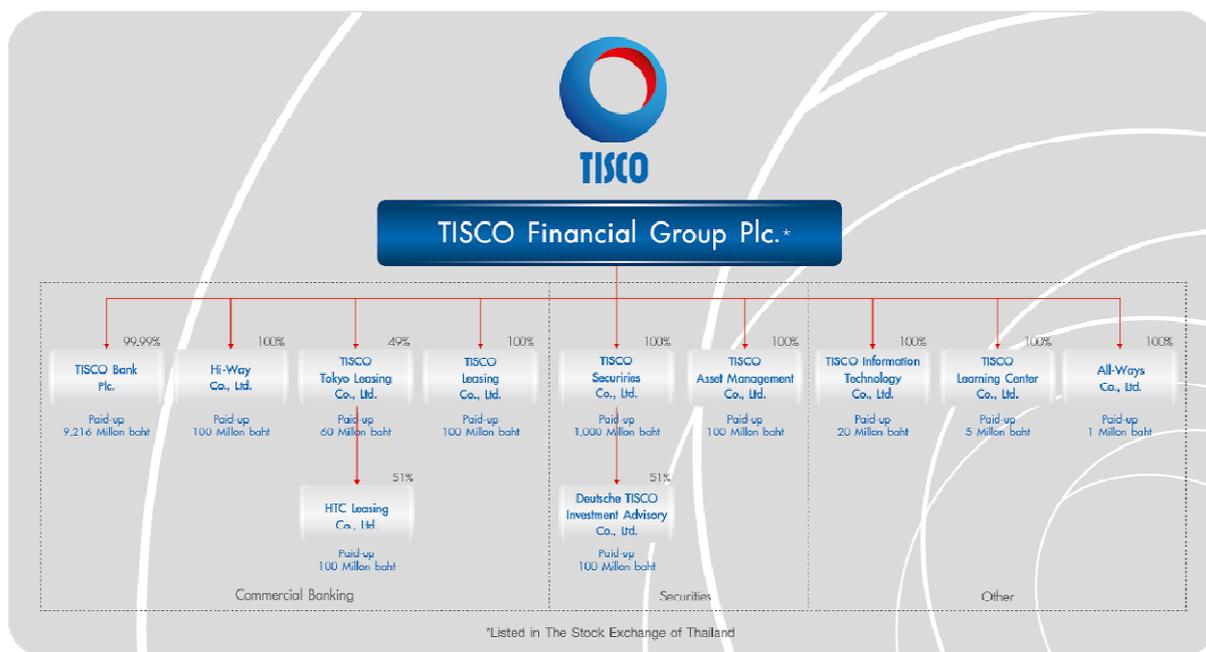
In 2008, TISCO Group implemented the Holding Company Restructuring Plan with the holding company as the parent company of the Group. After the enactment of Financial Institutions Business Act, B.E. 2551 on August 3, 2008, TISCO Bank Public Company Limited ("the Bank" or "TISCO Bank") submitted application to establish the Financial Group to the Bank of Thailand by setting up a new company, TISCO Financial Group Public Company Limited, a non-bank public company limited to be a holding company and parent company of the Group in place of TISCO Bank. TISCO Financial Group Public Company Limited ("the Company") made a tender offer of all securities of TISCO Bank in exchange for newly issued securities of its securities at swap ratio of 1:1. As the result, the Company acquired 99.51% of TISCO Bank's total issued securities. After successful tender offer, the Company acquired all stakeholding in TISCO Bank and subsidiaries¹ identical to shareholding structure of TISCO Bank before restructuring and acquired all shares of Tokyo Leasing (Thailand) Company Limited. Moreover, TISCO Financial Group Public Company Limited has already operated since January 1, 2009 and listed on the Stock Exchange of Thailand in place of TISCO Bank which was simultaneously delisted from the Stock Exchange of Thailand on January 15, 2009.

In 2009, the Company was granted approval from the Securities and Exchange Commission to offer the newly issued common shares of the Company to TISCO Bank's shareholders. The offering of newly issued common shares of the Company has been carried out in order to achieve the objective of the Holding Company Restructuring plan of TISCO Group in which the Company acquires 100% of shares in TISCO Bank as well as protecting the benefit of the shareholders who did not swap securities into the Company's securities. In 2010, TISCO Leasing Co., Ltd became one of the companies under TISCO financial group with an aim to expand retail loan business in provincial areas. TISCO Leasing Co., Ltd. provides loan against auto license, hire purchase loan, leasing for car, motorcycle as well as machinery and equipment. In 2011, TISCO Learning Center Co., Ltd became one of the companies under TISCO financial group with an aim to provide to develop, facilitate training and HR development roadmap for all subsidiaries under TISCO Group. In late 2012, Deutsche TISCO Investment Advisory Co., Ltd, in which TISCO Securities Co., Ltd held 51.0% of total stake, became a subsidiary under TISCO financial Group with aiming to provide equity research and strategic investment advisory service for domestic and foreign institutional investors. In 2013, TISCO Financial Group and TISCO Bank conducted the capital increase in purpose to support ongoing business expansion according to capital management plan of TISCO Group. The Company issued and allocated Transferable Subscription Rights ("TSRs") to the existing shareholders. After the completion of exercise period, total TSRs were fully exercised resulting in total registered capital of the Company increased to 8,007 million baht. Meanwhile, TISCO Bank also issued and offered the right offering to existing shareholders. Consequently, the capital increased shares has fully allocated resulting in total registered capital of the Bank increased to 8,192 million baht. At present, the Company held 99.99% of TISCO Bank's total issued securities. With an aim to strengthen public awareness of TISCO as well as support ongoing business expansion, TISCO Group has been enhanced the corporate image to be modernistic by adding a new symbol "the Opportunity" over TISCO logo in which it reflects the commitment to create opportunities that bring sustainable values to our customers and all stakeholders under the positioning "Wealth of Possibilities". In 2014, TISCO Bank Plc increased capital as approved by shareholder's ordinary general meeting for the year 2014. The objective of capital increase is used to support future growth and ensure sufficient capital cushion in the increasingly volatile environment. The Bank issued and offered newly issued common share to the existing shareholders (Right Offering) accounted for new capital of 1,023.96 million baht. As a result, the paid up capital of the Bank increased to 9,215,676,920 baht. In 2015, TISCO Tokyo Leasing Co., Ltd acquired 51% stake in HTC Leasing Co., Ltd, in which it provides captive hire purchase loan for Hitachi construction machinery, and further became an affiliate under TISCO Financial Group.

¹ Except the company which ceased and the company in liquidation process.

1.2 Businesses of TISCO Group

As TISCO Financial Group Public Company Limited operates as shareholders in other companies with no other major business, the competitive position can be categorized by business operations of companies in TISCO Group which divided into 2 main businesses: commercial banking business and securities business which offer various kinds of financial services in order to satisfy customers' need. After completion of restructuring plan, the TISCO Group's structure as of December 31, 2015 is shown below



1.3 Revenue structure

The revenue structure of the TISCO Group is as follows.

(unit: Million baht)

	2013		2014		2015	
	Amount	%	Amount	%	Amount	%
Interest Income						
- TISCO Bank Plc.	17,900	114.3	17,934	114.8	15,994	97.0
- Hi-Way Co., Ltd.	690	4.4	698	4.5	722	4.4
- Other Subsidiaries	371	2.4	259	1.7	172	1.0
Total Interest Income	18,961	121.1	18,891	121.0	16,888	102.4
Total Interest Expenses	(10,144)	(64.8)	(9,351)	(59.9)	(6,758)	(41.0)
Net Interest Income	8,817	56.3	9,540	61.1	10,130	61.4
Fee and Service Income						
- TISCO Bank Plc.	3,282	21.0	3,059	19.6	3,126	19.0
- TISCO Securities Co., Ltd.	1,186	7.6	976	6.2	915	5.5
- TISCO Asset Management Co., Ltd.	874	5.6	1,088	7.0	1,142	6.9
- Other Subsidiaries	75	0.5	64	0.4	73	0.4
Fees and Service Income	5,417	34.6	5,187	33.2	5,256	31.9
Fees and Service Expenses	(226)	(1.4)	(212)	(1.4)	(199)	(1.2)
Net Fees and Service Income	5,191	33.2	4,976	31.8	5,057	30.7
Other Operating Income	1,647	10.5	1,108	7.1	1,302	7.9
Total Operating Income	15,655	100.0	15,624	100.0	16,489	100.0

1.4 TISCO Group Business Strategy

TISCO Group's general business strategy and planning guidelines for the next three years covering overall business operations are already in place. These strategies and plans will be revised to incorporate changes in the business environment on a yearly basis.

Vision, Mission, and Values for business operations

To align the goals and direction of business units to match those of TISCO Group, the Company has put in writing clearly defined statements outlining its Vision, Mission and Values. Vision encompasses the ultimate goal of TISCO Group whereas Values are intrinsic attributes that management and staff apply in achieving goals and objectives.

Our Vision is "Mastery in Wealth of Possibilities".

Our Mission is "TISCO is a quality growth organization with strong customer priority, committed to deliver value financial services with mastery and professionalism. Our promise is to provide financial services that address customer needs in all geographies, with focus on creativity of new financial solutions, and providing of guidance and advice to create financial opportunities for our customers at different stages of their lives. Continuous human capital development and leading-edge technological investments are key to our efficiency and reliability of service. TISCO also adheres to the cultures of integrity, fairness, and transparency, that create sustainable value to our customers, shareholders, people, and society".

Our values are the essence of the service we offer to our customers and qualities we cultivate and seek in our people. Through induction, training, and comprehensive corporate guidelines, these values are transferred into TISCO culture and shape our professional attitude. TISCO values consist of:

1. **Customer Priority** : Customers are our primary focus. Their needs are our priority. We derive a professional and practical solution that fulfills our customers' requirements.
2. **Mastery**: Our staff is obligated to continually learn and develop themselves, striving for outstanding capability and skill to maximize customer satisfaction.
3. **Integrity**: All of our employees conduct themselves with honesty and follow a code of ethics of the highest standards.
4. **Creativity**: Our expertise is not only dependent on knowledge and experience, but is also founded on our creativity. We provide advice that is not only accurate, but also creative to help them see all financial possibilities they have.
5. **Reliability**: The organization creates added value in our financial services through the professional skills and reliable performance of our team.
6. **Guidance**: Because our staff members have a wide range of financial expertise, we provide our customers with the best financial advisory in a friendly and open-minded way, understanding what exactly they need so we can help them achieve their goals.

Strategic Plan and Strategy Map

External business environments such as the economy, domestic and international politics play an important part in developing our 3-year business plan. Not only are external factors incorporated into strategic plan revision, but internal factors are also included, such as strengths, weaknesses, opportunities, threats, critical success factors and priority issues. The management will take all of these issues into consideration to determine a Corporate Theme. The Corporate Strategy Map, in accordance with the Corporate Theme, will then be crafted along with Vision.

To implement strategic planning successfully, TISCO Group has adopted Balanced Scorecard technique with the aim of achieving balance in strategic planning from four perspectives: financial, customer, internal process and learning. Key Performance Indicators will be determined for all business areas, and linked to performance management to gauge employee performance so that staff may be awarded fair compensation based on merit. Additionally, the business performance is constantly monitored via Performance Dashboard session.

Strategic action for the organization

To achieve the organization's goals, within the Vision framework, TISCO Group has determined strategic actions as follows

- Expand into untapped market to develop more business
- Capture opportunities from infrastructure spending and government policies
- Capture opportunity in growing upper middle income segment

- Extensively cross-sell products and services to increase customer utilization and business referrals across the group

2. Business Operations by Area

TISCO Financial Group Public Company Limited (“the Company”), the parent company of TISCO Group (“the Group”), and its subsidiaries operate two main businesses: commercial banking business and securities business.

Commercial banking business: TISCO Group offers financial services under its Commercial Banking Business license. Banking services are offered through its subsidiary, TISCO Bank’s (“the Bank”). As of December 31, 2015, the Bank had 57 branches in every regions of Thailand. The locations of bank branch by region are shown as follows

Region	Branch
Bangkok	: Sathorn, Rattanaithibet, Srinakarin, Rangsit, New Phetchaburi Road, Central World, Fashion Island, The Old Siam, Pakin Building, Central Chaeng Watthana, Seacon Square, Yaowarat, Siam Paragon, Central Rama III, The Mall Bangkhae, Worachak, Central Pinklao, The Mall Tapra, Central Bangna, The Mall Bang Kapi, Future Park Rangsit, Central Ramindra, Central Lardprao, Gateway Ekkamai, Ratchawong, The Mall Ngamwongwan, Seacon Bangkhae, Banglumpoo, Siam Square One, and Mega Bangna, Central East Ville
Vicinity	: Nakhon Pathom and Samutsakhon
Central	: Ayutthaya, Saraburi, Chonburi, Rayong, Ratchaburi, Chantaburi, Pattaya, and Si Racha
Northeast	: Nakhon Ratchasima, TESCO Lotus Korat , Khon Kaen, Udon Thani, Ubon Ratchathani and Surin
North	: Chiang Mai, Phitsanuloke, and Nakhon Sawan
South	: Phuket, Songkhla, Surathani, Trang, Ratsada Phuket, Krabi, and Nipatuthit 2 (Hat Yai)

Moreover, TISCO Group also provides service of consumption loan through distribution network of Hi-Way Co., Ltd. with 98 branches nationwide.

Securities business: TISCO Group provides securities services under its Securities and Asset Management licenses. These businesses are serviced through the headquarters and branches of subsidiaries across the country. In Bangkok, there is a securities brokerage branch at Esplanade Center, and other four branches in upcountry, namely Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, and Udon Thani.

2.1 Area of Services

As the Company operates as a shareholder of other companies (Holding Company) with no other major business, the area of services can be categorized by business operations of its subsidiary companies which can be divided into 2 main businesses including commercial banking business and securities business. In accordance with client centric approach, the service operations of TISCO Group are divided into 4 business pillars namely 1) Retail Banking 2) Corporate Banking 3) Wealth & Asset Management 4) Corporate Affairs & CSR. Details for each service operation are as follows.

1. Retail Banking

Retail Banking group provides 2 service types as follows.

1.1 Retail Loans

Retail loans are conducted by offering loan services to retail customers, which mainly have specific loan purposes for individual consumption. This segment can be classified by loan purpose as follows.

- **Hire-Purchase Financing**

Hire-purchase financing is operated by TISCO Bank Plc, Hi-Way Co., Ltd, TISCO Tokyo Leasing Co., Ltd and HTC Leasing Co., Ltd allow borrowers to buy assets under hire-purchase terms. The buyer makes a down payment at the predetermined proportion of asset value and pays equal installment amounts over the contract period. The ownership of assets is then transferred to the buyer after all installments are paid. Contract periods are ranged from 1 to 7 years. A fixed interest rate is charged in line with the market rate on the contract date.

TISCO Group provides hire-purchase loans for all types and models of new and used automobiles. This includes passenger cars, multipurpose vehicles, motorcycles, and commercial vehicles such as sedans, trucks, and trailers. In addition, hire-purchase financing also offers on loans for buying machinery and equipment for commercial purposes such as printing machines and medical equipment.

As of December 31, 2015, hire-purchase loans were 152,907.78 million baht, decreased by 7.4% from 165,095.00 million baht in 2014 mainly following the subdued private consumption and shrinking domestic car sales.

Table shows details of car and motorcycle hire purchase loans

Hire Purchase	December 31, 2013 (Million baht)	December 31, 2014 (Million baht)	December 31, 2015 (Million baht)	Growth rate (%)
Car	179,829.43	162,329.59	150,174.57	(7.5)
Motorcycle	2,733.12	2,765.41	2,733.21	(1.2)
Total*	182,562.55	165,095.00	152,907.78	(7.4)

* Excluding loan of TISCO Tokyo Leasing Co., Ltd.

In 2015, TISCO Group (specified for TISCO Bank and credit granting companies) granted hire purchase loan for new car, ranked by car brands contribution, with 28.2% from Ford, 22.9% from Mazda, 13.0% from Isuzu, 11.0% from Chevrolet, 10.5% from Toyota and 14.4% of other brands. The proportion of hire purchase loan between new car and used car were 85% and 15%. In addition, the TISCO Group's strategy is to continue on expanding hire-purchase financing, given the ongoing market demand with the enhancement of service quality while continues to offer variety of services, as well as effective control of asset quality rather than engaging in price competition. In addition, the interest rates charged are competitive and the maximum payment period is in compliance with the Bank of Thailand rules.

• Consumer Loans

Consumer loans are mainly operated by TISCO Bank, providing consumer loans according to market needs with a strong focus on acceptable risk-adjusted return on capital (RAROC). The consumer loans segment has two main categories as follows,

Mortgage Loans are granted to acquire residential property, including multipurpose loans, which use property as collateral to support the client's liquidity. The repayment terms vary from 3 to 30 years with full collateral, with interest rates either floating or fixed in the first three years and floated rate for the remaining years. In addition, TISCO Bank has cooperated with Secondary Mortgage Corporation in providing mortgage financing with fixed interest rate.

As of December 31, 2015, mortgage loans were 1,224.55 million baht, decreased by 6.6% from 1,310.82 million baht in 2014 partly due to an economic slowdown.

Consumption Loans are operated by TISCO Bank Plc, and Hi-Way Co., Ltd; providing multipurpose loans for individuals and business owners in need of cash flow for various purposes such as enhanced financial liquidity for the business operations, emergency expenses, repayment other financial burden, and etc. The Bank's loan against vehicle registration has continually enhanced in responses to diverse needs of various customer segments covering motorcycle, car sedan, and truck with repayment periods up to 60 months under slogan "TISCO Auto Cash – Quick cash delivery, No transfer of vehicle registration". Furthermore, the Bank had cooperative effort with Thai Credit Guarantee Corporation to provide credit guarantee for viable micro enterprises which will enable them to access formal financial service as well as obtain sufficient credit. The several financial programs for micro enterprises were launched by providing financing amount up to 150% of assessed collateral price and unsecured working capital credit program under campaign "Somwang SabuyJai". To enhance customers' convenience, TISCO Group expanded distribution channels of loans against car and motorcycle registration nationwide under brand "Somwang". In 2015, there were 98 of Somwang branches nationwide. To strengthen service coverage, TISCO also plans to expand another 50 branches within 2016.

As of December 31, 2015, consumption loans were 15,986.52 million baht, increased by 6.0% from 15,088.34 million baht at of 2014.

Table shows details of retail loans

Retail Finance	December 31, 2013		December 31, 2014		December 31, 2015		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Hire purchase loans	182,562.55	92.0	165,095.00	91.0	152,907.78	89.9	(7.4)
Mortgage loans	1,428.19	0.7	1,310.82	0.7	1,224.55	0.7	(6.6)
Consumption loans	14,424.50	7.3	15,088.34	8.3	15,986.52	9.4	6.0
Total	198,415.24	100.0	181,494.16	100.0	170,118.84	100.0	(6.3)

Customer and Distribution Channels

Target customers of the hire-purchase business are individuals with regular income or salary and good repayment record. The Group service's channels operate through the Bank's headquarters and its branch network and other subsidiary companies. The car hire-purchase business in TISCO Group is operated by TISCO Bank Plc, and TISCO Tokyo Leasing Co., Ltd while motorcycle hire-purchase is operated by Hi-Way Co., Ltd. TISCO Group has an assured client base via dealer. Major portion of client base are fixed income individual with well payment background.

For consumption loans which are operated by TISCO Bank Plc and Hi-Way Co., Ltd. TISCO Group targets individual customer with good payment background and adequate earning ability.

1.2 Bancassurance

The Bank has been granted Insurance Broker License since 2005 from the Department of Insurance, under the Ministry of Commerce. The Bank provides insurance brokerage services for both life and non-life insurances covering various types of insurances. Over 10 years of service, the Bank aims to select and develop both life and non-life insurance products that match with risk of each customer segment. For non-life insurance, the service includes motor insurance, fire insurance, accidental insurance, critical illness insurance, and miscellaneous insurance. For life insurance, the service includes group-life insurance, health insurance. At present, the Bank has partnered with strong financial stability, and leading insurance companies.

In 2015, the Bank focused on enhancing retail insurance products features as well as introduces retail insurance product whereby the insurance coverage have designed to suit with the each group of customer. As a result, both non-life and life insurance products got well-response from the customer. For non-life insurance product, the highlighted products included motor insurance namely "One mini" and accidental insurance namely "TISCO Auto Care". A part from flagship loan protection product for retail loan customer, the Bank introduced Wealth insurance product to wealth customer segment. Also the Bank extended advisory service to cover life insurance products in addition to saving and investment products in aligning with TISCO group strategy "Top Advisory Bank" which aims to provide financial advisory throughout every stage of life. Furthermore, the Bank has developed health insurance product towards concept "Health is Wealth" which emphasized on health caring and health recovery after the illness as health is an essential foundation for wealth creation of both themselves and their family. Thus, the Bank launched a health insurance product namely "TISCO Zero Cancer Plan". In addition, the Bank, Faculty of medicine, Mahidol University and the Ramathibodi foundation were jointly launched a campaign for social cause namely "One Million Hearts for Cancer Patients" by donating a portion of revenue from TISCO Zero Cancer plan for the poor cancer patient as well as research and development of cancer treatment fund of Mahidol University.

2. Corporate Banking

Corporate Banking group provides 3 service types as follows

2.1 Corporate Lending

Corporate Lending service is operated by TISCO Bank. Commercial finance facilities are provided to large corporate clients for commercial purposes, including loans and related services such as guarantees, aval, loan arrangement services and loan restructuring. Commercial lending is classified by the following service types:

• **Working Capital Loans**

Working capital loans fill the need for business liquidity and cash flow, especially for industry and seasonal businesses, by facilitating loans for buying raw materials and inventory, and loans for account payable repayments. They are revolving loans, with repayment terms set for within one year. The terms and conditions of such loans are subject to credit review annually.

• Project and Term Loans

Project and term loans fill the need created by medium or long-term business development projects which have a specific purpose. The funding project, as the ultimate source of funds for loan repayment, must be traceable in terms of project progress. This segment mainly consists of term loans which have a repayment schedule in line with the timeline, progress and cash flow of the project. The Bank's policy is to support industry and manufacturing in all business areas, especially ones that support national development. Project and term loans are generally offered for building factories, offices or business expansion, property developments, infrastructure construction, project bids such as power plant or buying industrial machinery.

• Other Commercial Loans

Other than the two above-mentioned types, the Bank also provides credit for other commercial purposes such as loans against deposits or liquid assets with short or medium terms using liquidity assets as collateral. This segment includes loans for investment, which are medium or long-term funds which investors use to buy assets, such as property, which they then use as collateral, with the terms and conditions of the loan set according to asset earning ability.

• Guarantee and Aval Services

The Bank provides guarantees and aval services for our client's business partners by issuing project bidding bonds, performance bonds and purchase guarantee letters to manufacturers. Terms of letters of guarantee are flexible and made to suit the beneficiary's needs.

• Loan Consultancy and Related Services

The Bank provides full-service loan consultation services in such areas as financial structuring and debt restructuring, and is also a syndicated loan arranger, facility agent and security agent.

• Custodian Service

The Bank provides custodian service for safekeeping the clients' assets and securities, payment and delivery, and performs the fiduciary duty of acting as custodian for provident fund, private fund, juristic person and individual, including confirmation of net asset value for provident fund.

2.2 Commercial Lending

Commercial lending provides commercial credits mainly in small and medium-sized businesses such as inventory financing for car dealers, working capital loans, project finance and hire-purchase and leasing loans for customers in various segments including automobile & parts, logistics, etc.

As of December 31, 2015, TISCO Group had a corporate lending portfolio of 43,327.30 million baht (accounted for 18.2% of total loans) decreased by 18.4% (YoY) from 53,083.22 million baht at the end of 2014 mainly due to the loan early repayment in manufacturing and commercial sector and public utilities and services sector, and loan write-off of Sahaviriya Steel Industries UK (SSI UK). The commercial loan portfolio stood at 19,888.60 million baht, decreased by 15.0% (YoY) from 23,389.51 million baht at the end of 2014 due to the decrease of loan demand for car dealer. The loan portfolios are detailed as follows :

Type of Business	December 31, 2013		December 31, 2014		December 31, 2015		Change (%)
	Amount (Million baht)	%	Amount (Million baht)	%	Amount (Million baht)	%	
Manufacturing and commerce	17,739.39	6.2	18,862.96	7.2	12,126.50	5.1	(35.7)
Real estate and construction	11,417.61	4.0	12,160.59	4.6	11,987.70	5.0	(1.4)
Public utilities and services	21,554.03	7.5	21,802.94	8.3	18,837.43	7.9	(13.6)
Agriculture and mining	410.61	0.1	256.73	0.1	375.67	0.2	46.3
Corporate Lending	51,121.63	17.8	53,083.22	20.2	43,327.30	18.2	(18.4)
Commercial Lending	32,034.44	11.2	23,389.51	8.9	19,888.60	8.3	(15.0)
Retail loans and other loans	203,258.59	71.0	186,311.10	70.9	175,043.93	73.5	(6.0)
Total TISCO Loan	286,414.66	100.0	262,783.83	100.0	238,259.84	100.0	(9.3)

Customer and Distribution Channels

The target customers are mainly customer base who have established long-term relationship with the Bank, and new customers from industries that support economic growth or sectors with strong government backing, such as automobile and

parts, agriculture and food processing, transportation and logistics, and petrochemicals. In addition, future infrastructure projects, such as those in the energy, property development, and construction sectors, are also within our scope of interest.

Apart from the headquarter in Bangkok and branch network, the Bank also provides its services directly through relationship officers and client visits. In addition, advertising and public relations via newspapers and internet are deployed as alternative sale channels.

2.3 Investment Banking

TISCO Securities Co., Ltd. is a leader in investment banking service with a long-established reputation more than 46 years in providing the best service to both with corporate and government-related clients. With high caliber and highly experienced professionals, TISCO Securities Co., Ltd. is specialized in many essential industries such as energy & utilities, petrochemicals, telecommunications, transportation & logistics, health care, banking & financial institutions, media & entertainment, and manufacturing, together with a wealth of experience in equity and debt markets, both domestically and internationally. TISCO Securities Co., Ltd. has been approved by the SEC to provide financial advisory services and granted an underwriting license from the Ministry of Finance. The full range of financial advisory and underwriting services are covering various types of instrument including equity, debt, and convertible instruments. Moreover, TISCO Securities Co., Ltd. also provides financial advisory service for merger & acquisition, privatization advisory and implementation, project financing, debt restructuring, feasibility study, project valuation, and general advisory, etc.

In 2015, TISCO's investment banking was trusted by our customers to provide financial advisory services to various businesses including financial advisory service for the domestic and cross-border merger and acquisition, company valuation, and underwriting service for the Initial Public Offering ("IPO"). The highlighted transactions in year 2015 include the financial advisory service for Islamic Bank of Thailand. Also investment banking team provided financial advisory for TIPCO Asphalt Plc. in acquisition of asphalt and vessel companies in Vietnam, Indonesia, Singapore and Thailand from Colas S.A., a French company, with approximate total size of 2,215 million Baht. Moreover, investment banking team provided financial advisory for Thai Central Chemical Plc. in disposition of its 3 subsidiaries for OG Corporation, a Japanese company. Additionally, investment banking team also acted as joint financial advisor and joint-lead underwriter for the initial public offering of Global Power Synergy Plc. totaling 10,030 million Baht. Furthermore, investment banking team performed as joint-lead arranger for offering Baht bond of Mizuho Bank Ltd. totaling 3,000 million Baht.

3. Wealth & Asset Management

With an aim to become "Top Advisory House", TISCO provides full-shelf of financial and investment advisory services under "TISCO Wealth" brand which provides comprehensive wealth services of banking, securities brokerage, and asset management in one place, to provide solution for our client in meeting up with various type of saving and investment demand. The customers are classified into 3 groups which are TISCO Premium, TISCO Platinum, and TISCO Private. TISCO Wealth's customers are defined by total consolidated portfolio of assets under management including deposit, funds, and securities. TISCO Premium is defined as customer group who have consolidated portfolio of 1-5 million baht. TISCO Platinum is defined as customer group who have consolidated portfolio of 5-20 million baht while TISCO Private is defined as customer group who have consolidated portfolio more than 20 million baht. The customer are closely served by personal banking officers, wealth managers, and private bankers who provide deposit services and various types of investment advisory for both domestic and foreign assets.

In 2015, TISCO Wealth continued to focus on the service excellence by extending coverage of investment advisory solution to all asset classes. In this aspect, TISCO's Economic Strategy Unit has issued the "TISCO Investment Portfolio Strategy" or "TIPS", a comprehensive examination of financial markets, also an in-depth analysis on the global economy and potential investment ideas for TISCO Wealth customers. This will keep our customers well-informed on changing investment environment as well as potential opportunities available. Thus, TISCO Wealth initiated "Star Plus Fund", the actively manage fund of funds add more value to our customers' portfolio. Moreover, TISCO wealth continued to inspect the best investment time for the customer through Trigger fund. TISCO Wealth has also emphasized to enhance our financial advisors capability whereby there were more than 90% of investment consultants who hold investment license in 2015 and continually improve service capabilities to achieve the Certified Financial Planner.

Wealth & Asset Management group provides 6 service types as follows:

3.1 Private Banking

Private Banking is responsible for high net-worth clients having deposits and investment portfolio more than of 20 million baht. The private banking services include bank deposits, cash management services, professional financial and investment advisory as well as fund management services. In 2015, TISCO Bank continued to provide in depth investment advisory service covering all investment types and asset classes around the world through TISCO Investment Center, a bank branch in which was initially established at Siam square one. In addition, TISCO has regularly arranged investment seminars by TISCO Investment Guru to support investors' needs.

3.2 Retail Deposit

TISCO Bank has provided a variety of deposit products such as current, savings and fixed deposits along with related financial products, for instance, cashier cheque, personal cheque, cheques clearing and money transfer at headquarter and branches channel. In 2015, TISCO focused on all-round financial and investment products by offering a new savings account with high return and high liquidity namely "Blue Diamond Savings", targeting at customers who have deposits more than 1 million baht. This saving account provides special service feature and account privilege. The Bank also offered Super Savings targeting at customers who have deposits less than 1 million baht. This saving account can be withdrawn 4 times a month with no limited amount and no fee charged for crossing area withdrawal. Likewise, TISCO Bank believes that the brick and mortar is crucial for interaction and service for our valuable customers. This is why we decided to establish our new branch in the brand-new Shopping Mall, Central East Ville.

3.3 Private Sales Brokerage

Private Sales Brokerage is operated by TISCO Securities Co., Ltd, as a member number two on the Stock Exchange of Thailand, offering brokerage services to retail clients through head office in Bangkok, a branch in Bangkok at Esplanade Center, and four other branches upcountry, namely Chiang Mai, Nakhon Pathom, Nakhon Ratchasima, and Udon Thani. Service foundation of TISCO Securities Co., Ltd is built on quality and client satisfaction while adhering to ethics and service integrity. In addition, client can choose services by placing orders through their designated marketing officers or placing order by themselves though internet channel.

At the end of 2015, TISCO Securities Co., Ltd's market share of an individual customer was at 1.9% declined from 2.0% in 2014. The strategy for Private Sales Brokerage aims at expanding market aggressively in term of customers base, trading volume and developing new technology. In 2015, TISCO Securities Co., Ltd ("TISCO Securities") has continually joined the Banker to Broker project with the Stock Exchange of Thailand. The project has accommodated customer to register securities trading account of both equity and derivatives at TISCO Bank branches. As the result, the project contributed a significant amount of new securities trading accounts.

Furthermore, TISCO Securities has expanded service platform by launching Line: @TISCOeResearch which provide news and research by TISCO Research team. This was aimed to provide a real-time service to our customer investment decision and ensure that our customers are up-to-date on every single inch in the investment world. Meanwhile, TISCO Securities enhanced service capability towards deployment of new technology. For instance, the new Stock Scan application which is a tool that helps customer to sort out prominent stock according to investment style and their risk appetite to be more modern and outstanding, Aspen application for helped customer to received instant news around the world, also the smart technical tools. In addition, TISCO Securities has continually promoted marketing activity and provide investment knowledge in Bangkok and key provinces as well as joining Bangkok Saving and Investment 2015 project, which was a collaboration between the Stock Exchange of Thailand and Bangkok Metropolis Administration, to promote saving and investment through bank branch in the business area of Bangkok.

Table shows information on TISCO Securities business

(Unit: Million baht)

Information of TISCO Securities Business	2013	2014	2015
Trading values of Individual Customer	255,280.38	240,369.35	214,260.86
Overall Market Share – Company ¹	3.0	2.9	2.8
Market Share – Individual Customer	2.0	2.0	1.9

¹ SET and MAI

Source: TISCO Securities Co., Ltd.

3.4 Institutional Brokerage

TISCO Securities Co., Ltd offers brokerage services to institutional clients through head office in Bangkok. As of December 31, 2015, the market share of institution customer was 3.4% comprised of 3.6% from local institution investor and 3.3% from foreign institution investor. In 2015, the strategy for institutional brokerage aims at expanding the market aggressively by brought leading corporation's representatives to meet with global investors through Deutsche TISCO Investment Advisory Company Limited in providing world-class equity research and strategic investment advisory service for domestic and foreign institutional investors.

Table shows information on TISCO's Securities Business

(Unit: Million baht)

Information of TISCO Securities Business	2013	2014	2015
Trading values of Institutions Customer	369,816.11	297,658.92	299,084.84
- Domestic	152,829.40	151,084.45	141,833.11
- Foreign	216,986.71	146,574.48	157,251.73
Market Share – Institutions Customer^{/1}	3.5	3.6	3.4
- Domestic Institutions	2.9	3.9	3.6
- Foreign Institutions	4.1	3.3	3.3

^{/1} SET and MAI

Source: TISCO Securities Co., Ltd.

3.5 Asset Management

TISCO Asset Management Co., Ltd. operates provident funds, private funds, and mutual funds management as permitted under its mutual fund and private fund management licenses granted by the Ministry of Finance. Details are provided as follows

• Provident funds

TISCO Asset Management Co., Ltd's provident fund management license covers advisory services for setting up provident funds, and registrar and advisory services for provident fund committees. Fund investments may cover a wide range of instruments, in line with consent from the respective provident fund committees.

As of December 31, 2015 there were 71 provident funds with a net asset value of 118,736.97 million baht, up by 7.5% (YoY), representing 3,980 companies and 589,516 members. As of December 31, 2015, the provident fund business accounted for a market share of 13.4% putting the company in 3rd place in the overall market, based on net asset value. The breakdown of TISCO Asset's provident fund types is shown below

(Unit: Million baht)

TISCO Asset Provident Fund	2013	2014	2015	% Growth
Single Fund	46,597.87	48,344.09	44,938.98	(7.0)
Master Fund	56,096.63	62,107.54	73,797.99	18.8
Total	102,694.50	110,451.63	118,736.97	7.5

• Private funds

TISCO Asset Management Co., Ltd provides private fund management services for individuals and juristic persons taking into account the client's risk-return profile in offering a wide range of investment alternatives including equity, fixed income, and mutual funds. Clients receive reports which summarize fund performance on a regular basis.

As of December 31, 2015, there were 306 private funds with net asset value of 26,413.25 million baht, decreased by 10.9%. As of December 31, 2015, the private funds business accounted for a market share of 4.5%, putting the company in 7th place in the overall private fund market. The breakdown of TISCO Asset Management Co., Ltd.'s private fund types is shown below

(Unit: Million baht)

TISCO Asset Private Fund	2013	2014	2015	% Growth
Juristic person	21,256.45	18,842.67	15,791.17	(16.2)
Individual	10,557.15	10,802.88	10,622.07	(1.7)
Total	31,813.60	29,645.55	26,413.25	(10.9)

• Mutual funds

TISCO Asset Management Co., Ltd provides mutual fund management services for retail investors. Mutual fund units are sold to the general public with due consideration given to finding the right investment type suitable for each investor's needs. TISCO Asset Management Co., Ltd focuses on efficient investment based on continuous research and risk management. It reports fund performance to the public regularly.

As of December 31, 2015, mutual funds under management by the Company totaled 89 funds, with net asset value of 33,404.36 million baht. As of December 31, 2015, the mutual fund business accounted for a market share of 0.8% and ranked 14th in the overall mutual fund market.

Distribution Channels

In general, TISCO Asset Management Co., Ltd. uses direct market approach as main channel for all fund types. For mutual fund business, the company has additional channels consisting of selling agents from banks, finance and securities companies, as stated in their prospectus. In addition, TISCO Asset Management Co., Ltd also increased distribution channel through internet trading in order to increase customer's service convenience.

3.6 Cash Management Services

The Bank's Cash Management Services include cash inflow and cash outflow management for corporate clients, which ultimately help increase operation efficiency and reduce operating cost for clients. Cash Management Services comprise of three main business areas, TISCO Collection, TISCO Payment, and TISCO Liquidity Management. Additionally, TISCO E-Cash Management was introduced to facilitate customer in performing business transaction and enquiring consolidated account information.

4. Corporate Affairs & CSR

Corporate Affairs & CSR group aims to promote business operational efficiency while ensuring that business ethics and a strong sense of social responsibility are incorporated into corporate core values. With an aim to achieve sustainable value creation to all stakeholders, TISCO has placed great emphasis on building strong supportive network among our stakeholders, to promote long-term social development, environmental awareness, and arts & cultural support programs. Furthermore, all governance and support functions are centralized at the Company; subsidiary companies shall outsource all such activities back to the Company. These include, but not limited to, the following functions :

- Enterprise Risk Management, Risk Research, Investment, Corporate Accounting, Credit Control
- Product Development and Marketing, Digital Channel, Bancassurance
- Internal Audit, Compliance, Operational Risk Management, Legal Office, Corporate Secretariat Office
- Corporate Marketing & Communication, Economic Strategy, Corporate Services
- Human Resource Administration, Human Resource Services,
- Productivity, Data Management, Project Management Office, Solutions Development, Enterprise Architecture, Information Security

In addition, TISCO also has Treasury department as a unit under the Bank, which is responsible for asset and liability management activities including the procuring of funding sources from local and foreign financial institutions, and investing and trading bonds in order to maximize return under the corporate guidelines and risk policy and in compliance with all related rules and regulations. It also manages liquidity according to the BoT regulations.

TISCO Securities Co., Ltd handles the securities trading business and trades equity securities for company accounts, with an aim to maximize investment return. However, securities trading volume was insignificant because TISCO Securities has maintained its investment policy of long-term return rather than short-term trading gain. In addition, TISCO Securities Co., Ltd actively performs securities trading when the stock market is in favorable condition. TISCO Securities Co., Ltd only invests in good performance and strong fundamental securities to minimize market risk.

As of December 31, 2015, the investment portfolio of debt and equity instruments was 8,332.42 million baht, increased by 43.7% from 14,795.45 million baht in 2014 mainly from a decrease in fixed income investment.

2.2 Market and Competition

2.2.1 Commercial Banking Business

- **Market**

As of December 31, 2015, there were 31 banks, composed of 16 Thai commercial banks and 15 subsidiary and branches of foreign banks. The conditions of deposits and loans market are detailed as follows

Deposits

As of December 31, 2015, deposits in Thai commercial bank industry¹ were at 11,196,258 million baht, up by 2.8% (YoY), decelerated from growth rate of 6.5% in 2014 along with the weak loan demand. At the end of 2015, average 3-month deposit interest rate of the top four large banks was at 1.01%, decreased from 1.30% at the end of year 2014 as the Bank of Thailand cut the policy rate to accommodate the domestic economic recovery as the economy was affected by various risk factors including high level of household debt as well as global economic slowdown. In 2015, the Bank's deposits² was 159,083.35 million baht, down by 22.9% (YoY), comprising of 159,046.43 million baht of deposits and 36.92 million baht of short-term borrowings.

Table showing movement of average interest rates of Thai commercial banks

(Unit: % per year)

	2013	2014	2015
Minimum Lending Rate (MLR) ¹	6.84	6.75	6.51
3-month fixed deposit rate ¹	1.76	1.30	1.01

¹ Average interest rate at the end of each period of four large banks, i.e. Bangkok Bank Plc., Siam Commercial Bank Plc., Krung Thai Bank Plc. and Kasikornbank Plc.

Loans

As of December 31, 2015, total outstanding loans of Thai commercial bank industry were 10,469,758 million baht, up by 5.8% (YoY) following domestic economic slowdown. At the end of 2015, the average MLR at the top four large banks was at 6.51% per year, decreased from 6.75% per year at the end of year 2014, which was in line with the decline of policy rate. The Bank's loan was 234,266.28 million baht, down by 9.2% (YoY).

Table exhibits comparison of assets, deposits and loans as of December 31, 2015

(Unit: Million baht)

Commercial Banks	Assets	Market Share (%)	Deposits	Market Share (%)	Loans	Market Share (%)
1. Krung Thai Bank Plc.	2,748,608	17.7	2,137,446	19.1	1,892,308	18.1
2. Bangkok Bank Plc.	2,742,221	17.7	2,039,108	18.2	1,718,534	16.4
3. Siam Commercial Bank Plc.	2,557,426	16.5	1,884,904	16.8	1,758,121	16.8
4. Kasikorn Bank Plc.	2,248,267	14.5	1,708,594	15.3	1,525,220	14.6
5. Bank of Ayudhya Plc.	1,652,551	10.7	1,052,072	9.4	1,184,913	11.3
6. Thanachart Bank Plc.	938,834	6.1	670,575	6.0	655,855	6.3
7. Thai Military Bank Plc.	838,233	5.4	644,730	5.8	551,743	5.3
8. UOB Bank Plc.	434,552	2.8	302,239	2.7	283,016	2.7
9. CIMB Thai Bank Plc.	303,598	2.0	170,502	1.5	190,018	1.8
10. TISCO Bank Plc.	269,800	1.7	159,046	1.4	228,696	2.2
11. Kiatnakin Bank Plc.	221,472	1.4	107,781	0.9	170,602	1.6
12. Standard Charter Bank(Thai) Plc.	209,179	1.3	98,760	0.9	83,838	0.8
13. Land & House Bank Plc.	198,039	1.3	137,300	1.2	130,163	1.2
14. ICBC (Thai) Plc.	150,893	1.0	86,201	0.8	96,731	0.9
Total	15,513,673	100.0	11,196,258	100.0	10,469,758	100.0

Source: Summary of Assets and Liabilities Statement (C.B. 1.1) Bank of Thailand

Car hire-purchase business, the major business of the Bank, generally expanded in line with automobile industry growth. In 2015, domestic car sales were 799,632 units, down by 9.3% (YoY) due to lasting effect after the end of government's excise tax rebate scheme for first-time car buyers as well as high household debt level. For year 2015, the total new car sales

¹ Summary of Assets and Liabilities Form (C.B. 1.1) Bank of Thailand

² Deposit includes the short-term borrowings

comprised 37.4% of passenger car and 62.6% of commercial car %. In addition, TISCO's penetration rate was at 9.1% to total new car sales.

Table showing car sales in Thailand during 2011-2015

(Unit: Vehicle)

Category	2011	2012	2013	2014	2015
Passenger car	360,711	669,954	631,223	369,836	299,309
Commercial car	433,370	766,356	699,447	511,996	500,323
Total	794,081	1,436,310	1,330,670	881,832	799,632

Source: Automobile Institute

• Competition

In 2015, commercial banking industry performance was declined compared with the previous year following the decelerated loan growth amidst the backdrop of sluggish recovery in domestic economy. The weak consumer confidence together with high level of household debt caused pressure to asset quality of loan portfolio, particularly retail and SMEs credits. Nevertheless, the provision buffer and capital fund remained solid which had cushion against the weak asset quality. Meanwhile, the Bank of Thailand cut the policy rate from 2.00% at the end of 2014 to 1.50% to stimulate consumption and support the domestic economic recovery. Furthermore, the competition in deposit market was slowdown alongside with the decelerated loan growth. The commercial banks launched deposit campaigns to maintain customer base as well as manage liquidity from time to time. TISCO Bank continued to focus on expanding retail deposit customer base by offering savings products that earn appropriate yield, along with services improvement to facilitate our customers.

For corporate and SMEs banking businesses, the competition remained intense to maintain the existing customer base as well as expanded new customer. Most of the players adopted price competition strategy and total financial solution to serve the customer. Nevertheless, the commercial banks tightened credit policy for SMEs segment to curb the weakened asset quality. Meanwhile, some of corporate customers tend to raise fund from the issuance from equity and debt instrument. TISCO Bank has focused on controlling asset quality as well as preparing to cope with economic uncertainty. Thus, the Bank aims to compete on service quality rather than pricing and has expanded its customer base on account of long-term business experience with efficient operations, management systems, and quality services that can respond to varying customer needs in order to maintain long-term relationship.

For auto hire purchase business, the competitors in auto hire purchase business can be divided into two major groups: 1) commercial bank and leasing company, a subsidiary of commercial bank and 2) subsidiary companies of car manufacturers and car dealers (captive finance companies). For the year 2015, the competition in auto hire purchase market remained intense despite the total car sales was declined from the previous year to 799,632 units following high household debt level, falling agricultural price, together with lingering effect from the government's tax incentive for first-time car buyers. Meanwhile, the used car sales improved from the previous year partly due to the higher price of new car and more reasonable price of used car. Nevertheless, TISCO Group has retained the competitive advantage in new car business from being the key strategic partner with car manufacturers and car dealers of Ford, Mazda, Volvo, and Chevrolet. Amidst economic volatility, TISCO Group continues to expand customer base through efficient and high standard of service, long experience in hire purchase business, good relationship with car dealers, effective cost and risk management together with extensive customer database. In addition, TISCO Group foresees the opportunity to expand consumer loan business in response to the market demand and to provide financial solution for customer. TISCO Group has focused to expand loan against car registration by deploying branch network of Hi-Way Co., Ltd (TISCO Group's subsidiary) which has currently expanded over 98 branches nationwide.

Based on asset size the Bank was ranked at 10th place among Thai commercial banks (as of December 31, 2015). The market share of assets, deposits and loans were 1.7%, 1.4% and 2.2% respectively.

2.2.2 Securities Business

(1) Securities and investment banking business operated by TISCO Securities Co., Ltd.

• Market

At the end of 2015, there are 42 companies¹ who have been granted to operate brokerage business service and 72¹ companies who have been granted to operate financial advisory service by the office of Securities and Exchange Commission. In 2015, SET index closed at 1,288.02 points, decreased by 209.65 points (14.0% YoY) from 1,497.67 points at the end of 2014. Meanwhile, the average daily turnover was at 41,141 million baht, softened from 41,605 million baht in 2014. For derivative

¹ Source: www.sec.or.th

market, total trading volume increased 34.8% to 49 million contracts from a year earlier. The average daily volume increase to 199,749 contracts per day, significantly improved from 147,025 contracts per day in 2014. In primary market, there were 36 newly listed companies in SET and MAI markets and 6 property funds (REITs), slightly decreased from 37 newly listed companies in 2014. The total offering size of newly listed securities was 130,611.37 million baht, up by 40.51% (YoY).

In 2015, the capital market was highly volatile which had affected from both internal and external factors. The market average daily turnover slightly declined from the previous year following net selling volume from foreign institutional and retail investors. SET index was continually dropped along with softened economic growth as well as global economic volatility including China economic slowdown, Fed's policy rate rising as well as a slump in global oil price. Those factors were directly impacted the operating performance of listed companies.

Table shows capital market conditions

	2013	2014	2015
SET index (points)	1,298.71	1,497.67	1,288.02
Market capitalization (million baht)	11,496,765	13,856,283	12,282,755
Trading turnover (million baht)	11,777,210	10,193,179	9,997,372
Average daily turnover (million baht)	48,070	41,605	41,141
Dividend yield (%)	3.24	2.94	3.36
Price to earnings ratio (times)	14.60	17.81	22.57
Number of listed companies on the SET	489	502	517
Volume of derivative contract (contracts)	16,664,126	36,021,150	48,538,899

Source: The Stock Exchange of Thailand

• Competition

Although there are a lot of players in securities brokerage market, the new players still interest to enter the market amidst the brokerage business liberalization. Thus, the brokerage market competition remained intense to maintain and expand market share. Most of market player has adopted price cutting strategy as well as pure online trading brokerage service to reduce operating cost. Furthermore, some of market players adopted revenue diversification strategy through new sources of income including cross-border business activity to expand investment banking business, exclusive partnership with international brokers in order to increase market share in foreign institution and extend to global market services, and new business expansion such as derivatives warrant business, derivatives business, selling agent business, etc. Also many securities companies extensively operated their own proprietary trading to increase trading income. Going forward, the competitive pressure will be significantly increased led by commission fee liberalization in which sliding scale commission fee will be applied to individual investor while freely negotiated commission fee will be applied to institutional client. TISCO Securities Co., Ltd has no policy in aggressive price cutting. However, TISCO Securities Co., Ltd. focuses to serve fundamental investors rather than speculative investors, by producing high quality research article, and developing other services as an alternative for the investor.

For the year 2015, TISCO Securities has enhanced several service capabilities. For instance, the new Stock Scan application which is a tool that helps customer to sort out prominent stock according to investment style and their risk appetite to be more modern and outstanding, Aspen application for helped customer to received instant news around the world, also the smart technical tools as well as launching Line: @TISCOeResearch which provide news and research by TISCO Research team. For the institutional client business, Deutsche TISCO Investment Advisory Co., Ltd has continually developed research and investment advisory services to serve local and foreign institutional investors. In 2015, TISCO Securities Co., Ltd accounted for a market share (excluding proprietary trading) of 2.8%, ranked 17th place among 36 securities companies.

In the investment banking sector, the competition is intense as there are a lot of market players while market demand is limited. Most of the players emphasize in quality of team, experience in business, service excellence, initiatives of new financial instruments, and strong customer relationship.

(2) Asset Management business operated by TISCO Asset Management Co., Ltd.

• Market

For the asset management industry, there are 26 players including asset management companies, commercial banks, securities companies, and insurance companies. The asset management market as of December 31, 2015 recorded net asset value of total funds totaling 5,452,079 million baht, increased by 9.2% (YoY). Furthermore, the provident funds totaled 883,693 million baht, increased by 5.6% (YoY) while private funds totaled 590,791 million baht, increased by 23.2% (YoY). Mutual funds totaled 3,977,595 million baht, increased by 8.2% (YoY). The details of market funds at year-end of 2013 to 2015 are shown as follows:

Table shows Asset Management market

(Unit: Million baht)

Funds	2013	2014	2015
Provident Fund	748,009	837,078	883,693
Private Fund	429,185	479,421	590,791
Mutual Fund	2,925,865	3,676,089	3,977,595
Total	4,103,059	4,992,588	5,452,079

Source: Association of Investment Management Companies

• Competition

Overall asset management industry remained highly competitive in all kinds of business. For provident fund business, even though the competition was intense, TISCO Asset Management Co., Ltd (TISCO Asset) has continued to maintain its market share and leading market position with the highest number of corporate accounts. In 2015, the number of leading corporates that newly assigned TISCO Asset Management as their provident fund manager were more than 320 companies, e.g. Finnair (Thailand), Hitachi Chemical Asia (Thailand) Co.,Ltd., Toshiba Machine Manufacturing (Thailand) Co.,Ltd., Grayhound Café Co.,Ltd. and etc. Also, there are funds that transferred to TISCO Asset such as True Vision Co.,Ltd., Prukka Real Estate Co.,Ltd. Thai Rent a Car Group of companies, Natural Palm Group of Companies and etc. As at December 31, 2015, master fund continually grew with total size of 73,479 billion baht, accounted for 63% of total provident fund under management of 118,737 million baht.

In 2015, the mutual fund industry consistently grew with asset under management around 4.0 trillion baht. The asset management companies focused on foreign investment fund (FIF) such as specific country, regional fund, thematic fund and trigger fund in coupled with enhancing quality of investment advisory service. TISCO Asset Management captured the investment opportunity in both domestic and foreign capital market by launching trigger funds including investment in either local or foreign stocks totaled 29 funds. Meanwhile, there were 20 trigger funds achieved the target in 2015. In addition, TISCO Asset Management launched various FIFs such as TISCO German Equity mutual fund, TISCO North Asia Equity mutual fund, and TISCO Europe Equity mutual fund.

Like the mutual fund business, the private fund business also has intense competition both individual and institutional clients. Nonetheless, TISCO Asset Management focused on expanding individual client base with professional investment advisory service by highly experienced fund managers that can meet variety of clients' demands, together with effective risk management. For the private fund business, there are more than 20 companies competing in private fund business, but there are only a few companies that emphasize on individual customer. TISCO Asset Management Co., Ltd held top tier market share in individual private fund among peers. Details of market share and market position compared with peers are shown as follows

Table shows the TISCO's asset under management by type of fund business as of December 31, 2015

Funds	Net asset under management (Million baht)	Market Share (%)	Market Rank
Provident Fund	118,736.97	13.4	3/17
Private Fund	26,413.25	4.5	7/22
Mutual Fund	33,404.36	0.8	14/21
Total	178,554.58	3.3	9/26

Source: Association of Investment Management Companies

2.3 Resources

1) Sources of Fund

Apart from the Group's capital, most of the Group's and its subsidiaries' funds are sourced from deposits, interbank and money market and short and long-term borrowing. The details of sources of funds are as follows

(Unit: Million baht)

Sources of Fund	2013	2014	2015
Deposit and Short-term Borrowings	270,916.80	213,295.16	165,281.11
Interbank and Money Market Items	12,182.92	10,692.44	10,030.06
Debentures	36,809.00	57,699.90	67,582.00
Other Liabilities	10,433.24	10,162.31	9,206.18
Total Sources of Fund from Liabilities	330,351.96	291,849.81	252,099.35
Capital	23,054.36	25,823.69	28,194.33
Total Sources of Fund	353,406.32	317,673.50	280,293.68

As of December 31, 2015, list of assets and liabilities breakdown by term to maturity is shown in the following table:

(Unit: Million baht)

Transaction	Term to Maturity							
	At call	0 – 3 months	3- 12 months	1-5 years	Over 5 years	Unspecified	Non performing loans*	Total
Financial assets								
Cash	1,101	-	-	-	-	-	-	1,101
Interbank and money market items	2,001	29,161	-	1	-	-	-	31,163
Derivative assets	-	3,327	1,384	2,038	-	1,583	-	8,332
Loans to customers	1,216	20,492	50,388	129,835	29,170	-	7,701	238,802
Securities and derivatives business receivables	-	1,130	-	-	-	-	-	1,130
Receivable from clearing house	-	248	-	-	-	-	-	248
	<u>4,318</u>	<u>54,358</u>	<u>51,772</u>	<u>131,874</u>	<u>29,170</u>	<u>1,583</u>	<u>7,701</u>	<u>280,776</u>
Financial liabilities								
Deposits	54,555	77,902	25,387	500	-	-	-	158,344
Interbank and money market items	1,537	1,345	4,456	21	2,671	-	-	10,030
Liabilities payable on demand	356	-	-	-	-	-	-	356
Derivative liabilities	-	-	-	42	-	-	-	42
Debts issued and borrowings	37	33,365	18,794	15,680	6,643	-	-	74,519
Securities and derivatives business payables	-	1,275	-	-	-	-	-	1,275
Payable to clearing house	-	97	-	-	-	-	-	97
	<u>56,485</u>	<u>114,984</u>	<u>48,637</u>	<u>16,243</u>	<u>9,314</u>	<u>-</u>	<u>-</u>	<u>244,663</u>
Off-balance sheet items								
Aval to bills and guarantees								
Loans	1	7	434	26	-	639	-	1,107
Other commitments	-	-	-	1,200	-	30	-	1,230

* Non-performing loan according to the BOT's guidelines

Details of risk of duration mismatch are described in Part 1 Section 3: Risk Factor.

2) Lending

- **Credit granting policy**

Commercial loans

TISCO Group (specified for TISCO Bank and credit granting companies) has a policy to emphasize prudent growth in commercial and retail lending. In each new credit approval, the Bank thoroughly considers the borrower's business potential, opportunities, ability to repay, collateral, and also the rate of return that justifies the risk of each borrower. TISCO Group focuses on expanding business into markets with acceptable risks/returns in which it has sufficient expertise. TISCO Group performs analysis and key risk characteristics prior to entering new markets.

The collateral policies vary, depending on the type of credit. Prudent collateral policies are employed with effective procedures to stabilize collateral values under the specified conditions and to minimize potential losses. However, TISCO Group may selectively grant loans without collateral to certain borrowers considered to have high creditworthiness on a case-by-case basis. For the appraisal of collateral values, the Bank has a policy to have the collateral appraised by an independent appraiser or the internal asset appraisal unit before any loan can be drawn. TISCO Group's Appraisal Sub-Committee is responsible for approving the appraisal value proposed by the internal unit and independent appraisers under the company's guidelines in compliance with the regulations of the BoT.

TISCO Group has established prudence procedures for all credit approvals to ensure high credit quality while maintaining customer satisfaction. Approved credits are reviewed and controlled in compliance with overall credit policies.

The maximum credit terms are set according to the regulations of the BoT. TISCO Group has constructed a pricing policy aligned with current market conditions and credit exposure as well as the cost of funds without any price undercutting strategy.

Retail loans

The hire-purchase business covers a large portion of the retail credit portfolio. TISCO Group has a policy to aggressively expand its hire-purchase business in this market with justified risk-adjusted returns. TISCO Group has established a standard approval process for the hire-purchase portfolio and other retail loan portfolios by systematically implementing a credit-scoring system which has been developed from an internal database to effectively control and shorten the loan approval process.

Credit policies have been regularly reviewed to reflect the current market situation and support loan expansion in a prudent manner. Nevertheless, overall customers still have appropriate risk-adjusted return. Meanwhile, TISCO Group has a policy to maintain good credit quality compared to competitors without resorting to a price-cutting policy. In this respect, the focus on enhancing quality of service and good business relationships is a vital competitive tool. For the collateral policy, hire-purchase assets are supported by adequate secondary markets and appropriate insurance strategies.

For mortgage loans, the approved credits do not exceed 90% of the collateral value with terms and conditions varying with the types of collateral, while other retail loans without collateral require higher interest rates to offset the higher risk being assumed.

- **Credit Approval Limits and Authorities**

The Credit Committee is responsible for overseeing the credit approval process under the credit policies and guidelines set forth by the Executive Board.

In addition, credit approval policies have been clearly stated in terms of credit limits and delegation of authority. All corporate loan transactions must be reviewed and approved by the Credit Committee while loan facilities considered material and large in size must be approved by the Executive Board.

For the retail credit portfolio, which naturally covers small transaction sizes, the credit approval process and delegation of authority varies according to the level of credit limit as controlled by overall credit policies. Large retail credits must be approved by the Credit Committee or the Executive Board after reviewing the types and purposes of loans on a case-by-case basis.

For hire purchase business, TISCO has also implemented a credit-scoring system to assist the loan approval process in which customer characteristics, loan terms and conditions are taken into consideration for the computation of credit scores.

- **Credit Risk Management**

The Risk Management Committee of the Bank, comprised of senior management from key business lines, has been delegated the authority to set up policies, guidelines and procedures for overall credit risk management. Meanwhile, the Credit Committee and Chief Credit Officer, who are in charge of the loan approval processes of each credit transaction, set up guidelines for the delegation of approval authority at different levels for different types of facilities. The Problem Loan Committee is set up to monitor and follow up on problem loans and set up appropriate provisions for potential loan losses. Moreover, Risk Management Committee will report risk management activities to the Risk Management Committee of TISCO Financial Group Public Company Limited, the parent company, on a regular basis in compliance with Consolidated Supervision principle of the Bank of Thailand.

To ensure independence in carrying out the credit approval process and reporting to the Risk Management Committee, credit quality control functions are clearly separated from marketing functions. Moreover, credit review

functions assigned by the Internal Control function and the Audit Committee are responsible for reviewing ongoing credit approval processes and ensuring transparency in overall credit granting procedures.

A credit grading system has been adopted in credit risk assessment for both corporate and retail credit portfolios in accordance with the implementation of the Internal Ratings Based approach (IRB) resulting in more efficiency in capital utilization in the long term.

In controlling risks from credit concentration, TISCO Group has set up a concentration limit which defines the maximum credit exposure for each individual borrower or borrowing group. Moreover, concentration in a single sector is also controlled within an acceptable level, and considered in combination with the sector exposure of equity investment. Furthermore, TISCO Group complies with the regulations of BoT concerning single lending limits.

- **Credit Collection**

TISCO Group regularly performs credit reviews of the loan portfolio and monitors problem accounts. The Credit Committee closely co-ordinates with credit departments, and follows up accounts with potential problems promptly after a missing repayment is reported. Also, Problem Loan Committee meetings are arranged to review the status of borrowers, set up debt collection schedules and follow-up procedures, pursue legal action, and set aside provisions for loan losses. In the follow-up procedures, the credit officer reports to the Problem Loan Committee on all restructure cases on a regular basis.

For the retail credit portfolio, TISCO Group strives to continuously improve the strategies and procedures for debt collection and follow-up, in line with economic conditions and related laws and regulations, particularly with regard to notification from the Office of Consumer Protection. The main collection and follow-up process includes collection, follow-up and asset repossession, legal process and enforcement.

- **Debt restructuring**

The objective of debt restructuring is to resolve problem loans, which are affected by economic downturns or the borrower's financial difficulties. Under TISCO Group's procedures on debt restructuring, there are various methods such as relaxing of payment conditions, debt-to-assets conversion, debt-to-financial-instruments conversion, and debt-to-equity conversion.

Debt restructuring can be conducted with every type of borrower, either defaulted or non-defaulted. The corporate lending function is responsible for the debt restructuring process, including the decision to select borrowers for restructuring. The delegated officers will evaluate the borrower's credit qualities and related financial and operating environments, and perform projections on repayment possibilities.

For debt restructuring cases related to, both directly and indirectly, Bank directors, persons related to TISCO Group directors or the management, the borrower's status, repayment ability and cash flow status must be evaluated by an independent financial institution or third party with no conflict of interest with the bank and the borrower. Under the regulations of the Bank of Thailand, all restructured loans are reclassified, provisioned, and recalculated for impairment loss.

(3) Capital Adequacy

The Group has a policy to maintain capital that is adequate to safeguard against company risks in the long run, taking into account long-term solvency within economic uncertainties and the adequacy of regulatory capital-to-risk asset ratios as required by law. Currently, the Bank of Thailand sets the capital adequacy ratio for banks registered in Thailand at 8.50%, where Tier-I Capital must be maintained at a level equal to at least 6.00% of risk assets.

The year-end Capital Adequacy Ratio for 2013 to 2015 has been maintained above the regulatory requirements with details as follows:

(Unit: Percentage)

Capital Adequacy Ratio	December 31, 2013 ¹	December 31, 2014 ¹	December 31, 2015 ¹	Regulatory Requirement
Tier-I Capital to Risk Assets	9.15	12.55	13.98	6.00
Total Capital to Risk Assets	13.37	16.79	18.01	8.50

¹ Applied IRB approach

It can be clearly seen that the capital base of the Group remains strong with the Capital Adequacy Ratio exceeding the requirements of the BoT and fairly sufficient to support the forthcoming regulations concerning debt reclassification and provisions.

(4) Liquidity Management Policy

The Risk Management Committee is responsible for monitoring and determining assets-to-liabilities direction and funding structure in detail. The Committee also establishes various liquidity limits to serve as early warning triggers such as liquid assets, contractual maturity mismatches, funding concentration and daily deposit/withdrawal levels. Furthermore, a liquidity contingency plan has been established for outlining clear procedures and responsibilities in detail for liquidity management in times of crisis.

Meanwhile, the Treasury function is responsible for daily liquidity management and preparation for securing sources and the use of funds as required. The Treasury function is also responsible for managing the Bank's liquidity position to comply with internal guidelines and the regulatory requirements of the BoT under the notification on prescription and maintenance of liquid assets by commercial banking as follows:

- The Bank shall maintain liquid assets on average of no less than 6% of the total deposits and borrowings. This regulatory requirement still valid until the end of December 2015, the details as follows:
 - The sum of all types of deposits.
 - The sum of borrowings from bill of exchange or promissory note except bill of exchange or promissory note under regulation of borrowing interest of financial institution and Islamic bank of Thailand
 - The sum of foreign borrowings which mature within one year since borrowing date and total foreign borrowings which shall repay or reclaim within one year since borrowing date, except the borrowings which complied with the guideline of the BoT.
 - The sum of borrowings which embedded derivative feature.

In addition, total deposits and borrowings as abovementioned must include transferred fund from foreign branch or headquarter which represents in related parties account.

- Liquid assets consist of
 1. Current saving at BoT on average of no less than 0.8%
 2. Fixed saving at BoT
 3. Cash at cash center on average of 0.2%, when includes with current saving at BoT (No.1) must no less than 1%
 4. Cash at commercial bank when includes the excess of cash at cash center in No. 3 will be counted as liquidity asset which is not exceed 2.5%
 5. Unencumbered and transferable securities or instruments
 6. Unencumbered debt securities of BoT which issued for transaction with commercial bank
 7. Securities or debt instruments which issued for propose of solving non-performing loan of financial institution in which Ministry of Finance, Bank of Thailand, or Financial institutions Development Fund acceptant, guarantee or aval only principal or including interest which those are unencumbered

(5) Asset Classification, Provisions and Write-offs

The Group defines asset classifications according to the notification of the Bank of Thailand regarding worthless or irrecoverable assets and doubtful assets that may be worthless or irrecoverable as follows:

- (1) Assets classified as Loss are claims where there is no possibility of repayment due to death, disappearance, bankruptcy or dissolved business, or losses from debt restructuring according to the rules and regulations of the Bank of Thailand.
- (2) Assets classified as Doubtful-to-Loss are assets or claims whose entire value is expected to be irrevocable, such as debt claimed on the principal and interest overdue more than 12 months from the payment date.

- (3) Assets classified as Doubtful are assets or claims that are unlikely to be repaid in full, such as debtors with payments overdue more than 6 months from the contractual payment date.
- (4) Assets classified as Sub-Standard are defined as assets or claims with difficulties of repayment or that do not generate a reasonable income, such as debtor-owing interest and/or principal payments for a cumulative period of over three months from the contractual due date.
- (5) Assets classified as Special Mentioned are assets or claims whose value is deteriorating, such as debtor-owing interest and/or principal payments for a cumulative period of over one month from the contractual due date.
- (6) Assets classified as Pass are assets or claims which are not classified as Loss, Doubtful to Loss, Doubtful, Sub-Standard, or Special Mentioned.

The Group has a conservative provisioning policy. As of December 31, 2015, the Group's reserves were 5,570.49 million baht, or 125.96% of those required by the BoT. Our asset classification policies are in compliance with those set by the Bank of Thailand and the Securities and Exchange Commission as presented in Part 1 Section 4 : Operating Assets item: 4.2

Securities Business operated by TISCO Securities Co., Ltd is detailed as follows:

(1) Sources of fund

The sources of funds are mainly from equity, operational cash flow and loans from financial institutions for working capital purposes.

(2) Credit approval and authorization

TISCO Securities Co., Ltd. has a credit approval policy to screen qualified customers as well as to provide customers with a good understanding of securities trading. The credit line for a particular customer will be based on the customer's financial status and collateral. The Executive Board of Directors has granted credit approval authority to the Credit Committee. The Credit Committee approves high volume credit lines by itself and has granted lesser authority to management responsible for approving general credit lines complying with the Credit Committee's guidelines and policy.

(3) Margin trading accounts

All clients of securities brokerages are cash accounts.

(4) Investment Policy

For listed equity, TISCO Securities Co., Ltd. has a policy to invest in businesses with strong fundamentals by considering liquidity, risk and return on securities and the diversification of its portfolio. As for non-listed equity, the Company has no policy to enlarge this portfolio, but will exploit market opportunities for selling the existing securities at the highest price. For debentures, TISCO Securities Co., Ltd. holds them only for liquidity reserve purposes. For unit trusts, the company holds them as a short-term and a long-term investment depending on their investment policy and fund performance. Moreover, the company has a policy to invest in derivative instruments to earn gains from trading and for risk management purpose upon investment climate in the stock market.

Investment policy complies with the guidelines and policies of the Risk Management Committee, which consists of key executives. This committee determines the investment policy, size of investment portfolio, maximum limits for daily securities trading, and the loss limit.

(5) Capital Adequacy Ability

The Net Capital Rule (NCR) ratio of TISCO Securities Co., Ltd. as of December 31, 2015 is 84.03%, well above the 7.0% regulatory requirement of the SEC.

3. Risk Factors

Overview of Risk Management

TISCO Group places great importance on effective risk management and controls. By establishing an overall risk management framework, including policy objectives for all risk-related transactions, TISCO Group is able to increase awareness, accountability and efficiency in enterprise-wide risk management as well as maintain best practice standards and high-quality corporate governance. In addition, TISCO Group aims to maximize sustainable risk-adjusted return for shareholders over the long run.

Risk Management Policy

Overall risk management policy, as a standardized operation for TISCO Group's risk management, encompasses the following structures:

1. Consolidated and centralized risk management
Risk management infrastructure is centralized by consolidating risk exposure from all subsidiaries under the Company through careful risk assessment and the establishment of appropriate risk guidelines and procedures.
2. Business line accountability, independent risk oversight
Each business line is accountable for managing its own risks in the best interests of TISCO Group while complying with risk management policies, guidelines, and procedures. Enterprise Risk Management is responded for independent risk oversight and check-and-balance system to ensure that risks are adequately monitored and controlled.
3. Comprehensive risk assessment
Risk assessment is performed comprehensively in all key activities. Risk assessment methodologies may range from basic approaches such as expert judgments to more advanced approaches such as quantitative and statistical analysis, depending on the size and complexity of the risks involved. These assessments are in turn supplemented by fundamental risk analysis and stress testing of extreme risk events.
4. Capital management based on standardized risk tools
Capital represents the ultimate interests of the shareholders. All risk exposures are quantified into a standardized risk measure called Risk Capital based on Value-at-Risk (VaR) concept which can relate risks to the amount of capital required to protect against them according to predefined risk limits. The process of risk assessment under Risk Capital is considered as part of Internal Capital Adequacy Assessment Process (ICAAP) of TISCO. Risk capital enables management and business line managers to understand the level of risks being taken in a meaningful manner. Risks from different levels are integrated to produce an overall risk picture of the Group, which is used for capital adequacy planning and strategic capital allocation both at the corporate and business unit level.
5. Risk Tolerance Level and Capital Allocation
The total risk capital shall not be in excess of available capital fund of the Group where qualitative risk tolerance level shall be applied for non-capital based assessment. Risk Capital shall determine the economic capital adequacy of TISCO, which the available capital is also allocated to the business and operating units such that the capital adequacies to undertaken risk are ensured both at the corporate- and business-unit-level.
6. Adequate return for risk and risk-adjusted performance management
To promote shareholder value creation, risk components are incorporated into business performance measurements with the objective of maximizing risk-adjusted returns for shareholders. Product pricing takes into account varying risks to ensure overall profitability. Business expansion is advocated in the areas where marginal risk-adjusted returns are in excess of the marginal risks.
7. Portfolio management, diversification and hedging
Risk diversification is a key risk management principle in all business activities. Diversification is considered and adopted by management and business line managers both at the portfolio and transaction levels as an effective approach to reducing the aggregate level of risks in accordance with certain guidelines and limits.
8. Strong Risk Awareness Culture
Awareness and understanding of risks and risk management are important for the accountability of risk management. Business heads are expected to have a high degree of awareness and understanding of the risks in their accountable areas and how they contribute to the overall risk of the corporate as a whole.

9. Effective Risk Modeling and Validation

Risks shall be modeled as forward-looking measures that reflect potential likelihood and impact on the intrinsic value of TISCO assets, liabilities, or businesses. Mark-to-market practice shall be adopted in all portfolios as appropriate, where independent validation from risk management shall be adopted in the case of high complexity in valuation. Key risk models with sufficient information shall be validated through a systematic back-testing process or other prudent statistical tools.

10. Regulatory best practice

TISCO Group has adopted risk management policies and guidelines that comply with all regulations and best practice standards of the Bank of Thailand (BoT), the Securities and Exchange Commission (SEC) and other regulatory authorities.

11. New Business or Product

All new businesses or products shall be approved by the portfolio risk authority and relevant specific-area risk authority according to the procedure outlined in the risk management guideline. New business or product will be evaluated in terms of its risk-reward characteristics, the contributions to the overall corporate risk profile, and the consistency with corporate capital capacity.

12. Related Party Transaction

All business transactions among TISCO Group and related party shall be on a similar basis with same treatment of regular customers. Additionally, the related transaction shall be transparent and auditable. Meanwhile, the proportion of business transaction among TISCO Group shall be controlled under regulatory guideline.

13. Stress Testing

Stress Testing is a procedure to assess the impact on the company's financial status under extreme risk events. Stress Testing process is designed to be as a supplementary tool for the analysis of credit risk, market risk and funding risk. Risk Management Committee is responsible to oversee the framework for stress tests. The Committee will establish guidelines and key required assumptions to perform stress tests based on the appropriate framework. Meanwhile, Risk Management Function is responsible to facilitate all related business units in order to perform periodically stress tests, and report the stress testing results as well as the recommendations on any important aspects to the Risk Management Committee. Stress testing assessment and results shall be integrated to setting and evaluating the internal management strategy which may involve reviewing the need for limit changes or developing contingency plans.

Risk Management Framework

In accordance with enterprise-wide risk management policies and objectives, risk management and internal control have been monitored and controlled by the Board of Directors of the Company with the delegation to the Executive Board of Directors of the Company. An effective management process has been established for assessing and managing all firm-wide risk exposures at both the portfolio and transactional levels to ensure the financial soundness and safety of TISCO Group. Senior management and relevant business advisory committees oversee the entire risk management framework and strategy for all business areas supported by planning and budgeting function. Risk Management Committee, supported by enterprise risk management, risk and business analytics, and operational risk management functions, are set up to oversee that enterprise-wide risk management of the group is undertaken according to the same standard. Specific-area risk authorities are then established to manage in-depth, transaction-level risks in each particular area, such as the Credit Committee, Problem Loan Committee, and Compliance & Operation Control Committee. These mechanisms are in turn supported by the Office of the Credit Committee and other supporting functions, governing compliance, and legal office. Business lines are fully accountable for managing their own risks within the policy guidelines established by the Risk Management Committee and specific-area risk authorities. All the business operations are under the risk limit approved by the Risk Management Committee including new business analysis in each business line. Additionally, risk limits triggered as well as new businesses shall be reported monthly to the Risk Management Committee for acknowledgement. However, to enhance the overall risk management system, the risk management system shall be audited and reported to the Audit Committee which directly reports to the Board of Directors.

The roles and responsibilities of the relevant committees and risk management authorities are described as follows:

- Board of Directors

The Board of Directors of the Company shall ensure the institution of effective risk management system of the Bank and ensure that the Company has adopted and adhere to TISCO Group Risk Management Policy. The Board has assigned Executive Board the task of overseeing and monitoring risk management activities. This is achieved by setting risk limits and risk appetites, and ensuring the establishment of effective risk management systems and procedures in accordance with the standard practices of risk identification, assessment, monitoring and control, all of which are in line with the Audit Committee standards.

- Board of Directors of Subsidiaries

Under consolidated supervision framework, the Board shall ensure that each subsidiary adopt and adhere to TISCO Group Risk Management Policy approved by the Board of Directors of the parent company. The Board will appoint other committees according to the needs and suitability to carry out specific tasks to ensure that the operations are in compliance with established Corporate Governance Policy and report risk management activities and financial performance to the parent company's Executive Board on a regular basis, in compliance with the Consolidated Supervision Principle of the Bank of Thailand.

- Risk Management Committee

The Risk Management Committee of the company, comprising the senior managements from the TISCO Group, has been delegated from the Executive Board of Directors of the company in charge of the formulation and implementation of enterprise-wide risk strategies and action plans in connection with risk management policies and guidelines. The Risk Management Committee meeting is regularly held once a month. Enterprise risk management, risk and business analytics, and operational risk management functions support the Risk Management Committee in setting up and monitoring risk management policies and guidelines and performing enterprise-wide risk management activities through research, assessment, and reporting process. Moreover, Risk Management Committee of TISCO Bank has also been established in effective management and control of risks in various business units of the bank by adopting the risk management policy from the parent company. Under consolidated supervision principle of the Bank of Thailand, Risk Management Committee of TISCO Bank directly reports to the Risk Management Committee of the company.

- Specific-Area Risk Authorities

Specific-area risk authorities are set up to address in-depth risk management and controls at the transaction level. Key specific-area risk authorities include the Credit Committee and Problem Loan Committees, which are in turn supported by the Office of the Credit Committee in overseeing credit approval and risk management. In addition, Executive board of Directors of the bank and Board of Directors of other credit-granting subsidiaries shall control and follow up all specific risk areas which are directly reported to the Board of Directors of the bank as well as the Board of Directors of the company on a regular basis.

Risk Types

Risk management of TISCO Group considers five risk factors which are 1) Credit Risk 2) Liquidity Risk 3) Market Risk 4) Operational Risk and 5) Strategic Risk. Details are shown in item 3.1-3.5

The overall risk of TISCO Group is at a manageable level, with amount of capital fund remaining strong for further business expansion which has already been assessed by the Bank of Thailand. Moreover, TISCO Group has guidelines for risk management according to each type of risks.

Additional details are shown in Part 3 Section 14: Management Discussion and Analysis

3.1 Credit Risk

Credit Risk is defined as the possibility of obligor's failure to meet the contract agreement with TISCO Group. If the failure occurs, it requires the Bank to maintain higher provisions for loan losses. As a result, it adversely impacts net income and capital of TISCO Group.

3.1.1 Default Risk

Default risk occurs from lower credit quality. As of December 31, 2015, NPL ratio of TISCO Group increased from 2.6% at the end of 2014 to 3.2% at the end of 2015 mainly resulting from an increase in non-performing loan of corporate portfolio. Moreover, in order to prevent rising credit risk, an increase in expected loss was also absorbed by the provision expense set up during the year, with prudently managed non-performing loans (NPLs) including advanced risk management tools and stringent practice of loan collection, debt restructuring and write-off process. Additionally, NPL ratio of retail loan increased from 3.3% at the end of 2014 to 3.5% at the end of 2015, where NPL ratio of corporate loan rose to 2.7% in the end of 2015, compared to 0.5% at the end of 2014, mainly resulting from reclassification of Sahaviriya Steel Industries Plc. (SSI) as NPL. Total NPLs was 7,700.83 million baht which increased by 14.1% or 950.64 million baht. NPLs of the Bank were 6,905.83 million baht and there was NPLs of 795.00 million baht from other subsidiaries.

TISCO Group has applied collective approach for loan loss provisioning to the car hire-purchase portfolio following the Basel III framework. The loan loss reserve was derived from the best estimate of expected credit losses from the portfolio over the next 12 months, based on historical loss data incorporating with adjustment for the recent market situation. In 2015, TISCO Group has

utilized portion of general reserve to compensate the potential losses in the future. Meanwhile, as of December 31, 2015, loan loss reserve of TISCO Group was 6,168.27 million baht. Total loan loss reserve of the Bank was 5,570.49 million baht which was higher than the loan loss reserve required by the Bank of Thailand at 4,439.23 million baht accounted 125.48% of minimum loan loss reserve requirement, reflecting the prudent provisioning policy to mitigate potential risk.

3.1.2 Concentration Risk

Concentration risk is the risk from borrower concentration. As of December 31, 2015, hire purchase and commercial loans represented 64.2% and 18.2% of the total credit portfolio, respectively. The hire purchase portfolio, of which concentration was very low, had 152,907.78 million baht outstanding. Top-10 borrower exposure of hire purchase portfolio stood at 2,053.18 million baht or 1.4% of the total hire purchase portfolio, or equal to 0.9% of the total credit portfolio.

For the commercial loan portfolio, it was diversified into four different sectors: manufacturing and commerce, 12,126.50 million baht; real estate and construction, 11,987.70 million baht; public utilities and services, 18,837.43 million baht; and agricultural and mining, 375.67 million baht. Lending to the above industrial sectors represented 28.0%, 27.7%, 43.5%, and 0.9% of the total commercial loan portfolio, and 5.1%, 5.0%, 7.9%, and 0.2% of the total credit portfolio, respectively. As top-10 borrower exposure stood at 27,247.60 million baht or accounting for 10.3% of the total credit portfolio, there is slight concentration in public utilities and services as well as manufacturing and commercial sector which have been managed under risk management procedure. Moreover, commercial loan portfolios are almost fully collateralized. In loan approval process, appropriate proportion of collateral value and financing amount is maintained to ensure that risks were kept within a manageable level. Furthermore, collateral values will be regularly appraised and effective loan drawdown procedure has been implemented. Portfolio credit quality was closely monitored.

3.1.3 Collateral Risk

Collateral risk occurs from borrower defaults and the value after selling collaterals in the debt collection process cannot cover the original debt amount. As of December 31, 2015, lending portfolio of TISCO Group came mostly from TISCO Bank whereby 75.0% of the portfolio was asset backed or with collateral. For the hire purchase portfolio, the underlying asset under the loan agreement itself is still owned by TISCO Group. In case the borrowers of hire purchase loans cannot meet the terms and conditions, TISCO Group can follow up and seize the underlying assets immediately. After repossession, the process of asset liquidation can be completed within one month.

A major risk factor in the hire purchase business depends on the market value of used cars. A substantial decrease in the market value of a used vehicle results in credit loss, which directly affects the net income and capital of TISCO Group. Market prices for used cars depend on such diverse factors as market demand, type, brand, and tax regulations.

According to the past records, the recovery rate for asset liquidation in the secondary market was somewhat high at 70%-90% of the remaining net financing amount, which helped in absorbing losses from defaulted loans. TISCO Group has attempted to minimize credit risk by regularly updating its information regarding trends in the used car market, requiring high collateral value compare to net financing amount, sufficient average down payment, and favoring well-known brands in the secondary market.

For commercial and mortgage loans, most collateral extended as loan guarantees was in the form of real estate, of which the value could be deducted for the purposes of loan loss provisioning. Collateral values were appraised according to BoT regulations. The proportion of collateral value used in deducting the provisioning requirements for NPLs was 62.5% of the NPLs of commercial loan and mortgage loan.

Generally, the risk of real estate value changes depends on economic conditions. A recession in the Thai economy might result in lower values, which would require TISCO Group to reserve higher loan loss provisions. Moreover, the legal process of collateral acquisition through related laws and enforcement is both costly and time consuming. However, all pending cases are closely monitored on a regular basis.

3.1.4 Property Risk from Foreclosed Assets

Property risk from foreclosed assets is the impairment of assets transferred from loans, hire purchase receivable on which debtors had defaulted on their repayment obligations under the loan contracts or restructured receivables. The value of repossessed assets is stated at the lower of cost and net realizable value. Outstanding assets in the process of liquidation held by TISCO Group as of December 31, 2015 were worth 47.39 million baht, or 0.02% of total assets. Allowances for impairment stood at 1.3% of total foreclosed assets.

▪ **Credit Risk Management Framework**

The Risk Management Committee is delegated to oversee credit risk management of the corporate portfolio. The committee is responsible for formulating credit risk strategies and establishing guidelines and limits, as well as advising other credit risk authorities and retaining accountability on related issues. It also monitors and reviews credit risks at the portfolio level and reports essential credit risk information to the Board.

Credit risk is mainly incurred from subsidiary companies, in which conducting loan as main business. Specific-Area credit risk authorities include the Credit Committee, and Problem Loan Committee, which are established to oversee credit risk management and control at in-depth transaction level of subsidiary companies. The Credit Committee is responsible for reviewing and granting credit approvals to any single client proposed by lending officers. The Credit Committee may delegate its authority to designated persons for authorizing lower-risk transactions. The Problem Loan Committee was set up to monitor and follow up overdue payment of problem loan accounts and foreclosed assets on a regular basis.

Sound credit risk assessments are key risk practices at TISCO Group such as credit analysis, credit rating, delinquency analysis, concentration level and risk capital. All loan origination must operate under a sound credit granting process in which an effective credit rating system is employed in key business area. In retail lending area, quantitative-oriented approaches to credit grading are implemented, considering its homogenous high-volume characteristics, with emphasis on the use of extensive data mining and analysis. In corporate lending area, qualitative-oriented credit grading approaches shall be employed, taking into account its highly varying risk profiles, with well-defined standard.

Concentration risks are also essential in credit portfolio risk management. Appropriate guidelines on concentration risks are set up considering appropriate business practice and company risk capital capacity.

TISCO Group uses credit risk management guidelines and limits that are comprehensively applied to all credit-related functions both at the portfolio and transactional levels, as well as monitoring and managing problem loan and foreclosed assets.

3.2 Liquidity Risk

Liquidity risk is the possibility that TISCO Group might not be able to meet its obligations to repay debts when they come due, whether as a result of a failure in cash management or an inability to raise funds to meet demand in time. Liquidity risk comes from internal and external factors. Internal factors are maturity mismatches in the assets and liabilities profile which affect the level of liquid assets, while market liquidity and depositor confidence represent external factors affecting liquidity risk.

As of December 31, 2015, the value of liquid assets is 39,041.75 million baht, which comprised of cash at 1,101.29 million baht compared to 1,180.48 million baht in December 31, 2014, net transactions with interbank and money market at 31,162.64 million baht compared to 38,057.99 million baht as of December 31, 2014 and net current investment at 6,777.81 million baht compared to 12,898.32 million baht as of December 31, 2014.

Currently, liquidity risk from the maturity mismatch is moderate, once adjustments for the historical behavior of creditors and debtors such as loan defaults or rollovers are taken into account. According to maturity mismatch profile within 1 year, the cumulative gap has shown the matured assets over the matured liabilities accounted for 43,348.34 million baht. In addition, emergency credit line, cash flow from operations as well as inter-bank borrowing shall be utilized as a cushion against funding risk that might occur.

As of December 31, 2015, the Bank reported deposit 158,344.19 million baht, the outstanding long-term debentures (both subordinated and unsubordinated) of 22,323.00 million baht and short-term debentures of 45,259.00 million baht, and bill of exchange amounted to 6,936.92 million baht.

▪ **Liquidity Risk Management Framework**

Funding risk management is overseen by the Risk Management Committee who delegates day-to-day management of liquidity position to the accountable business line, subject to independent oversight and compliance to the approved risk policies and regulatory requirements.

Key funding risk policies involve the management of cash flow maturity profiles, concentrations, liquidity reserves, and emergency contingency plan. Funding risk strategies shall take into account the liquidity status in the market and how unexpected changes would affect the company's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities shall then be consistently maintained and regularly monitored, together with the level of liquidity reserve. Funding sources shall be well-planned to optimize risk/return while controlling excess concentrations in certain funding sources is crucially required. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation.

3.3 Market Risk

Market risk stems from adverse changes in securities prices and interest rates, which affect the volatilities of net income, capital, asset value, and liabilities of TISCO Group.

3.3.1 Equity Price Volatility

As of December 31, 2015, the equity portfolio stood at 1,554.46 million baht, of which 3335.05 million baht was listed equity, 773.25 million baht was ETF in current market value and 446.16 million baht was non-listed equity in book value.

TISCO Group gained profit from security investment amounted to 116.22 million baht. On the contrary, loss from the difference between fair value of securities as of December 31, 2015 and unrealized loss of securities according to the accounting standard of security foreclosure were 197.02 million baht.

(1) Listed Equity Risk and ETF

Listed equity and ETF investment portfolio in available-for-sale book stood at 1,108.30 million baht in which a change in its value would impact the equity through unrealized gains or losses. As of December 31, 2015, unrealized loss from available-for-sale investments equaled 197.02 million baht.

TISCO Group calculates VaR for risk assessment purposes and files reports to management in charge as well as to the Risk Management Committee on a daily basis. VaR is a maximum potential loss at a predefined confidence level and time horizon. Three month investment horizon VaR at a 99.0% confidence level excluded unrealized gain/loss, as of December 31, 2015, was 219.72 million baht, increased from 187.74 million baht as of December 31, 2014 mainly resulted from decreasing in market value with fluctuation from domestic and international events during the year. For effective risk management and control, trigger limits were set up to monitor the overall market risk profile according to internal guidelines, such as concentration trigger limit, stop-loss trigger limit, etc.

(2) Non-Listed Equity Risk

Non-listed equity portfolio's book value stood at 446.16 million baht, slightly decreased from 448.52 million baht from the end of 2014. Presently, our investment strategy is not to increase the size of the non-listed equity portfolio. TISCO Group is instead seeking opportunities to liquidate them, while at the same time closely monitoring portfolio quality on a regular basis.

3.3.2 Interest Rate Risk

Interest rate risk can be classified into two types; namely risk from interest-bearing assets and liabilities profile, and fixed-income risk.

(1) Risk from Interest-Bearing Assets and Liabilities Profile

Interest rate risk occurs whenever there is a mismatch in the re-pricing period of assets and liabilities. A movement in the level of interest rates may lead to higher borrowing costs when compared to earnings, resulting in lower interest rate income, which in turn influences TISCO Group's income and capital.

The Risk Management Committee also acts as the Assets and Liabilities Management Committee (ALCO), which is responsible for managing and maintaining interest rate risk at an appropriate level. TISCO Group's interest-bearing assets and liabilities structure, as of December 31, 2015, is provided in the following table.

(Unit: Million baht)

Interest Bearing Assets and Liabilities	Changed within 1 month	Changed within 2-12 months	Changed within 1-2 years	Changed after 2 years	Total
Assets	69,891.72	73,817.30	54,188.80	73,574.19	271,472.01
Liabilities	(90,149.58)	(127,097.18)	(15,941.73)	(6,883.97)	(240,072.46)
Net Gap	(20,257.87)	(53,279.88)	38,247.08	66,690.22	31,399.55

Under the change of interest rate within 1 year, TISCO Group had liabilities over assets within 1 month cause the net gap to stand at 20,257.87 million baht and gap for liabilities over assets within 2-12 month stand at 53,279.88 million baht. Considering the interest rates outlook of stable to decline trend, the repricing gap structure was still under acceptable risk level.

(2) Fixed-Income Risk

Fixed-income risk is the result of a decrease in the value of fixed-income instruments when interest rates increase. As yields in the market go up, the value of fixed-income instruments decreases to maintain yields at the same level.

TISCO Group's fixed-income portfolio as of December 31, 2015 stood at 6,749.25 million baht, decreased from 12,870.18 million baht at the end of 2014. Average duration of the bond portfolio was 0.38 year, slightly increasing from 0.37 year from the end of 2014. Meanwhile, average duration of the debenture portfolio was 2.36 years, decreasing from 2.94 years from the end of 2014. However, Fixed-income risk was under acceptable risk and also meets the purpose of maintaining liquidity reserves according to the BoT requirements.

▪ **Market Risk Management Framework**

Risk Management Committee is responsible to oversee the portfolio risk management and control of market risks. The business lines are accountable to manage market risks in their portfolios within the guidelines and limits set by the Risk Management Committee. Specific-Purpose Risk Authorities have been established in high-risk areas to oversee all aspects of transaction-level risks, such as setting investment guidelines, authorizing investment transactions and trade counterparties etc.

Market exposures shall be grouped appropriately according to the nature and characteristics of risks involved. Suitable risk treatment framework shall be implemented to effectively manage each class of market exposures. Portfolio market risks of all assets and liabilities shall be assessed and quantified using the Value-at-Risk (VaR) concept employing methodologies and techniques appropriate to the nature of risks involved. Back-testing has been prudently performed to validate internal value-at-risk model. In addition, stress testing in place as a supplement to VaR is performed under various extreme scenarios. The risk assessment and corresponding risk treatment has taken into account the transaction intent as well as the market liquidity of the securities.

Interest rate risk from banking book is analyzed on the basis of mismatch between the timing of interest rate re-pricing of assets and liabilities and its potential impacts on future net interest income of TISCO Group under simulated scenarios.

Sophisticated market risk positions, such as derivatives securities, shall be handled with special attention. Derivative risks must be decomposed into basic risks and analyzed such that the inherent risk profile is clearly understood. In addition, derivative risk management policy has been set up in order to effectively control and manage risks from derivative transactions with appropriation to complexity of the derivative.

3.4 Operational Risk

Reference is made to the definition given by Basel Committee on Banking Supervision of the Bank for International Settlements and in accordance with the Policy Statement of the Bank of Thailand in regard to the Operational Risk Management. Operation Risk is defined as the vulnerability of earnings, capital, or business continuity due to inadequate or deficient or failed internal processes, people, technology or external factors including the legal risk and fraud risk. The impact can be classified into financial loss and non-financial loss as reputational damage and business opportunity losses. TISCO Group well realizes that the operational risk is one of the risks those may significantly impact to the business undertaking of TISCO Group. Thereby, TISCO Group put more emphasis on the operational risk management and continuously develops the operational risk management programs and processes with an aim to minimize the possible operational risks.

▪ **Operational Risk Management Framework**

The operational risk management policy is set by TISCO Financial Group Public Company Limited and coherent adoption across all subsidiary companies in TISCO Group. Operational Risk Management function performs duties in supporting and impelling all functions in proceeding operations in accordance with the framework stipulated in the operational risk management policy as well as providing assurance on the adequate control systems established for each business under risk-return perspectives. Compliance functions shall have duty in overseeing all functions to operate in compliance with the rules and regulations of the supervisory authorities. Internal Audit function shall independently conduct audit process and provide assurance on the internal control system and whole risk management processes under the supervision of the Audit Committee.

Pursuant to the operational risk management process of the TISCO Group, it starts from the establishment of operational risk management culture by building control awareness to all business units and educating them in regard to the stipulations according to the operational risk management framework for thorough understanding and perception. For practicing as risk owner, all functions shall have to participate and take accountabilities in managing operational risk of functions under their supervision. Operational Risk Management function shall have duty in managing overall operational risk in an enterprise wide addition to the duty in supporting, overseeing and monitoring all functions to proceed in accordance with the determined operational risk management framework. TISCO Group has planned to develop and determine Key Risk Indicator and Risk Limit comprehensively covering all risky aspects. In the process of operational risk assessment, Operational Risk Management function shall assess the operational risk of each key business area with the participation of the business owner on a regular basis (Risk Profile). According to this process, the key operational risk would be identified together with the assessment on the control effectiveness. The remedial action plan would be subsequently determined in order to mitigate the revealed residual risks or prevent the incurrence of possible risks for properly mitigating risks to be within the acceptable risk level as deemed appropriate with the business

undertaking of each business (Risk and Control Self-Assessment). The result of the risk assessment in corporate level would be reported to the Risk Management Committee and the Audit Committee for acknowledgement.

In regard to the incident management process, TISCO Group has arranged the supporting system to log and track the incidents. The purpose of the system arrangement is aimed to have the systematic and integrated remedial process with monitoring control for timely responses. Other than that, the incident and loss database would be gathered to make analysis for mitigating repeated risks for monitoring purpose in order to minimize the error rate or enhance the operational efficiency. The overall results of the incident incurrence within TISCO Group as well as the notable operational incidents would be reported to the relevant committees for acknowledgement and determination remedial actions as deemed appropriate.

In current environment, the trend of fraud incurrence including cyber-crime attack is dramatically increasing. TISCO Group has always alerted and proactively prepared to properly respond any threats including but not limited to the various patterns of possible fraud incurrence those may possibly impact to the business undertaking either in form of the financial or reputational losses or whatever impacts. Thereby, the fraud risk management process has been set up. Pursuant to this fraud risk management process, all possible fraud risk scheme shall be identified to assess the occurrence possibility and the impact level to the TISCO Group. The effectiveness of control systems those being implemented for risk mitigation shall be measured to evaluate the residual risks and determine the proper fraud response plan to mitigate risks to be in the acceptable level. Additionally, TISCO has also established the suspicious transaction monitoring process that cover all irregularities possibly incurred in each single business unit in order to have prudent investigation on the appropriateness of transactional execution. In regard to cyber-crime attack, the TISCO Group has studied the potential cyber-crime attack possibly impacted to the business undertaking or damage to the assets of the organization in order to well plan the prevention including the supporting plan when got impact from such event.

Whereas the TISCO Group undertakes financial businesses and provides financial services to customers, the continuity of business undertaking in order not to disrupt the services provision to the customers is the crucial matter that the TISCO Group highly emphasizes on. TISCO has well developed and proactively prepared readiness of every system and process relating to the critical businesses for ascertaining the continuous business operations (Business Continuity Plan) without any disruption. Within the Business Continuity Plan, it also covers the process for recovering the critical systems to resume their availabilities within the determined period and the other relevant contingency and backup plans. The actions according to the Business Continuity Plan is subjected to be tested on a regular basis in order to make all relevant business units perceive and understand their roles and responsibilities and actions required to be taken whenever disaster incurs. In addition, TISCO has realized the severity of several impacts those may affect to the safety of employees, customers, counterparties or other relevant parties, thereby, the Emergency Plan has been established as an integral part of the Business Continuity Plan to determine appropriate action plans for managing various emergency situations exposed from external events with the primary objective to secure the safety and minimize possible losses. In order to support and enhance the efficiency of the proceeding in accordance with the Business Continuity Plan, TISCO Group has determined communication plan and channels for communication between managements and employees including the communicating channels with the external parties in order to convey the situation updates and the corporate action plans to all relevant persons in the timely manner.

Besides, TISCO Group has expanded its businesses into various aspects in both extending the existing businesses as well as setting up new businesses; therefore, operational risk increased accordingly following the business expansion. Nevertheless, the inherent risks in all aspects of such new businesses were analyzed and well managed to assure that the possible risks were mitigated to be in acceptable risks with prudent control process establishment in compliance with TISCO New Business Guideline prior to launching.

3.5 Strategic Risk

Strategic Risk is a form of uncertainty stemming from the possibility that TISCO Group might make an adverse business decision, improper strategy implementation or misalignment between strategy, target, organization structure, competition and resources that affect TISCO Group's earnings and capital.

3.5.1 Risk from Economic Conditions and Business Competition

Although TISCO Group diversifies its businesses in areas of high potential, most of them are influenced by changes in economic conditions. For hire purchase businesses, growth and credit quality are directly affected by the state of the economy, levels of competition and growth in public consumption. Strong economic growth results in faster growth in asset size and revenues of TISCO Group, and vice-versa. Strong market share and competitive advantage, however, make TISCO Group less vulnerable to negative economic factors.

For the equity investment of TISCO Group portfolio, the economic outlook, capital market performance and investor sentiment is still crucial to TISCO Group's financial performance. In a bullish economy, equity prices tend to increase significantly,

resulting in improving the Bank's profit and capital. Conversely, unexpected events, such as terrorist attacks and natural disasters may cause a substantial drop in equity values, adversely affecting TISCO Group's financial performance. While the brokerage and underwriting business also depends on the condition of the stock market, most income is derived from trading volumes, with the result that the impact of price levels may not be substantial. In effect, TISCO Group has adopted a variable cost structure in the brokerage business, which minimizes the impact of unfavorable market conditions.

The asset management business is dependent only to a minor degree on economic conditions as fee income is based on the net asset value of funds under management. Profit and loss from investments do not directly affect TISCO Group's financial results. However, higher competition on pricing structure is a major risk factor in this business.

3.5.2 Risk from Capital Adequacy

As of December 31, 2015, as TISCO Bank's capital requirement based on Basel III Internal Rating Based Approach (IRB), the regulatory capital adequacy ratio (BIS ratio) stood at 18.01% remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II adequacy ratio stood at 13.98% and 4.03%, respectively, in which Tier-I adequacy ratio also remained higher than the minimum requirement at 6%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. remained strong at 84.03%, greatly higher than the minimum required ratio by the SEC of 7.0%.

As an internal risk measurement of capital adequacy (ICAAP), the risk-based capital requirement of TISCO Group stood at 9,503.19 million baht, accounting for 31.0% of the total capital base of 30,661.07 million baht. In addition, capital surplus for future risks and business expansion stood at 21,157.88 million baht.

3.5.3 Risk from Subsidiaries' Financial Performance

TISCO Financial Group Plc. was established with the purpose of investing in other companies only. Therefore, the performance of the company depends on the performance of invested companies. Subsidiaries' risks involve the risk of TISCO Bank's business operation which is a core business of the company and other subsidiaries' business operations. The company holds shares of all 8 subsidiaries including TISCO Bank. However, while most of the net income comes from dividends received from its subsidiaries, volatile performance of subsidiaries may affect the overall the company's performance. In effect, the dividend payment to shareholders may also be volatile.

Profit recognition of TISCO Group came from all subsidiaries including TISCO Bank. As of December 2015, net profit of TISCO Bank and other subsidiaries was 3,752.34 million baht, where 838.03 million baht was from subsidiaries excluding TISCO Bank. Although the subsidiaries experienced outstanding business performance and generated profits to the company, investment strategy is important in the future. Therefore, the board of directors meeting has defined the investment policy for TISCO Group where the company will invest in those businesses having ability to support the competitive efficiency of the group. Besides, the market and industry trends, competitive environment and long-term profit making capability together with prudent risk management shall be considered.

Net income from subsidiaries, excluding TISCO Bank, accounted for 19.8% of total net income, which significantly affects the overall TISCO Group's income. Additionally, the net income from brokerage and investment banking are from TISCO Securities while net income from asset management is from TISCO Asset Management.

While subsidiary businesses are influenced by market activity and overall economic conditions, the impact of risk from securities and asset management businesses will have a significant effect only on Bank profitability, without having a severe impact on capital as the major focus is on services rather than lending or investment.

Internal control and risk management of subsidiaries is centralized at the Company which applying a universal set of standards and guidelines for all. The company sends its representatives to serve as directors at subsidiaries for at least half of the total directors and to participate in establishing important business policies, in which the annual business plans of subsidiaries require approval by the company.

▪ Strategic Risk Management Framework

The executive board and senior management directly oversee strategic risks of TISCO Group, with the policy to employ effective sound practices in strategic management that enable it to respond effectively to changes in the business environment and unexpected external events. Vision and mission statements reflect the company's core direction and how our business is conducted, around which all strategies and policies are formulated. Sufficient processes have been set up to carry out effective corporate strategy formulation, business planning, resource management, performance management, and other essential decision support systems. Strategic audit process is then performed at the board level of the company by non-management directors as the ultimate line of protection.

In organization and business practice, the principles and practices of good corporate governance have been adopted to protect the rights and interests of all stakeholders. The corporate governance framework has included corporate governance policy and strong systems of internal controls, which are subject to regular independent assessment and review.

TISCO Group manages strategic risk by setting up 3-year strategic plans to provide a clear business direction together with operating budgets. The plans are reviewed on an annual rolling basis and used to compare actual performance on a monthly basis.

4. Operating Assets

4.1 Major Fixed Assets

Land, premises, and equipment – Net

Land, premises, and equipment of TISCO Group as of December 31, 2014 - 2015 are as follows: These assets are free from any obligations.

(Unit: Million baht)

List	Type of Property Right	Contingent Liability	Value	
			2014	2015
Land				
Cost	owner	none	17.51	17.51
Office condominium and building improvements				
Cost	owner	none	838.10	1,030.17
Revaluation	owner	none	2,125.00	2,103.90
Furniture fixtures computer and equipment				
Cost	owner	none	1,019.47	1,075.10
Motor vehicles				
Cost	owner	none	150.64	169.51
Total			4,150.72	4,396.19
<u>Less</u> Accumulated Depreciation			(1,666.96)	(1,762.85)
Land, premises, and equipment – Net			2,483.76	2,633.34

Long-term contract

1. Contract

The subsidiary companies have entered into several lease agreements in respect of the lease of office building and branch office. The terms of the agreements are generally 1 - 10 years. As at 31 December 2014 and 2015, future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

(Unit: Million baht)

Types	Maturity	As at December 31,	
		2014	2015
Lease office building and branch office	Within 1 year	146	126
	Over 1-5 years	183	118
	Over 5 years	60	50
Total		389	294

2. Rental contracts between the Company and its subsidiaries

Office suite rental agreements between the Company and its subsidiaries located at TISCO Tower are based on 1-3 year contracts at normal market prices. These contracts are illustrated as follows:

Type of Assets	Renter	Owner	Area (sq.m.)
TISCO Tower Office	TISCO Securities Co., Ltd	TISCO Financial Group Plc.	3,405.39
TISCO Tower Office	TISCO Information Technology Co., Ltd.	TISCO Financial Group Plc.	2,857.67
TISCO Tower Office	TISCO Bank Plc.	TISCO Financial Group Plc.	1,286.47
TISCO Tower Office	TISCO Learning Center Co., Ltd.	TISCO Financial Group Plc.	590.00
TISCO Tower Office	Deutsche TISCO Investment Advisory Co., Ltd.	TISCO Financial Group Plc.	375.00

4.2 Loans

Classification of assets

Asset classification in TISCO group consists of loans and receivables, investments in securities and property foreclosed. Our asset classification policies are in compliance with those set by the BOT and the SEC. The details of asset classification as of December 31, 2015 are shown below:

(Unit: Million baht)

Classification	Loans and receivables	Investments in securities	Property foreclosed	Investment in receivable	Total	%
Pass	238,906	-	-	-	238,906	91.1
Special mention	16,254	-	-	-	16,254	6.2
Substandard	2,713	-	-	-	2,713	1.0
Doubtful	1,938	-	-	-	1,938	0.7
Bad debts	2,255	49	14	1	2,319	0.9
Total	262,066	49	14	1	262,130	100.0

Provision for Loan Loss Policy

TISCO Group's provisioning policy for bad debt allowances or losses from debt restructuring are in accordance with the regulations of the BOT and the SEC.

The provisioning requirements for bad debt allowances under the BOT regulations can be summarized as follows:

1. Assets classified as Loss shall be written off.
2. Assets classified as Doubtful to Loss require a provision of 100%.
3. Assets classified as Doubtful require a minimum provision of 100%.
4. Assets classified as Sub-Standard require a minimum provision of 100%.
5. Assets classified as Special Mention require a minimum provision of 2%.
6. Assets classified as Pass require a minimum provision of 1%.

The Bank of Thailand has imposed criteria to set up provisioning whereby the regulations require assets classified as Substandard, Doubtful, and Doubtful to loss to set a minimum provision in accordance with a 100% of the different between asset's carrying amount and present value of estimated future cash flow or the present value of estimated future cash flow from collaterals. Meanwhile, the loan portfolio with similar credit risk profile can be set on a portfolio basis following collective approach.

TISCO Group has a policy in applied portfolio provision basis or collective approach with loan portfolio which as similar credit profiles with adequate historical loss data. TISCO Group will prudently set provision level based on estimation of historical loss.

Provision of Asset Impairment Policy

TISCO Group will reserve provisioning in cases of asset impairment by considering impairment indicators based on generally accepted accounting principles (GAAP) and by estimating the receivable value of the assets.

Policy of revenue recognition on interest income

TISCO Group has a more conservative policy for recognition of interest income than the requirements of the BOT. The Group stops accruing income for loans on which interest payments are overdue by more than 1 month for commercial loans, and 3 months for retail loans, whether or not there is collateral. Furthermore, the Group will reverse all recorded accrued interest on such loans.

Income recognition of such loans will be reinstated to accrual basis only when the total overdue amount is received.

TISCO Group recognizes interest income from restructured loans, in corporate lending business only, on a cash basis. Income recognition will be restated to accrual basis only when receiving approval from the Problem Loan Committee, and assurance of borrower status regarding the capacity to repay principal and interest normally.

4.3 Investment in Securities

Details of investment in securities are shown in Notes to Financial Statements, 3.4 Investments in securities.

Securities Investment Policy

Securities investment policy is described in Part 1 Section 2 : Business Operations by Area, item 4.3

Risk Management of Investment Portfolio

TISCO Group diversifies its investments in order to avoid high concentrations in single securities. Appropriate investment opportunities are emphasized to ensure a proper risk-return trade-off. In addition, the Group has set up an integrated risk management system to aggregate all investment risks, where the issues of capital adequacy and the prospect of risk-return from each investment are incorporated to enable timely portfolio adjustment if required. Details of risk management are listed in Part 1 Section 3: Risk Factors.

Allowance for Impairment of Securities

TISCO Group sets allowances for impairment of securities according to accounting standards. Investments in securities held for trading purposes are determined at fair value. Gains or losses arising from changes in the value of securities are included in determining earnings. Investments in available-for-sale securities, both held for short-term and long-term investment, are determined at fair value. Changes in the value of the securities are shown as separate items in shareholders' equity until the securities are sold, after which they are included in determining earnings.

The fair value of marketable securities is based on the latest bid price of the last working day of the period as quoted on the SET. The fair value of government bonds, state enterprise securities and private debt instruments is determined by using the formula quoted by the BOT, which is based on the yield rate quoted by the Thai Bond Dealing Center or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

In the event the Company and its subsidiaries reclassify their investments in securities, the investments are adjusted to reflect their fair value on the reclassification date. Differences between the carrying amount of the investments and their fair value on that date are included in determining earnings or recorded as a surplus (or deficit) from changes in the value of investments in shareholder equity, depending on the type of investment which is reclassified.

4.4 Policies on investment in subsidiaries and joint venture company

The details on investment in subsidiaries and joint venture company are presented in Notes to Financial Statements, 3.5 Investments in securities and 3.6 Investment in subsidiary companies

The Company has a policy to invest its funds in investment activities that generate sufficient returns in relation to risk, with the objective to maximize value creation for the Company and its shareholders. The Company's investments can be divided into 2 groups Strategic Investment and Financial Investment.

1) Strategic Investment

Strategic Investments are investment in equity of subsidiaries or affiliated companies for the purpose of fulfilling TISCO Group corporate mission, business strategies, and action plans. The Company will invest in strategic investment to the extent that the Company gains managerial control, and thus able to direct the company according to the Group direction and governance.

Strategic Investments shall be made in company with good business prospects, which supplements well with the group businesses. The investments shall also be justified in terms of risk-return in the long run, considering group's overall sustainability and profitability, and shall be free of any conflict of interests.

Subsidiaries companies under strategic investment are required to strictly comply with group's governance policies, which comprehensively constitutes all key strategic & control areas including governance and operating structure, business strategy, management, operations, risk and control, human resource, finance and accounting, corporate affairs, and public and client communications. All decisions for strategic investment required case by case approval by the Executive Board of TISCO Financial Group Plc.

2) Financial Investment

Financial Investments are investment in financial instruments for the purpose of earning financial returns as well as for liquidity management. The investment may be in various types of financial instruments, e.g. fixed income, equities, hybrids, mutual funds, etc.

Financial investments shall be made with good justification of risk and returns, and careful consideration of liquidity, capital adequacy, and risk tolerance.

Financial investments shall also be made only in instruments that the Company has sufficient knowledge of risk and returns, and shall be well supported by good risk management system.

Table illustrates details of investment in subsidiaries and joint venture company

(Unit : Million baht)

Company Name	Paid up	Cost Method
	As of December 31, 2015	As of December 31, 2015
TISCO Bank Plc.	9,216	17,641
TISCO Securities Co., Ltd.	1,000	1,075
TISCO Asset Management Co., Ltd.	100	110
Hi-Way Co., Ltd.	100	273
TISCO Information Technology Co., Ltd.	20	22
TISCO Leasing Co., Ltd.	100	137
Primus Leasing Co., Ltd. ^{/1}	3	33 ^{/2}
TISCO Learning Center Co., Ltd.	5	5
All-ways Co., Ltd.	1	1
TISCO Tokyo Leasing Co., Ltd. ^{/3}	60	73
Investment in subsidiaries and joint venture company - net		19,370

^{/1} Ceased business operation and proceeding liquidation process

^{/2} Deducted impairment in investment

^{/3} Joint venture Company

5. Legal Disputes

As of December 31, 2015, the Company and its subsidiary companies had 30 unresolved cases from its regular business operations, all of them are civil cases caused by banking business operation (TISCO Bank Plc.) and asset management business (TISCO Asset Management Co., Ltd.) involving an estimated total amount 368.29 million baht, which was less than 5% of its shareholders' equity, consisting of:

- (1) 27 cases that TISCO Bank being sued (estimated total amount of 362.56 million baht), there were 14 cases involving total amount of 239.08 million baht which were in the tribunal process and not yet reach judgment. 2 cases are under execution by TISCO Bank. Furthermore, there were 11 cases, with a total value of 123.48 million baht that already dismissed by the Court of First Instance and/or the Appeal Court, however, the plaintiffs still appealed to the Appeal Court or Supreme (Dika) Court. Apart from the said case, there was 1 case which incurred from management of debt collections for Sukhumvit Asset Management Co., Ltd., amounting 40.24 million baht in which the Bank had an indemnification for any damages suffered (if any); and
- (2) 3 cases that TISCO Asset Management being Co., Ltd. sued (estimated total amount of 5.73 million baht), there were 2 cases involving total amount of 4.25 million baht that already dismissed by the Court of First Instance and/or the Appeal Court, however, the plaintiffs still appealed to the Appeal Court or Supreme (Dika) Court, and 1 case amounting 1.48 million baht that the tribunal process was not reach judgment.

Additional details on legal disputes are presented in Notes to Financial Statements; 3.37.2 Litigation. The management of the TISCO Group believes that neither the Company nor its subsidiary companies will suffer material loss as a result of the abovementioned lawsuits. In addition, there is no claim against the Company by the directors, managements or any related persons of the Company or its subsidiary companies.

6. General Information

Company Name	:	TISCO Financial Group Public Company Limited
Type of Business	:	Holding Company
Address	:	48/49, TISCO Tower, 21 st Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500
Registration Number	:	0107551000223
Total registered capital	:	8,007,032,950 baht
Paid-up Capital	:	8,006,554,830 Baht comprising of 800,636,925 common shares and 18,558 preferred shares, both with par value of 10 baht per share
Home Page	:	www.tisco.co.th
Telephone	:	(66) 2633 6888
Fax	:	(66) 2633 6880
Reference:		
Share Registrar	:	Thailand Securities Depository Co., Ltd. 93 Rachadapisek Road, Dindaeng, Bangkok 10400 Tel. 0 2009 9000 Fax 0 2009 9991
Auditor	:	Ms. Ratana Jala Certified Public Accountant (Thailand) Registration No.3734 EY Office Limited 33 rd Floor, Lake Rajada Office Complex, 193/136-137 Rajadapisek Road, Bangkok 10110 Tel. 0 2264 0777 Fax. 0 2264 0789-90

Details of the juristic person that TISCO Financial Group Plc. held directly more than 10% of their issued shares :

Company/Head office's Address	Type of Business	Type of shares	Issued and paid-up shares	Shareholding by the Company	
				Amount of shares held ¹	Percentage of ownership (%)
TISCO Bank Public Company Limited² 48/2, TISCO Tower, 1 th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6000 Fax. 0 2633 6800	Commercial Bank	Common	921,567,588	921,451,833	99.99
		Preferred	104	-	
		Total	921,567,692	921,451,833	
Hi-Way Company Limited 2046/16 New Petchaburi Road, Bangkok, Huankwang, Bangkok 10310 Tel. 0 2319 1717 Fax. 0 2308 7405	Hire Purchase and Leasing	Common	994,500	994,496	100.0
		Preferred	5,500	5,500	100.0
		Total	1,000,000	999,996	
TISCO Securities Company Limited 48/8, TISCO Tower, 4 th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6999 Fax. 0 2633 6660	Securities	Common	100,000,000	99,999,998	100.0
TISCO Asset Management Company Limited 48/16-17, TISCO Tower, 9 th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 6000 press 4 Fax. 0 2633 7300	Asset Management	Common	1,000,000	999,994	100.0
TISCO Information Technology Company Limited 48/12, TISCO Tower, 6 th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 4299 Fax. 0 2633 7600	Service Support	Common	200,000	199,994	100.00
TISCO Tokyo Leasing Company Limited 48/30, TISCO Tower 16 th Floor, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2638 0900 Fax. 0 2638 0913	Hire Purchase and Leasing	Common	60,000	29,400	49.0
TISCO Leasing Company Limited 48/12, TISCO Tower 6 th Floor Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7799 Fax. 0 2633 7980	Hire Purchase and Leasing	Common	1,000,000	999,965	100.0
TISCO Learning Center Company Limited 48/20, TISCO Tower, 12 th Floor Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7154 Fax. 0 2633 7155	Service Support	Common	50,000	49,997	100.0
All-Ways Company Limited 48/26, TISCO Tower, 15 th Floor Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7129 Fax. 0 2633 7150	Service Support	Common	10,000	9,997	100.0
Primus Leasing Company Limited³ 48/50, TISCO Tower, 22 th Floor Zone A, North Sathorn Road, Silom, Bangrak, Bangkok 10500 Tel. 0 2633 7766 Fax. 0 2633 7600	Leasing	Common	30,000	29,998	99.99

¹ As of December 31, 2015² Core company of TISCO Group³ Ceased business operation and proceeding liquidation process

In addition, TISCO Bank Plc., a core company of TISCO Group, held 10% of issued shares in other companies, all of them are non-listed companies. The investment in such companies is classified as general investment.

Details of Investments in which a subsidiary company operating banking business holds not less than 10 percent of the equity of the investees :

Company/Head office's Address	Type of Business	Type of shares	Issued and paid-up shares	Shareholding by the Company	
				Amount of shares held ^{/4}	Percentage of ownership (%)
Jiji Press (Thailand) Co., Ltd 8th Floor, 138 Silom Road, Bangkok 10500 Tel. 0 2236 6628-9 Fax. 0 2236 6800-1	Services	Common	5,000	500	10.0
K Line (Thailand) Ltd. 8th Floor, Wall Street Tower Building, 33/29-31 Surawongse Road, Bangkok 10500 Tel. 0 2625 0000 Fax. 0 2632 7350	Services	Common	30,000	3,000	10.0
Shin Thai Enterprises Co., Ltd. 20th Floor Lumpini Tower Building, 1168/53-54 Rama IV Road, Thungmahamek, Sathorn, Bangkok 10120 Tel. 0 2285 6318-24 Fax. 0 2285 6325	Trading import and export	Common	30,000	3,000	10.0
PDTL Trading Co., Ltd. 16th Floor, Maneeya Building, 518/5 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330 Tel. 0 2680 5800 Fax. 0 2254 8338	Trading import and export	Common	10,000	1,000	10.0
Watana Inter-Trade Co., Ltd. 25th Floor, Thaniya Plaza Building, 52 Silom Road, Suriyawongse, Bangkok 10500 Tel. 0 2632 8060 Fax. 0 2236 7367	Trading import and export	Common	300,000	30,000	10.0
U M I Property Co., Ltd. 30th Floor, Chamnan Phenjati Business Center, 65/233 Rama 9 Road, Huaykwang, Bangkok 10320 Tel. 0 2246 7634-6 Fax. 0 2247 7607	Real estate	Common	1,500,000	150,000	10.0
Siam Art Ceramic Co., Ltd. 116/77-79 Nonsee Road, Yannawa, Bangkok 10120 Tel. 0 2295 2041-8 Fax. 0 2295 2040	Industrial	Common	11,000,000	1,100,000	10.0

^{/4} As of December 31, 2015

Part 2

7. Securities and Shareholder Information

7.1 Registered and Paid-up capital

(1) Registered and paid-up capital as of December 31, 2015 comprising of :

Registered capital	:	8,007,032,950 baht
Paid-up capital	:	8,006,554,830 baht comprised of 800,636,925 common shares and 18,558 preferred shares, at par value of 10.00 Baht per share.

(2) Other Securities

Preferred Shares

The preferential rights of the preferred shares were expired on June 30, 2009. Thus, since July 1, 2009, the rights and benefits of preferred shares were equal to those of common shares in all aspects.

The issuance of Warrants with Non-Voting Depository Receipts (NVDRs)

As of December 27, 2013 Thai NVDR Co., Ltd., a subsidiary wholly owned by the SET, issued Non-Voting Depository Receipts (NVDRs) which have the Company's shares as underlying securities totaling 76,196,526 shares, or 9.52% of paid-up capital, consisting of 76,189,127 common shares and 7,399 preferred shares. Although all financial benefits received by NVDR investors are similar to the benefits from the Company's shares, NVDR investors shall have no voting rights in shareholder meetings except in case of a delisting decision. Therefore, if a great number of the Company shares are sold to investors as NVDRs, the number of shares with voting rights will be lessened.

Moreover, the number of NVDRs is subject to change and is not under control by the Company. Investors can obtain records of the Company's NVDRs from the website of the SET (www.set.or.th).

7.2 Shareholder

(1) The Company's Major Shareholders

The top 10 major shareholders whose names appeared in the share registration book as of December 4, 2015, are as follows.

No.	Shareholder Name	Total Shareholding			
		Common Shares	Preferred Shares	Total	%
1	CHASE NOMINEES LIMITED	109,611,259	-	109,611,259	13.69
2	CDIB & PARTNERS INVESTMENT HOLDING PTE. LTD.	80,070,320	-	80,070,320	10.00
3	THAI NVDR CO., LTD.	76,189,127	7,399	76,196,526	9.52
4	KRUNGSRI DIVIDEND STOCK LTF	40,501,900	-	40,501,900	5.06
5	SATHINEE CO., LTD.	39,482,767	-	39,482,767	4.93
6	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	29,145,690	-	29,145,690	3.64
7	SOCIAL SECURITY FUND (2 CASES)	27,241,730	-	27,241,730	3.40
8	KRUNGSRI DIVIDEND STOCK FUND	21,158,850	-	21,158,850	2.64
9	STATE STREET BANK EUROPE LIMITED	13,262,881	-	13,262,881	1.66
10	STATE STREET BANK AND TRUST COMPANY	12,928,683	-	12,928,683	1.61
Total Shareholding of 10 Major Shareholders		449,593,207	7,399	449,600,606	56.15
Other Minority Shareholders		351,043,718	11,159	351,054,877	43.85
TOTAL		800,636,925	18,558	800,655,483	100.00

CDIB & Partners Investment Holding Pte. Ltd. is 100% owned by CDIB & Partners Investment Holding Corporation via CDIB & Partners Investment Holding (Cayman) Limited. CDIB & Partners Investment Holding Corporation incorporated in Taiwan and engages in investment activities.

(2) Major Shareholders of Subsidiary Company operated as core business of the Group

The top 10 major shareholders of TISCO Bank Public Company Limited, whose names appeared in the share registration book as December 4, 2015, were as follow.

No.	Shareholder Name	Total Shareholding			
		Common Shares	Preferred Shares	Total	%
1	TISCO Financial Group Public Company Limited	921,451,833	-	921,451,833	99.99
2	Mr. Kittichai Kraikorkit	30,247	-	30,247	0.00
3	Ms. Pornsuk Pornprapa	8,100	-	8,100	0.00
4	Ms. Supavadee Piyamongkolvong	6,000	-	6,000	0.00
5	Ms. Rachit Kowattanakul	6,000	-	6,000	0.00
6	Mr. Suchart Tangkvivij	5,000	-	5,000	0.00
7	BANK JULIUS BAER & CO., LTD.	4,800	-	4,800	0.00
8	Mr. Pracha Leelaprachakul	3,624	-	3,624	0.00
9	Mr. Songrit Kongpipatchaisiri	3,000	-	3,000	0.00
10	Mr. Prapat Srinuwattiwong	3,000	-	3,000	0.00
Total Shareholding of 10 Major Shareholders		921,521,604	-	921,521,604	99.99
Other Minority Shareholders		45,984	104	46,088	0.01
TOTAL		921,567,588	104	921,567,692	100

Reference was made to the Holding Company Restructuring plan of TISCO group. TISCO Financial Group Public Company, as the parent company of TISCO Group, was approved by the Bank of Thailand to hold 100% of TISCO Bank's total paid-up shares.

(3) The company enters into shareholders' agreement with effect to security offering and issuance or management power of the company.

- None -

7.3 Other Securities

7.3.1 Debentures issuance

The Company

- None -

Subsidiary Company

As of December 31, 2015, the outstanding debentures of TISCO Bank Public Company Limited are detailed as follow:

- The subordinated debenture of TISCO Bank Public Company Limited No. 1/2012 Due 2022 with call option

Type of Offering	: Public Offering
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,000,000 units
Outstanding	: 1,000,000 units
Tenor	: 10 years
Issuing Date	: March 9, 2012
Maturity Date	: March 9, 2022
Security	: None
Coupon Rate	: 4.85% per annum started from issuance date
Payment Date	: Every 9 th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

Call Option ¹	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
	(a) On the 5 th anniversary from the issuing date or on any coupon dates after the 5 th year of issuance.
	i If the issuer can provide funding equivalent or better than the amount of debenture.
	ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand.
	(b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or
	(c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issue Rating	: BBB+ from TRIS Rating Company Limited on April 27, 2015
Debenture holder Representative ²	: Bank of Ayudhya Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

2. The subordinated debenture of TISCO Bank Public Company Limited No. 2/2012 Due 2022 with call option

Type of Offering	: Public Offering
Face Value	: 1,000 baht
Offering Price	: 1,000 baht
Issue size	: 1,243,000 units
Outstanding	: 1,243,000 units
Tenor	: 10 years
Issuing Date	: December 19, 2012
Maturity Date	: December 19, 2022
Security	: None
Coupon Rate	: 4.60% per annum started from issuance date
Payment Date	: Every 19 th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	: With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:
	(a) On the 5 th anniversary from the issuing date or on any coupon dates after the 5 th year of issuance.
	i If the issuer can provide funding equivalent or better than the amount of debenture.
	ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand.
	(b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or
	(c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issue Rating	: A- from TRIS Rating Company Limited on April 27, 2015
Debenture holder Representative ²	: Bank of Ayudhya Public Company Limited
Debenture Registrar	: TMB Bank Public Company Limited

¹Terms and Conditions amendments were notified to the debenture holders on October 22, 2012

²Bank of Ayudhya Public Company Limited was appointed to be Debenture holder Representative replacing TMB Bank Public Company Limited effective from January 1, 2016

3. Tier 2 Capital Instrument (Subordinated Debentures) of TISCO Bank Public Company Limited No. 1/2014 Series 1 Due 2024, with the issuer's right to early redeem (with loss absorption at the point of non-viability and regulatory authorities decide to provide financial aids to the issuer, and may be written off in proportion not exceed the lowering of par value of common share and preferred share after the lowering of such shares is made)

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,600,000 units
Outstanding	:	1,600,000 units
Tenor	:	10 years
Issuing Date	:	January 29, 2014
Maturity Date	:	January 29, 2024
Security	:	None
Coupon Rate	:	6.00% per annum started from issuance date
Payment Date	:	On the 29 th of January April July and October of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions: <ul style="list-style-type: none"> (a) On the 5th anniversary from the issuing date or on any coupon dates after the 5th year of issuance. <ul style="list-style-type: none"> i If the issuer can provide funding equivalent or better than the amount of debenture. ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand. (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or (c) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 27, 2015
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

4. Tier 2 Capital Instrument (Subordinated Debentures) of TISCO Bank Public Company Limited No. 1/2014 Series 2 Due 2024, with the issuer's right to early redeem (with loss absorption at the point of non-viability and regulatory authorities decide to provide financial aids to the issuer, and may be written off in proportion not exceed the lowering of par value of common share and preferred share after the lowering of such shares is made)

Type of Offering	:	Private Placement to not more than 10 investors within any 4 months period
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	800,000 units
Outstanding	:	800,000 units
Tenor	:	10 years
Issuing Date	:	February 19, 2014
Maturity Date	:	February 19, 2024
Security	:	None
Coupon Rate	:	6.00% per annum started from issuance date
Payment Date	:	On the 19 th of February May August and November of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With an approval from the Bank of Thailand in writing, the issuer may call debentures prior to the maturity date at face value according to the debenture terms and conditions. The issuer shall send a notice to debenture holders at least 30 days but not more than 60 days prior to the call option exercise date to inform debenture holders of the call option under the following conditions:

- (a) On the 5th anniversary from the issuing date or on any coupon dates after the 5th year of issuance.
 - i If the issuer can provide funding equivalent or better than the amount of debenture.
 - ii After the redemption, issuer maintains total capital to risk-weighted assets ratio not less than the minimum rate which is specified by the Bank of Thailand.
- (b) The issuer is able to demonstrate that interests paid by this debenture can no longer be deducted as expenditure of the issuer for tax benefits; or
- (c) Any cases or conditions to be specified by the Bank of Thailand in the future.

Issuer Rating : A from TRIS Rating Company Limited on April 27, 2015
 Debenture holder : -
 Representative :
 Debenture Registrar : TMB Bank Public Company Limited

5. Subordinated Instruments intended to qualify as Tier 2 Capital of TISCO Bank Public Company Limited No.1/2015 Due 2025 with the Issuer's right to early redeem, which may be required to be written off (fully or partially) when the regulatory authorities decide to grant financial assistance to the Issuer

Type of Offering : Private Placement to not more than 10 investors within any 4 months period
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 1,000,000 units
 Outstanding : 1,000,000 units
 Tenor : 10 years
 Issuing Date : June 5, 2015
 Maturity Date : June 5, 2025
 Security : None
 Coupon Rate : 4.50% per annum started from issuance date
 Payment Date : Every 5th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

Call Option : With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions:

- (a) After the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or
- (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or
- (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or
- (d) Any cases or conditions to be specified by the Bank of Thailand in the future.

Issuer Rating : A from TRIS Rating Company Limited on April 27, 2015
 Debenture holder : -
 Representative :
 Debenture Registrar : TMB Bank Public Company Limited

6. Subordinated Instruments intended to qualify as Tier 2 Capital of TISCO Bank Public Company Limited No.2/2015 Due 2025 with the Issuer's right to early redeem, which may be required to be written off (fully or partially) when the regulatory authorities decide to grant financial assistance to the Issuer

Type of Offering : Private Placement to not more than 10 investors within any 4 months period
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 1,000,000 units
 Outstanding : 1,000,000 units
 Tenor : 10 years
 Issuing Date : December 17, 2015
 Maturity Date : December 17, 2025

Security	:	None
Coupon Rate	:	4.25% per annum started from issuance date
Payment Date	:	Every 17 th of March, June, September and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	With a written approval from the Bank of Thailand, the issuer may early redeem the debentures before the maturity date without consent from the holder under the following terms and conditions: <ul style="list-style-type: none"> (a) On the 5th anniversary of the issuance of the debenture or on any coupon date after the 5th year of issuance; or (b) Any amendment on the Tax Law resulted in the changes of the issuer's tax benefits; or (c) Any amendment on Capital Regulation resulted in disqualification of debentures as Tier 2 Capital; or (d) Any cases or conditions to be specified by the Bank of Thailand in the future.
Issuer Rating	:	A from TRIS Rating Company Limited on April 27, 2015
Debenture holder Representative	:	-
Debenture Registrar	:	TMB Bank Public Company Limited

7. The Debentures of TISCO Bank Public Company Limited No. 1/2015 Tranche 1 Due 2016

Type of Offering	:	Private Placement specific for institutional investors and net worth investors
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	5,000,000 units
Outstanding	:	5,000,000 units
Tenor	:	1 year
Issuing Date	:	June 22, 2015
Maturity Date	:	June 22, 2016
Security	:	None
Coupon Rate	:	1.75% per annum started from issuance date
Payment Date	:	Every 22 nd of June and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	:	A from TRIS Rating Company Limited on June 3, 2015
Debenture holder Representative	:	-
Debenture Registrar	:	TMB Bank Public Company Limited

8. The Debentures of TISCO Bank Public Company Limited No. 2/2015 Tranche 1 Due 2016

Type of Offering	:	Private Placement specific for institutional investors and net worth investors
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	600,000 units
Outstanding	:	600,000 units
Tenor	:	1 year
Issuing Date	:	July 20, 2015
Maturity Date	:	July 20, 2016
Security	:	None
Coupon Rate	:	1.75% per annum started from issuance date
Payment Date	:	Every 20 th of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	:	A from TRIS Rating Company Limited on June 3, 2015

Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

9. The Debentures of TISCO Bank Public Company Limited No. 2/2015 Tranche 2 Due 2017

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 6,000,000 units
 Outstanding : 6,000,000 units
 Tenor : 1.5 years
 Issuing Date : July 20, 2015
 Maturity Date : January 20, 2017
 Security : None
 Coupon Rate : 1.875% per annum started from issuance date
 Payment Date : Every 20th of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

 Issue Rating : A from TRIS Rating Company Limited on June 3, 2015
 Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

10. The Debentures of TISCO Bank Public Company Limited No. 2/2015 Tranche 3 Due 2017

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 1,900,000 units
 Outstanding : 1,900,000 units
 Tenor : 2 years
 Issuing Date : July 20, 2015
 Maturity Date : July 20, 2017
 Security : None
 Coupon Rate : 2.00% per annum started from issuance date
 Payment Date : Every 20th of January and July of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

 Issue Rating : A from TRIS Rating Company Limited on June 3, 2015
 Debenture holder : -
 Representative
 Debenture Registrar : TMB Bank Public Company Limited

11. The Debentures of TISCO Bank Public Company Limited No. 3/2015 Tranche 1 Due 2017

Type of Offering : Private Placement specific for institutional investors and net worth investors
 Face Value : 1,000 baht
 Offering Price : 1,000 baht
 Issue size : 5,000,000 units
 Outstanding : 5,000,000 units
 Tenor : 2 years
 Issuing Date : August 28, 2015
 Maturity Date : August 28, 2017
 Security : None
 Coupon Rate : 2.00% per annum started from issuance date
 Payment Date : Every 28th of February and August of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.

Issue Rating	:	A from TRIS Rating Company Limited on June 3, 2015
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

12. The Debentures of TISCO Bank Public Company Limited No. 4/2015 Tranche 1 Due 2017

Type of Offering	:	Private Placement specific for institutional investors and net worth investors
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	2,780,000 units
Outstanding	:	2,780,000 units
Tenor	:	1.5 years
Issuing Date	:	December 4, 2015
Maturity Date	:	June 4, 2017
Security	:	None
Coupon Rate	:	1.95% per annum started from issuance date
Payment Date	:	Every 4 th of June and December of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Issue Rating	:	A from TRIS Rating Company Limited on June 3, 2015
Debenture holder	:	-
Representative	:	
Debenture Registrar	:	TMB Bank Public Company Limited

As of December 31, 2015 TISCO Bank has outstanding subordinated and unsubordinated debentures issued and offered (excluding short-term debenture) totaled 27,923 million baht

13. Short-term Debenture of TISCO Bank Public Company Limited No. 1/2015

Type of Offering	:	Private Placement specific for institutional investors
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	up to 70,000,000 units
Outstanding	:	39,659,000 units
Tenor	:	As specified in the supplement of terms & conditions of each series. The tenor of short-term debenture will be within 270 days from issuance date
Issuing Date	:	As specified in the supplement of terms & conditions of each series. The issuance date will be during January 15, 2015 to January 15, 2016
Maturity Date	:	As specified in the supplement of terms & conditions of each series. The tenor of short-term debenture will be within 270 days from issuance date
Security	:	None
Coupon Rate	:	As specified in the supplement of terms & conditions of each series whereby interest rate of each series will be varied.
Payment Date	:	Payment at maturity date
Issuer Rating	:	A from TRIS Rating Company Limited on April 27, 2015
Debenture holder	:	None
Representative	:	
Debenture Registrar	:	TISCO Bank Public Company Limited

As of December 31, 2015 TISCO Bank has outstanding short-term debenture totaled 39,659 million baht

The outstanding debentures of TISCO Tokyo Leasing Company Limited are as follow:

1. Guaranteed debenture of TISCO Tokyo Leasing Company Limited No. 1/2013 Tranche 2 with maturity date in 2017

Type of Offering	:	Private Placement
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	650,000 units
Outstanding	:	650,000 units
Tenor	:	4 years
Issuing Date	:	September 17, 2013
Maturity Date	:	September 17, 2017
Guarantor	:	Century Tokyo Leasing Corporation
Coupon Rate	:	4.37% per annum started from issuance date
Payment Date	:	On the 17 th of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	None
Issue Rating	:	AA+ from TRIS Rating Company Limited on August 27, 2015
Debenture holder Representative	:	Bank of Ayudhya Public Company Limited
Debenture Registrar	:	Bank of Ayudhya Public Company Limited

2. Guaranteed debenture of TISCO Tokyo Leasing Company Limited No. 1/2015 with maturity date in 2018

Type of Offering	:	Private Placement
Face Value	:	1,000 baht
Offering Price	:	1,000 baht
Issue size	:	1,000,000 units
Outstanding	:	1,000,000 units
Tenor	:	3 years
Issuing Date	:	March 25, 2015
Maturity Date	:	March 25, 2018
Guarantor	:	Century Tokyo Leasing Corporation
Coupon Rate	:	2.94% per annum started from issuance date
Payment Date	:	On the 25 th of March and September of each year during the term of the debenture. If the due date of interest payment is not a business day, it shall be postponed to the next business day.
Call Option	:	None
Issue Rating	:	AA+ from TRIS Rating Company Limited on August 27, 2015
Debenture holder Representative	:	CIMB Thai Bank Public Company Limited
Debenture Registrar	:	CIMB Thai Bank Public Company Limited

As of December 31, 2015 TISCO Tokyo Leasing Company Limited has outstanding subordinated and unsubordinated debentures issued and offered totaled 1,650 million baht.

7.3.2 Bills of Exchange

The Company

The Company was granted approval by the Securities and Exchange Commission to offer short-term bills of exchange to the public as detailed below:

- | | | |
|--------------------|---|---|
| Type of Offering | : | Public Offering |
| Type of securities | : | Short-Term Bills of Exchange |
| | | Type 1 : Non transferrable bill of exchange without interest payment, offering price at face value deducted market interest rate |
| | | Type 2 : Non transferrable bill of exchange with fixed interest rate, offering price at face value and interest is paid upon maturity |

	Type 3 : Transferrable bill of exchange (without recourse) without interest payment, offering price at face value deducted market interest rate
	Type 4 : Transferrable bill of exchange (without recourse) with fixed interest rate, offering price at face value and interest is paid upon maturity
Tenor	: Up to 270 days from issuance date
Issue size	: Up to 10,000 units
Face Value	: Not less than 1,000,000 baht
Issuing Period	: From April 1, 2015 to March 31, 2016
Offering price per unit	: For Bill of Exchange Type I and III : offering price at face value deducted market interest rate For Bill of Exchange Type II and IV : offering price at face value and interest is paid upon maturity
Interest Rate	: For Bill of Exchange Type I and III : No interest rate For Bill of Exchange Type II and IV : Fixed interest rate and paid upon maturity
Interest Payment Date	: For Bill of Exchange Type I and III : No interest payment For Bill of Exchange Type II and IV : paid upon maturity as specified on the bill of exchange
Issuer Rating	: A- from TRIS Rating Co., Ltd on April 27, 2015

As of December 31, 2015, TISCO had outstanding short-term bills totaling 6,936.12 million baht with coupon rate ranging from 1.70% – 2.50% and average of 75 days to maturity.

Subsidiary Companies

As of December 31, 2015, TISCO Bank had outstanding bill of exchange, all in forms of bill of exchange, totaling 36.12 million baht with 2.50% coupon rate, all in forms of callable bill of exchange.

As of December 31, 2015, Hi-Way Co., Ltd. had outstanding short-term bill of exchange, all in forms of callable bill of exchange, totaling 1,820.00 million baht with interest rate of 1.82%.

As of December 31, 2015, TISCO Leasing Co., Ltd. had outstanding short-term bill of exchange, all in forms of callable bill of exchange, totaling 879.20 million baht with interest rate of 1.82%.

7.4 Dividend Policy

The Company

The Company's dividend payment shall be made in accordance with the Articles of Association which states that no dividend shall be paid out of any money other than profits. In the event that the Company has an accumulated loss or cannot retain regulatory capital requirements after dividend payment, no dividend shall be paid.

Dividends shall be paid equally according to the number of shares, unless otherwise specified in the Articles of Association regarding dividend for preferred shares. Payment of dividends shall be subject to shareholder approval.

The Company shall pay dividends at the rate approximately 50% or more of net profit of each year, after appropriation of statutory reserve, subject to the current Company financial performance, long-term capital adequacy, capital expenditure requirements, business strategies, and provided that such dividend will have no impact on the Company's subsidiary's status as a Qualifying Bank under the definition of the Bank of Thailand.

The Board of Directors may from time to time pay interim dividends when it is clear that the Company has sufficient profit.

Subsidiary Companies

Subsidiary and affiliate companies' dividend will be the major source of income of TISCO Financial Group Plc. ("the Company"). Each and every subsidiary and affiliate companies shall make dividend payments as advised by the Company. The considering was based on financial performance, long-term capital adequacy, capital expenditure requirements, and business strategies of each company. For TISCO Bank ("The Bank"), the Bank shall pay dividends at the appropriate rate to ensure that after the dividend payment, the Bank BIS ratio will be maintained above 12% to satisfy the Bank of Thailand's criteria for Qualified Bank.

The Board of Directors of each subsidiary and affiliate companies may from time to time pay interim dividends when it has sufficient profit.

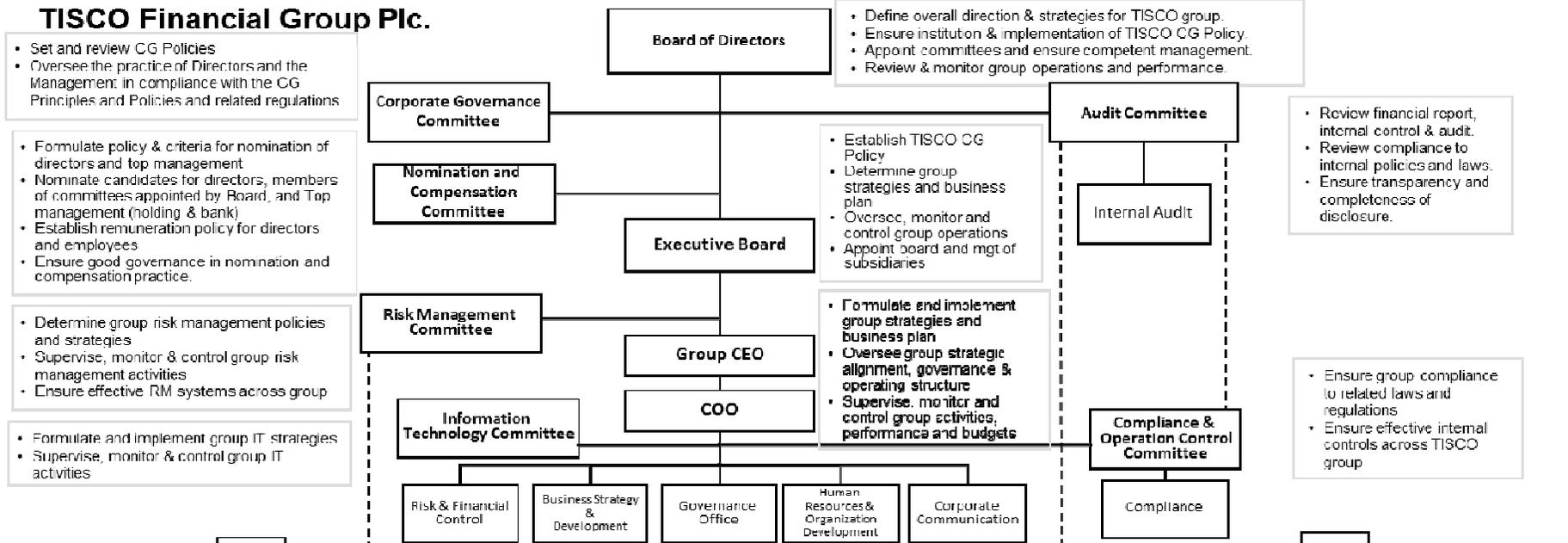
8. Management

8.1 Management Structure

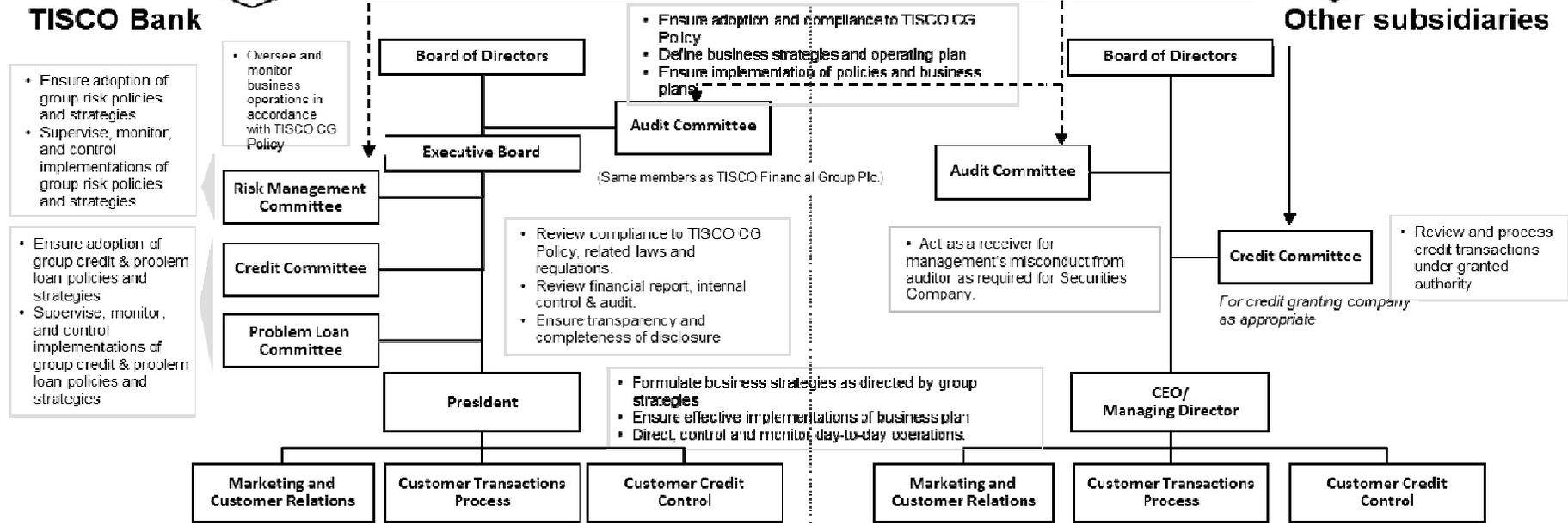
The Company, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development, compliance and corporate support functions are centralized at the Company. Subsidiary companies function as strategic business unit, responsible for marketing & customer relationship, and transaction processing & credit control activities.

The Board of Directors is responsible for monitoring and controlling business operations of TISCO Group. Other Boards and committees will be appointed according to the needs and suitability to carry out specific missions and tasks. The governance structure of TISCO Group is exhibited as follows;

TISCO Financial Group Plc.

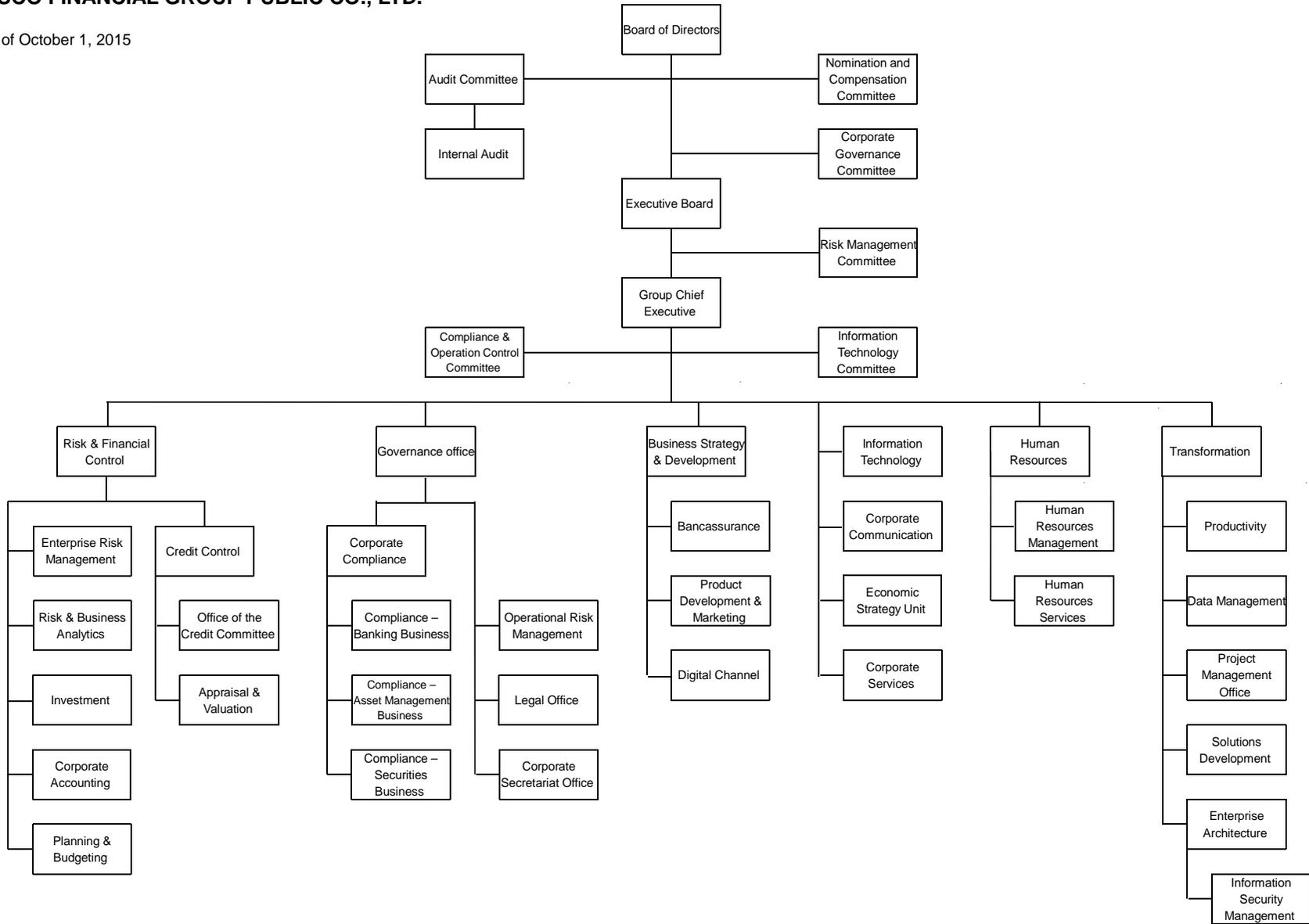


TISCO Bank



TISCO FINANCIAL GROUP PUBLIC CO., LTD.

As of October 1, 2015



The Board structure is comprised of Board of Directors and 4 boards/committees were appointed by the Board of Directors: (1) Executive Board (2) Audit Committee, (3) Nomination and Compensation Committee, and (4) Corporate Governance Committee. In addition, in 2010, the Company transferred certain Management Committee and management supervising important functions within TISCO Group from subsidiary companies to be employed under the Company. The Company seconded those management to the same subsidiary companies for the same responsibilities on full time basis. This is to ensure that they shall devote their time to effectively manage subsidiary companies under TISCO Group strategy and plan approved by the Board of Directors.

8.1.1 Board of Directors

The Board of Directors consisted of Directors from diversified backgrounds and experience, with sufficient understanding of banking and finance, economics, law or any other fields deemed appropriate. As of December 31, 2015 the Board of Directors consisted of 12 directors, including four Executive Directors¹, six Independent Non-executive Directors, and two Non-executive Directors as follows;

Name	Position
1. Mr. Pliu Mangkornkanok	Chairman and Independent Director
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	Vice Chairman and Member of the Nomination and Compensation Committee
3. Ms. Oranuch Apisaksirikul	Director, Chairperson of the Executive Board and Group Chief Executive
4. Assoc. Prof. Dr. Angkarat Priebjriwat	Independent Director and Chairperson of the Audit Committee
5. Prof. Dr. Pranee Tinakorn	Independent Director and Chairperson of the Nomination and Compensation Committee
6. Ms. Patareeya Benjapolchai	Independent Director, Member of the Audit Committee and Chairperson of the Corporate Governance Committee
7. Ms. Panada Kanokwat	Independent Director Member of the Corporate Governance Committee
8. Prof. Dr. Teerana Bhongmakapat	Independent Director Member of the Audit Committee
9. Mr. Sathit Aungmanee	Director, Member of Corporate Governance Committee and Member of Nomination and Compensation Committee
10. Mr. Yasuro Yoshikoshi	Director, Member of the Executive Board and Member of Nomination and Compensation Committee
11. Mr. Chi-Hao Sun (Mr. Howard Sun)	Director and Member of the Executive Board
12. Mr. Suthas Ruangmanamongkol	Director, Member of the Executive Board and President

Authorized Signatory

The Company's authorized signatory is Ms. Oranuch Apisaksirikul. It is required that Ms. Oranuch Apisaksirikul singly sign with the seal of the Company affixed or two directors namely Mr. Hon Kit Shing (Mr. Alexander H. Shing) and Mr. Yasuro Yoshikoshi jointly sign with the seal of the Company affixed.

Chairman of Board and Other Committees

1. Provide leadership to the board and be responsible for the board's effectiveness of overall functioning, including maintaining a relationship of trust with board members. The Chairman will ensure that the Board and its committees work in conformity to the highest standards of corporate governance.
2. With supporting from Group CEO and Company Secretary, set agenda which are primarily focused on strategy, performance, value creation and accountability, and ensure that issues relevant to those areas are considered by the Board. The Chairman is accountable to the Board that directors will perform their duty with accountability and due care, and in compliance with the related laws and regulations, and in the best interest of TISCO.

¹ Refer to Notification of the Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares, "executive director" means any director who holds an executive position, or any director who is in charge of any actions deemed to be taken by executive, and shall include any authorized director except where it can be demonstrated that such authorized director, jointly with other directors, signs on transactions which have been approved by the board.

3. Communicate relevant Board decisions within TISCO where deems appropriate. The Chairman shall also ensure effective communication with shareholders, government agencies and other relevant stakeholders and that the views of these groups are understood by the Board.
4. Ensure that the Board members receive adequate, accurate, timely and relevant information, particularly about TISCO's performance; the Board's decisions are made on a sound and well-informed basis; and the expression and discussion of dissenting views are encouraged within the decision-making process.
5. Ensure good working relationship between the executive and non-executive directors and ensure adequate time for discussion of all agenda, particularly strategic issues.
6. Ensure that the Board understands the nature and extent of the significant risks TISCO is willing to take in the implementation of its strategy, and review on an ongoing basis the effectiveness of risk management and internal control systems.
7. Provide access, advice and support to the Group CEO in the development of strategy. The Chairman also maintains access to senior management for vital information related to TISCO business as is necessary and useful.
8. Promote effective relationships and communications between non-executive directors and senior management.
9. Ensure that the performance and effectiveness of the Board and Board Committees are formally evaluated on an annual basis.
10. Monitor and ensure that management has taken appropriate action and/or is properly following up on the recommendations and resolutions made by the Board and Board Committees.

Vice Chairman of Board and Other Committees

1. Take the role as the acting Chairman of the Board during the period when the Chairman is absent and the normal functions of the Chairman cannot be carried out until the Chairman resumes his normal duties or a new Chairman has been elected and appointed by the Board.
2. Assist the Chairman of the Board with agenda related to TISCO Board of Directors, in particular any agenda pertaining to the "Executive Committees or Bodies" created by the Board except any independent committees or bodies, such as Nomination and Compensation Committee, Audit Committee and Corporate Governance Committee.
3. Act as the Chairperson of TISCO Executive Board and any Executive Committees and Bodies (see definition above) when:
 - a. the Chairperson is absent or unable to perform the duties for a period of time until such replacement Chairperson is appointed by TISCO Board of Directors, or
 - b. recommended by the Nomination & Compensation Committee and approved by TISCO Board of Directors.

Authority and Responsibilities of the Board of Directors:

1. Approve TISCO Corporate Governance Policy and oversee TISCO Group Governance.
2. Approve TISCO Company Statement: Vision and Mission.
3. Approval of Group's business model, corporate strategies, business plan, and financial budgets.
4. Approval of M&A, investment, divestment and disposal transaction involving high risk or materially impact TISCO.
5. Select and appoint a Chairman and Vice Chairman of the Board from the candidates of the Board as proposed by the Nomination and Compensation Committee.
6. Select and appoint the Group Chief Executive (Group CEO) from the candidates proposed by the Nomination and Compensation Committee.
7. Defining overall direction and strategies of TISCO Group and ensuring coherent implementation of those strategies through the institution of a Corporate Governance Policy to produce long-term value for shareholders.

8. Together with the Group CEO and senior management, set example at the top that establishes a culture of legal compliance and integrity.
9. Appoint Board Committees, namely, TISCO Audit Committee, TISCO Nomination and Compensation Committee, TISCO Corporate Governance Committee, and TISCO Executive Board as proposed by TISCO NCC, to carry out the tasks assigned by the Board.
10. Appoint a Corporate Secretary to take care of the Board's and directors' activities and administer critical corporate matters in full compliance with all relevant laws and related regulations. The Corporate Secretary's responsibilities also include monitoring compliance to the Board's resolutions and handling the Board and Shareholders' Meetings on matters concerning notices, minutes and other duties as required by related laws and regulations.

The following responsibilities of the Board of Directors require approval from shareholders meeting: requirement by laws such as increase or decrease the Company's capital, issuance of debentures, sales or transfers of whole or important parts of the Company business to other persons, purchase or acceptance or transfer of business belonging to other companies, amendments to Company's Memorandum and Articles of Association, related parties transaction, as well as sale and purchase of relevant assets according to regulations stipulated by the Company's regulators.

The Board of Directors may assign any other committees or an attorney to conduct the businesses on behalf of the Board of Directors. Such assignment of power shall not allow the committee member or the attorney to have authority to approve transactions that they or persons who may have a conflict of interest - as defined by the Securities and Exchange Commission - with stakeholders or may have any other conflict of interest with the Company or subsidiary companies.

Details of the Board of Directors of TISCO Bank Public Company Limited, the core company of TISCO Group, are shown in 8.1.6 and Attachment 3.

8.1.2 Executive Board

The Executive Board members were appointed by the Board of Directors. As of December 31, 2015, the Executive Board comprised the following directors:

Name	Position
1. Ms. Oranuch Apisaksirikul	Chairperson of the Executive Board
2. Mr. Chi-Hao Sun (Mr. Howard Sun)	Member of the Executive Board
3. Mr. Yasuro Yoshikoshi	Member of the Executive Board
4. Mr. Suthas Ruangmanamongkol	Member of the Executive Board

Authority and responsibilities of Executive Board:

1. Determine and propose group business strategy, merger & acquisition transactions, new business ventures, and new products involving high risk to TISCO Board for approval.
2. Review and oversee the TISCO Group business plan and budget, monitors performance and institutes TISCO Group's Centralized Policies on all important operational and control areas.
3. Approve credit with substantial amounts and/or transactions that involve high risks under TISCO Group's business framework.
4. Supervise subsidiary companies of transactions that involved high risk.
5. Act on behalf of TISCO as the major shareholder in appointment of the Board of Directors of all subsidiary companies, except TISCO Bank, TISCO Securities and TISCO Asset Management.
6. Ensure that managements of the company and subsidiary company refer material issues of the Group to Executive Board
7. Appoint TISCO Risk Management Committee, as required by the Bank of Thailand, to determine overall risk management policies and strategies, and also identify, evaluate and manage the risks inherent in TISCO's strategies.
8. Appoint and supervise Credit Committee and Problem Loan Committee.
9. Ensure that all sub-committees appointed by Group CEO are established, composed and operated appropriately and professionally.

8.1.3 Audit Committee

The Audit Committee members were appointed by the Board of Directors. As of December 31, 2015, the Audit Committee comprised the following independent directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson of the Audit Committee
2. Ms. Patareeya Benjapolchai	Member of the Audit Committee
3. Prof. Dr. Teerana Bhongmakapat	Member of the Audit Committee

Note: All members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements.

Authority and responsibilities of Audit Committee:

1. Review TISCO group's financial report to ensure accuracy and adequacy.
2. Review and evaluate that TISCO group has suitable and efficient internal control system and internal audit.
3. Review TISCO group's operations to ensure compliance with related laws and regulations.
4. Consider, select and nominate the independent person to be the external auditor of TISCO group, recommend remuneration of such auditor, removal of such auditor, as well as meet with the external auditor at least once a year without participation of management.
5. Consider connected transaction or the transaction that may cause conflict of interest to ensure the appropriateness and best interest of TISCO group.
6. Ensure the accuracy and completeness of the disclosure of TISCO group, especially the connected transaction or the transaction that may cause conflict of interest.
7. Prepare and disclose the Audit Committee report signed by the Chairperson of the Audit Committee in an annual report.
8. Consider the independence of TISCO group's Internal Audit function. Appoint, transfer, or dismiss Head of Internal Audit or other functions responsible to Internal Audit.
9. Report to the Board of Directors in order that remedial action is taken within the time that the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct which may affect the Company's financial position and performance significantly as follows;
 - Transaction which causes conflict of interest;
 - Fraud or irregularity or material defect in the internal control system;
 - Infringement of applicable laws. If the Board of Directors or the management do not take remedial action within the time that the Audit Committee proposed, the Audit Committee shall disclose such infringement in annual report and report to the Bank of Thailand.
10. Conduct the businesses as assigned by the Board of Directors in agreement of the Audit Committee.
11. Approve Compliance policy and assess the efficiency of compliance risk management.

8.1.4 Nomination and Compensation Committee

The Nomination and Compensation Committee members were appointed by the Board of Directors. As of December 31, 2015, the Nomination and Compensation Committee comprised the following directors:

Name	Position
1. Prof. Dr. Pranee Tinakorn	Chairperson of the Nomination and Compensation Committee
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	Member of the Nomination and Compensation Committee
3. Mr. Sathit Aungmanee	Member of the Nomination and Compensation Committee
4. Mr. Yasuro Yoshikoshi	Member of the Nomination and Compensation Committee

Authority and Responsibilities of Nomination and Compensation Committee:

1. Formulate policy, criteria, and method for nominating candidates for directors and Top Management of the Company and its subsidiary companies in TISCO Group to the Board for consideration and submit the policy to regulatory parties upon request.
2. Select and nominate names of qualified candidates to the Board of Directors of the Company and its subsidiary companies, which are directly supervised by financial and capital market regulators (TISCO Bank, TISCO Securities and TISCO Asset Management), for the following positions;
 - Directors
 - Members of committees whose functions, responsibilities and authorities are directly given by the Board of Directors
 - Top Management
 - Advisor(s) to the Board of Directors and/or committees whose functions, responsibilities and authorities are directly given by the Board of Directors
3. Ensure that size and composition of the Board of Directors of the companies in TISCO Group is appropriate for the organization and the business environment. The Board should comprise members who have diversified expertise and experience.
4. Review and establish clear and transparent remuneration and benefit policy and criteria for the directors, committee members, Advisor(s) and TISCO Group's employees as proposed by the management.
5. Ensure that the Board remuneration is commensurate with their duties and responsibilities. Board members who handle the extra assignments should be compensated accordingly.
6. Devise performance assessment criteria for board members and TISCO Group's employees for annual remuneration review, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value.
7. Evaluate the Group CEO's performance with input from Chairman of the Board of Directors, Chairpersons of the Audit Committee and the Corporate Governance Committee, and propose result to the Board of Directors for approval.
8. Review and approve promotion, remuneration, and benefit of Group CEO.
9. Review and consider the Group CEO's proposal for appointment, performance evaluation, promotion, remuneration, and benefit of each member of Management Committee and one further level down.
10. Review and consider the management's proposals for the total amount of annual performance-oriented, short-term and long-term incentives as well as merit increase for TISCO Group's employee.
11. Ensure that the meeting(s) between the Board and members of Management Committee in absence of the Group CEO is arranged at least once a year prior to his/her annual performance assessment.
12. Ensure that succession plan for Group CEO and members of Management Committee of the companies in TISCO Group is properly developed to allow smooth and continuity of business operations, and that such plan is reviewed periodically.
13. Disclose the nomination policy and process in the Annual Report.
14. Disclose the remuneration policy, actual payment in various forms for directors as well as prepare and disclose the Committee's report that at least covers the objectives, activities and opinion of the Committee in the Annual Report.
15. Report activities to the Board of Directors on a regular basis.

16. Conduct the activities as assigned by the Board of Directors in agreement of the Nomination and Compensation Committee.

8.1.5 Corporate Governance Committee

The Corporate Governance Committee members were appointed by the Board of. As of December 31, 2015, the Corporate Governance Committee comprised the following directors:

Name	Position
1. Ms. Patareeya Benjapolchai	Chairperson of the Corporate Governance Committee
2. Mr. Sathit Aungmanee	Member of the Corporate Governance Committee
3. Ms. Panada Kanokwat	Member of the Corporate Governance Committee

Authority and Responsibilities of Corporate Governance Committee:

1. Formulate and review the structure, scope, and policy of TISCO Corporate Governance and Code of Conduct of the Board of Directors' consideration and approval.
2. Give advice to the Board of Directors on the structure, roles and responsibilities, practice and charter of the Board of Directors and Board committees.
3. Review the evaluation or assessment process of the Board of Directors, Board committees, and the Management in compliance with Corporate Governance Policy, Code of Conduct and related laws and regulations.
4. Review result of corporate governance assessment by outside agencies and make recommendation to the Board of Directors.
5. Review corporate governance practice of TISCO by benchmarking to that of best practices for further improvement.
6. Work as a consulting body for the Board of Directors and the Management on matters regarding corporate governance and code of conduct.
7. Monitor the implementation of TISCO Corporate Governance Policies and Guidelines, TISCO Code of Conducts, and report its findings to the Board.
8. Monitor the adequacy of the company's disclosure practices relevance to sustainability development and corporate governance.
9. Advise the matters related to sustainable development issues, including CSR.
10. Perform other duties as assigned by the Board of Directors.

Board of Directors' Meeting

Board Meetings are regularly scheduled in advance so that each member of the Board can manage their time to attend the meetings. Furthermore, in case of special agenda, additional meetings may be scheduled as necessary. The Board of Directors also assigns the Corporate Secretary to send out notice of the meeting together with documents relating to the meeting agenda, stating clearly which matters are to be acknowledged, approved, or considered, to every director at least 7 days prior to the date set for the meeting.

The Board of Directors' Meeting No. 5/2015 on October 20, 2015 approved the preliminary schedule of the Board of Directors' Meetings for the year 2016 as follow:

Meeting	Date
1/2016	Friday February 19, 2016
2/2016	Friday April 22, 2016
3/2016	Friday June 24, 2016
4/2016	Friday August 19, 2016
5/2016	Friday October 21, 2016
6/2016	Friday December 16, 2016

During meetings, the Chairman of the Board promotes transparent consideration of each issue and allocates adequate time for the management to present issues, with adequate time set aside for directors to thoroughly discuss important matters. The Board encourages the management to attend the Board of Directors' Meeting to present additional information relevant to their responsibilities. The Company also encourages non-executive directors to hold meetings as necessary to discuss issues without executive attendance. In 2015, there was one meeting among non-management directors in Agenda 8 of the Board of Directors' Meeting No. 3/2015 on June 19, 2015 which management directors as well as other management and staff voluntarily left the meeting, with formal minutes taking. After the meeting, the Corporate Secretary is responsible for preparing minutes of the meeting in which all issues, contents, and opinions are properly recorded and kept for inspection.

Details of meeting attendance of TISCO Financial Group Public Company Limited's directors in 2015 are as follows:

Name-Surname	Time of Attendance				
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee
<i>No. of total meetings (times)</i>	6	12	12	7	2
1. Mr. Pliu Mangkornkanok	6	-	-	-	-
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	2 ^{1/1}	-	-	3 ^{2/2}	-
3. Ms. Oranuch Apisaksirikul	6	12	-	-	-
4. Assoc. Prof. Dr. Angkarat Priebjriwat	6	-	12	-	-
5. Prof. Dr. Pranee Tinakorn	6	-	-	7	-
6. Ms. Patareeya Benjapolchai	6	-	12	-	2
7. Ms. Panada Kanokwat	5	-	-	-	2
8. Prof. Dr. Teerana Bhongmakapat	6	-	12	-	-
9. Mr. Sathit Aungmanee	6	-	-	4 ^{3/3} (out of 4 times)	2
10. Mr. Yasuro Yoshikoshi	6	12	-	7	-
10. Mr. Chi-Hao Sun (Mr. Howard Sun)	6	12	-	-	-
12. Mr. Suthas Ruangmanamongkol	6	12	-	-	-

^{1/1} Mr. Hon Kit Shing (Mr. Alexander H. Shing) did not attend four Board of Directors' Meeting in person, but participated via teleconference two times.

^{2/2} Mr. Hon Kit Shing (Mr. Alexander H. Shing) did not attend four Nomination and Compensation Committee in person, but participated via teleconference two times.

^{3/3} Mr. Sathit Aungmanee has been appointed to be the additional Member of the Nomination and Compensation, effective from June 19, 2015.

8.1.6 Details of Board/Committees of TISCO Bank Public Company Limited, the core company of TISCO Group

8.1.6.1 TISCO Bank's Board of Directors

As of December 31, 2015, TISCO Bank's Board of Directors consisted of 9 directors as follows;

Name	Position
1. Mr. Pliu Mangkornkanok	Chairman and Independent Director
2. Ms. Oranuch Apisaksirikul	Director and Chairperson of the Executive Board
3. Assoc. Prof. Dr. Angkarat Priebjrivat	Independent Director and Chairperson of the Audit Committee
4. Ms. Patareeya Benjapolchai	Independent Director and Member of the Audit Committee
5. Prof. Dr. Teerana Bhongmakapat	Independent Director and Member of the Audit Committee
6. Mr. Sathit Aungmanee	Director
7. Mr. Chi-Hao Sun	Director and Member of the Executive Board
8. Mr. Yasuro Yoshikoshi	Director and Member of the Executive Board
9. Mr. Suthas Ruangmanamongkol	Director and Member of the Executive Board

Authorized Signatory

Number and names of directors who can sign on behalf of the Company are Ms. Oranuch Apisaksirikul, Chairperson of the Executive Board, singly sign with the seal of the company affixed or any two of the following directors sign jointly with the seal of the company affixed namely Mr. Chi-Hao Sun Mr. Yasuro Yoshikoshi or Mr. Suthas Ruangmanamongkol.

Chairman of the Board and Other Committees

1. Provide leadership to the board and be responsible for the board's effectiveness of overall functioning, including maintaining a relationship of trust with board members. The Chairman will ensure that the Board and its committees work in conformity to the highest standards of corporate governance.
2. With supporting from Group CEO and Company Secretary, set agenda which are primarily focused on strategy, performance, value creation and accountability, and ensure that issues relevant to those areas are considered by the Board. The Chairman is accountable to the Board that directors will perform their duty with accountability and due care, and in compliance with the related laws and regulations, and in the best interest of TISCO.
3. Communicate relevant Board decisions within TISCO where deems appropriate. The Chairman shall also ensure effective communication with shareholders, government agencies and other relevant stakeholders and that the views of these groups are understood by the Board.
4. Ensure that the Board members receive adequate, accurate, timely and relevant information, particularly about TISCO's performance; the Board's decisions are made on a sound and well-informed basis; and the expression and discussion of dissenting views are encouraged within the decision-making process.
5. Ensure good working relationship between the executive and non-executive directors and ensure adequate time for discussion of all agenda, particularly strategic issues.
6. Ensure that the Board understands the nature and extent of the significant risks TISCO is willing to take in the implementation of its strategy, and review on an ongoing basis the effectiveness of risk management and internal control systems.
7. Provide access, advice and support to the Group CEO in the development of strategy. The Chairman also maintains access to senior management for vital information related to TISCO business as is necessary and useful.
8. Promote effective relationships and communications between non-executive directors and senior management.
9. Ensure that the performance and effectiveness of the Board and Board Committees are formally evaluated on an annual basis.
10. Monitor and ensure that management has taken appropriate action and/or is properly following up on the recommendations and resolutions made by the Board and Board Committees.

Authority and Responsibilities of TISCO Bank's Board of Directors:

Under consolidated supervision framework, the Board shall ensure that the Bank adopt and adhere to TISCO Corporate Governance Policy approved by the Board of Directors of the parent company. TISCO Corporate Governance Policy constitutes all key policies and guidelines concerning the governance and operating structure of TISCO group, business strategy, management and operations, risk and controls, human resources, finance and accounting, corporate affairs, and public and client communications. The Board shall carry out the following responsibilities within the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders.

1. Approve business & operating plan of the Bank, as directed by TISCO group's corporate strategies and business plan.
2. Ensure the institution of internal business codes and ethics, codes of conduct for directors, management and employees.
3. Continuously review the Bank's operations to ensure that its directors, management, and employees conduct the Bank's businesses in compliance with TISCO Corporate Governance Policy as well as related laws and regulations.
4. Ensure competent management of the Bank including appointing senior management.
5. Ensure the institution of effective systems for internal control and audit.
6. Ensure that the Bank's management refers significant issues to the Board.
7. Ensure that the Bank's management has in place risk management policies, processes and controls of all risk types. The Board shall be responsible for approval of adoption and ongoing implementation of such risk management policies and guidelines.
8. Appoint other committees according to the needs and suitability to carry out specific tasks to ensure that the operations are in compliance with established Corporate Governance Policy.
9. Ensure that the Bank has policies, guidelines and controls procedures for granting credit and investment transactions with related parties.
10. Ensure that there is a process for prompt submission of management letters from the external auditor and management to the Board.
11. Ensure that there exists appropriate check and balance in the management and/or major shareholders of the Bank, in particular, the proportion or the number of independent directors on the Board.
12. Ensure that the Board and the parent company receive sufficient information to effectively discharge its authorities, duties, and responsibilities.
13. Report business activities and financial performance to the shareholders.
14. Report business activities and financial performance to the parent company's Executive Board on a regular basis, in compliance with the Consolidated Supervision Principle of the Bank of Thailand.

The following responsibilities of the Board of Directors require approval from shareholders meeting: requirement by laws such as increase or decrease the Bank's capital, issuance of debentures, sales or transfers of whole or important parts of the Bank business to other persons, purchase or acceptance or transfer of business belonging to other companies, amendments to Bank's Memorandum and Articles of Association, related parties transaction, as well as sale and purchase of relevant assets according to regulations stipulated by the Bank's regulators.

The Board of Directors may assign any other committees or an attorney to conduct the businesses on behalf of the Board of Directors. Such assignment of power shall not allow the committee member or the attorney to have authority to approve transactions that they or persons who may have a conflict of interest - as defined by the Securities and Exchange Commission - with stakeholders or may have any other conflict of interest with the Bank or subsidiary company.

8.1.6.2 TISCO Bank's Executive Board

The Bank's Executive Board members were appointed by the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. As of December 31, 2015, the Executive Board comprised the following directors:

Name	Position
1. Ms. Oranuch Apisaksirikul	Chairperson of the Executive Board
2. Mr. Chi-Hao Sun (Mr. Howard Sun)	Member of the Executive Board
3. Mr. Yasuro Yoshikoshi	Member of the Executive Board
4. Mr. Suthas Ruangmanamongkol	Member of the Executive Board

Authority and Responsibilities of TISCO Bank's Executive Board:

Under consolidated supervision framework, the Executive Board shall ensure that the Bank adopt and adhere to TISCO Corporate Governance Policy approved by the Board of Directors of the parent company. TISCO Corporate Governance Policy constitutes all key policies and guidelines concerning the governance and operating structure of TISCO group, business strategy, management and operations, risk and controls, human resources, finance and accounting, corporate affairs, and public and client communications. The Board shall carry out the following responsibilities within the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders.

1. Determine and propose business strategy, merger & acquisition transactions, new business ventures, and new products involving high risk to Board for approval.
2. Review and oversee the business plan and budget and monitors performance.
3. Approve credit with substantial amounts and/or transactions that involve high risks under TISCO Group's business framework.
4. Approve transactions involving high risk.
5. Appoint TISCO Risk Management Committee, as required by the Bank of Thailand, to determine overall risk management policies and strategies, and also identify, evaluate and manage the risks inherent in TISCO's strategies.

8.1.6.3 Audit Committee

The Bank's Audit Committee members were appointed the Bank's Board of Directors with the approval from the parent company, TISCO Financial Group Public Company Limited. As of December 31, 2015, the Audit Committee comprised the following independent directors:

Name	Position
1. Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson of the Audit Committee
2. Ms. Patareeya Benjapolchai	Member of the Audit Committee
3. Prof. Dr. Teerana Bhongmakapat	Member of the Audit Committee

Note: All members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements.

Authority and responsibilities of Audit Committee:

Under consolidated supervision framework, TISCO Corporate Governance Policy constitutes all key policies and guidelines concerning the governance and operating structure of TISCO group, business strategy, management and operations, risk and controls, human resources, finance and accounting, and corporate affairs, and public and customer communications. The Audit Committee shall carry out the following responsibilities within the policies and directions set forth in TISCO

Corporate Governance Policy efficiently and effectively in the best interests of the shareholders. The Audit Committee has authority and responsibilities as detailed below;

1. Review the Bank's financial report to ensure accuracy and adequacy.
2. Review and evaluate that the Bank has suitable and efficient internal control system and internal audit.
3. Nominate and/or remove the independent person to be the external auditor of the Bank and recommend remuneration of such auditor as determined by the Audit Committee of the parent company as well as meet with the external auditor at least once a year without participation of management.
4. Ensure the accuracy and completeness of the disclosure of the Bank, especially the connected transaction or the transaction that may cause conflict of interest.
5. Prepare and disclose the Audit Committee report signed by the Chairperson of the Audit Committee in an annual report.
6. Report to the Board of Directors of the Bank and Audit Committee of the parent company in order that remedial action is taken within the time that the Audit Committee deems appropriate in case the Audit Committee finds or suspects any misconduct which may affect the Bank's financial position and performance significantly as follows;
 - Transaction which causes conflict of interest;
 - Fraud or irregularity or material defect in the internal control system;
 - Infringement of applicable laws and regulations of related regulatory agencies. If the Board of Directors or the management do not take remedial action within the time that the Audit Committee proposed, the Audit Committee shall disclose such infringement in annual report and report to the Bank of Thailand
7. Conduct the businesses as assigned by the Board in agreement of the Audit Committee.
8. Report audit activities to the Board of Directors on a regular basis.
9. Report audit activities to the Audit Committee of the Parent Company on a regular basis in compliance with Consolidated Supervision Principle of the Bank of Thailand.

Details of meeting attendance of TISCO Bank Public Company Limited's directors in 2015 are as follows:

Name-Surname	Time of Attendance		
	Board of Directors	Executive Board	Audit Committee
<i>No. of total meetings (times)</i>	6	12	12
1. Mr. Pliu Mangkornkanok	6	-	-
2. Ms. Oranuch Apisaksirikul	6	12	-
3. Assoc. Prof. Dr. Angkarat Priebjrivat	6	-	12
4. Ms. Patareeya Benjapolchai	6	-	12
5. Prof. Dr. Teerana Bhongmakapat	6	-	12
6. Mr. Sathit Aungmanee	6	-	-
7. Mr. Chi-Hao Sun (Mr. Howard Sun)	6	12	-
8. Mr. Yasuro Yoshikoshi	6	12	-
9. Mr. Suthas Ruangmanamongkol	6	12	-

8.2 Management

The Company transferred certain senior management and management supervising major functions from subsidiary companies to be employed under the Company in 2010. Simultaneously, the Company seconded those management to the same subsidiary companies for the same responsibilities on full time basis. This is to ensure that they shall devote their time to effectively manage subsidiary companies under TISCO Group strategy and plan approved by the Board of Directors.

Management Committee of the TISCO Group as of December 31, 2015 comprise of the following members:

Name	Position in the Company	Position assigned in subsidiary company
1. Ms. Oranuch Apisaksirikul ^{/1}	Group Chief Executive, TISCO Group	-
2. Mr. Suthas Ruangmanamongkol ^{/1}	Chief Operating Officer	President, TISCO Bank Public Company Limited
3. Mr. Sakchai Peechapat ^{/1}	Senior Executive Vice President	Senior Executive Vice President - Retail Banking, TISCO Bank Public Company Limited
4. Mr. Pitada Vatcharasiritham ^{/1}	Senior Executive Vice President	Senior Executive Vice President - Chief Corporate Banking Business, TISCO Bank Public Company Limited
5. Mr. Metha Pingsuthiwong ^{/1}	First Executive Vice President	First Executive Vice President - Co-Chief Retail Banking Business, TISCO Bank Public Company Limited
6. Ms. Araya Thirakomen ^{/1}	First Executive Vice President	President - Chief Asset Management Business, TISCO Asset Management Company Limited
7. Mr. Paiboon Nalinhrangkurn ^{/1}	First Executive Vice President	Chief Executive Officer, TISCO Securities Company Limited Chief Executive Officer, Deutsche TISCO Investment Advisory Company Limited
8. Mr. Chalit Silpsrikul ^{/1}	First Executive Vice President	First Executive Vice President - Chief Wealth Management Business, TISCO Bank Public Company Limited
9. Ms. Yutiga Sonthayanavin	Executive Vice President	Executive Vice President - Chief Information Technology Officer, TISCO Information Technology Company Limited
10. Mr. Chatri Chandrangam ^{/1}	Executive Vice President - Risk & Financial Control	-

^{/1} Management as defined by the Securities and Exchange Commission

Authority and Responsibilities of Management Committee:

1. To consider and formulate TISCO Group business strategy, financial goals, business plan including annual budget. The strategy, goals and plan must be balanced among short, medium and long term to maximize long term shareholders' value.
2. To review and ensure that TISCO Group's operations are in accordance with its strategies and business plan, the overall business and financial performance meet TISCO's corporate KPI and all are in compliance with Corporate Governance Policy and related regulations.
3. To discuss and make decisions on Group's business direction and policy, diversification of business platforms, synergy of cross-over businesses functions, efficiency and control issues among high-impact business and operations areas, group human resource management policies and capital expenditure policies.
4. To serve as a forum for heads of business and control functions to lodge and discuss on certain conflict and disagreement arising from operations and/or management issues, which cannot be resolved within the organization's normal chain of command.

Authority and Responsibilities of the Group Chief Executive:

1. Focus on strategy formulation, which is guided by the statement of vision and mission approved by the Board of Directors, by working in partnership with the Board of Directors in formulating such strategies and business plan including the level of risk appetite of TISCO Group.
2. Monitor the Company's overall performance with emphasis in long term value creation of the Company.
3. Be responsible to the Board for the business performance and its consistency with agreed business plans, corporate strategies and policies, and keep the Board updated on progress.

4. Lead, direct, and guide other Senior Management.
5. Oversee strategic alignment, governance and management structure, operations, risk management and control systems, and ensure effective implementation of strategies and the business plans across TISCO Group.
6. Facilitate the operating business units of TISCO in developing their own strategic plans for the future, and ensure that they are properly evaluated and that they are built into the overall corporate strategy.
7. Ensure that TISCO has the human capabilities and other resources required to achieve its plans, and that the management succession and management development plans are in place and presented to the Board on a pre-scheduled basis.
8. Ensure that business is conducted in accordance with TISCO Corporate Governance Policy and in compliance with related laws and regulations.
9. Develop and maintain an effective framework of internal controls and risk management in relation to all business activities.
10. Ensure the preparation of, under the oversight of the Audit Committee, financial statements that fairly present the financial condition and result of operations of TISCO; and make the timely disclosures that investors need to assess the financial and business soundness and risks of TISCO.
11. Ensure that TISCO has a suitable system and policy for the timely and accurate disclosure of information in accordance with regulatory requirements and TISCO Corporate Governance Policy.
12. Ensure that the flow of relevant information to the Board is adequate, accurate, timely, and keep the Chairman promptly informed of all matters which are deemed important to the Board or of which the Board should be aware.
13. Establish TISCO Compliance & Operation Control Committee, TISCO Human Resource Committee, TISCO Management Committee, TISCO Technology and Infrastructure Committee and other committees, to carry out specific tasks.
14. Nominate members of TISCO Management Committee and management of one further level down for NCC approval.
15. Ensure that all committees appointed by the Executive Board and Group CEO are established, composed and operated; that the committees' decisions are made on a sound and well-informed basis; and that dissenting views can be expressed, discussed and recorded within the decision-making process.
16. Interface with the Board, employees, stakeholders, and communicate with public community.

Authority and Responsibilities of Chief Operating Officer:

1. Provide overall management for day-to-day operations in TISCO utilizing limited resources to the most productive uses.
2. Assist the Group CEO in developing and cascading organization's strategy/ mission to the lower ranking staff.
3. Make plan by prioritizing customer, employee and company's requirement.
4. Work in partnership with the Group CEO and the management in attaining the highest standard of employee's quality and compliance to TISCO's Corporate Governance Policy and Code of Conduct.

In addition to the Management Committee of TISCO Group as of December 31, 2015, the Company's management comprised the following 33 persons;¹

Name-Surname	Position
1. Ms. Oranuch Apisaksirikul ^{1/2}	Group Chief Executive, TISCO Group
2. Mr. Chatri Chandrangam ^{1/2}	Executive Vice President – Risk and Financial Control Acting Head of Investment
3. Mr. Pairat Srivilairit	Head of Governance Office
4. Mr. Watsakorn Thepthim	Head of Human Resources
5. Ms. Dulyarat Taveebhol	Head of Corporate Compliance
6. Mr. Sathian Leowarin	Head of Business Strategy & Development Acting Head of Product Development & Marketing

Name-Surname	Position
7. Mr. Somthai Wattanapronphrom	Head of Transformation Acting Head of Enterprise Architecture
8. Ms. Suthinee Muangman	Advisor
9. Mr. Kontee Sunthornpradit	Head of Planning & Budgeting
10. Dr. Kampon Adireksombat	Head of Economic Strategy Unit
11. Mr. Kittipong Tiyaboonchai	Head of Human Resources Management
12. Mrs. Kusumar Prathomsrimek	Head of Bancassurance
13. Mrs. Chintana Voramongkol	Head of Project Management Office
14. Ms. Jiraporn Sawsukpaiboon	Head of Internal Audit
15. Ms. Chutintorn Vigasi ^{/2}	Head of Corporate Accounting
16. Ms. Chuenchit Trakarnratti	Head of Operational Risk Management
17. Ms. Nudtinee Suwanpanitch	Head of Legal Office
18. Mr. Noppawat Tangburanakij	Head of Digital Channel
19. Ms. Nartrudee Siwabut	Head of Corporate Communication
20. Mr. Nipon Wongchotiwat	Head of Enterprise Risk Management
21. Mr. Prayuk Charoencharaskul	Head of Productivity
22. Mr. Pichit Treethephasumphan	Head of Appraisal & Valuation
23. Mr. Pisit Piyapasuntra	Acting Head of Data Management
24. Mr. Puvarin Kullaphatkanon	Head of Risk & Business Analytics
25. Mr. Montri Siripanasan	Head of Solution Development
26. Ms. Maneerat Wattanajak	Head of Compliance – Asset Management Business
27. Ms. Voranuch Supaibulpipat	Head of Credit Control
28. Ms. Sakornrat Manuwong	Head of Compliance – Banking Business
29. Mr. Somchat Lapapong	Head of Corporate Services
30. Ms. Suthipirom Areesakulsuk	Head of Human Resources Services
31. Ms. Supaporn Aramtiantamrong	Head of Compliance – Securities Business
32. Ms. Surang Techarungnirun	Head of Office of the Credit Committee
33. Mrs. Arayapha Panichprecha	Head of Information Security Management

^{/1} Ms. Oranuch Apisaksirikul and Mr. Chatri Chadrangam is the member of the Management Committee of TISCO Group

^{/2} Management as defined by the Securities and Exchange Commission

8.2.1 Management of TISCO Bank

As of December 31, 2015, the Management of TISCO Bank comprised of the following members:

Name-Surname	Position
Mr. Suthas Ruangmanamongkol ^{1/2}	President
Mr. Sakchai Peechapat ^{1/2}	Senior Executive Vice President - Retail Banking Business
Mr. Pitada Vatcharasiritham ^{1/2}	Senior Executive Vice President - Corporate Banking Business
Mr. Metha Pingsuthiwong ^{1/2}	First Executive Vice President - Retail Banking Business
Mr. Chalit Silpsrikul ^{1/2}	First Executive Vice President - Wealth Management Business
Mr. Dejphinin Suthadsanasoung	Assistant Executive Vice President – Head of Retail Banking - Operations Acting Head of Retail Collection
Ms. Nipa Mekara	Assistant Executive Vice President - Head of Corporate Banking
Mr. Picha Ratanatam	Assistant Executive Vice President - Head of Wealth Management
Mr. Yuttpong Sriwongjanya	Assistant Executive Vice President - Head of Retail Banking - Branch Channel
Mr. Rungroj Jarasvijitkul	Assistant Executive Vice President - Head of Retail Banking - Product & Marketing
Ms. Karantar Vongsa	Head of Treasury
Mr. Kittichai Tonnajarn	Head of Counter Services
Mr. Nattanan Ananpreeyavit	Head of Contact Center
Mr. Thanom Chairoondeekul	Deputy Head of Wealth Management
Mr. Teerayuth Praserttrattanadacho	Head of Retail Business Development
Ms. Prapatsorn Arthachinta	Head of Corporate Credit Structuring
Mr. Prakrit Shoonhasriwong	Head of Mortgage Loan
Ms. Preeyarat Poomdontri	Head of Processing & Settlement
Mrs. Parichat Suthatsanasuang	Head of Hire Purchase Captive
Ms. Penthip Laobooncharoen	Head of Retail Loan Processing
Mrs. Kannika Paophongngam	Head of Private Banking
Mr. Manop Petdamrongsakul	Head of Corporate Finance 1
Mrs. Malatip Swintara	Co-Head of Business & Risk Assessment
Ms. Rapeeporn Ounchalanon	Head of Loan Administration
Ms. Ladda Kulchatchai	Head of Custodian Service
Mr. Worapoth Tirakaron	Head of Retail Service & Support
ML. Waraporn Worawarn	Head of Wealth Product
Ms. Wantana Kitchpanich	Head of Branch Operations Support
Mr. Wittaya Mettaviharee	Assistant Head of Retail Banking - Branch Channel Acting Head of Branch Business Development
Ms. Wipa Mettaviharee	Head of All Finance & Direct Sales
Ms. Saranya Weeramahawong	Head of Personal Banking
Mr. Somsak Wongwachirawanich	Assistant Head of Retail Banking – Branch Channel Acting Head of Branch Channel Sales 1
Mr. Somboon Siriruck	Head of Branch Channel Sales 2
Mr. Sommai Ung	Head of Corporate Finance 2
Ms. Saranya Ket-Udom	Head of Logistic & Control
Mr. Sukit Sakulwongyai	Head of Retail Follow-up & Legal
Mr. Suthep Trivannakij	Head of Hire Purchase
Ms. Sunee Tongsombutpanich	Head of Business & Risk Assessment
Ms. Suwadee Khaolaorr	Head of Cash Management
Mrs. Savika Jongpakpaisal	Head of Loan Documentation

Name-Surname	Position
Mr. Takeshi Noda	Head of Japanese Relationship

^{/1} Management as defined by the Securities and Exchange Commission

^{/2} Management of TISCO Financial Group Public Company Limited, the Parent Company of TISCO Group, seconded to manage the Bank

Remark: Both Executive Vice President of Risk & Financial Control, Mr. Chatri Chandrangam, and Head of Corporate Accounting, Ms. Chutintorn Vigasi, are employed under TISCO Financial Group Public Company Limited.

Authority and Responsibilities of President:

Under consolidated supervision framework, the President shall ensure adoption and implementation of TISCO Corporate Governance Policy approved by the Board of Directors of the Parent company in the day-to-day management and decision making of the Bank. The President shall carry out the following responsibilities within the policies and directions set forth in TISCO Corporate Governance Policy efficiently and effectively in the best interests of the shareholders. The President has authority and responsibilities as detailed below;

1. Develop business & operation plan for the Company as directed by TISCO group's corporate strategies and business plan.
2. Ensure strategic alignment of the Bank to TISCO group's direction and ensure effective implementations of the Bank's business plan.
3. Direct, control, and monitor day-to-day operations of the Bank according to TISCO group's policies and guidelines.
4. Oversee the Bank's services, operations, risk management & control systems.
5. Monitor the Bank business activities and operating performance.
6. Control the Bank's financial budgets and manage the Bank's allocated resources.
7. Ensure that the Bank business conducts are in accordance with related laws and regulations.

8.3 Corporate Secretary

The Board of Directors have appointed Mr. Pairat Srivilairit as the Corporate Secretary to be responsible for preparing and maintaining director profile, notice and minutes of the board meeting, annual report, notice and minutes of shareholders meeting, maintaining directors and management's report on conflict of interest, and performing other duties as required by the Capital Market Supervisory Board. (Profiles and qualification of Corporate Secretary as shown in Attachment 4)

8.4 Director and Management Remuneration

8.4.1 Director and Management Remuneration Policy

The remuneration of directors, proposed by the Nomination and Compensation Committee, shall be approved by shareholders. The scale and components of remuneration for directors and management has been set subject to the principle that such remuneration should be appealing enough to attract and retain quality directors, but avoid excessive pays. Remuneration for directors should be comparable to the general practice in the industry with regard to work experience and commitment, as well as the benefits each director brings. In addition, the remuneration shall be reviewed in comparison to comparable listed companies with similar size of business and the listed company average as disclosed in the Thai Institute of Directors Association (IOD)'s Thai Directors Compensation Survey.

Directors who are assigned with extra work (being members of other committee, for example) should be paid appropriately. The remuneration to be paid to such director or directors will be approved by the board. Remuneration for management shall be linked to the performance of TISCO Group, and that of each management member. The remuneration should be determined in accordance with the principles and policies approved by the Nomination and Compensation Committee with an endorsement from the Board of Directors.

To avoid conflict of interest and enhance transparency, remuneration shall always be approved from the higher level of command. Namely, shareholders approve the remuneration of the board of directors, the board of directors approves remuneration of the Executive Board, and the Executive Board approves remuneration of management upon the consideration of the Nomination and Compensation Committee.

Apart from the remuneration payable to directors of TISCO Financial Group Public Company Limited, TISCO Group only pays remuneration to subsidiary companies' directors who are non-executive director(s), that do not hold any directorship

in TISCO Financial Group Public Company Limited and/or management position in TISCO Group of companies, in the same form and amount of TISCO Financial Group Public Company Limited's director.

8.4.2 Financial Remuneration

The Company's shareholders approved at the Shareholders Ordinary General Meeting for the year 2015, the annual directors' remuneration in the form of reward, monthly fee, meeting fee and bonus at the amount of not greater than 2,400,000 baht for the Chairman of the Board, and not greater than 500,000 baht for each Board member, to be valid until amended. The Board of Directors, under the authority delegated by the shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors. Following the Board of Directors' Meeting No. 2/2015 on April 24, 2015 approved new directors' remuneration to be allocated as follows:

	<i>Monthly Fee (Baht / Month)</i>	<i>Meeting Fee (Baht / meeting)</i>
<u>Board of Directors</u>		
Chairman	200,000	-
Member	40,000	-
Advisor	40,000	-
<u>Executive Board</u>		
Chairperson	-	40,000
Member	-	35,000
<u>Audit Committee</u>		
Chairperson	-	55,000
Member	-	40,000
<u>Nomination and Compensation Committee</u>		
Chairperson	-	50,000
Member	-	40,000
<u>Corporate Governance Committee</u>		
Chairperson	-	50,000
Member	-	40,000

The details of Board of Directors' remuneration for the year 2015 are as follows;

Name of the Directors	Remuneration (Baht)					Total
	Board of Directors	Executive Board	Audit Committee	Nomination and Compensation Committee	Corporate Governance Committee	
	Monthly Fee	Meeting Fee	Meeting Fee	Meeting Fee	Meeting Fee	
1. Mr. Pliu Mangkornkanok	2,400,000	-	-	-	-	2,400,000
2. Mr. Hon Kit Shing (Mr. Alexander H. Shing)	480,000	-	-	120,000	-	600,000
3. Ms. Oranuch Apisaksirikul	480,000	480,000	-	-	-	960,000
4. Assoc. Prof. Dr. Angkarat Priebjriwat	480,000	-	650,000	-	-	1,130,000
5. Prof. Dr. Pranee Tinakorn	480,000	-	-	350,000	-	830,000
6. Ms. Patareeya Benjapolchai	480,000	-	480,000	-	100,000	1,060,000
7. Ms. Panada Kanokwat	480,000	-	-	-	80,000	560,000
8. Prof. Dr. Teerana Bhongmakapat	480,000	-	480,000	-	-	960,000
9. Mr. Sathit Aungmanee ^{1/1}	480,000	-	-	160,000	80,000	720,000
10. Mr. Yasuro Yoshikoshi	480,000	420,000	-	280,000	-	1,180,000
11. Mr. Chi-Hao Sun (Mr. Howard Sun)	480,000	420,000	-	-	-	900,000
12. Mr. Suthas Ruangmanamongkol	480,000	420,000	-	-	-	900,000
13. Ms. Krisna Theravuth ²	480,000	-	-	-	-	480,000
Total	8,160,000	1,740,000	1,610,000	910,000	260,000	12,680,000

^{1/1} Mr. Sathit Aungmanee has been appointed to be the additional Member of the Nomination and Compensation Committee effective June 19, 2015

² Ms. Krisna Theravuthi has been appointed to be Advisor to TISCO's Board of Directors, with monthly remuneration of Baht 40,000

Remark: There is no policy to contribute annual bonus to director

In 2015, total remuneration for the Board of Directors, the Executive Board, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee (12 members), Advisor to the Board of Directors (1 member) and the Management (41 persons^{1/1}) was 367,073,520.17 baht This was paid in the form of monthly compensation, meeting fees, provident fund, and bonuses, which varied according to TISCO Group's performance.

Remuneration for subsidiary companies' directors

Regarding directors' remuneration for companies in TISCO Group, in addition to directors' remunerations paid to directors of TISCO, the Parent Company, in 2015, there are also remuneration to be paid to directors who do not hold any directorship in TISCO and/or management position in other subsidiary companies in the same form and amount to TISCO Board member, to be valid until amended. The Board of Directors of each subsidiary company, under the authority delegated by its shareholders, will determine appropriate amount and the exact amount to be paid each time. Besides, the directors are entitled to receive other remuneration or benefits paid for other appointments or special assignments from the Board of Directors.

In 2015, TISCO Bank paid remuneration to management (38 persons^{2/2}, excluded 5 persons which are the Parent Company's management and seconded to manage TISCO Bank), was 161,771,362.84 baht. This was paid in form of monthly compensation, salaries, provident funds, and bonuses which varied according to TISCO Bank performance.

^{1/1} Comprising 10 members of Management Committee and 31 managements as of December 31, 2015.

^{2/2} TISCO Bank paid remuneration to 38 managements comprising 36 Managements of TISCO Bank (as of December 31, 2015), Mr. Songsak Niltiean (Advisor) and Mr. Pornpiboon Sukaviriya (Head of Hire Purchase Captive during January – June 2015).

8.4.3 Other Remuneration

The Company also provides other non-monetary benefits for directors as follow:

- i) Executive vehicle for the Chairman of the Board with full support of related expenses incurred including vehicle checkup, maintenance, annual registration, and auto insurance
- ii) Personal accident insurance with maximum summed insure of Baht 6,000,000
- iii) Directors & Officers Liability Insurance (D&O) with liability limit of no more than USD 6,000,000

8.5 Human Resources

As of December 31, 2015, the total number of employees at TISCO Group was 4,240 (excluding senior management) of which 3,986 were permanent employees and 254 contract staff.

Major Function	As of	
	December 31, 2014	December 31, 2015
1. Retail Banking	2,421	2,434
2. Corporate Banking	157	134
3. Wealth & Asset Management	981	991
4. Corporate Affairs & CSR	676	681
Total	4,235	4,240

At the end of 2015, the number of employees of TISCO Group was increased by 5 additional staffs (0.1% YoY). Meanwhile, TISCO Group's total employee remuneration in the form of salaries, bonuses, and provident fund contributions was 2,346,633,700.31 baht.

8.5.1 TISCO Group Registered Provident Fund

TISCO Group established a Provident Fund in accordance with Ministerial Regulation 162 (B.E. 2526). The fund, called the "TISCO Group Registered Provident Fund", as per Ministerial Regulation 162 (B.E. 2526), has been registered in compliance with the Provident Fund Act B.E. 2530 since June 21, 1990. Rules and regulations of the fund, including the rights of members for the entire duration of their membership to the fund, have been set up to comply with Provident Fund Act B.E. 2530. The purpose of the fund is to encourage long-term savings among employees for their retirement or in the event of their leaving TISCO Group.

Employee's Contribution: Members shall remit contributions to the fund by granting the Employer permission to make deductions from their monthly salary. Members have two alternatives; to remit contributions at 5% of monthly salary, or at the same rate as the employer's contribution, which can be changed once a year.

Employer's Contribution: Employer is obligated to contribute to the fund on the same day as the employee, and the percentage of the employer's contribution depends on the employee's years of service as follows:

Years of Service	Employer's Contribution (% of salary)		
	Normal Rate	Special Rate	Total Rate
1st year	5	-	5
2nd year	6	-	6
3rd year	7	-	7
4th year	8	-	8
5th year	9	-	9
6th year	10	-	10
7th year	10	1	11
8th year	10	2	12
9th year	10	3	13
10th year	10	4	14
11th year and above	10	5	15

The fund is supervised by the fund committee, which is comprised of the employee's elected representatives and the employer's appointed representatives. Terms for fund committee members are valid for two years, and any individual can be re-elected or re-appointed. The fund committee is responsible for the supervision of fund management and investment policy. To broaden choices of employees for more suit their risk appetite and needs, TISCO Group Provident Fund employs a master fund with 4 investment policies (sub funds) which are Fixed Income, Mixed, Equity and Foreign investments. There are 15 predefined investment allocation choices for members to choose from. Presently, the TISCO Group Master Fund Committee allows members to switch their investment policies twice a year, in April and October.

8.5.2 General Human Resources Policies

To strengthen the group's corporate identity and brand personality, TISCO Group had established one Human Resources Policy that applies to all TISCO entities. Human Resources system and tools are developed to ensure the most effective human resource management and development. Human Resources operations are centralized for work efficiency and consistency. Meanwhile, decentralized authority and empowerment is embedded to allow business lines to execute competitive HR practices for competitive advantage in their own business environment and industry. The policy is shown as follows:

1. Principles of Dealing with People at TISCO Group

Because professionalism and trust in financial services is crucial, TISCO Group has established a clear definition of its corporate values in order to foster their development in TISCO Officers. The key to accommodate the journey of the organization towards success is to foster our officers to be sensible and do like TISCO Officers who are smart, well-doing and happy according to TISCO Group's values as below:

- 1 Mastery
- 2 Creativity
- 3 Integrity
- 4 Reliability
- 5 Customer Priority
- 6 Guidance

2. Hiring

In order to serve various business aims while maintaining a uniform corporate culture across the group, the selection and hiring of TISCO Group employees is based on corporate values and the required competency, i.e. Organizational Core Competencies, Functional Competencies, and Leadership Competencies.

To ensure good corporate governance, close relatives and immediate family members of the Board of Directors, the Executive Board, and the Management Committee, will not be considered for any job vacancy in the TISCO Group. The same condition will apply to senior employees with managerial authority. Kin and immediate family members of other employees are to be considered on a case-by-case basis by senior management and the human resources function. Every candidate will be assessed to match their competency with the requirements of the position and potential for growth in the future.

TISCO Group has job promotion and job rotation policy in case of job vacancy in the TISCO Group. Even, the executive and human resource function also have duty to select the candidate from outside who have appropriate qualification in order to maintain the good quality of human resource. It is as important to hire the right person as it is to integrate newcomers into the organization so that their skills and behaviors can merge smoothly with TISCO Group culture.

3. Employment at TISCO Group

To uphold the highest standards of Good Corporate Governance, TISCO Group has established a "**Business Code of Conduct**" that demonstrates its determination to be a good corporate citizen in society. These principles are to be respected everywhere and under all circumstances. The management will implement the necessary processes to ensure that these principles are enforced at all levels. Employees who fail to abide with the Business Code of Conduct cannot be maintained in employment and will be asked to leave the organization. Employees should also inform vendors, suppliers and the providers of outsourced services of our Business Code of Conduct in the issues related to them and they should comply.

TISCO Group favors a policy of long-term employment. Separations are only for cases violating the Bank's principles, business misconduct, retirement, leaving voluntarily, and falling into the separation criteria as stated in the rules and regulations that TISCO Group has registered with the Department of Labor. Whenever an operation or business cannot be maintained under the parent company's umbrella (TISCO Financial Group Public Company Limited), reasonable steps will be undertaken to avoid overall loss of employment and by fully respecting all related labor laws. Reasonable efforts will be undertaken to reduce, as much as possible, the suffering of our employees.

4. Assessment and Development

4.1 Assessment

Employees are assessed in all steps of employee movements from selection of new candidates to promotion, career development and succession planning. Assessments and evaluations are carried out in many aspects, including knowledge, skills, competencies, performance, and leadership, as well as alignment with corporate values. This ensures that quality of people be fit with TISCO Group's strategy, culture, technology and environment, which in turn ensure maximum human resources value. The Human Resources function will provide assessment tools at the corporate level, whereas business units will have the freedom to customize assessment tools under corporate HR consultation to suit each business environment while maintaining corporate standards of people quality.

4.2 Development

To sustain organizational growth, TISCO has prioritized human resources development as a primary policy. Learning culture is established by providing development solutions that satisfy both organizational requirements and individual development. A policy that encourages continuous self-improvement through learning leads to sustainable growth and, finally, a High Performance Organization.

Employee development plans are specific to each job positions in TISCO and covers 4 types of competencies, namely, organization core, business, technical, and leaderships.

The Human Resources function is responsible for providing knowledge and skills development at the corporate level for corporate competitive advantage. At the Business Unit level, the Human Resources function provides consultation and advice on development methodology and techniques to maximize learning and development of human capital to add value to the business. Human Resources is also responsible for the recording of organizational knowledge and the skills inventory of all business units in TISCO Group. The Human Resources Development activities in TISCO are handled by a dedicated team – "TISCO Learning Center".

5. Career Management

To motivate employees and build up the organization's strength, every employee has opportunities for career progression, both vertically and horizontally. TISCO Group emphasizes "*promotion from within*" for available job positions. Should there be no best fit within the organization, hiring from outside then comes into consideration. Promotions in TISCO are in accordance with employee competencies level and degree of matched competencies.

Career development and progression are open for upwards, downwards and lateral movements both within business units and functions and cross-functions across TISCO Group. Open communication in career development and progression is mandatory between line managers and employees to ensure transparency and clear expectations.

6. Performance Management

The objective of Performance Management is to build a workforce committed to the delivery of quality service while building a trusting relationship between line managers and job performers. Performance Management will be a key responsibility of every employee who assumes a supervisory role. Regular counseling and guidance are the best tools for improving performance and helping people develop their skills. Efficient performance management emphasizing the achievement of agreed objectives is a prime responsibility for each manager. Candidates for managerial positions should clearly have demonstrated a willingness and ability to apply the performance management system and process. The components of the performance management system and process are outlined in the guidelines and manuals that support Human Resource policy and will be developed, updated and maintained by the Human Resources function.

7. Employee Compensation and Benefits

TISCO Group recognizes that its employees are its most important resource and thus places great emphasis on their health, safety and well being TISCO Group arranges for all employees to have annual physical checkups, and has set up programs to promote continuous exercise for employees to promote good health and immunity to illness. The nursing facilities are also available at main sites to provide first aid and healthcare and provide advice on health and well beings to the employees.

TISCO Group favors competitive, stimulating and fair remuneration structures offering an overall competitive and attractive compensation package. Various forms of compensation are designed in combination to best match the nature of various jobs, as well as supply and demand. Remuneration includes salary, fixed and variable incentives/bonuses, social welfare, provident fund, health care and other benefits.

TISCO Group has adopted market benchmarking compensation system, incorporated with the job levels and job family, so that it is flexible and able to adapt to the evolution of market conditions. Its structure allows sufficient flexibility to effectively reward high professional insight and performance as well as individual potential in both generalist and specialist employees.

TISCO Group will establish a compensation practice based on relevant external compensation levels as well as the requirement of internal fairness. It is the responsibility of each manager to propose, within the framework of TISCO Group policy, the remuneration of his/her employees, taking into account the local market, competency in financial industry, individual performance, skills and potential for development.

It is also the responsibility of each manager, if needed, with the support of the Human Resources function, to communicate properly, clearly and with sufficient transparency, the individual remuneration of each staff member regarding his/her specific responsibilities. The quality of communication in these matters is an essential part of the dialogue that each manager will have with his/her employees. It should be realized that, however important remuneration is for each employee, it is not remuneration alone that will stimulate the motivation of staff.

TISCO Group rewards employees in the following aspects:

7.1 Pay for roles and responsibilities

All jobs in TISCO Group are clearly identified by key roles and responsibilities and slotted into the broad banding system. Certain pay levels are determined for each job by market surveys and benchmarking. The jobholders will be rewarded within the pay range of their particular job and band.

Individual remuneration is considered from skills, knowledge, behavior, attitude and potential to contribute to the business. Development of competency level will be valued and rewarded. Line managers have a direct responsibility to assess team members for a fair reward.

7.2 Pay for performance

Performance objectives and targets for each employee are preset and agreed at the beginning of the financial year. Employees who meet their target are entitled to earn rewards in the form of monetary bonuses or incentives of any form that TISCO Group will announce in the future.

Different types of businesses in TISCO Group can have different combinations and methods of pay, with senior management agreement and CEO and President approval, in order to drive business success.

8. Human Resources Administration

To be fully in compliance with labor laws and regulations, all HR practices related to labor laws are centralized at the Human Resources function so as to be handled properly. Any policies and/or HR practices that contradict national labor laws will be automatically superseded and the Bank's rules will be revised in accordance with new labor laws.

Employee data recording is centralized at the Human Resources function for overall and high-level workforce management. Transfers or changes in employee status at all business units across TISCO Group are to be reported and processed according to the corporate HR guidelines and procedures.

9. Succession Planning

To prepare the organization for the future, all key positions are required to develop successors and put development plans in place. Succession planning is overseen by the HR Committee and Nomination and Compensation Committee with support from the Human Resources function.

In addition, Nomination and Compensation Committee of the Company responsible to prepare the succession plan of the senior executives of all companies in TISCO Group for tranquil and continuous business operation. The succession plan will periodically review. The Nomination and Compensation Committee of the Company will select and nominate names of qualified candidates to the Board of Director for the position of senior executives in the Company and its subsidiaries which contribute more than 25% of total revenue of TISCO Group.

8.5.3 Organizational Development & the Learning process

As a part of an ongoing plan towards becoming a learning organization, TISCO Group has continue to invest substantially in a program to develop all levels of personnel so that they can fully contribute to the organization and it's stakeholders. The TISCO Learning Center has been formed as a new unit dedicating to deliver training programs and roadmaps to enhance the organization competencies, including performance and competency development, productivity improvement, leadership and developmental effectiveness. TISCO Group continued to implement various development programs as follows;

1. Development programs to support business & marketing plans

1.1 The Teller academy

Teller Academy Program has been designed and continuously updated to equip new TISCO Bank tellers with all the necessary bank teller skills plus the awareness of risk management as well as customer services. Regular refresh courses are also administrated for all existing tellers to ensure that desired level of expertise can be maintained.

1.2 Wealth Academy for Wealth Relationship Managers

Along with the improvement of tellers as customer service team, a dedicate and expertise team of wealth relationship managers has been developed for all segments of customers. The program aims to build financial and investment expertise and customer priority of the growing team of relationship managers .This is to ensure that the objective of increasing share of depositors can be achieved.

1.3 Hire Purchase Marketing Development Program

The hire purchase marketing team plays an important role in providing retail finance solutions to TISCO clients. This newly designed program aims at the roles and comprehensive knowledge on retail finance products as well as customer service skills. This is to secure positioning of the all-in-one solution provider for retail finance clients and ensure a continuous growth in retail finance business.

1.4 Hire Purchase Manager Program

HPM – Hire Purchase Manager plays an important role as a leader of a marking team and strengthens a good relationship with TISCO clients. Designed by TISCO Group, this program aims at the roles and comprehensive knowledge on TISCO products including loan products, banking products and investment. To secure positioning of the all-in-one solution provider for our clients and to meet clients `needs, this reflects our corporate's professionalization and is critical to our corporate's success.

1.5 Debt Collection Guidance Program

In 2015, the Fair Debt Collection Practices Act was amended. TISCO designed this program to educated law knowledge update as well as proper practice to related officers to ensure their understanding and proper compliance with this law.

2. TISCO Leadership Development Program

TISCO continuously develop its middle management team to support a rapid growth in business which leads to dynamic changes in organization size, corporate vision, missions, strategies, and branding. To cope with these changes effectively, Managers and Leaders play important roles in the organization. Being a role model and driving force, they have to understand and aware of rapid external changes as well as ability to motivate their teams and be adaptive to the changes around them. To lead into a single direction and synergies, TISCO Leadership program was launched for all managers and leaders. The program provides skills and knowledge on team management, leadership, and strategic management. This ensures effective and flexible management in TISCO as a modern organization.

3. Competencies Development Program

TISCO Group consistently values employee development and promotes training and development on specific job-related competencies, including organization core, business and technical competencies. The development programs are offered as per organizational learning roadmap and individual development plan and promotes employees to be developed continuously to ensure possession of necessary skills and knowledge, both from internal training and external training programs.

4. TISCO Culture and Value enhancement

TISCO Group emphasizes on organizational culture and corporate values, namely, Mastery, Integrity, Reliability, and Customer Priority, including the two behaviors, Creativity and Guidance so that TISCO employee could open up new opportunities for their clients and the society. The statement is further emphasized in 2013 as the group logo was changed to the "Ring of Opportunity". The campaign and communication was clearing designed and embedded with all other programs, from orientations, trainings, and other activities. A more specific campaign was administrated to promote and recognize adoption of corporate values

into daily lives, including the Financial Architect of the month, and CEO awards program as well as incorporation in CSR activities to share employee expertise in personal financial management to students in the learning camp. Dedicated employee relation team was set up to ensure promotion of corporate values, culture and workplace environment as well as maintain strong and healthy relationships among all parties in the organization.

5. Knowledge Management, Learning Management System and e-Learning

TISCO Group is aware that employees are entitle to competencies development and therefore can assess to the organization knowledge. The learning management system has been implemented to allow employee to self-study and track their own development progress. It also systematically accumulates organization knowledge which serves as pool resources that enable future human resources development in the future.

6. Knowledge Management

TISCO Group values expertise and successful factors which have been accumulated and inherited in our corporate traditionally. To gather and apply this knowledge efficiently, this KNOWLEDGE MANAGEMENT is established to completely collect corporate's knowledge. This process begins from gathering knowledge from expert and experienced personnel as well as retired employees and systematically categorized to publish to our employees to learn and as a resource in continuously developing personnel in the future.

9. Corporate Governance

9.1 Corporate Governance Policy

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, competitors, society and the environment, are fully protected.

TISCO Corporate Governance Policy, developed from the 2006 Good Corporate Governance Policy for listed companies in aligning with the guideline set by the Stock Exchange of Thailand, is established to define group governance structure, code of conduct, operating structure, charters of governance bodies, as well as centralized operating policies in various areas for coherent adoption across all subsidiary companies in TISCO Group. The parent and subsidiary companies of TISCO financial group are required to strictly comply with this Corporate Governance Policy.

However TISCO has reviewed and updated Corporate Governance Policy which was approved by Board of Directors on 30 October 2014, it is set up to provide guiding principles of good corporate governance to the directors, management, and employees of TISCO Group in order to ensure that the Group complies with all relevant laws and regulations and carries out duties with maximum accountability, transparency, and equitable treatment to all stakeholders so as to promote managerial integrity, effectiveness, and efficiency across the group. The Corporate Governance Principle covers 5 main areas, namely, the Rights and Equitable Treatment of Shareholders, Interest of Stakeholders, Disclosure and Transparency, Responsibilities of the Board, and Integrity and Ethics (details of Corporate Governance Policy are presented on www.tisco.co.th).

To ensure that all employees understand and effectively carry out their duties in compliance with the relevant regulations and business code of conduct, TISCO Group launched the compulsory Compliance and Human Resource Policy Test through the TISCO intranet system. The test results will be evaluated to determine the level of understanding so that appropriate communication methods will be carried out to enhance the staff's awareness of their roles and responsibilities in good corporate governance. Employees taking the test will be able to learn instantly from the provided answers to all questions. The Company has revised the test in compliance with changes in laws and regulations. Completion of the test is required by all employees as one of their Compulsory Key Performance Indicator. All new staff employed during the year is required to complete the test in addition to attending the orientation. The result of the test will be considered as part of their evaluation.

TISCO Group strictly and consistently applies good corporate governance at all levels within the organization. This commitment has yielded TISCO much recognition and honors from many institutes. With continuous determination in Corporate Governance, which suits the organization's environment, structure, and necessity, the company has received honorable mentions from many institutes such as "NACC Integrity Awards 2013", for the second time, from the National Anti-corruption Commission (NACC) which reflects TISCO as one of the top leading organization in term of transparency and good governance practices, Board of the Year for Distinctive Practices 2012-13, Board of the Year for Exemplary Practices 2014-2015, Audit Committee of the Year 2012-2013 and 2014-2015, and Board with Consistency Best Practices 2012-13 and 2014-15 with a corporation from seven institutes, namely Thai Institute of Directors (IOD), Stock Exchange of Thailand, The Thai Chamber of Commerce, The Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association and Federation of Thai Capital Market Association. This is a significant evidence of the Board of Directors' determination and dedication to run the business with transparency, at full capability, under business ethics, focusing on shareholders' best interests and giving importance to stakeholders who are shareholders, customers, partners and creditors, competitors, employees, including the society and the environment with continuity.

From the ASEAN CG Scorecard 2013-2014, provided by the Thai Institution of Directors and the Stock Exchange of Thailand, TISCO achieved score at 101.52 points of total score 142 points. In this regards, TISCO ranked as 1 of 17 publicly listed companies achieved score 90 points and above. The Stock Exchange of Thailand also provided the recommendation to improve Corporate Governance, all applicable recommendations were considered and incorporated into the Corporate Governance Policy.

In addition, TISCO's Shareholder Ordinary General Meeting for the year 2015 has achieved a full 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. In addition, TISCO has honored for the fourth time the SET Awards 2014 in Top Governance Report Awards Category. The award, organized by the Stock Exchange of Thailand in corporation with the Money and Banking magazine, is given to the listed company presented with distinctive governance report appraising from the information disclosed in Annual Registration Statement (Form 56-1), the Annual Report, the Company's website, and Notice and Minutes of Shareholder Ordinary General Meeting. Besides the above mentioned recognition given, for the year 2015, the Thai

Institute of Directors (IOD) also evaluated TISCO as the listed company with “Excellent” corporate governance recognition level considering from information disclosed through the Stock Exchange of Thailand’s information dissemination channel and other Company’s public documents. The Company will report the assessment result to the Corporate Governance Committee, which will further report to the Board of Directors to review IOD’s recommendations to continuously develop and improve corporate governance of TISCO Group.

TISCO Group emphasizes on information disclosure. Thus, regular meetings with investors both local and foreign were held to illustrate TISCO Group’s policies, exchange viewpoints, and respond to any queries on the basis of trustworthiness and professionalism concerning all stakeholders.

1. Rights and Equitable Treatment of Shareholders

TISCO recognizes the basic rights of its shareholders and commits to protect and facilitate the exercise of its shareholders’ rights. These rights include:

The right to buy, sell or transfer their shares; to receive their rightful portion of TISCO’s profits; to easily obtain the relevant and adequate information on TISCO on a timely and regular basis; to participate effectively and vote in general shareholders meetings, and to be informed of the rules that govern the general shareholders’ meeting; to elect and remove members of the Board of Directors; to participate in, and to be sufficiently informed on, decisions concerning fundamental company changes.

TISCO fairly and equally treats all shareholders, majority or minority, individual or institutional, foreign or Thai, either executive or non-executive. Among its policies are:

- a) Minority shareholders are protected from abusive actions by, or in the interest of, controlling shareholders acting either directly or indirectly.
- b) Insider trading and self-dealing abuses are strictly prohibited.
- c) Members of TISCO’s board and senior management are required to disclose to the Board whether they, directly, indirectly or on behalf of third parties, have a material interest in any transaction or matter directly affecting TISCO.

The Company delivers Notice of the shareholder meeting to summon shareholders to join the meetings, attached with Proxy Form A (a simple form for general shareholders), Form B (a specific detail form for general shareholders) and Form C (for foreign shareholders who appointed custodians within Thailand to be responsible for the shares), any shareholders who cannot attend the meeting can have their proxies taken part on their behalf. In addition, the Company has contacted institutional investors, who are funds or custodians, to send in representatives for the meeting and facilitating on advance meeting document checking and providing information or responding to any inquiries.

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

The Company also gives great emphasis to shareholders’ meetings as important occasions in which the shareholders have the right to participate in the decision-making process. TISCO strongly encourages shareholders to fully exercise their rights by facilitating in the following aspects:

- Invitation to shareholders to propose agenda items in the annual general meeting and nominate qualified candidates for director position

TISCO allocates sufficient time frame for the shareholder either one shareholder or combined shareholders, who is holding minimum shares of 100,000 shares or equivalent to less than one percent of total issued and paid-up capital of the Company, to propose agenda items that they deem worthy of being placed on the annual general meeting agenda, and to propose qualified director candidates. The shareholders can submit their proposals in advance of the meeting according to the criteria set by the Company. Regarding agenda items, the Board of Directors shall add items that are considered appropriate for the agenda and make sure that the items are included in the Notice of the annual general meeting. For nominations of qualified candidates for director positions, the Nomination and Compensation Committee shall review and propose candidates for the Board of

Directors' consideration for further recommendation to the shareholders at the annual general meeting. In cases wherein proposals are disapproved by the Board and/or the Nomination and Compensation Committee, the Company shall state the reason for refusal to the shareholders in the shareholders' meeting, on the Company's website or any other appropriate information dissemination channels.

For the 2015 Annual General Meeting, TISCO invited shareholders to propose agenda and qualified candidates for director positions in advance, from August 29, 2014 to December 31, 2014. Before mailing out the Notice, the Company posted on the Company's website to inform shareholders their rights to propose additional agenda in the annual general meeting together with related procedures, deadline for the proposal of agenda so that the Board of Directors shall consider include or not include the agenda in the Notice, and methods of proposing qualified candidates for director position to the Nomination and Compensation Committee for further recommend to the Board of Directors and propose to the shareholders at the annual general meeting. In this regard, upon the posting of information, the Company also disclosed through the Stock Exchange of Thailand's information dissemination channel.

- Notification of Meeting Details and Materials

The Company prepares Notice of the shareholder meeting in both Thai and English and notifies the meeting details to investors prior to the meeting date through the Stock Exchange of Thailand's information dissemination channel and its website to allow shareholders adequate time to study meeting materials. Such notice and materials shall be sent to the shareholders not less than 7 days before the date set for the meeting in accordance with the law. The information presented on the website shall be the same as that presented in the meeting materials sent to the shareholders; which include (1) Notice of the meeting (2) Procedure for meeting registration (3) Profile of the independent directors nominated to serve as proxies for shareholders (4) the Company's Articles of Association in the category of company's shareholder meetings, directors; with regard to the number of directors section, an election of directors, director's term of office and dividend (5) Agenda of the meeting (6) Annual Report (7) Proxy Forms (8) Registration and Voting Form (9) Meeting location map and (10) Return envelope. In addition, the Company shall publish Notice of the shareholder meeting in a Thai daily newspaper for 3 consecutive days and not less than 3 days before the date set for the meeting. All agenda items shall indicate clearly whether it is a matter being proposed for acknowledgement, for approval, or for consideration, as the case may be, and include the opinions of the Board of Directors in said matters.

For the 2015 Annual General Meeting, TISCO disclosed Agenda of the meeting via the Stock Exchange of Thailand information dissemination channel since February 16, 2015 and disclosed Notice of the shareholder meeting in both Thai and English languages through the Stock Exchange of Thailand's information dissemination channel and its website since April 3, 2015. The Company mailed notice and materials to shareholders since March 23, 2015.

- Meeting attendance

To protect shareholders' rights to attend the meeting and ensure equitable treatment for shareholders, TISCO assigned officers to check shareholders' or proxies' documents according to the requirements stated in the notice. Moreover, TISCO allowed enough time for any shareholder to register to attend the meeting in advance of the meeting time. TISCO utilized a computer and barcode system for registration and printing of voting forms for each agenda item to facilitate shareholder participation, and to ensure prompt and accurate registration, and for vote counting procedure. In addition, shareholders are also able to register to attend and exercise their voting rights on the agenda that they have not cast the vote in advance after the meeting's commencement. For shareholders unable to attend the meeting and would like to appoint a proxy, TISCO proposes more than one independent directors by presenting director profiles for the shareholders' selection, in addition to management, director or any other person attending the meeting on their behalf. TISCO has also attached Proxy Forms, which allows shareholders to specify their voting decision, with the notice. Moreover shareholders could cast their votes in advance on the Voting Form which had been sent out together with notice of shareholders' meeting. The shareholders can download other types of proxy forms and Voting Form from the Company's website.

For the 2015 Annual General Meeting, the Company proposed four independent directors, Chairman of Board of Directors, Chairperson of the Audit Committee and Chairperson of the Nomination and Compensation Committee, Chairperson of Corporate Governance Committee including their profiles for shareholders to appoint as proxy. Proxy Form B which allows shareholders to indicate their voting directions was also enclosed in the Notice. In addition, shareholders can download other Proxy Forms from the Company's website.

- Shareholders' opportunity for query and comment

Before the date set for the meeting, TISCO invites shareholders to submit questions regarding the Company and meeting agenda that requires clarification by the Board of Directors and the management at the meeting. The question may be submitted in advance via fax or email to Investor Relations. In the meeting, the Chairman shall allocate appropriate time and encourage equal opportunity for shareholders to express their opinions and raise their queries at the meeting as per the agenda. TISCO shall endeavor to arrange for all directors, executives of the Company and subsidiaries, as well as the auditors to attend the shareholders' meeting to answer the queries. The Company's directors and management will clearly explain and clarify such matters.

For the 2015 Annual General Meeting, 11 directors (out of 12 members), TISCO Management Committee members, and the auditors attended the meeting. In addition, representatives from the Bank of Thailand were also observed the meeting.

- Conduct of the meeting and voting

The meeting is conducted in accordance with the order of agenda as arranged in the notice of the meeting, unless the shareholders holding an aggregate number of shares not less than two-third of total number of shareholders attending the meeting resolve to change the order of the agenda. In addition, the shareholders holding an aggregate number of shares not less than one-third of the total number of paid-up shares may request that the meeting consider other matters in addition to those specified in the notice of the meeting. Before the meeting starts considering the agenda, the shareholders will be informed of number and proportion of shareholders or proxy attended the meeting, their voting rights, total votes required for each agenda and the voting process for each agenda. Every shareholder present in person or being represented by proxy is entitled to one vote per share, with the exception of cumulative voting for the appointment of directors. For the purpose of transparency and equitable treatment of the shareholders in the voting process, the Company shall utilize voting forms for all agenda and under cumulative voting for the appointment of director. The Company assigns inspectors to oversee and monitor the shareholders meeting to ensure that the meeting is conducted with transparency and compliance with the law and its Articles of Association. After the vote count is completed, voting results of each agenda will be announced to the meeting, by specifying the vote results as "For", "Against", and "Abstain" together with number of votes.

For the 2015 Annual General Meeting, the meeting was conducted according to the Company's Articles of Association with no additional agenda, no changes to the agenda order, or no changes in important information without prior notification to shareholders. In addition, the Company assigned DIA Audit Company Limited to ensure that the meeting was conducted with clear and transparency and in accordance with laws and the Company's Articles of Association. There were representatives of DIA Audit Company Limited to observe in the registration and vote counting throughout the meeting.

For director election agenda, TISCO has introduced a Cumulative Voting process, which allows minority shareholders to take part in nominating and electing Independent Directors. To ensure transparency and equitable treatment, shareholders are allowed to cast their votes for individual director.

The Company shall give notification of the shareholders' meeting resolutions to all investors through the SET's information dissemination channel within the same day of the meeting or at least one hour before the opening of the Stock Exchange of Thailand on the next working day. In addition, the Company shall also prepare the minutes of the meeting in which all relevant information, including all clarifications, queries, opinions, and resolutions are recorded and categorized into "For", "Against", and "Abstain" votes. TISCO shall disseminate the above minutes on its website and submit it to the Stock Exchange of Thailand within 14 days from the date of the meeting. The minutes of the meeting will be kept at the office. In addition, TISCO has arranged for a recording of the shareholders' meeting to be available on CD. Shareholders who are interested may request a copy of the CD from Investor Relations.

For the 2015 Annual General Meeting held on April 23, 2015, the Company notified the shareholders' meeting resolutions through the SET's information dissemination channel within the same day of the meeting and disclosed the minutes of the meetings on May 8, 2015, in compliance with the above mentioned timeframe.

Regarding measures taken to prevent conflict of interest, the Company has set the code of conduct for employees to ensure that employees comply with stipulated laws and regulations, conduct their duties with integrity, consider the Company's interests above their own, and refrain from exploiting inside information for their own benefit. Directors, Top Management or top 4 management whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must firstly file with the Company a report on his/her interest or related person's interest in relation to management of the Company upon the appointment and within 3 working days from the date of the change. In addition TISCO has set out rules regarding securities trading by employees, stating that all employees must open trading accounts only with its subsidiary, TISCO Securities Company Limited. Also, employees are required to seek approval from

their supervisors and the Compliance Unit before executing trades. Moreover, it also prohibits Management Committee and insiders from trading TISCO's shares 7 days prior to the last working day of the month until 2 days after the financial statements or the summary statements of assets and liabilities of TISCO are published.

Directors, Top Management or top 4 management whose ranks are subsequent to the Top Management, any person holding equivalent position of the fourth ranked management, and Accounting department managers must report their securities holdings in TISCO, as well as the securities holding of their spouses and any minor children, to the Office of Securities and Exchange Commission. This report on securities holding must be filed within 30 days from the date of appointment and within 3 working days from the date of the change. Directors must also notify the Board via the Audit Committee of their shareholdings at the end of each quarter. The Audit Committee reviews director's shareholding and report to the Board for acknowledgement every quarter under Audit Committee's activities.

The above-mentioned persons must file a copy of their report on securities holdings to TISCO within the same date on which such a report is filed to the Office of Securities and Exchange Commission. In addition, Directors and management shall file with TISCO a report on his/her interest or a related person's interest in relation to management of TISCO or the subsidiaries in accordance with the rules, conditions and procedures specified by the Company in compliance with the Securities and Exchange Commission requirement.

TISCO Group has placed great emphasis on managing its business operations effectively under good governance guidelines. 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 to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same conditions as those governing normal business transactions. Persons with vested interests shall not be entitled to vote for the approval of said transactions.

2. Interest of Stakeholders

TISCO treats all stakeholders fairly in accordance with TISCO Corporate Governance Policy – Section : Rights and Equitable Treatment of Shareholders, and their legal rights, either established by law or through mutual agreements. TISCO continues to develop processes to deliver superior financial products and services in order to meet stakeholders' expectations.

These stakeholders include TISCO's shareholders, employees, customers, business partners and creditors, competitors, and society at large

2.1 Shareholders

In addition to direct benefits resulting from the rights and equitable treatment shareholders received from TISCO, they indirectly gain from the trust created by the fair treatment TISCO has given to other stakeholders. Such mutual trust in turn promotes co-operation between TISCO and its counterparts and is believed to be the key factor in maximizing the shareholders' long term wealth, and providing TISCO with financial stability and sustainability.

2.2 Employees

TISCO compensates its employees, permanent or contracted, fairly and they are rewarded based on an equitable performance evaluation system. They are equipped with the required standard of education and professional training, and provided with health care benefits and work place safety.

2.3 Customers

TISCO fulfills its contractual commitments to customers by providing professional and practical solution in accordance with the highest standard and code of conduct.

2.4 Business Partners and Creditors

TISCO treats its business partners and creditors fairly and honestly and honors any conditions agreed by both parties. In such business dealings, TISCO promises to abide by the Collective Action Coalition Against Corruption in the Private Sector and Intellectual Property Rights Act.

2.5 Competitors

TISCO operates its business with respect for fair competition and integrity, works within the framework of applicable competition regulations, and refrains from action that may have a negative impact on the financial industry.

2.6 Social and Environment

TISCO recognizes its social responsibility and has continuously undertaken development initiatives to make a better society. Resources and expertise are focused on sustainable issues which are important to stakeholders and TISCO, such as supporting education and financial literacy. Other CSR activities are allocated to social welfare, cultural and environment preservation, which are driven mostly by voluntary staff, and occasionally with customers and business partners, to cultivate their moral values and social conscience.

In addition, TISCO Group provides variety of channels, for instance, TISCO Contract Center, service counters, TISCO Group website, and TISCO dedicated functions. For example, Investor Relations Function is responsible for feedbacks from shareholders and investors community while TISCO HR Help Line is responsible for those from employees. Moreover, Compliance Function has been assigned to receive suggestions, complaints or any other concerns related to TISCO business operation and regulatory matters. Significant issues shall be reported to the Compliance Committee for consideration. The Compliance and Operation Control Committee will preliminary screen the issue before reporting to the Audit Committee in case of critical corporate issues. The Audit Committee will further review, advise and report the issues and/or outcome to the Board of Directors. In addition, in order to protect the rights and privacy of claimants, the company has set clear policies and operational procedures to handle with claims from customers, employees and stakeholders. Comments, complaints or any information given will be protected and kept confidential.

Complaint Channels

- | | |
|------------------|---|
| Channel 1 | Inform the complaint at TISCO Bank's Head Office or branches through officers or filling the form and submit to officers. |
| Channel 2 | Send a letter to the address below:

Compliance Department
TISCO Financial Group Public Company Limited
TISCO Tower, 21st Floor
48/49 North Sathorn Road
Silom, Bangrak
Bangkok, 10500 |
| Channel 3 | Call TISCO Contact Center at 0 2633 6000 or fax the complaint to 0 2633 6800. |
| Channel 4 | Post your complaint on TISCO's website |
| Channel 5 | TISCO HR Help Line for employee |

3. Disclosure and Transparency

TISCO believes that its shareholders and other stakeholders are entitled to timely and accurate disclosure of all material information regarding the company, including financial reports, Quarterly Management Discussion and Analysis, and other important non-financial information, either by mandatory requirement or on a voluntary basis.

The disclosure is conducted in Thai and English, through easy access channels including TISCO's website, press conferences, quarterly analyst meetings, sessions with investors, and the information dissemination channels of the Stock Exchange of Thailand and the Security Exchange Commission.

TISCO makes publicly available on its website by the next working day the result of voting during the annual general meeting or extraordinary general meeting for all resolutions.

TISCO prepares reports for submission to relevant authorities and for public dissemination on the basis of equality and simplicity. The Board of Directors shall provide a report indicating the performance of the Company and important business activities over the course of the year to shareholders. Moreover, the Board of Directors is accountable for assessing the Company's internal control system, which is primarily assessed by the Executive Board and reviewed by the Audit Committee. The Board of Directors is also responsible to certify the accuracy of information in financial statements, the Board assigns the Audit Committee to review the financial statements of the Company and its subsidiaries to ensure that they are presented in accordance with generally accepted accounting principles and disclosed in an accurate and transparent manner to allow investors to make informed investment decisions. The Board provides the Statement of the Board of Directors' Responsibility for Financial Statements, while the Audit Committee provides reports on audit issues along with the auditor's report. Reports from the Board, the Audit Committee and the auditor's report are included in the Annual Registration Statement and Annual Report.

TISCO arranges for the disclosure of the names and responsibilities of directors and other committees, the number of meetings, each director's meeting attendance record, their remuneration, profile of directors and management, and other corporate information in the Annual Report and the Company's website.

The Company assigned its Corporate Secretariat Office and Investor Relations Function to represent the Company in communications with shareholders, investors, analysts, credit rating agencies and related regulatory bodies. The Company's information is publicly disseminated for easy access to interested parties through various channels, including reports submitted to the SET, the SEC, and the Company's website under the topic of "Investor Relations". Furthermore, TISCO has set up numerous activities to portray or update the Company's information as well as to provide responses to inquiries from investors such as Quarterly Analyst Meetings, Press Conferences, One-on-One meetings and Meetings with investors, both local and international. The mentioned activities are also participated by senior management. In this respect, the activities arranged in 2015 were as follows;

1. 4 Quarterly Analyst Meetings with approximately 60 persons attended each meeting
2. 1 Press Conferences with approximately 50 media representatives attended each conference
3. 1 SET Opportunity Day, arranged by the Stock Exchange of Thailand, with approximately 60 analysts and investors attended the meeting
4. 37 Company Visits and 24 conference calls with investors and equity analysts, both local and foreign
5. Meetings with investors, both local and foreign in America, Europe and Asia including the United States, United Kingdom, Japan, and Singapore. The details are as follows;
 - 5.1 12 Investor Conferences; comprising 8 local conferences and 4 international conferences, covering 160 investors attended

For more information, please contact Investor Relations at:

Address	:	TISCO Tower, 48/2 North Sathorn Road, Bangrak, Bangkok, 10500
Telephone	:	0 2633 6868
Fax	:	0 2633 6855
Email	:	ir@tisco.co.th
Website	:	www.tisco.co.th

Directors and management shall file with the Company a Report of their Securities Holding in the Company and Report on their Conflict of Interest as details in 4 mentioned below.

4. Responsibilities of the Board

The Board of Directors is appointed by the shareholders to take overall responsibility for TISCO. These include directing, approving, and overseeing the implementation of, the group strategy, corporate governance and corporate values. The Board is responsible for selection of a qualified Group CEO and key senior management including oversight of the succession plan. It is also responsible for oversight of the Group CEO and senior management, and bears ultimate responsibilities for TISCO's business, risk strategy, and financial soundness as well as how TISCO organizes and governs itself.

With the above responsibilities, TISCO has a policy to select its Board that possess, both as individual board members and collectively, appropriate and diverse experience, relevant competencies and personal qualities, including professionalism, personal integrity, and ability to make independent and analytical inquiry, and understand its business.

4.1 Board Structure

The Board members are selected on the basis of, among other things, knowledge, experience, skill, diversity of expertise, integrity, ability to make independent analytical inquiries, and their understanding of TISCO Group's business environment. TISCO 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. In addition, the term of office of TISCO's directors is 1 year as specified in the Articles of Association, whereby the whole Board of Directors shall be simultaneously elected at the annual general meeting each year. However, the former Board of Directors shall remain in office to conduct the business of the Company as necessary until the new Board of Directors take office.

Recognizing the crucial of their roles and to be in compliance with the Bank of Thailand regulations, directors, managers and person with controlling power are allowed to assume the position of Chairman, executive director, or director with signatory authority in no more than 3 listed companies. Directors and management should avoid other positions or jobs that may lead to conflicts of interest.

The Chairman of the Board of Directors shall be non-executive, and the Chairman of the Board of Directors and the Chairperson of the Audit Committee shall not be a member in any other committees. Moreover, the Board also clearly separates its roles and responsibilities from those of management to ensure a balance of power and authority, and to avoid a situation where a single individual has unfettered power in decision-making. For example, the Chairman of the Board of Directors and the top management shall not be the same person, and their roles and responsibilities must be clearly separated. To achieve high standards of performance, the Board delegates other committees to take on tasks that require in-depth consideration, such as the Executive Board, the Audit Committee, the Nomination and Compensation Committee and Corporate Governance Committee. TISCO assigns the responsibility of Corporate Secretary to take care of the Board's activities, monitoring compliance to the Board's resolution, handling Board Meeting and shareholders' meeting on matters concerning notice, minutes, including other duties as required by related laws and regulations of the governing authorities.

Moreover, to be compliance with the Securities and Exchange Act B.E. 2535, the Company assigned Committees and authorized persons in management (according to the Financial Institution Operation Act, B.E. 2551) to compile reports on their own interests and any involving persons to Corporate Secretary. Once any changes on the information are made, Corporate Secretary is responsible for restoring the data and reporting the changes to Chairman of the Board and Chairperson of the Audit Committee.

4.2 Board Self-assessment

In order to improve its performance, the Board of Directors has formulated self-assessment process to assess Board performance and efficiency according to corporate governance best practices. The Board of Directors assigns the Nomination and Compensation Committee to prepare and recommend Board Performance Self-assessment Guidelines for the Board's approval. The Nomination and Compensation Committee then reports the assessment result to the Board for acknowledgment.

Said assessment is essential to assess the appropriateness of the Board's composition and Board performance according to corporate governance best practices. The Board of Directors shall analyze the assessment results, recommendations and remarks from Board members and consider applying according to the Company's business environment and operations.

In 2014, the Nomination and Compensation Committee revised the self-assessment form to be in compliance with the Thai Director Association (IOD) and to be more accurate and suitable for the Company's business. The assessment divided into 6 areas: 1) Board Policy, 2) Board Performance, 3) Board Structure, 4) Board Style, 5) Board Meetings, and 6) Board Members. The aforementioned self-assessment consists of two aspects, which are 1) comparison between usual practice and best practice and 2) efficiency. In the year 2014, the Committee agreed that the Board Performance, Board Structure, Board Members, Board Policy, Board Performance and Board Meetings were up to best practice standard. As for the efficiency, most Board members give the 'excellent' score to all 6 areas of assessment. Certain areas naming Board Policy, Board Performance and Board Meeting were evaluated as 'satisfied'. Thus, the Committees added comments and suggestions in the assessment so that the Company could take it to consideration for further improvement.

For 2015, the Nomination and Compensation Committee presented the assessment to the Board of Directors for approval. The assessment was submitted to the Directors, then the result will be presented in the Board of Directors' Meeting during early 2016.

4.3 Remuneration

To ensure that the remuneration policies are set up with transparency, the Board of Directors assigns the Nomination and Compensation Committee to formulate director remuneration policies with clear and transparent criteria. Director remuneration shall reflect their duties and responsibilities. Directors who are assigned with extra work should receive appropriate remuneration for special assignments. The Committee shall propose the remuneration to the Board Meeting and shareholders' meeting for approval. Remuneration for directors should be comparable to general practice in the industry with regard to work experience, expertise, commitment, as well as the contribution or benefit each director brings.

4.4 Board and Management Training

When a new director is appointed to the Board, senior management will arrange for an orientation regarding TISCO Group's business operations and past performance to provide clear understanding and enable the director to fully perform his/her duties. The Company shall also provide a copy of the Director Manual and the Corporate Governance Policy and to such director. It is TISCO Group's policy to encourage trainings and educational activities for directors on a regular basis. The Company has subscribed for membership in The Thai Institute of Directors Association for directors in order to keep abreast of news and updates as well as to attend trainings beneficial to a listed company directorship. Training schedules shall be regularly notified to the

director in advance.

Details of the Board of Directors and Top Management attending training programs and seminars as of December 31, 2015 are as follows:

Name	Training Program
Mr. Pliu Mangkornkanok	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Role of the Chairman Program ● Directors Certification Program ● Audit Committee Program <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>Thai Energy Academy Training Program</p> <ul style="list-style-type: none"> ● Executive Program in "Energy Literacy for a Sustainable Future"
Ms. Oranuch Apisaksirikul	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Directors Certification Program ● IOD Anti-Corruption Training Program for Corporate and Executives <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>OIC Advanced Insurance Institute Training Program</p> <ul style="list-style-type: none"> ● Thailand Insurance Leadership Program <p>Other Seminars</p> <ul style="list-style-type: none"> ● National Director Conference 2012 ● The 2nd National Director Conference 2013
Assoc.Prof.Dr. Angkarat Priebjrivat	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Role of the Chairman Program ● Monitoring the Internal Audit Function Program ● Audit Committee Program ● Directors Certification Program ● Directors Accreditation Program ● Monitoring the System of Internal Control and Risk Management Program ● Monitoring Fraud Risk Management Program ● Anti-Corruption for Executive Program <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>Training Program of the Institute of Chartered Accountants in England and Wales</p> <ul style="list-style-type: none"> ● Certificate in International Financial Reporting Standards <p>Other Seminar</p> <ul style="list-style-type: none"> ● TLCA Annual Risk Management Conference 2012
Prof. Dr. Pranee Tinakorn	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Role of the Compensation Committee ● Directors Certification Program ● Directors Accreditation Program ● Audit Committee Program ● Monitoring the Internal Audit Function Program ● Monitoring the System of Internal Control and Risk Management Program ● Monitoring Fraud Risk Management Program ● Monitoring the Quality of Financial Reporting Program ● Financial Institutions Governance Program ● Anti-Corruption for Executive Program
Ms. Patareeya Benjapolchai	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Directors Certification Program

Name	Training Program
	<ul style="list-style-type: none"> ● Financial Institutions Governance Program ● Directors Certification Program Update <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>Training Program of University of Michigan, USA</p> <ul style="list-style-type: none"> ● Certificate of the Executive Program <p>Training Program of Chulalongkorn University</p> <ul style="list-style-type: none"> ● Certificate of Advanced Accounting and Auditing <p>Other Seminars</p> <ul style="list-style-type: none"> ● CG Forum 1/2014 Effectiveness in boardroom ● Audit Committee Effectiveness Seminar ● Thailand's Economic Outlook 2014
Ms. Panada Kanokwat	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Directors Certification Program ● Directors Accreditation Program ● Financial Institutions Governance Program ● Anti-Corruption for Executive Program ● Risk Management Committee Program ● Director Certification Program Update <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>Training Program of Stanford-National University of Singapore</p> <ul style="list-style-type: none"> ● Certificate of Executive Program in International Management <p>Training Program of Sloan School of Management, Massachusetts Institute of Technology, USA</p> <ul style="list-style-type: none"> ● Certificate of Building, Leading & Sustaining Innovation Organization <p>Other Seminars</p> <ul style="list-style-type: none"> ● Economic and Business Outlook in 2016: Hot-button Issues for Directors ● National Director Conference 2015 ● CG Forum 2/2015 ● CG Forum 1/2014 Effectiveness in boardroom ● TLCA Annual Risk Management Conference 2012 ● Anti-Corruption Seminar 1/2012 ● Audit Committee Effectiveness Seminar ● Thailand's 3rd National Conference on Collective Action Against Corruption ● Thailand CG Forum: Governance as a driving force for business sustainability
Prof. Dr. Teerana Bhongmakapat	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Directors Certification Program ● Financial Institutions Governance Program ● Director Certification Program Update <p>Capital Market Academy Training Program</p> <ul style="list-style-type: none"> ● Certificate of Capital Market Academy Leadership Program <p>Other Seminar</p> <ul style="list-style-type: none"> ● The UK Experience on Implementing the Enhanced Auditor Reporting
Mr. Yasuro Yoshikoshi	<p>IOD Training Program</p> <ul style="list-style-type: none"> ● Director Certification Program

Name	Training Program
Mr. Suthas Ruangmanamongkol	IOD Training Program <ul style="list-style-type: none"> • Directors Certification Program Other Seminar <ul style="list-style-type: none"> • Thailand's Economic Outlook 2014
Mr. Sakchai Peechapat	IOD Training Program <ul style="list-style-type: none"> • Directors Certification Program • Directors Accreditation Program OIC Advanced Insurance Institute Training Program <ul style="list-style-type: none"> • Thailand Insurance Leadership Program Other Seminars <ul style="list-style-type: none"> • Economic and Business Outlook in 2016: Hot-button Issues for Directors • Thailand's 3rd National Conference on Collective Action Against Corruption
Mr. Pitada Vatcharasiritham	Capital Market Academy Training Program <ul style="list-style-type: none"> • Certificate of Capital Market Academy Leadership Program
Mr. Metha Pingsuthiwong	IOD Training Program <ul style="list-style-type: none"> • Director Certification Program
Ms. Araya Thirakomen	IOD Training Program <ul style="list-style-type: none"> • Directors Certification Program • CGI Corporate Governance for Capital Market Capital Market Academy Training Program <ul style="list-style-type: none"> • Certificate of Capital Market Academy Leadership Program
Mr. Paiboon Nalinthrangkurn	IOD Training Program <ul style="list-style-type: none"> • Directors Certification Program • Directors Accreditation Program • Audit Committee Program Capital Market Academy Training Program <ul style="list-style-type: none"> • Certificate of Capital Market Academy Leadership Program Commerce Academy Training Program <ul style="list-style-type: none"> • Certificate of Top Executive Program in Commerce and Trade (TEPCOT5) Training Program of the Association National Defence College of Thailand under the Royal Patronage of His Majesty the King <ul style="list-style-type: none"> • Certificate of Advanced Security Management Program Thai Energy Academy Training Program <ul style="list-style-type: none"> • Certificate of Thailand Energy Academy (TEA 3)
Mr. Chalit Silpsrikul	IOD Training Program <ul style="list-style-type: none"> • Director Certification Program Training Program of the Thai Institute of Banking and Finance Association <ul style="list-style-type: none"> • Financial Executive Development Program (FINEX 14) Crestcom Bullet Proof Manager Training Program <ul style="list-style-type: none"> • Management Skill Development Course Other Seminar <ul style="list-style-type: none"> • Thailand's 3rd National Conference on Collective Action Against Corruption
Ms. Yutiga Sonthayanavin	IOD Training Program <ul style="list-style-type: none"> • Director Certification Program
Mr. Chatri Chandrangam	IOD Training Program <ul style="list-style-type: none"> • Director Certification Program

4.5 Group Chief Executive Performance Assessment

The Board of Directors assigns the Nomination and Compensation Committee to prepare and recommend the Group Chief Executive Performance Assessment Guidelines for the Board's approval. The Nomination and Compensation Committee shall arrange the meeting(s) between the Board and Management in absence of the Top Management at least once a year prior to his/her annual performance Assessment. The Nomination and Compensation Committee then reports the assessment result to the Board Meeting. The assessment shall be divided into 2 main parts: Financial KPI and Non-Financial KPI. The set KPI is aligning with Company Vision Mission and long-term goal of the Company in considering the business situation and environment.

To ensure the most effectiveness on the assessment, the Nomination and Compensation Committee will arrange the meeting(s) between the Board and Management of TISCO Group, in absence of the Top Management at least once a year prior to his/her annual performance Assessment. In addition, for the performance assessment of TISCO Group's Chief Executive the assessment will take into the consideration the assessment result from sub-committees, namely the Audit Committee and the Corporate Governance Committee, and together with the assessment from the Nomination and Compensation Committee. The assessment result will be reported in Board of Directors Meeting.

4.6 Succession Planning

To ensure stability and continuity of TISCO Group business operations, successor of all key positions has been determined. The Board of Directors assigns the Nomination and Compensation Committee to oversee the preparation of Top Management's succession plan. Said plan shall be regularly reviewed as appropriate. For other senior management positions, Top Management and Human Resources Function shall review and evaluate the successors for the Executive Board's approval.

5. Integrity and Ethics

A reputation for integrity has been a cornerstone of TISCO's business since its inception. This provides confidence to all stakeholders that TISCO and its employees are performing and behaving consistently to the highest standards. They are guided by a set of values, such as compassion, dependability, honesty, loyalty, maturity, objectivity, respect, trust and professionalism. Integrity is TISCO's fundamental requirement in choosing and retaining its employees.

TISCO, members of the Board of Directors, and TISCO's employees including Group CEO and senior management, also strive to maintain the highest standards of ethical conduct including:

- a) Compliance with applicable laws and regulations.
- b) Conflict of interest must be declared and appropriate arrangements made to ensure that those with a material interest are not involved in the decision-making process.
- c) Improper payments of any kind are prohibited; similarly no gift whose value is material and which may be interpreted as a form of inducement should be accepted or offered by TISCO's employees.
- d) Ethical issues must be dealt with in an efficient and transparent manner.

Anti-Corruption Policy

In 2011, Board of Directors approved to set up **TISCO Group Anti-Corruption Policy**, with an aim to enhance integrity and ethically business operation within TISCO group. Besides, the set up policy which is held as business conduct guidance, the company has, over the year, consistently supported and participated in numerous anti-corruption activities. On October 8, 2013, TISCO was among the CAC member companies, certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption. For many years, the company has continuously support the activities held by the coalition e.g. participating in the anti-corruption walk rally on "Anti-Corruption Day 2015" on September 6, 2015 at Central World. Furthermore, TISCO enters into integrity pacts with other business when dealing with procedures related to the bidding and procurement of supplies, materials, equipment and construction.

For several times, TISCO Management has been invited to be key speakers in notable talks as well as taking part in numerous corporate governance supporting activities such as in 2015 being a keynote speaker of "Ethical Leadership Program (ELP) – Tone at the Top" by IOD, joining the discussion forum "Role of Top Management for driving the Policy- Corporate Anti-Corruption Policy " by the Thai Listed Companies Association, being a member of Financial and Social Responsibility Club (FSR), attending the academic activities, and participating in the declaration of intention to promote business moral and integrity arranged by other business entities.

9.2 Other Committees

To optimize the efficiency of its corporate governance and achieve high standards of performance, the Board of Directors delegates committees to take on tasks that require detailed review or in-depth consideration. Such committees as the Executive Board, the Audit Committee, the Nomination and Compensation Committee, and others if necessary, are entitled to make decisions on behalf of the Board of Directors or submit recommendations for consideration, depending on the committee's specific charter. The structure of each committee shall be determined by the size of business, the scope of operation, the composition of the committee, the experience and expertise of each director, and in compliance with the Principles of Good Corporate Governance. The scope of authority given to other committees shall exclude approval for conducting transactions in which the committee member has or may have conflict of interest.

The Board of Directors is accountable for clearly defining and separating the roles and responsibilities of the Board of Directors, the Audit Committee, the Nomination and Compensation Committee, the Corporate Governance Committee and the Executive Board as detailed below. (Detail of Management Structure is described under Section 8.1.)

Audit Committee

TISCO Audit Committee provides an independent oversight and review of financial reports, internal controls and audits, and compliance of TISCO Group business activities to internal policies and related laws and regulations. It also ensures transparency and completeness of disclosure and is responsible for ensuring independent checks and balances to produce financial statements that fairly present and make timely disclosures to investors. The Audit Committee engages an independent auditor of TISCO to audit the financial statements prepared by management and issue an opinion that such statements are fairly stated in accordance with recognized accounting principles, as well as to oversee the relationship with the external auditor.

The subsidiary companies may set up their own Audit Committees according to regulatory requirements. To ensure adoption and implementation of responsibilities as defined by the TISCO Audit Committee, the Audit Committees of subsidiary companies, where applicable, must report to TISCO Audit Committee under the Guidelines on Consolidated Supervision of the Bank of Thailand.

The Audit Committee is appointed by the Board of Directors. Currently, the Audit Committee, consisting of three Independent Directors, namely Assoc. Prof. Angkarat Priebjrivat, Chairperson of the Audit Committee, Ms. Patreeya Benjapolchai and Prof Dr. Teerana Bhongmalapat. All members of the Audit Committee have sufficient knowledge and experience to review the trustworthiness of financial statements. Details of their experiences in financial statement are in Attachment 1

Nomination and Compensation Committee

The Nomination and Compensation Committee is charged with the responsibility of identifying qualified candidates for directorships, executive and advisor(s) to the Board and/or committees whose functions, responsibilities and authorities are directly given by the Board. The Committee ensures that only the most competent individuals, who can contribute to the institution and discharge their responsibilities in the interests of all shareholders, are appointed. The candidate shall be fit and proper for the office and shall be the best and most qualified candidate nominated for the office, taking into account the candidate's track record, age, experience, capabilities and other relevant factors. The Committee also ensures that the remuneration of directors is appropriate, with regard to their responsibilities and commitment. Directors who are assigned with extra work should receive additional compensation. In addition, the Committee reviews and recommends remuneration and benefit policy for the Board, advisors and TISCO Group's employees with clear and transparent criteria. The performance assessment criteria for Board members and TISCO Group's employees for annual remuneration review should be devised by the Committee, taking into account their responsibilities and risks as well as enhancement of long-term shareholder value. Moreover, the Nomination and Compensation Committee is in charge of conducting performance assessments of TISCO's Group Chief Executive and presenting the result to the Board of Directors for approval, reviewing and approval of promotion, compensation and other benefits of TISCO's Group Chief Executive, including reviewing proposals on appointment, assessments, promotions, compensations and benefits of the members of the Management Committee and one further level down.

The Nomination and Compensation Committee is appointed by the Board of Directors. Currently, the Nomination and Compensation Committee, consisting of four Directors, namely Prof. Dr. Pranee Tinakorn, Chairperson of the Nomination and Compensation Committee, Mr. Hon Kit Shing (Alexander H. Shing), Mr. Yasuro Yoshikoshi and Mr.Sathit Aungmanee . Details of their experiences in financial statement are in Attachment 1

Corporate Governance Committee

TISCO Corporate Governance Committee establishes Corporate Governance Policy and Code of Conduct, oversees the practices of the Board of Directors, Board committees, and management in compliance with the Corporate Governance Policy, Code of Conduct, and related laws and regulations.

The Corporate Governance Committee is appointed by the Board of Directors. Currently, the Corporate Governance Committee, consisting of three Directors, namely Ms. Patreeya Benjapolchai, Chairperson of the Corporate Governance Committee

Mr.Sathit Aungmanee and Ms. Panada Kanokwat.

Executive Board

The Executive Board is authorized to act in operational matters that require in depth consideration in policy, procedural, human resources and administrative issues, which includes among other things, making recommendations to the Board on matters of budget allocation. The Executive Board also handles matters that, in ordinary circumstances would require Board review, but due to a particular circumstance needs immediate attention. This is usually relevant to urgent matters, which arise during the period between full Board Meetings. The Executive Board may also appoint and supervise other committees for specific operations in order to improve TISCO Group's efficiency.

Currently, the Executive Board, consisting of four Director's Executives¹, are Ms. Oranuch Apisaksirikul (Chairperson of the Executive Board), Mr. Suthas Ruangmanamongkol and Mr. Yasuro Yoshikoshi and one non-management director, Mr.Chi-Hao Sun (Mr. Howard Sun).

Specific-Area Committee of TISCO Financial Group

- The Risk Management Committee comprises senior management of key business and control areas of TISCO Group. It is appointed by TISCO Executive Board to determine overall risk management policies, risk limits and strategies of the group.

TISCO Risk Management Committee proposes risk management policies and strategies, as well as reports risk monitoring results to TISCO Executive Board and TISCO Board regularly.

TISCO Bank, in particular, has its own Risk Management Committee, which adopts risk management policies and strategies from TISCO and ensures effective and efficient implementation of such policies and strategies across the Bank's operations. TISCO Bank Risk Management Committee reports to TISCO Risk Management Committee under the Guidelines on Consolidated Supervision of the Bank of Thailand.

- TISCO Management Committee comprises senior management of key business and control areas of TISCO Group appointed by Nomination and Compensation Committee with the proposal from the Group CEO and ratified by the Board of Directors. The Management Committee is responsible to formulate TISCO Group's business strategy, financial goals, business plan, including annual budget, and ensure that operations are in accordance that with strategies and business plan, and are in compliance with Corporate Governance Policy and related regulations.
- The Compliance and Operation Control Committee is appointed by Group CEO to review operational productivity, risks, and control activities, to ensure an optimal level of operations that promotes both operating efficiency and adequate risk controls.

TISCO Compliance & Operation Control Committee ensures that TISCO complies with related laws and regulations and effective internal controls across TISCO Group, reviews and determines mitigation plans and actions in response to significant operational risk incidents.

- The Information Technology Committee is appointed by the Group CEO to determine IT strategies and platforms for the group. It also ensures smooth and effective central IT and operating infrastructures including core servers, application architecture, MIS, building and office-related infrastructure and equipment. In addition, the Committee reviews IT capital expenditure and ensures sound IT and infrastructure security policy within TISCO Group.
- TISCO Human Resources Committee is appointed by Group CEO to review and determine organization structure and job structure, human resources policies and guidelines, succession and talent management, performance evaluation, job promotions and remuneration of TISCO Group.

Specific-Area Committee of TISCO Bank and other subsidiaries

- The Risk Management Committee of TISCO Bank is responsible for controlling and monitoring the adoption of TISCO Financial Group's risk management policy to ensure effective managements in the bank's various business units. The Enterprise risk management and risk research functions support the committee in assessing and monitoring bank risks at the portfolio level, under the guidelines and limits approved by the Risk Management Committee. It regularly reports on risk positions to the Risk Management Committee and relevant business lines, and performs risks analyses of new businesses.
- The Credit Committee of TISCO Bank and other credit-granting subsidiaries and the Problem Loan Committee of TISCO Bank are responsible for setting up credit granting criteria and controlling loan approval procedures at the transaction level to ensure comprehensive monitoring and control of credit risk. The Credit Control business line supports the

committees in assessing and controlling the credit approval process of each transaction. In addition, the Internal audit function regularly reviews compliance to the credit approval guidelines and procedures.

9.3 Directors, Independent Directors and Management Selection Guidelines

9.3.1 Director and Independent Director Nomination

The Nomination and Compensation Committee shall, upon contemplating Company's need and good corporate governance, identify and propose qualified nominees, with knowledge, experiences, sufficient understanding of banking and finance including securities business, economics, law or any other fields deem appropriate. The Nomination and Compensation Committee shall consider the recommendation from minority shareholders on the nomination of directors or independent directors according to the Company's criteria as specified under Section 9.1.1

The Nomination and Compensation Committee shall recommend the Board to consider the appointment of new director and/or independent director for replacement of any vacancy occurring otherwise than by rotation, or propose the shareholders the election of directors to replace those who retire by rotation or appointment of additional directors and/or independent director. The election, appointment and removal criteria are as follows:

1. The shareholders shall, from time to time, by resolution of a general meeting of shareholders, determine the number of directors, which shall not be less than five, provided that not less than one half of the directors must domicile in Thailand. In addition, the number of directors who are persons of Thai Nationality shall be in compliance with related law.
2. The general meeting of shareholders shall elect directors on the following criteria and procedures:
 - (1) Each shareholder shall have a number of votes equal to the number of shares multiplied by the number of the directors to be elected.
 - (2) Each shareholder may exercise all the votes he or she has under (1) to elect one or several persons as director or directors. If several persons are to be elected as directors, the shareholder may allot his or her votes to any person in any number.
 - (3) The candidates shall be ranked in descending order from the highest number of votes received to the lowest, and shall be elected as directors in that order until all of the director positions are filled. In case that number of votes for candidates are tied and would otherwise cause the number of directors to be exceeded, the remaining elections shall be made by drawing lots.
3. At the general meeting of shareholders of each calendar year, the whole board of directors shall be simultaneously elected. However, the former board of directors shall remain in office to conduct the business of the company for the time being, as necessary, until the new board of directors takes office. Retired directors are eligible for re-election.
4. A director can be elected or removed only by the shareholders at a general meeting. A Board vacancy occurring for any reason other than rotation or retirement may be filled up by the remaining directors, unless, the term of the original director is less than two months. For the purpose thereof, the resolution of the appointment of new directors shall be valid with the vote of not less than three-fourths of the number of remaining directors. However, any person so appointed shall hold office only for the remainder of the term of the director to whom he has succeeded. If a general meeting of the shareholders removes a director, and appoints another person in his place, the person so appointed shall hold office only for the remainder of the term of the director so removed.
5. A general meeting of shareholders may resolve to remove a director before expiration of office with the votes of not less than three-fourths of the number of shareholders who attend the meeting and have right to vote. Such a motion must also represent an agreed number of shares equal to or not less than half of the total shares held by the shareholders who attend the meeting and have right to vote.

In terms of balance of power, it was determined to be in the Company's interest to have more non-executive directors than executive directors whereby directors who are representative of shareholders shall be determined based on proportion of their shareholding.

9.3.2 Management Selection

The Nomination and Compensation Committee shall identify and propose qualified nominees with necessary expertise to be appointed as Top Management to the Board. The prerequisites in selection should generally include consideration on the candidates' character, technical competence, and employment experience in the financial services field. The successful candidate should share the board's operating philosophy and vision of the Company's future in order to ensure that the institution's goals are

met. It is important that mutual trust and a close working relationship are established. The Nomination and Compensation Committee shall recommend qualified candidates to the Board of Directors for approval.

For other senior executive positions, Top Management shall identify and propose qualified nominees for the Nomination and Compensation Committee's consideration and further recommendation to the Executive Board for approval.

9.3.3 Qualifications of Independent Director

The following are the qualifications of an Independent Director set up in accordance with the TISCO's Corporate Governance Policy, which are stricter than those specified by the Capital Market Supervisory Board and the Bank of Thailand:

1. Holding not exceeding 0.50 per cent of the total number of voting rights of the Company, its parent company, subsidiary companies, associated companies or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director.
2. Neither being nor having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary companies, associated companies, or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years.
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and son/daughter, including spouse of the son/daughter, management, major shareholders, controlling persons, or persons to be nominated as management or controlling persons of the Company or its subsidiary companies.
4. Not having any business relationship, as defined by the Capital Market Supervisory Board, with the Company, its parent company, subsidiary companies, associated companies or any juristic persons who may have a conflict of interest that could be barrier to independent judgment; or not being existing or previous major shareholder, director other than independent director or management of the stakeholders of the Company, subsidiary companies, associated companies or any juristic persons who may have a conflict of interest unless the foregoing relationship has ended not less than 2 years.
5. Neither being nor having been an auditor of the Company, its parent company, subsidiary companies, associated companies or juristic persons who may have conflicts of interest, and not being a major shareholder, non-independent director, executive or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary companies, associated companies or juristic person who may have conflicts of interest unless the foregoing status has ended not less than 2 years.
6. Neither being nor having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million baht from the Company, its parent company, subsidiary companies, associated companies or juristic person who may have conflicts of interest, and neither being nor having been a major shareholder, non-independent director, executive or partner of the professional advisor unless the foregoing status has ended not less than 2 years.
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the Company's major shareholder.
8. Not undertaking any business in the same nature and in competition to the business of the Company or its subsidiary companies or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding one per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and in competition to the business of the Company or its subsidiary companies.
9. Not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs.

9.3.4 Direct or indirect business relationship or being provider of any professional service by Independent director over the past accounting period¹

- None -

¹ According to the Notification of Capital Market Supervisory Board No. Tor Chor 4/2009, Application for and Approval of Offer for Sale of Newly Issued Shares (No.2)

9.4 Corporate Governance of Subsidiary Companies and Joint Companies

The Company, the parent company of TISCO Group, oversees, monitors and controls business operations of all subsidiary companies to ensure that all companies in TISCO Group operate under the same standard to maximize shareholders' benefit. The corporate governance, risk management, business development, compliance and corporate support functions are centralized at the Company. Subsidiary companies function as strategic business unit, responsible for marketing & customer relationship, and transaction processing & credit control activities. Details on management structure are as shown on page 8-2.

The Board structure is comprised of 4 boards/committees: (1) Board of Directors, (2) Executive Board, (3) Audit Committee and (4) Nomination and Compensation Committee. In addition, in 2010, the Company transferred certain Management Committee and management supervising important functions within TISCO Group from subsidiary companies to be employed under the Company. The Company seconded those management to the same subsidiary companies for the same responsibilities on full time basis. This is to ensure that they shall devote their time to effectively manage subsidiary companies under TISCO Group strategy and plan approved by the Board of Directors.

To ensure coherent adoption of Corporate Governance across all subsidiary companies in TISCO Group², roles and responsibility of the Directors and the Management who the Company seconded to manage the subsidiary companies has been clearly set. There are follow-ups procedures set to subsidiaries to ensure their promptly disclosure of any important information in accordance with relevant laws and regulations and to ensure that the subsidiaries are sufficient and appropriate internal control system, including monitoring Directors and the Managements to fulfill their duties and responsibilities according to the governed law and regulations. As stated, the Board of Directors has delegated its monitoring and supervising roles to certain Management and sub-committees. Details on scope of authorities, duties and responsibilities of Sub-Committees are as shown in subtopic 8.1 and 9.2. For subsidiary companies' related party transaction with related parties, significant acquisitions or dispositions of assets, or other significant transactions of subsidiary companies, i.e. termination of subsidiary companies, capital share increase or reduction must be approved by the Board of Directors or in the Shareholders' Meetings prior to conducting the transactions. Over the period, the Company has strictly followed Regulations of Stock Exchange of Thailand, Notification of the Securities and Exchange Commission, and relevant Notification of Capital Market Supervisory Board regarding any related party transactions and any transaction that may cause conflicts of interest.

9.4.1 Roles and Responsibilities of the Board

Key roles of the Board of Directors are divided into 2 areas: Performance roles, and Compliance roles. This illustrates that the Board of Directors not only places great emphasis on overseeing the Company's policy and strategic planning, but that it is also responsible for monitoring the Company'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.

(1) Performance roles of the Board – Strategy and policy formulation

The Board oversees the development of a long-term strategic plan, which reflects the Board's general business philosophy and vision for the future of the Company. Short-term business plans should outline specific and measurable targets that management adheres to and that are evaluated at regular intervals. The Board approves a business plan as a guideline for staff and annual budgets prepared by the management. The business plan also includes key performance indicators and business targets wherein variation from these targets is regularly measured and analyzed. In addition, business performance analysis prepared by management is regularly reported to the Board to provide updates on progress and achievement of targets. Timely performance monitoring and assessment helps the Company identify significant deviations of results from predefined business plans in order to perform corrective actions promptly.

The Board determines the operational policies designed to regulate areas of fiduciary and insider activities, human resource management, financial disclosure, auditing and investments that are consistent with TISCO Group's long-term and short-term strategic plans. By approving the implementation of such policies and procedures developed by management, the Board defines what practices are acceptable and in line with the overall business philosophy of the institution. Policies should be devised to assist management in determining what actions to take in various situations, limiting unnecessary errors resulting from ill-informed judgments.

All major activities of TISCO Group are to be regulated by policy which shall be flexible. When required, they should extend to cover new or improved practices and adapt to changing business conditions. Having clearly written policies prevents

² According to the Notification of Capital Market Supervisory Board Re: Application for and Approval of Offer for Sale of Newly Issued Shares

miscommunication. Newly introduced activities should not be undertaken without proper implementation of policy. The Board should specify appropriate procedures in monitoring and reporting risk activity.

In implementing policies, clear standards of performance are communicated through all levels of the Company, providing a single, authoritative source of reference. The Board also establishes the norm of periodically reviewing policies and revising such policies as necessary to ensure that they remain consistent with the institution's long and short term strategic plans.

TISCO Group has placed great emphasis on managing its business operations effectively under good governance guidelines. 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 to the Board of Directors Meeting for approval, as the case may be. The Company shall consider said transactions with the same conditions as those governing normal business transactions. Persons with vested interests shall not be entitled to vote for the approval of said transactions.

(2) Compliance roles of the Board – Supervising, Monitoring, and Accountability

Although the Board delegates a substantial part of its administrative function including day-to-day operations to a full-time management team of executives, in fulfilling its compliance roles, the Board is responsible for monitoring the Company's operations. The Board must be continually aware of the institution's operating environment. Directors are to be well informed of internal and external factors affecting the institution, including business environments, legal and regulatory frameworks. Directors also be aware of the potential liabilities imposed on them by law or regulations and ensure that the Company has appropriate policies and procedures in place to maintain compliance with them. Directors should also be aware and keep themselves updated on local, regional, national, and international financial trends and any statutory and regulatory changes affecting the Company.

The primary mechanism for overseeing TISCO Group's operations is regularly reported to the Board from the management containing relevant information regarding financial performance, management of the loan portfolio, liquidity risk, market risk, investment, assets and liabilities, and compliance. The Board shall carefully review reports and be aware of any warning signs of deteriorating performance, increased risk, abuse of power within the management, problems with internal control systems, compliance issues or issues relating to the accuracy and reliability of the reports.

In addition to providing the reports noted above, management should regularly brief the Board on the business environment, market trends, industry benchmarks, regulatory changes and macro-economic indicators. Management should be expected to promptly alert the Board of any competitive threats, business opportunities and changes within the industry, regulatory procedures that may impact the institution or information which would assist the Board in strategic planning, setting policy, or monitoring operations or business performance.

On the Board's role in supervising risk management, the Board ensures that management has identified potential risks and has established an adequate risk management process to assist in identification, measurement, monitoring and control of various categories of risk commonly encountered by financial institutions. It is the responsibility of the Board to approve and periodically review TISCO Group's risk management strategies that are ultimately implemented by management.

TISCO Group needs to comply with a large number of regulatory requirements, including various reporting obligations. It is the responsibility of the Board to establish and maintain rigorous internal controls to ensure that TISCO Group complies with all relevant laws and regulations and to highlight potential or actual breaches if and when they occur.

9.5 Control of Internal Information

TISCO Group's compliance manual acts as a set of guidelines to help employees perform their duties fairly and honestly, comply with applicable laws and regulations, avoid conflicts of interest, and not seek to benefit from insider information. Business guidelines, regulations, and the code of conduct have all been compiled to create the Company's compliance manual. With respect to TISCO Group's regulations governing employee securities trading, the Group requires management and employees to open trading accounts with TISCO Securities, its subsidiary. In this regard, he or she must, however the case may be, report their transaction to the Compliance function. Furthermore, the Group also prohibits senior management and insiders from trading the Company's shares within 7 working days before last day of the month until 2 days after the Company's monthly financial statements or concise assets and liabilities statement (C.B 1.1) are published. Penalties shall be imposed for any breaches.

9.6 Auditor's Fee

9.6.1 Audit Fee

The Company and its subsidiaries for the year 2015 amounting of 7,600,000 baht to EY Office Limited.

9.6.2 Non Audit Fee

- None -

9.7 Compliance with Related Corporate Governance Practices

9.7.1 Business Ethics

TISCO Group has introduced a code of business ethics into the compliance manual and has established an Employee Code of Conduct to assist employees in performing their duties with integrity and fairness. The Corporate Governance Guidelines are displayed on the intranet system, "mytisco" for the management and employees at all level to follow. Additionally, in order to ensure honest and fair performance of the management and employees with regard to TISCO Bank, stakeholders and the public, TISCO Bank requires compliance with these regulations, and will impose serious penalties for any violations. The Compliance Function is charged with monitoring performance in accordance with the code of business ethics. A summary of TISCO Bank's code of business ethics is as follows:

1. Honest and fair conduct	Employees shall conduct their duties with honesty and fairness and refrain from exploiting their position for their own benefit or that of any particular group, or committing any dishonest action that may damage TISCO Bank or customers.
2. Prudence	TISCO Group shall ensure that the business has been operated with prudence and due professional care that a prudent and competent expert would exercise under a given set of circumstances. TISCO Group employees must ensure that they have operated the business with prudent business practice at all time.
3. Legal and regulatory compliance	Employees shall comply with applicable laws and regulations, and refrain from assisting others to violate any laws, regulations, or ethical principles. Employees shall make an effort to learn, understand, and monitor changes to relevant laws and regulations, as well as keep up to date with their professional code of conduct.
4. Record keeping and reporting duties	TISCO Group's financial and other record keeping must be accurate and complete. TISCO Group shall not withhold any information from appointed auditors or other supervisory agencies, and shall disclose information required to evaluate the accuracy of financial statements and the integrity of TISCO Group's operations.
5. Duty of confidentiality towards TISCO Bank and customers	Confidentiality towards TISCO Bank and customers is fundamental to TISCO Group's business operations. Employees must protect all "Proprietary Information" they receive, whether or not such information is related to them, including financial information pertaining to TISCO. Customer transactions and activities within TISCO are deemed confidential and shall not be exploited for any employee's own benefit, nor be disclosed to any other party who is not authorized to receive such information. This obligation continues to apply after employment ends. To protect the privacy of fellow employees, employees must maintain the confidentiality of their personal information.
6. Conflict of interest	Employees shall concentrate on their responsibilities to TISCO regardless of personal interest. Their business decisions shall be made to ensure maximum benefit for TISCO and its clients. Employees shall protect the interest of TISCO, as well as avoid the appearance of conflict of interest. Employees should not personally pursue business opportunities that would otherwise be available to TISCO as a reasonable business opportunity. Employees should avoid situations or arrangements in which employees are or could be perceived as competing with TISCO. Employees are not allowed to receive any benefits such as cash or gifts related to their involvement in situations or activities that lead or appear to lead to a conflict of interest between employees and TISCO or clients.
7. Political support	According to the rules laid down by TISCO Group, donations to political parties or political candidates including payments to government officials, is prohibited.
8. Customer Complaints	TISCO is committed to resolving and reporting the result of customer complaints using the highest standards and best practice procedures. All complaints shall be submitted to the responsible persons and should be

	resolved as soon as possible. A contact center is open 24 hours a day to receive complaints and other inquiries from customers.
9. Advertisement and Sales Literature	TISCO offers products and services that meet customers' needs, and discloses details and conditions for their understanding and clearness. TISCO realizes the importance of customers' rights and strictly complies with related rules and regulations.
10. Anti-Corruption	TISCO implements a zero-tolerance policy against corruption. TISCO Directors, management and employees are prohibited from receiving or offering bribes in any form and in all activities under the company's control. TISCO also ensures that charitable contributions, sponsorships, gifts, hospitality and other expenses, are transparent and will not be for the purpose of attempting to influence the recipient, whether government or private, into an improper exercise of functions, duties or judgment.
11. Environment, Health and Safety	TISCO complies with all applicable laws and relevant industry standards of practice concerning protection of health and safety of its employees in the work place and other persons affected by its business activities and the prevention of environmental pollution. TISCO is committed to continual improvement of Environment, Health and Safety management practices.
12. Respecting Human Rights	TISCO operates its business by strictly respecting human rights principles and believes that a successful business must operate with ethics and humanity, with everyone entitled to full equality.
13. Protecting TISCO's Property	In order to operate in an efficient and cost-effective manner, employees should properly maintain, protect from theft and waste, and use TISCO's property in an appropriate manner and for legitimate business purposes.
14. Strong Work Ethic	Employees must work full time for TISCO and show a high level of dedication to TISCO, feel personally responsible for their own job performance, be punctual, perform to the best of their ability, care about the quality of their work, respect their peers, and help a team meet its goal.
15. Outside Employment or Activities	Employees must not engage in any outside employment, business or activities, which create a real or an apparent conflict of interest or interference with TISCO's assigned duties, or in conflict with TISCO's hours of employment. After normal working hours, full-time employees should not engage in any business, work or paid-activities, which may have a detrimental effect on their working performance with TISCO.
16. Care with External Relationships	To maintain a good relationship with the public, employees should take special care in dealing with the media, government officials and community groups.
17. Reporting Illegal or Unethical Behavior or Retaliatory Action	Employees have the responsibility to seek appropriate guidance regarding their actions when necessary and to report violations of laws, rules, and regulations that apply to our business, as well as violations of this Code of Conduct and other TISCO policies, to the extent that they know any violation has occurred. By reporting the misconduct, employees promote the ethical culture at TISCO. TISCO has also set up a whistle-blowing procedure to receive reports of illegal or unethical behavior or retaliatory action from any person, both internally and externally. Reporter could report through the provided channel such as Official Website and an assigned e-mail address. TISCO is committed to ensuring confidentiality and protecting any person from retaliation who reports in good faith illegal or unethical behavior.
18. Disciplinary Action	Actions, which violate or appear to violate the code of conduct, will be investigated and processed according to disciplinary guidelines of TISCO. The facts that a particular action by any employee is not mentioned in the Code of Conduct and other guidelines do not prevent it from being unacceptable or discreditable, and therefore, the employee can be liable for disciplinary

10. Corporate Social Responsibility

10.1 Overview

TISCO Group has placed great importance on doing business responsibly by integrating economic, social and environmental concerns into their business operations, to create long-term sustainable value for business and society at large. Realizing that success in business is not measured solely by profitability or performance growth, but also by good corporate citizenship, business ethics, involvement in community development and helping underprivileged people to be self-reliant and independent as the society with solid foundation is a critical factor for sustainable development, TISCO Group has therefore run its business responsibly in parallel with social development with regard to systematical and ongoing working process to create substantially lasting value.

For over 46 years, TISCO Group has cultivated a strong sense of social responsibilities through the exemplary conduct of management conveyed to its employees and also expanded to all involved parties to create sustainably long-term value with 8 practical standards reflecting business operations with social responsibility of TISCO Group as follows:

1. Ethical Business Operation
2. Anti-corruption
3. Respect on Human Rights
4. Labor Justice
5. Responsibility on Consumers
6. Environmental Conservation
7. Community and Social Development
8. Innovation from Social and Stakeholders Responsibilities

Apart from conducting business in an ethical manner, TISCO Group has continuously carried out the projects beneficial to the society to create a sense of giver by enabling its employees to take part in public activities such as sustainable social development, promotion of arts and culture, and environmental preservation. Each CSR activities has a working group in charge of operating and following up the output, along with recommendation providing and performance tracking by TISCO committees. Hence, TISCO Group's projects have been largely driven by the "Volunteer Spirits" of the company with Corporate Social Responsibility unit (CSR), serving as the CSR project center, plans the CSR directions, sets up the budgets, organizes CSR projects and public activities, follows up the project performance and reports the progressions to the board of directors, and serves itself as the CSR communication center with the external organizations. All will be performed in accordance with TISCO Group's core values: to create sustainable development in the society.

10.2 Framework and Approach to Reporting

10.2.1 Approach to Reporting

TISCO Group has reported the Corporate Social Responsibility (CSR) activities in the Company's Annual Report and separately in Sustainability Report since 2006, both are available in Thai and English language. The 2015 Annual Report includes the information collected from 1 January 2015 – 31 December 2015 from all involved parties based on the Global Report Initiative (GRI) reporting framework. All such information covers the practices on economic, social and environment according to international indicators, to disseminate the idea, working process, and ESG (ESG: Environmental, Social and Governance) works, disclosed on CSR webpage: www.tisco.co.th/th/aboutus/social.html. However, the information in some areas may not be comprehensive as it is in the process of developing and improving data collection as well as information review to be more perfectly completed.

10.2.2 Framework

The implementation following the Company's policy has not been recorded only in writing, but also strictly adopted as follows:

1. Ethical Business Operation

In response to fair business policy, TISCO Group emphasizes on the Corporate Good Governance including employees' operations to comply with the company's principles, Articles of Association and Code of Conduct. The Board of Directors therefore set the Corporate Governance Policy based on the guidelines of the Stock Exchange of Thailand (SET) and OECD which indicates Vision, Objectives, Core Values, Structures, Duties, Guideline of Corporate Governance, and Code of Conducts for directors,

management and employees. And all of these are being communicated and implemented throughout TISCO Group and publicized on the company's website.

The Management of TISCO Group has strictly adopted the policies for monitoring and reviewing all measurements following the Legal Justice, Good Governance, rules and regulations. The Board of Directors appointed and assigned the Corporate Governance Committee, a sub-committee of the Board, to review and update the policy and guidelines in accordance with the Law and International Standard. TISCO Group adheres to the Principle of Know Your Customer – KYC and explores the customer information corresponding with risk – 'Customer Due Diligence' to ensure that there are neither illegal matters in our services nor negative effects to social and environment. All operations of TISCO Group have been being audited and monitored regularly by the Compliance Unit and Internal Audit Unit as well as the External Auditors and governmental regulatory offices i.e. the Bank of Thailand (BOT), the Office of the Securities and Exchange Commission, Thailand (SEC), the Stock Exchange of Thailand (SET), Anti-Money Laundering Office (AMLO) and the Office of Insurance Commission (OIC). The audit results have been reported to both the Compliance and Operation Control Committee and the Audit Committee.

TISCO Group enacts non-discrimination policy to our clients, employees, customers and parties and takes the precaution of benefits and legal rights of either customers or stakeholders. The Corporate Governance Policy of TISCO Group emphasizes on doing business with ethics and fairness, concerns every groups of the stakeholders' rights, carries out duties with maximum accountability, transparency, and equitable treatment to all stakeholders, for example, TISCO recognizes the basic rights of its shareholders and commits to protect and facilitate the exercise of shareholders' rights i.e. the right to buy, sell or transfer their shares; to receive their rightful portion of TISCO's profits; to easily obtain the relevant and adequate information on TISCO on a timely and regular basis; to participate effectively and equitable treatment in all groups of shareholders, minority shareholders are protected from abusive actions including insider trading and any conflict of interest. TISCO Group fulfills its contractual commitments to customers by providing professional and practical solution in accordance with the highest standard and code of conduct when the customers are certain to acquire the service fairly without discrimination practices even different charges or service fee are collected. Our Human Resources Policy stresses on the compensation that our permanent or contracted employees are responded fairly and rewarded based on an equitable performance evaluation system and non-discrimination. TISCO Group provides the opportunities to them by self-development program, professional training, health care benefit, workplace safety, and career path plan. In part of business partners and creditors, TISCO treats them fairly and honestly and honors any conditions agreed by both parties with the standard procurement guidelines, allocating proper duties to ensure the fair system which is emphatic on quality and price.

TISCO Group has disclosure and transparency management policy when making decision, operating, processing, and fair & disclosure procurement so as to the shareholders' structure. According to the Corporate Governance Policy, TISCO Financial Group Public Company Limited, as the parent company, administrates and centralizes all subsidiaries companies for efficiency, segregates duties to balance the authorities. The Board of Directors appointed the sub-committees which consist of the non-management such as the Audit Committee, the Nomination and Compensation Committee, and the Corporate Governance Committee, to support good governance in any matters which require transparency i.e. Financial Reports and the Information Disclosure, being fully compliant with the Rules & Regulations and Code of Conduct, Error- Mistakes Solving, Complaints, and Disciplines Breaking and etc. and periodically report to the Board of Directors. At the operating levels, roles and responsibilities are completely separated between each function for better control, transparency and fair in every transactions for example loan, deposit, investment, brokerage, procurement, etc. With such policy, TISCO Group provides Manual and Guidance including standard criteria covering activities and transactions. We regularly announce interest rates and fee to customers, the financial status can be monitored on web-site and ATM system by the accounts' owners. Any complaints and requests from customers can be communicated and monitored via TISCO Contact Center. Moreover, the Independent Regulating Sub-Committee always monitors and controls every functions and processes to comply with the governmental rules and regulations including any practices to prevent conflict of interest, for example; the officers are prohibited from trading TISCO's shares before the financial statement is published, the officers are prohibited from buying shares of the company which TISCO is the financial consultant according to the conditions, the management are enforced to report on trading, report on securities holding, Directors must notify the Board via the Audit Committee of their TISCO Financial Group's or TISCO Bank's shareholdings as well as must submit form of the interest report to the Chairperson of the Audit Committee for reviewing and submit to the Bank of Thailand respectively. Besides the internal control system and risk management will be reviewed by independent Internal Audit function, external auditor and regulatory bodies.

Based on the Policy which is cautious about conflict of interest and complying with the relevant rules and regulations, the employees will not violate the law or ethics and not use the company's assets or properties in contrary to the law. In response to policy of business dealing with fairness, TISCO provides Code of Corporate Ethics in the operating manual for the general staff, which covers honesty, justice, avoidance of action which is implied to benefit specific groups, compliance to regulations and laws, confidentiality of client information, etc. Every employee is required to study guidelines, regulations and Code of Conduct as they are written and appeared in the Employee's HR Manual, Compliance Manual, Business Code of Conduct, Working Manual, Anti-Corruption Guideline. Communications are through variety of channels such as Intranet, E- Learning, Training Class, and cartoons.

Annual test of knowledge about the guidelines is part of annual performance evaluation of all employees (Competency KPI) to ensure that the guidelines are understood and complied.

TISCO Group operates and monitors overall work in accordance with the Risk Management Policy. Employees, management and the directors are required to strictly perform under the principles and practices, rules and regulations. TISCO do not provide the credit loan to any projects that destroy environments, are unethical, or against rule of laws, resulted in the community and national problems. The monitoring system of Risk Management Policy comprises Risk Profile, Key Risk Indicator and etc. as early warning and reporting to the Risk Management Committee. (Details are in Item 9.7.1 Business Unit of Part 2 Section 9 of Corporate Governance)

For error and mistakes which may affect economy, society, and environment, TISCO Group copes with them rapidly and efficiently. The management sets the Whistle Blowing Policy that persons can inform tips or file complaint through many choices of channels i.e. Customer Service Center Tel (02) 633-6000, TISCO Website, Letter to the Compliance office, or Direct Complaint at the Head Office or branch of TISCO Bank. TISCO employee can file complaint to TISCO HR Help Line. Personal identity and information of whistle-blower will be protected and kept confidential. All comments, complaints or any information given will be brought to the Risk Management Procedures for analysis, solving and report within 7 days for the high-impact matter and 14 days in general case.

2. Anti-corruption

TISCO Group emphasizes on Corporate Governance policy and has followed this path with high standard for more than 46 years. Therefore, we are ready to bring our knowledge and idea into practice and embed "Integrity" as an integral part of company's core values and include therein the Compliance Manual as well.

In 2010, TISCO Group signed a mutual agreement with the Private Sector Collective Action Coalition Against Corruption in "Private Sector Collective Action Coalition Against Corruption Seminar" hosted by Thai Institute of Directors Association (IOD), Thai Chamber of Commerce (TCC), Joint Foreign Chambers of Commerce (JFCCT), the Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries to create awareness against corruption in Private Sector. This national project was well-supported by Office of the National Anti-Corruption Commission and Center for International Private Enterprise (CIPE). TISCO was certified as allies of the Thailand's Private Sector Collective Action Coalition Against Corruption on October 8, 2013. TISCO has prepared to apply for the recertification of Anti-Corruption program with an aim to explicitly express the standing point of TISCO and intent to support Private Sector's anti-corruption program by participating the anti-corruption activities every year. TISCO has also provide full cooperation to supervisory authority in regard to the support on proceeding for prevention of involvement with the corruption

TISCO Group has launched the "Anti-corruption policy and guideline" and appropriately revised on regular basis to ensure the effectiveness. The key essences of such policy and guideline are regularly communicated to all staff the perception by including in the Compulsory KPI report. In addition, the company's directors and executives have expressed intents to fight with corruption through the participation in activities arranged by organization, association or Private Sector Collective Action Coalition Against Corruption. (See more details in Section 10.5 Anti-corruption Guideline).

3. Respect on Human Rights

TISCO Group operates its business by strictly respect to human rights principles, placing in mind that a successful business must operate with ethics and humanity. TISCO Group believes that everyone is entitled in full equality. Hence, the company respects the rights and benefits of its employee and all group of involved party equally.

TISCO Group treats all shareholders fairly and equally. All shareholders received important and accurate information at the same time. TISCO Group has introduced a Cumulative Voting process, which all minority shareholders take part in nominating and appointing Independent Directors to ensure transparency and equitable treatment.

TISCO Group always places great importance on employee rights. TISCO employees are equally treated and given opportunities to develop themselves for professional advancement. We use a fair compensation and merits system to measure employees' performance. In addition, TISCO encourages employees to participate in recreational activities. TISCO provides corporate intranet systems and performance evaluation system for their employees to share their ideas and also launch many activities for employees' quality of life improvement.

4. Labor Justice

TISCO Group views is human resources as the beginning of value-creation and plays a large part in helping the company to remain competitive, as well as helping to build lasting growth. Therefore, TISCO Group places a high value on education and learning as an important part of its corporate culture. As such, training and development activities are therefore aligned with corporate goals and policy directives. While every employee is responsible for their own career path development, the group encourages them to express their goals and expectations through the performance management system and equips them with

appropriate tools. The group also invests in human resources development to improve employee potential, thus enabling them to meet the highest requirements of professional ethics.

TISCO Group promotes employee engagement by implementing company intranet network within the company. Moreover, TISCO Group is a host of other benefits including the following: medical expense, reimbursement, life insurance, tuition reimbursement for employee's children, provident funds, supporting fees for professional development course, giving appropriate salaries and remuneration, overtime fees, hire purchase fee, hire purchase loan services, mortgage loan services, emergency loan services, and other various monetary bonuses. In addition, TISCO Group also sponsors in employee's sports activities and new year activities.

The group's policies and objectives are delivered through "continuous training" and development programs including specific knowledge and skills training, basic training courses, and strategic policy training to enable our employees to easily adapt themselves to the company's ethics.

TISCO Group also established TISCO Learning Center to train employees, develop courses for basic and specific knowledge and skill training including, and instill corporate values. In other words, TISCO Learning Center plays an important role in increasing organization competency. (see more details in Section 8.5 Personnel Development, Part 8 Management)

In 2015, the Human Resource & Organization Development department has continually arranged several training programs for TISCO employees throughout the year.

5. Responsibility on Consumers

TISCO Group aims to operate its business with the highest ethical standards and exert effort to respond to all financial needs to create wealth and sustainable value for consumers, shareholders, employees, and society. For the past 46 years, TISCO has focused on providing financial service in every business with professional expertise. We place great importance on customer centricity to respond to customers' needs with a wide range of products. To maximize client value, 4 pillars of focused business areas serving key clients and all stakeholders have been identified, comprising of Retail Banking, Corporate Banking, Wealth & Asset Management, and Corporate Affairs & CSR.

TISCO Group offers products and services that meet customers' needs and discloses details and conditions for their clarification and understanding. The company realize the importance of customers' rights and strictly complies with rules and regulations of related- parties. Twenty-four contact center services to serve our customers.

TISCO Group's financial products and services do not inflict negative consequences on society. Its commercial banking business, operated by TISCO Bank, does not provide personal loans or credit card service, which may result in overspending and huge debts. The products and services of TISCO Bank are mainly offered in the form of consumer loans and related financial services, in response to customer demand for housing, vehicles, and cash flow for business operations. TISCO Group also provides savings and investment products to boost long term savings and prudent investment under the advisory services of well-trained investment consultants and marketing officers, and offers monthly seminars for customers seeking a better understanding of financial services.

6. Environmental Conservation

TISCO Group recognizes the importance of environmental conservation and its relation to business operation as one of sustainability factor. The company encourages wisely resources usage in operation practices along with instilling environmental consciousness among its employees with the goal to minimize environmental impacts from business operation and to promote stakeholders' cooperation in environmental conservation.

During the past year, TISCO Group's energy and resources saving process and practices include promoting all employees to wear uniform to work and providing five polo shirts to every employee to help them save budget for clothing, setting the office air conditions temperature to 25 Celsius for energy saving, installing energy control equipment for cooling system water pumps at TISCO headquarters to limit waste energy during non-working hours which could save energy for 870,000 baht, turning off computer screens when not in use and during lunch break, and using technology in day-to-day operation i.e. electronic communications, video conference calls, and paperless meetings. In business transactions with clients, no-slip ATM and e-statement services are provided. Besides, TISCO Group also adopted environmental conservation principle as one of the criteria in project loan approvals and doing business with vendors and business partners.

In after process activity, TISCO Group continues its annual reforestation which started more than 25 years ago to raise environmental awareness among its employees. In 2015, the reforestation activity was held at Luk Phra Dabos project development area in Samut Prakan Province for the 4th consecutive year with 100 employees to plant 1,500 trees to restore the ecosystem of brackish water with an aim to develop the area into a learning center of Southeast Asia in the future.

7. Community and Social Development

TISCO Group is committed to social sustainable development along with business operation. In 2015, the company actively joined hand with Thai Credit Guarantee Corporation (TCG) in credit guarantees project to facilitate small and medium-sized enterprises (SMEs) suffering from economic downturns, to be in financial institution inclusion so that they can carry on businesses, reduce funding costs, and avoid underground lending system offering high interest rate with threatened debt collection behaviors leading to social problem. Our microfinance business called "Somwang Ngern Sang Dai" also promotes social financial inclusion in provincial areas expanded to 100 branches in 2015.

Providing financial knowledge to the Thai people has been one of the company's social mission with yearly goal to achieve along with business goal. Our practice during the year includes 1) TISCO Financial Camp for high school students nationwide, the program was held under the theme "Saving before Spending, Creating Financial Discipline", aiming to build awareness and promote basic practices of financial consciousness to the young generation to apply in daily life and share to their families as well as hometown communities. In 2015, TISCO Group held 3 financial literacy camps including 305 participants throughout the country 2) Teacher Financial Camp, focusing on debts and expenses management, fundamental investment, and retirement planning. 3) Financial Guidance for Communities, the program was held under the theme "Smart Saving, Smart Spending" by our Somwang branch team around the country sharing personal finance knowledge to local communities, mostly farmers and local administrators with focus on household financial planning, shark loan awareness, saving and spending wisely. 4) Financial Guidance Program for TISCO Staff, TISCO Learning Center has developed financial planning training course for all TISCO staff by e-learning and classroom teaching as well as holding lecture of financial planning, investment, debts management, retirement planning for staff both in the headquarters and branches.

Long-term social and community development activity of TISCO Group has been carried out by TISCO Foundation for Charity for more than 30 years in 3 major areas, i.e. providing educational scholarships to needy students nationwide, providing medical funds to needy destitute and disabled patients, and business start-up funds for underprivileged people to earn a living. In 2015, TISCO Foundation granted 7,001 educational scholarships to needy students from over 800 schools throughout the country. Sixty percent of these scholarships are ongoing supports for the students to continue higher education and make a living after graduation. Beside student scholarships, TISCO Group also supports sustainable development for needy schools. In 2015, the company supported funds to construct a new kindergarten building for Ban Bueng Kan School in Bueng Kan Province which will be completed early in 2016 following the construction of a new building for needy school in Lopburi Province, the project of the 2014 completed in 2015.

In addition, TISCO has joined "Sathorn model" project, a collaboration project between private sector and public sector to relieve traffic congestion on Sathorn Road, working on possible solutions to be a prototype of sustainable traffic solution to save energy and improve quality of life for people commuting in Sathorn areas.

8. Innovation from Social and Stakeholders Responsibilities

TISCO Group recognizes the increasing role of innovation and technology in business world nowadays. The company has tried to develop new products and services responding to market needs, concerning stakeholders' benefits as well as social and environmental impact. In 2015, TISCO Group encouraged and motivated its employee to propose innovative products/service ideas through the organization's CEO Awards project. The process allows all employees to show their business idea/new working system, or alternative way of work to improve effectiveness of existing system. Five innovative projects from different business areas were short listed for recognition and considered to be developed further.

New development in 2015 also includes an application on tablet called "TISCO Pro Car" in leasing business with real-time connect to the company's internal system. The application function was designed to facilitate working process of customer marketing representatives (CMR), comprising customer profile analysis, product recommendation, and credit approval consideration. TISCO Pro Car is one of service channels developed to shorten working time, reduce duplication of works and data errors, leading to better service to customers. Electronic reports and communication channel have been developed to replace resource consumption, increase effectiveness of out-of-office work for marketing staff as well.

"Somwang Sabai Jai" is also a new product development of "Somwang Ngern Sang Dai", a microfinance business unit under TISCO Group, in cooperation with Thai Credit Guarantee Corporation (TGCG) to provide source of fund for small vendors who do not possess any security to apply for bank loan. The product is a clean loan which borrowing amount can be 5 times of income, starting from 50,000 – 200,000 baht at interest rate of 0.99% with TGCG helps guarantee loan amount for these vendors.

On investment business, in 2015 the company is a co-founder and fund manager of Thailand's first "Philanthropic Investment Fund" project, a mutual fund to selectively invest in the Stock Exchange of Thailand's ESG100 listed companies. The project aims to bring at least 50% of return on investment to sustain CSR projects.

The company also launched a product campaign for social cause, i.e. "One Million Hearts for Cancer Patients" for Faculty of Medicine, Mahidol University and Ramathibodi Hospital with "TISCO Zero Cancer Insurance Plan" (ZCP). On every ZCP contract a customer buy in 2015, TISCO will donate 100 baht to research and development of cancer treatment fund of Mahidol University. In addition, for the first 100 contracts buying online through www.tiscoinsure.com, TISCO will donate 1,000 Baht per contract. The campaign will end in March 2016.

10.3 Impacts of Business Operation on Social Responsibility

TISCO Group has committed to conducting business responsibly. In 2015, the company did not receive any notice from related authorities for violating the 8 corporate social responsible principles. However, there are some individual legal cases related to normal business transaction. (Details in part 1, section 5)

As for the publicized case of providing syndicated loan for Sahaviriya Steel Industries PLC and its subsidiary, Sahaviriya Steel Industries UK Ltd, TISCO Bank has monitored debt restructuring process by progressively setting up loan loss provisions to support the exposure to 100% in the third quarter. Consequently, there was no significant impact on operating performance as a result of careful business operation focusing on effective risk management as well as taking into account the company's business value preservation and the prevention of negative impact on employees, customers, shareholders including other stakeholders. (Details in part 1, section 2)

Anti-Corruption Guideline

TISCO Group has launched "Anti-Corruption Policy" and "Anti-Corruption Guideline" to enforce the company's directors, executives and all staff of TISCO Group. The objective of guideline establishment is to guide the group of companies to practice with honesty, efficiency and effectiveness to prevent or minimize for possibly being vehicle of corruption. Additionally, the determination regarding the practice with counterparty or business partners, whistle blowing channel, the disclosure of information to public relating to the intent of company in combating with corruption, the report to the executives and the examination on the implementation of anti-corruption program were also included therein the Anti-Corruption Guideline.

In 2010, TISCO signed mutual agreement with the Private Sector Collective Action Coalition Against Corruption in Private Sector Collective Action Coalition Against Corruption seminar hosted by Thai Institute of Directors Association (IOD), Thai Chamber of commerce (TCC), Joint Foreign Chambers of Commerce (JFCCT), the Listed Companies Association, Thai Bankers' Association, Federation of the Thai Capital Market Organizations and Federation of Thai Industries to create awareness against corruption in Private Sector. This national project was well-supported by Office of the National Anti-Corruption Commission and Center for International Private Enterprise (CIPE)

TISCO will assess risk related to corruption, implement compliance program and provide business conduct guidance to directors, senior managements and all level of employees to fight against corruption, with details as follows:

1. Place "Integrity" as the company's core values. All of TISCO Group's employee conduct themselves with honesty and follow the code of ethics of the highest standards
2. Evaluate the company's annual Corruption Risk Evaluation during the company's annual Risk Assessment Evaluation
3. Adjust the level of the company's Anti-Corruption implementation to correspond with the result of the annual Risk Assessment Evaluation and implement the company's bribery policy
4. Provide Anti-Corruption training programs to employee to promote integrity, honesty, and accountability in the exercise of their duties and responsibilities by adding "Anti-Corruption Policy" into Competency KPI report which required 100% of test result.
5. Provide appropriate channels of communication to the employee and other stakeholders to report suspicious circumstances in confidence without risk of reprisal, and a designed officer will be tasked with investigating all report received.
6. TISCO Group's top executives take part in promoting Anti-Corruption activities with other organizations on regular basis. In year 2015, the fifth year when TISCO has joined and participated as part of private sector in supporting the anti-corruption activities. In year 2015, TISCO has joined the activities to show power against corruption arranged by (Anti-Corruption Organization of Thailand together with partners and private sector under the theme "Active Citizen Against Corruption. In this campaign, the participations of government agencies, private sector and citizens for over 3,000 persons were presented at the Central World Plaza.
7. Strengthen and enhance the control measures for procurement process to minimize the possibility of corruption or bribery. Additionally, the steering committee is appointed to assist in screening the appropriateness of price as well as the term of conditions for the high value procurement.
8. Provide full cooperation to the supervisory authority to disclose the Anti-Corruption Progress Indicator. At present, TISCO Group was ranked at level 4 which referred to the company passed the certification and is one of members of

Private Sector Collective Action Coalition Against Corruption in Private Sector. TISCO is on the preparation process to upgrade to level 5 by extending the anti-corruption practice to counterparty and business partners.

9. In regard to the securities company and asset management company, the subsidiaries within the TISCO Group, they also well provide the support on proceeding for prevention of involvement with the corruption. TISCO Securities Co., Ltd. where undertakes the research business for listed company has disclosed the Anti-Corruption Progress Indicator of such listed company in the research articles of the company in order to be the supportive information for investors.

Meanwhile, as for TISCO Asset Management Co., Ltd., has disclosed the Anti-Corruption Progress Indicator of the company in the fund fact sheet. Additionally, the factors regarding Anti-Corruption Progress Indicator as well as the being certified company of Private Sector Collective Action Coalition Against Corruption in Private Sector will be taken into account as considering factors for making investment for funds under management of the company.

For further Anti-Corruption policy was disclosed on TISCO's website at <http://www.tisco.co.th/en/aboutus/governance.html>

In addition, TISCO Group received 2 awards, representing the company's integrity and successful anti-corruption policy which were:

- **NACC Integrity Awards 2013:** TISCO Financial Group received NACC Integrity Awards for the year 2014 by the office of the National Anti-Corruption Commission. The National Anti-Corruption Commission (NACC) organized the Integrity Award to honor and support those with ethics and integrity and transparency.
- **Certificate of Membership by CAC Council:** TISCO Group received the certificate of membership by Collective Action Coalition Against Corruption. TISCO Group has met the commitments to the CAC declaration on anti-corruption by putting in place good business principles and control against bribery and now a full member of CAC

Honors & Awards in 2015

TISCO Group has received several awards related to performance standards reflecting its standard policy and outstanding accomplishment in various fields of business. The awards received in the year 2015 are as follows:

Board of the Year Awards 2015

TISCO Financial Group received "Board of the Year-Exemplary Practices" from Board of the Year Awards 2015, organized by Thai Institute of Directors Association (IOD) in collaboration with the Stock Exchange of Thailand, the Thai Chamber of Commerce, the Federation of Thai Industries, the Thai Bankers' Association, the Thai Listed Companies Association, and the Federation of Thai Capital Market Organizations, to recognize top performing boards of Thai listed companies for their effective operation and good corporate governance practices, based on five criteria: Board Policy, Board Members, Board Structure, Board Process, and Board Performance.

Audit Committee of the Year 2015

TISCO Financial Group received "Audit Committee of the Year" from Board of the Year Awards 2015, organized by Thai Institute of Directors Association in collaboration with six private sector organizations to honor the audit committee that perform their duties effectively in accordance with good governance practices and achieve top-five average scores on audit committee practices. TISCO Group has transparently operated its business according to corporate governance principles to protect the shareholders' interests and to sustainably enhance business growth.

Board with Consistent Best Practices

TISCO Financial Group received "Board with Consistent Best Practices" from Board of the Year Awards 2015, organized every 2 years by Thai Institute of Directors Association in collaboration with six leading private sector organizations to honor boards of directors that have won the Board of the Year Awards for three consecutive times in 2011, 2013 until present as special recognition of their consistent best performance. TISCO Group has maintained its quality and efficiency standard and was bestowed such award for three consecutive years.

The Consumer Protection Thailand Call Center Award 2015

TISCO Financial Group received "The Consumer Protection Thailand Call Center Award 2015" from the Office of the Consumer Protection Board (OCPB) in cooperation with the Management System Certification Institute (Thailand) to honor the entrepreneurs having the outstanding services in effective consulting and managing consumer complaints in compliance with five

standard provisions of OCPB. TISCO Contact Center has been awarded for 2 consecutive years reflecting its effort to provide the best service for the highest consumer satisfaction.

Top Bank in the Secondary Market, Corporate Bonds in Asian Local Currency Bonds Award 2015

TISCO Bank, as a provider of corporate bond Thai baht, received the first rank in “Top Bank in the Secondary Market, Corporate Bonds in Asian Local Currency Bonds” from the Asset Benchmark Research Awards Dinner 2015 held by The Asset Magazine according to the survey result of institutional investors using bond trading in Asia. TISCO has been trusted and voted from investors for this award for bond traders (private sector bonds) in Thailand.

Best Securities Company Awards 2015

TISCO Securities received “Best Securities Company Awards – Retail Investors” from SET Awards 2015 organized by the Stock Exchange of Thailand in collaboration with Money & Banking Magazine. This award was presented to the securities company possessing excellent brokerage and good service as well as having inclusively quality and diversified securities analysis based on quantitative and qualitative data from key performance areas. Moreover, the survey of clients and good practices of staff and company are also considered in the evaluation.

Outstanding Securities Company Awards 2015-Institutional Investors

TISCO Securities received “Best Securities Company Awards – Institutional Investors” in SET Awards 2015 organized by the Stock Exchange of Thailand in collaboration with Money & Banking Magazine. This award was presented to the securities company possessing excellent brokerage and good service as well as having inclusively quality and diversified securities analysis based on quantitative and qualitative data from key performance areas. Moreover, the survey of clients and good practices of staff and company are also considered in the evaluation.

11. Internal Control and Risk Management

TISCO Group has realized and emphasized the sound risk management and adequacy and appropriateness of internal control system in order to support and sustain the effective and efficient business undertaking of TISCO Group. The control structure has started with the established control environment for transparently operating businesses under good corporate governance, check and balance organizational structure, centralized policies and guidelines for enterprise-wide adoption, written and thoroughly communicated code of conduct, disciplinary punishment and the establishment of channels for accepting complaints and appropriate consideration process.

Oversight of Internal Control System and Risk Management

The business undertakings as well as the sound and adequacy of control system are under the supervision of the Board of Directors of TISCO Financial Group through the Executive Board and the Audit Committee. The centralized supervision has been conducted by TISCO Group in accordance with the consolidated supervision principles of the Bank of Thailand with major structures as follows;

1. The Executive Board of the parent company oversees entire risk management and internal control systems of TISCO Group by appointing and delegating specific sub-committees to oversee and control the dedicated responsible areas. In regard to the TISCO Financial Group, the parent company, the specific sub-committees have been appointed to centralize the oversight functions, namely: the Risk Management Committee, the Compliance and Operation Control Committee, and the Information Technology Committee. Meanwhile, the TISCO Bank, a subsidiary within the TISCO Group has also established specific sub-committees in relevant with the banking business, namely the Risk Management Committee, the Credit Committee, and the Problem Loan Committee. As for other subsidiaries within the TISCO Group, the appointment of the sub-committees have been considered and established to be in line with the complexity of the business undertaking of each subsidiary as deemed necessary and appropriate. The risk management and control system of each subsidiary within TISCO Group shall be implemented in accordance with Internal Control Policy, Corporate Governance Policy and Risk Management Policy as well as the relevant guidelines determined by the parent control as enterprise-wide adoption.
2. The Audit Committee of TISCO Financial Group shall perform duties independently in assessing the adequacy of the TISCO Group's internal control system established and supervised by the Executive Board including the effectiveness of the audit system. The Audit Committee of TISCO Financial Group shall consider Internal Control Assessment Form prepared by the management of the TISCO Group on an annual basis prior proposing to the Board of Directors for consideration and approval. In regard to the oversight function for the group's risks, the Audit Committee reviews the policy and guidelines for internal audit, oversee the appropriateness of internal control system through the performance of duties of Internal Audit Function and Risk Management Function as well as supervise the performance of duties of the Compliance and Operation Control Committee and the Audit Committee of other subsidiaries. The oversight functions are aimed to assess the fair accuracy of financial statements, the transparency of business undertakings, the adequacy and appropriateness of internal control and audit system of every business operations including the proceeding in compliance with laws and regulations. For other subsidiaries those been regulated by supervisory authorities, the Audit Committee, internal control and internal audit reporting process have been established in each company. In regard to the Audit Committee of the TISCO Bank, it has been appointed by the TISCO Bank to independently perform duties in assessing the adequacy of the Bank's internal control system and provide assurance on the fairly accurate and transparent financial statement reports as well as the work proceedings in compliance with the stipulated regulations. The committee shall directly report to the Audit Committee of TISCO Financial Group, whilst internal audit and control process in other companies shall also be reported directly to the Audit Committee of TISCO Financial Group as well.

Overview of TISCO Group's Internal Control System and Risk Management

TISCO Group has implemented the internal control system and integrated-enterprise risk management framework, which are the international best practices, to ensure the achievement of objectives, efficiency and effectiveness of operations and compliance with laws and regulations. The internal control system has 5 key components those are described as follows;

1) *Control Environment*

TISCO Group has developed appropriate control environment to promote the sound internal control system. The established control environment has started by defining "Integrity" as one of corporate core values, establishing Internal Control Policy and Guideline, structuring check and balance organization and supervisory lines and determining the appropriate approval authority and accountabilities to drive the pursuit of business objectives. In regard to the oversight function, the Board shall supervise the performance of duties of the Management

Committee as well as the effectiveness of establishment of sound control system and risk management process. Meanwhile, the Corporate Governance Committee shall oversee the performance of duties of the Board, directors and managements to assure that the proceedings are undertaken in accordance with Corporate Governance Policy, code of business ethics and relevant laws and regulations.

Pursuant to the control environment of TISCO Group, in regard to the control aspect, three lines of defenses are determined. The first line of defense is accountable by the managements and business operations in determining effective control measures in accordance with defined Risk Management policy and guideline to mitigate possible risks. The second line of defense is oversight function with main responsibilities in establishing risk management policy and guideline formulation under supervision of corporate policy. The third line of defense is independent assurance line of defense responsible by Audit Committee which performs duties through the operations of Internal Audit Function in assessing the effectiveness of risk management and control system.

2) *Risk Assessment*

TISCO Group places great importance on effective risk management and controls. The Risk Management Committee is delegated to be responsible for establishing effective risk management policies, prudent risk management guidelines and limits as well as the monitoring and controlling process. The Risk Management Committee assesses and measures key risks, particularly in the areas of credit, market, funding, operational and fraud risks. With effective risk management framework and system, Risk Management Function is accountable for measuring and monitoring risks according to the defined Risk Management Guideline, regularly report the monitoring results to the senior management and relevant committee while overall risk management process is also examined by independent internal auditors on regular basis.

3) *Control Activities*

TISCO Group has designed control system to be centralized management in order to provide assurance that all subsidiaries within TISCO Group operate businesses under the effective control system with standardized key processes. The determination of control system shall be developed to align with each environment and business operations. To manage potential risks might affect to the achievement of business objectives and might damage the TISCO Group to be at the optimum level, TISCO Group develops clear role and responsibilities, segregation of duties among operators, reviewers and evaluators through policies and procedures for assuring the check and balance controls as well as the appropriate audit system. The establishment of guidelines and procedures as well as the regular monitoring and controlling process have been placed more importance and emphasized on. Additionally, the consideration for any businesses or activities shall be regard to the optimized benefit to the TISCO Group including the related transactions. The related transaction is treated on arm's length basis in accordance with the principles of good corporate governance and the group's related party transaction policy.

4) *Information and Communication*

TISCO Group has continuously developed information technology system in order to provide the efficient information and communication management to support the achievement of control objectives. TISCO Group has brought the appropriate information technology and information security to adopt for business operations in order to secure the key information. Additionally, TISCO Group has also determined the channel and process to communicate or provide adequate and accurate information either to internal or external parties in timely manner.

5) *Monitoring Activities*

TISCO Group has established ongoing and separate evaluations of internal control process to ascertain whether the components of internal control are efficiently functioning. Other than the oversight function taken by Operational Risk Management Function, the TISCO Group has also arranged the reporting and communicating channel to report the internal control deficiencies to the responsible person for timely taking corrective action, including the establishment of audit process through the performance of duties of Internal Audit Function and Compliance Function. The examination result of the control effectiveness as well as the compliance with the laws and regulations stipulated by the supervisory authorities shall be regularly reported to senior management and the relevant committees.

11.1 Board of Directors' Report on Internal Control System

At the Board of Directors' Meeting No. 1/2016 on February 19, 2016 where the 7 members of independent directors including 3 members of Audit Committee were present, the Board considered the Company's internal control assessment form as prepared by the managements and reviewed by the Audit Committee. According to the assessment form, the evaluation was made to cover five aspects; Organizational Control and Environmental Measures, Risk Management Measures, Management Control

Activities, Information and Communication Measures and Monitoring. The Board viewed that the Company's internal control system is adequate and appropriate for business undertakings. The Company has established sound control system and sufficient resources to carry out according to the determined processes including sufficient monitoring controls for supervising business operations of subsidiaries to ascertain that they operates businesses under the sound control systems with appropriate control measures to prevent the conflict of interests.

11.2 Audit Committee's and Independent Auditor's Comment on Internal Control System

Audit Committee has agreed with Board of Directors' report on Internal Control System and had no comments on the internal control system. The details are provided in Attachment 5 Report of Audit Committee. Moreover, in year 2015, Ernst & Young Office Limited as independent auditor of the Company had no comments on the internal control system.

11.3 Head of Internal Audit Unit and Head of Compliance Unit

(1) Head of Internal Audit

TISCO Group appointed Miss Jiraporn Sawsukpaiboon as a Head of Internal Audit who is qualified to take charge for Internal Audit function with her competency and auditing experience. Ms. Jiraporn is able to independently perform her duties with the support of the Audit Committee. Ms. Jiraporn is also appointed as the Secretary to the Audit Committee. Qualification of the current Head of Internal Audit is provided in the Attachment 4.

(2) Head of Compliance

TISCO Group appointed Mrs. Dulyarat Taveephol to be a Head of Corporate Compliance to oversee the business operations in compliance with related laws and regulations. Compliance Function is under supervision of Governance Office which is headed by Mr. Pairat Srivilairit. Qualification of the current Heads is provided in the Attachment 4.

12. Related Party Transactions

The Company disclosed the detail of related party transaction under section 3.34 of notes to the consolidated financial statement for the year ended December 31, 2015. The Company and its subsidiaries had business transactions with related parties whereby such transactions shall be done on the same basis and conditions as applied to external parties.

12.1 Necessity and justification for the transactions

The related party transactions were necessary and justified in order to obtain maximize benefit of the group. These transactions were the supporting transaction for normal business operation of TISCO Group, according to the consolidated supervision principle by the Bank of Thailand. These transactions did not incur any conflict of interests.

12.2 Measures or procedures for approval of related party transactions

All transactions between related parties shall be done on the same basis and conditions as applied to external parties. Personal vested interests shall not be entitled to vote for the approval of said transaction. In addition, TISCO Group will be disclosed information in a transparent manner according to the Good Governance principle.

12.3 Policy or Future related transaction policy

The Group puts a strong emphasis on effective management under Good Governance and in accordance with rules and regulation of related regulators. In addition, the Group has set up "Related Party Transaction Policy" and implemented across the group, and therefore the Group has no policy to encourage transactions between related parties. Should any such transactions occur, the conditions would be the same as in normal business transactions for the group.

Part 3**13. Key Financial Information****13.1 Financial Statements****Summary of Auditor's Report***The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2015 and 2014*

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2015 and 2014 was Ms. Ratana Jala, Certified Public Accountant (Thailand) No. 3734, of EY Office Limited. The conclusion of his report can be summarized as follows:

Based on the independent auditor's audit, the financial statements presented fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at December 31, 2015 and 2014, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

The Consolidated Financial Statements of the Company and its Subsidiaries for the Year Ended December 31, 2014 and 2013

The independent auditor for the Company's financial statements and the Company's and its subsidiaries' consolidated financial statements for the year ended December 31, 2014 and 2013 was Ms. Ratana Jala, Certified Public Accountant (Thailand) No. 3734, of EY Office Limited. The conclusion of his report can be summarized as follows:

Based on the independent auditor's audit, the financial statements presented fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at December 31, 2014 and 2013, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Table Depicting the Consolidated Financial Statements of the Company and its Subsidiaries
TISCO Financial Group Public Company Limited and its subsidiaries
Statement of financial position

	As of		
	December 31, 2015	December 31, 2014	December 31, 2013 (Revised)
	(Unit: Thousand Baht)		
Assets			
Cash	1,101,291	1,180,482	1,130,971
Interbank and money market items - net	31,162,645	38,057,993	53,214,350
Derivatives assets	-	-	28,220
Investments - net	8,332,419	14,795,457	11,489,593
Investments in subsidiaries and joint venture - net	284,107	207,228	157,283
Loans to customers and accrued interest receivables			
Loans to customers	259,724,989	286,017,305	314,332,796
Accrued interest receivable	542,488	572,383	535,851
Total loans to customers and accrued interest receivables	260,267,477	286,589,688	314,868,647
Less: Deferred revenue	(21,465,152)	(23,233,476)	(27,918,134)
Less: Allowance for doubtful accounts	(6,168,270)	(6,950,423)	(6,331,224)
Loans to customers and accrued interest receivables - net	232,634,055	256,405,789	280,619,289
Property foreclosed - net	47,390	120,905	124,757
Investment properties - net	32,157	17,267	16,856
Premises and equipment - net	2,633,339	2,483,759	2,456,855
Intangible assets - net	379,659	324,927	111,964
Deferred tax assets	317,686	296,074	245,383
Securities and derivative business receivable - net	1,130,190	1,819,258	1,546,662
Other assets	2,238,741	1,964,366	2,264,128
Total assets	280,293,679	317,673,505	353,406,311

TISCO Financial Group Public Company Limited and its subsidiaries
Statement of financial position (continued)

	As of		
	December 31, 2015	December 31, 2014	December 31, 2013
	(Unit: Thousand Baht)		
			(Revised)
Liabilities and shareholders' equity			
Liabilities			
Deposits	158,344,190	205,588,846	264,642,177
Interbank and money market items - net	10,030,060	10,692,435	12,182,921
Liability payable on demand	356,335	399,916	344,864
Payable under securities borrowing and lending business	-	-	-
Derivatives liabilities	41,898	40,729	310,945
Debts issued and borrowings	74,518,919	65,406,219	43,083,619
Provision for long-term employee benefits	466,933	403,572	332,602
Deferred tax liabilities	1,748	30,155	144,962
Securities and derivatives business payables - net	1,275,029	1,250,067	1,511,017
Accrued interest payable	896,969	1,129,253	1,688,431
Income tax payable	312,895	566,574	457,100
Other liabilities	5,854,374	6,342,046	5,653,318
Total liabilities	252,099,350	291,849,812	330,351,956
Shareholders' equity			
Share capital			
Registered			
33,858 preference shares of Baht 10 each	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694
	8,007,033	8,007,033	8,007,033
Issued and fully paid-up			
18,558 preference shares of Baht 10 each			
(31 December 2014: 33,558 shares of Baht 10 each)			
(31 December 2013: 33,858 shares of Baht 10 each)	186	336	339
800,636,925 ordinary shares of Baht 10 each			
(31 December 2014: 800,621,925 shares of Baht 10 each)			
(31 December 2013: 800,621,625 shares of Baht 10 each)	8,006,369	8,006,219	8,006,216
	8,006,555	8,006,555	8,006,555
Share premium			
Share premium of preference shares	-	-	-
Share premium of ordinary shares	1,018,408	1,018,408	1,018,408
	1,018,408	1,018,408	1,018,408
Other components of shareholders' equity	1,381,775	1,680,354	1,570,190
Retained earnings			
Appropriated-statutory reserve	709,500	596,300	496,200
Unappropriated	16,979,196	14,429,068	11,895,567
Equity attributable to owners of the Company	28,095,434	25,730,685	22,986,920
Non-controlling interest of the subsidiaries	98,895	93,008	67,435
Total shareholders' equity	28,194,329	25,823,693	23,054,355
Total liabilities and shareholders' equity	280,293,679	317,673,505	353,406,311

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the years ended

	(Unit: Thousand Baht, except earnings per share expressed in Baht)		
	December 31, 2015	December 31, 2014	December 31, 2013
			(Revised)
Interest incomes	16,887,553	18,890,867	18,960,910
Interest expenses	(6,757,696)	(9,351,077)	(10,144,033)
Net interest income	10,129,857	9,539,790	8,816,877
Fees and service income	5,255,965	5,187,250	5,416,910
Fees and service expenses	(198,932)	(211,639)	(225,837)
Net fees and service income	5,057,033	4,975,611	5,191,073
Net gains on trading and foreign exchange transactions	96,189	27,612	74,647
Net gains on investments	128,907	263,716	353,774
Share of profit from investments accounted for under equity method	97,655	52,129	45,689
Dividend income	92,332	96,930	99,090
Penalty fee income from loans	452,694	344,030	283,731
Income from business promotion relating to the hire purchase business	348,001	268,333	736,858
Other operating income	86,258	55,638	53,298
Total operating income	16,488,926	15,623,789	15,655,037
Expenses to business promotion relating to the hire purchase business	396,303	274,765	900,370
Total net operating income	16,092,623	15,349,024	14,754,667
Operating expenses			
Employee's expenses	3,379,795	3,550,195	3,419,752
Directors' remuneration	12,680	13,240	13,095
Premises and equipment expenses	928,890	919,076	883,767
Taxes and duties	212,862	224,003	216,170
Other operating expenses	992,794	898,432	732,381
Total operating expense	5,527,021	5,604,946	5,265,165
Bad debt, doubtful accounts and impairment losses	5,277,415	4,426,460	4,140,603
Profit from operating before tax expenses	5,288,187	5,317,618	5,348,899
Income tax expenses	1,032,464	1,043,443	1,040,706
Profit for the year	4,255,723	4,274,175	4,308,193

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the years ended

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	December 31, 2015	December 31, 2014	December 31, 2013 (Revised)
Other comprehensive income			
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods</i>			
Gain (loss) on remeasuring available-for-sale investment	(334,715)	184,533	(397,546)
Share of other comprehensive income of joint venture:			
Cash flow hedges of joint venture	(20,802)	(1,694)	(8,854)
Income tax effects	66,943	(41,025)	77,111
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax</i>	(288,574)	141,814	(411,084)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>			
Actuarial gains (losses)	6,091	(28,716)	12,984
Losses on revaluation of assets	-	(27,000)	1,176,123
Share of other comprehensive income of joint venture:			
Actuarial gains (losses) of joint venture	26	(354)	44
Income tax effects	(1,188)	11,114	(237,821)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax</i>	4,929	(44,956)	951,330
Other comprehensive income for the year	(283,645)	96,858	540,246
Total comprehensive income for the year	3,972,078	4,371,033	4,848,439
Profit attribute to			
Equity holders of the Company	4,250,119	4,249,515	4,249,050
Non-controlling interests of the subsidiaries	5,604	24,660	59,143
	4,255,723	4,274,175	4,308,193
Total comprehensive income attributable to			
Equity holders of the Company	3,966,053	4,345,059	4,790,562
Non-controlling interests of the subsidiaries	6,025	25,974	57,877
	3,972,078	4,371,033	4,848,439
Basic Earnings per share	5.31	5.31	5.55

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the years ended

(Unit: Thousand Baht)

	December 31, 2015	December 31, 2014	December 31, 2013 (Revised)
Cash flows from operating activities			
Profit before income tax	5,288,187	5,317,618	5,348,899
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:			
Depreciation and amortisation	214,709	230,494	274,984
Bad debts and doubtful accounts	7,070,231	5,642,990	5,011,222
Share of profit from investments accounted for under equity method	(97,655)	(52,129)	(45,689)
Reversal of allowance for impairment of investments	(822)	(13,058)	(4,987)
Allowance for impairment of property foreclosed (reversal)	1	(67)	(17)
Gain on disposal of investments in securities	(131,268)	(262,848)	(351,862)
Unrealised (gain) loss on foreign exchange	(80,656)	17,467	(51,436)
Gain on disposal of equipment	(1,619)	(6,140)	(5,443)
Loss on written-off of equipment	2,909	1,759	-
Loss on written-off intangible assets	78	5,282	-
Gain on changes in value of investment properties	406	(412)	(16,850)
Gain on disposal of property foreclosed	(49,810)	(22,841)	(5,789)
Employee benefit expenses	95,269	65,002	47,651
Increase in accrued income	(14,654)	(22,658)	66,325
Increase (decrease) in accrued expenses	(279,820)	167,932	348,623
Net interest income	(10,129,857)	(9,539,790)	(8,816,877)
Dividend income	(92,332)	(96,930)	(99,090)
Cash received on interest income	17,201,200	18,639,189	18,546,588
Cash paid on interest expenses	(5,822,706)	(8,626,107)	(8,976,177)
Cash received on dividend income	92,332	100,930	97,295
Cash paid on income tax expenses	(1,275,371)	(1,129,610)	(739,873)
Profit from operating activities before changes in operating assets and liabilities	11,988,752	10,416,073	10,627,497
Operating assets (increase) decrease			
Interbank and money market items	6,895,479	15,151,442	(22,032,922)
Loans to customers	13,993,726	15,236,649	(48,818,894)
Securities and derivative business receivables	689,068	(272,596)	677,130
Receivables from clearing house	43,907	(20,527)	(135,450)
Property foreclosed	2,801,136	3,138,099	2,899,962
Other assets	(847,155)	337,517	721,070
Operating liabilities increase (decrease)			
Deposits	(47,244,657)	(59,292,796)	44,817,874
Interbank and money market items	(662,375)	(1,251,022)	2,509,624
Liabilities payable on demand	(43,582)	55,052	(307,446)
Short-term borrowing			
Securities and derivative business payables	24,962	(260,950)	(12,628)
Short-term debts issued and borrowings	(6,567,300)	23,922,600	15,317,069
Payable to clearing house	(756,680)	554,382	(553,494)
Provision for long-term employee benefits	(25,959)	(22,749)	(23,807)
Other liabilities	(378,844)	(1,100,336)	(736,404)
Net cash flows from (used in) operating activities	(20,089,522)	6,590,838	4,949,181

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the years ended

(Unit: Thousand Baht)

	<u>December 31, 2015</u>	<u>December 31, 2014</u>	<u>December 31, 2013</u>
			(Revised)
Cash flows from investing activities			
Cash paid for purchase of investment in securities held for investment	(17,004,795)	(28,880,497)	(16,643,600)
Cash received from disposal of investment in securities held for investment	23,346,837	26,038,728	12,186,959
Cash paid for purchase of equipment	(309,088)	(230,236)	(180,334)
Cash paid for purchase of intangible assets	(102,938)	(274,208)	(49,012)
Cash paid from disposal of intangible assets			
Cash received from disposal of equipment	1,619	6,180	13,978
Net cash flows used in investing activities	<u>5,931,635</u>	<u>(3,340,033)</u>	<u>(4,672,009)</u>
Cash flows from financing activities			
Cash received from issuance of long-term debentures	17,680,000	2,400,000	1,243,000
Cash paid for the redemption of long-term debentures	(2,000,000)	(4,000,000)	(1,353,700)
Dividend paid	(1,601,304)	(1,601,294)	(1,745,845)
Cash received from increase in share capital	-	-	1,745,842
Net cash flows used in financing activities	<u>14,078,696</u>	<u>(3,201,294)</u>	<u>(110,703)</u>
Exchange differences on translation of financial statements	<u>-</u>	<u>-</u>	<u>(81,795)</u>
Net increase (decrease) in cash	<u>(79,191)</u>	<u>49,511</u>	<u>84,674</u>
Cash at beginning of the year	1,180,482	1,130,971	1,046,297
Cash at end of the year	<u>1,101,291</u>	<u>1,180,482</u>	<u>1,130,971</u>
Supplemental cash flows information			
Non-Cash transaction			
Revaluation adjustment of assets	-	-	1,176,123

13.2 Important Financial Ratios

		2015	2014	2013
Profitability Ratio				
Gross Profit Margin	(%)	68.6	60.3	57.5
Net Profit Margin	(%)	26.4	27.7	28.8
Return on Average Shareholders' Equity	(%)	15.7	17.4	20.6
Interest Income Ratio	(%)	5.7	5.6	6.0
Interest Expense Ratio	(%)	2.6	3.1	3.5
Interest Spread	(%)	3.1	2.5	2.5
Return on Investment	(%)	4.2	5.3	7.0
Efficiency Ratio				
Net Interest Income to Total Assets	(%)	3.4	2.8	2.8
Return on Average Assets	(%)	1.4	1.3	1.3
Total Asset Turnover	(times)	0.05	0.05	0.05
Financial Ratio				
Debt to Equity Ratio	(times)	8.9	11.3	14.3
Total Loans to Total Borrowing and Deposits	(%)	102.2	96.8	93.0
Total Loans to Public Borrowing	(%)	150.5	127.8	108.2
Public Borrowing to Total Liabilities	(%)	62.8	70.4	80.1
Dividend Payout Ratio	(%)	45.2	37.7	37.2
Asset Quality Ratio				
Allowance for Doubtful Account to Total Loans and accrued interest receivable	(%)	2.6	2.6	2.2
Bad Debt and Doubtful Account to Total Loans and accrued interest receivable	(%)	3.3	1.9	1.3
Non-accrued loans ¹ to Total Loans	(%)	3.1	2.8	1.9
Allowance for Doubtful Account to Non-performing loans	(%)	80.1	103.0	127.5
Accrued Interest Receivable to Total Loans	(%)	0.2	0.2	0.2
Other Ratios				
Capital Funds to Risk Weighted Asset (BIS)	(%)	18.01	16.79	13.37
Net Capital Rule (TISCO Securities)	(%)	84.03	54.73	58.70

¹according to the Bank of Thailand's definition

14. Management Discussion and Analysis

The Management Discussion and Analysis compares operating performance and financial position of TISCO Group for the year 2015, with those of the year 2014

Movement of Money Market and Capital Market

In 2015, domestic economic recovery was slower than expected, and affecting by the global economic slowdown. The private consumption remained subdued following high level of household debts and also weak farm income that led to cautious spending. Moreover, the domestic car sales in 2015 contracted by 9.3% (YoY), totaled 799,632 units. Meanwhile, the private investment also softened from the slowdown in both domestic and foreign demand. The export continually declined amidst the sluggish global economy and the sharp drop in global oil and commodities prices. In addition, government stimulus program, especially infrastructure projects expenditures, lagged behind the anticipated plan. Additionally, Thai Baht was depreciated by the pressure from both domestic and external factors, particularly the US Fed to raise interest rate. The headline inflation for the year 2015 was reported at -0.9%.

The Bank of Thailand (BOT) reduced the policy rate twice during 2015, from 2.00% to 1.75% in the first quarter, and from 1.75% to 1.50% in the second quarter. Accordingly, the average 3-month fixed deposit rates of Top-4 commercial banks declined from 1.30% to 1.01% (YoY), while the average minimum lending rate of Top-4 commercial banks dropped from 6.75% to 6.51% (YoY).

The capital market in 2015 continually declined amidst the pressure from both internal and external factors, including the slow recovery of domestic economy, the business disruption during the year and the subdued world economy in both Europe and Asia, which led to weak investor confidence. Thus, SET index closed at 1,288.02 points, declined by 209.65 points from the end of 2014. The average daily turnover slightly declined from 41,604.81 million baht in 2014 to 41,141.45 million baht.

14.1 Operating Performance for the year 2015

TISCO Financial Group Public Company Limited ("the Company") had net profit from operations on a standalone basis totaling 2,263.59 million baht, mainly contributed by service fee income from subsidiary companies within the group. As a holding company, TISCO Financial Group Public Company Limited operates as shareholder in other company and no other major business. Therefore, the analysis was based on the Company's consolidated operating performance and financial position which comprised of 2 main businesses: commercial banking business and securities business.

In 2015, the net profit attributed to owners of the Company totaled 4,250.12 million baht, remained stable comparing to the previous year. Net interest income increased by 6.2% (YoY), driven by the ability to maintain overall loan yield through the expansion in consumption loans contribution, as well as a continuing decrease in cost of fund throughout the year and the effective cost management. Moreover, non-interest income from core business improved by 2.8% (YoY), mainly resulting from the significant increase in asset management basic fee of 21.0% (YoY) following the issuances of various funds in correspondence with the market demand during the beneficial market environment. Banking fee also improved by 4.9% (YoY) from strong bancassurance fee. Furthermore, the Company also recorded investment banking fee from underwriting service in May 2015. Meanwhile, brokerage fee income declined by 12.0% (YoY) following lower market trading volume.

Basic earnings per share for the year 2015 remained at 5.31 baht, unchanged from the year 2014. Meanwhile, the return on average equity (ROAE) was at 15.8%, compared with 17.4% (YoY).

(1) Consolidated Revenue Structure

The Company and its subsidiaries' consolidated revenue structure in 2014 and 2015 are illustrated in Table 1.

Table 1: Consolidated Revenue Structure

Type of Revenue	2014		2015		Change % YoY
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Interest income					
Interest on loans	6,157.31	40.1	5,681.85	35.3	(7.7)
Interest on interbank and money market items	674.76	4.4	540.42	3.4	(19.9)
Hire purchase and financial lease income	11,654.05	75.9	10,409.47	64.7	(10.7)
Investments	404.75	2.6	255.82	1.6	(36.8)
Total interest income	18,890.87	123.1	16,887.55	104.9	(10.6)
Interest expenses	(9,351.08)	(60.9)	(6,757.70)	(42.0)	(27.7)
Net interest income	9,539.79	62.2	10,129.86	62.9	6.2
Fee income					
Fee and service income	5,187.25	33.8	5,255.97	32.7	1.3
Fee and service expenses	(211.64)	(1.4)	(198.93)	(1.2)	(6.0)
Net fee and service income	4,975.61	32.4	5,057.03	31.4	1.6
Net gain on investment and foreign exchange transactions	291.33	1.9	225.10	1.4	(22.7)
Share of profit from investments accounted for under equity method	52.13	0.3	97.66	0.6	87.3
Other operating income	764.93	5.0	979.28	6.1	28.0
Total operating income	15,623.79	101.8	16,488.93	102.5	5.5
Expenses from business promotion relating to the hire purchase business	(274.76)	(1.8)	(396.30)	(2.5)	
Total net operating income	15,349.02	100.0	16,092.62	100.0	4.8
Total operating expenses	(5,604.95)		(5,527.02)		
Bad debt, doubtful accounts and impairment losses	(4,426.46)		(5,277.42)		
Profit before income tax and minority interest	5,317.62		5,288.19		(0.6)
Income tax expenses	(1,043.44)		(1,032.46)		
Profit before minority interest	4,274.17		4,255.72		(0.4)
Non-controlling interest	(24.66)		(5.60)		
Net profit	4,249.51		4,250.12		0.0

(2) Net Interest Income

Net interest income in 2015 was 10,129.86 million baht, increased by 590.07 million baht (6.2% YoY). Total interest income was 16,887.55 million baht, decreased by 2,003.31 million baht (10.6% YoY) while interest expense dropped by 2,593.38 million baht (27.7% YoY) to 6,757.70 million baht, owing to the continuing decline in cost of fund and the Company's effective cost management.

Yield on loan remained stable at 6.5% while cost of fund significantly decreased from 3.2% to 2.6% (YoY) driven by a continual decline in funding cost. Consequently, loan spread improved from 3.3% to 3.9% (YoY). In addition, the net interest margin also rose from 2.9% to 3.4% (YoY).

The Company reported net interest income after impairment loss on loans totaled 4,852.44 million baht, dropped by 260.89 million baht (5.1% YoY). Impairment losses on loans totaled 5,277.42 million baht, increased from 4,426.46 million baht (YoY), mainly resulting from setting up full provision in accordance with Bank of Thailand's guideline for Sahaviriya Steel Industries Pcl. (SSI) and its subsidiary Sahaviriya Steel Industries UK (SSI UK).

Table 2: Interest spread year 2014 - 2015

%	2014	2015
Yield on Loans	6.5	6.5
Cost of fund	3.2	2.6
Loan spread	3.3	3.9

(3) Non-interest Income

Non-interest income of the Company's core businesses reported at 5,838.95 million baht, increased by 161.53 million baht (2.8% YoY), mainly due to the increase in asset management basic fee by 195.57 million baht (21.0% YoY) thanks to the issuances of various mutual funds corresponding to market demand. Banking fee income increased by 174.38 million baht (4.9% YoY) contributed by strong bancassurance fee. Moreover, the Company recorded investment banking fee from underwriting service amounting 44.86 million baht in the second quarter of 2015. Nonetheless, brokerage fee income softened by 109.07 million baht (12.0% YoY) following the lower market trading volume.

(4) Bad debt, doubtful accounts and impairment loss of debt securities

In 2015, the Company has set up provision for loan loss totaling 5,277.42 million baht, increased by 850.95 million baht (19.2% YoY), which accounted for 2.11% of average loan portfolio. If excluding the effect of the special provision buildup, the required provision tended to decline gradually, therefore the normal provision for core business for the year was resulted at 1.3 – 1.4% of average loan portfolio.

(5) Operating Expenses

Non-interest expenses were 5,527.02 million baht, declined by 77.92 million baht (1.4% YoY), mainly from declining variable expenses associated with revenue growth. The Company still maintained effective operating cost control, resulting in cost to income ratio at 34.3%, compared with 36.5% in 2014.

(6) Corporate Income Tax

In 2015, the corporate income tax was 1,032.46 million baht, equivalent to the effective tax rate of 19.5%, comparing to 19.6% in 2014.

14.2 Financial Position

(1) Assets

As of December 31, 2015, the Company's total assets were 280,293.68 million baht, decreased by 11.8% (YoY) mainly due to the decline in loan portfolio from 262,783.83 million baht to 238,259.84 million baht (9.3% YoY). In addition, investment also dropped from 14,795.46 million baht to 8,332.42 million baht (43.7% YoY), while interbank and money market items declined from 38,057.99 million baht to 31,162.64 million baht (18.1% YoY).

Table 3: Assets Breakdown as of December 31, 2014 and 2015

Assets	December 31, 2014		December 31, 2015		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Cash	1,180.48	0.4	1,101.29	0.4	(6.7)
Interbank and Money Market Items	38,057.99	12.0	31,162.64	11.1	(18.1)
Investments	14,795.46	4.7	8,332.42	3.0	(43.7)
Investment in Subsidiaries	207.23	0.1	284.11	0.1	37.1
Corporate Loans	53,083.22	16.7	43,327.30	15.5	(18.4)
Retail Loans	181,494.16	57.1	170,118.84	60.7	(6.3)
Commercial Loans	23,389.51	7.4	19,888.60	7.1	(15.0)
Other Loans	4,816.94	1.5	4,925.09	1.8	2.2
Allowance for doubtful accounts and for loss on debt restructuring	(6,950.42)	(2.2)	(6,168.27)	(2.2)	(11.3)
Other Assets	7,598.94	2.4	7,321.65	2.6	(3.6)
Total – The Company	317,673.50	100.0	280,293.68	100.0	(11.8)

(a) Investments

As of December 31, 2015, the investment was 8,332.42 million baht decreased by 6,463.04 million baht (43.7% YoY) due to an increase in fixed income investment.

(b) Loans and Receivables Breakdown

Total loans and receivables as of December 31, 2015 were 238,259.84 million baht, declined by 24,523.99 million baht (9.3% YoY), following sluggish domestic economy and weak consumption, reflecting the slowdown in auto market throughout the year, as well as the loan prepayment by some corporate clients and loan write-off of Sahaviriya Steel Industries UK (SSI UK). The composition of loan portfolio was 71.4% of retail loans, 18.2% of corporate loans, 8.3% of commercial loans and 2.1% of other loans.

Table 4: Loans and Receivables Breakdown as of December 31, 2014 and 2015

Type of Business	December 31, 2014		December 31, 2015		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Manufacturing and commerce	18,862.96	7.2	12,126.50	5.1	(35.7)
Real estate and construction	12,160.59	4.6	11,987.70	5.0	(1.4)
Public utilities and services	21,802.94	8.3	18,837.43	7.9	(13.6)
Agriculture and mining	256.73	0.1	375.67	0.2	46.3
Corporate Loans	53,083.22	20.2	43,327.30	18.2	(18.4)
Commercial Loans	23,389.51	8.9	19,888.60	8.3	(15.0)
Hire purchase	165,095.00	62.8	152,907.78	64.2	(7.4)
Mortgage	1,310.82	0.5	1,224.55	0.5	(6.6)
Consumption	15,088.34	5.7	15,986.52	6.7	6.0
Retail Loans	181,494.16	69.1	170,118.84	71.4	(6.3)
Others	4,816.94	1.8	4,925.09	2.1	2.2
Total – The Company	262,783.83	100.0	238,259.84	100.0	(9.3)

(c) Non-performing Loans

During the year, the Company has classified Sahaviriya Steel Industries Pcl. (SSI) and its subsidiary Sahaviriya Steel Industries UK (SSI UK) loans as NPLs, with the full setup of 100% provisions based on the collateral value in accordance with the Bank of Thailand's guideline, while Sahaviriya Steel Industries UK loan was written off of the loan book following the Company's policy. Thus, with the effect of NPLs classification of Sahaviriya Steel Industries Pcl. (SSI) amounting 821 million baht, plus the contraction in overall loan portfolio, NPL ratio increased from 2.57% to 3.23% (YoY). Total NPLs was 7,700.83 million baht, increased by 950.64 million baht (14.1% YoY), comprising of 6,905.83 million baht of the Bank NPLs and 795.00 million baht of other subsidiaries NPLs. If excluding the NPLs of Sahaviriya Steel Industries Pcl. (SSI), total NPLs would total 6,879.83 million baht, accounted for NPL ratio of 2.89%. Thus, NPL ratio of retail loan, corporate loan, and commercial loan were 3.50%, 2.74%, and 2.03% respectively.

Table 5: NPLs Breakdown by Area as of December 31, 2014 and 2015

Type of Business	December 31, 2014			December 31, 2015			% Change
	% NPL	Amount (Bt. million)	%	% NPL	Amount (Bt. million)	%	
Manufacturing and commerce	0.61	115.63	1.7	8.08	979.54	12.7	747.2
Real estate and construction	0.55	66.97	1.0	0.79	94.42	1.2	41.0
Public utilities and services	0.34	73.41	1.1	0.57	107.26	1.4	46.1
Agriculture and mining	0.75	1.92	0.0	2.09	7.86	0.1	308.3
Total NPL - Corporate Loans	0.49	257.93	3.8	2.74	1,189.08	15.4	361.0
NPL-Commercial Loans	1.02	239.36	3.5	2.03	404.66	5.3	69.1
Hire purchase	3.35	5,533.19	82.0	3.55	5,427.69	70.5	(1.9)
Mortgage	7.33	96.04	1.4	6.67	81.62	1.1	(15.0)
Consumption	2.57	387.39	5.7	2.76	441.14	5.7	13.9
Total NPL - Retail Loans	3.32	6,016.62	89.1	3.50	5,950.45	77.3	(1.1)
Others	4.91	236.29	3.5	3.18	156.64	2.0	(33.7)
Total NPL – The Company	2.57	6,750.20	100.0	3.23	7,700.83	100	14.1

(d) Allowance for Doubtful Accounts and Loss on Debt Restructuring

Total allowance for loan loss for the Company was reported at 6,168.27 million baht, while loan loss reserve of the Bank was 5,570.49 million baht, which was higher than the specific reserve level required by the Bank of Thailand at 4,439.23 million baht or 125.48%. The specific reserve level declined from the previous year, mainly from the loan write-off of Sahaviriya Steel Industries UK (SSI UK).

Table 6: Allowance for doubtful accounts – classified by the receivables classification as of December 31, 2014 and 2015

Type of receivables classification	December 31, 2014 (Bt. million)	%	December 31, 2015 (Bt. million)	%	% Change
Pass	1,822	28.6	1,871	33.6	2.7
Special mentioned	2,494	39.1	1,163	20.9	(53.4)
Substandard	1,073	16.8	931	16.7	(13.2)
Doubtful	623	9.8	599	10.8	(3.9)
Doubtful of loss	177	2.8	694	12.5	292.1
Excess Provision	191	3.0	312	5.6	63.4
Total	6,380	100.0	5,570	100.0	(12.7)

(2) Liabilities

As of December 31, 2015, total liabilities were 252,099.35 million baht, decreased by 13.6% (YoY), mainly due to the decrease in deposits from 213,295.16 million baht to 165,281.11 million baht (22.5% YoY), together with the decrease in interbank and money market items from 10,692.44 million baht to 10,030.06 million baht (6.2% YoY). The liabilities mix comprised of 65.6% total deposit including bill of exchange, 4.0% interbank and money market items, 26.8% debentures, and 3.7% other liabilities.

Table 7: Liabilities Breakdown by Area as of December 31, 2014 and 2015

Type of Borrowings	December 31, 2014		December 31, 2015		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Deposits	213,295.16	73.1	165,281.11	65.6	(22.5)
Interbank and money market items	10,692.44	3.7	10,030.06	4.0	(6.2)
Debentures	57,699.90	19.8	67,582.00	26.8	17.1
Others	10,162.31	3.5	9,206.18	3.7	(9.4)
Total – The Company	291,849.81	100.0	252,099.35	100.0	(13.6)

(3) Shareholders' Equity

As of December 31, 2015, shareholders' equity was 28,194.33 million baht, increased by 2,370.64 million baht (9.2% YoY) from an increase in retained earnings of the full year 2015. As a result, the book value per share (BVPS) as of December 31, 2015 was 35.21 baht per share, increased from 32.25 baht per share (YoY).

(4) Liquidity

As of December 31, 2015, The Company's cash was 1,101.29 million baht, increased by 6.7% (YoY). This was mainly comprised of 20,089.52 million baht in net cash flows from operating activities, mainly contributed by deposits. There was net cash flow from investing activities totaled 5,931.63 million baht, contributed by the cash received from the disposal of investment in securities held for investment. Meanwhile, the net cash flows from financing activities totaled 14,078.70 million baht, contributed by the cash received from the issuance of long-term debenture.

(5) Sources and Uses of Funds

As of December 31, 2015, the funding structure as shown in the consolidated financial statement comprised of 252,099.35 million baht in liabilities and 28,194.33 million baht in shareholders' equity, resulting in a debt-to-equity ratio of 8.9 times. The major source of funds on liabilities side was deposits, which accounted for 59.0% of total source of funds. Other sources of funds included interbank and money market items accounted for 3.6% of total source of funds, 27.4% of debenture and others liability, and 10.1% of shareholders' equity, respectively. The Company's major use of funds was loans, amounting 238,259.84

million baht, resulting in a loan-to-deposit ratio¹ of 144.3%. The other uses of funds include interbank and money market items, and various securities.

(6) Contingent liabilities

As of December 31, 2015, TISCO Bank, a subsidiary of The Company, had avals, guarantees, and commitments totaled 2,336.65 million baht, decreased by 54.8% (YoY) mainly driven by the expiration in value of exchange rate swap agreements which used to manage the risk associated with exchange rate of a customer who operating business oversea.

14.3 Business Segment Performances

(1) Banking Business

Loans

Total loans and receivables as of December 31, 2015 were 238,259.84 million baht, declined by 24,523.99 million baht (9.3% YoY), following sluggish domestic economy and weak consumption, reflecting the slowdown in auto market throughout the year, as well as the loan prepayment by some corporate clients and loan write-off of Sahaviriya Steel Industries UK (SSI UK). The composition of loan portfolio was 71.4% of retail loans, 18.2% of corporate loans, 8.3% of commercial loans and 2.1% of other loans.

Corporate Lending

Corporate lending portfolio totaled 43,327.30 million baht, decreased by 9,755.91 million baht (18.4% YoY), mainly due to the loan early repayment in manufacturing and commercial sector and public utilities and services sector, and loan write-off of Sahaviriya Steel Industries UK (SSI UK).

Commercial Lending

Commercial lending portfolio totaled 19,888.60 million baht, declined by 3,500.91 million baht (15.0% YoY) from the contraction in lending demand during economic slowdown, and the impact from weak industry car sale.

Retail Lending

Retail lending portfolio totaled 170,118.84 million baht or decreased by 6.3% (YoY), where the portfolio consisted of 89.9% car, motorcycle and other hire purchase, 9.4% consumption loans and 0.7% mortgage loans. The outstanding hire purchase loans totaled 152,907.78 million baht, declined by 12,187.23 million baht (7.4% YoY), amid the weak domestic consumption and high level of household debt, along with the continuing effect from auto market that was still in process of demand-supply adjustment from the first-car tax incentive scheme. As a result, the domestic car sale in 2015 was 799,632 units, decreased by 9.3% (YoY), compared to 881,832 units in 2014. However, the car penetration rate of TISCO for the year 2015 was reported at 9.1%, improved from 7.4% (YoY). In addition, consumption loans amounted 15,986.52 million baht, increased by 898.17 million baht (6.0% YoY).

Other Loans

Other loans portfolio totaled 4,925.09 million baht, increased by 108.15 million baht (2.2% YoY).

Deposits

Total deposits totaled 165,281.11 million baht, decreased by 48,014.06 million baht (22.5% YoY) following the contraction in loan portfolio. As of December 31, 2015, the Company had excess liquidity amounting to approximately 25,743 million baht, combining with the BoT required liquidity of 9,974 million baht (including bill of exchange), resulting in liquidity ratio of 21.6% which was well over the required liquidity by BoT of 6.0%.

Table 8: Deposits Structure as of December 31, 2014 and 2015

Type of Deposits	December 31, 2014		December 31, 2015		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Current accounts	3,122.49	1.5	3,122.04	1.9	(0.0)
Saving accounts	49,606.05	23.3	48,272.47	29.2	(2.7)
Fixed accounts	23,961.31	11.2	17,734.17	10.7	(26.0)
Negotiate certificate deposit	128,898.99	60.4	89,215.51	54.0	(30.8)
Short-term borrowings	7,706.32	3.6	6,936.92	4.2	(10.0)
Total deposits	213,295.16	100.0	165,281.11	100.0	(22.5)

¹ Deposit includes short-term borrowings from the Bank's regular client base

(2) Securities Business

At the end of 2015, average daily turnover of TISCO Securities was 2,112.53 million baht, decreased by 3.8% (YoY) from 2,196.03 million baht, from a decrease in market trading volume amidst the volatile market, specifically global economy, leading to the weakened investor sentiment. Market share of TISCO Securities decreased from 2.9% to 2.8% (YoY). The market share of retail investors decreased from 2.0% to 1.9% (YoY) and the market share of local institution sector (excluding proprietary trading) declined from 7.7% to 7.0% (YoY). Meanwhile, the market share of foreign institution sector remained stable at 3.3% (YoY). Hence, TISCO brokerage volume comprised of 27.6% of local institutions, 30.6% of foreign institutions, and 41.7% of retail customers.

(3) Asset Management Business

As of December 31, 2015, assets under management of TISCO Asset Management Co., Ltd. was reported at 178,554.58 million baht, increased by 8,837.85 million baht (5.2% YoY), driven by the issuances of mutual funds amidst obliged capital market environment, and the expansion of provident fund business. As a result, the basic fee income from asset management in 2015 totaled 1,129.11 million baht, increased by 195.57 million baht (21.0% YoY). Through the year 2015, TISCO Asset Management issued various types of mutual funds corresponding to market demands, namely Equity Trigger fund for Thai and foreign markets, oil fund, healthcare fund, ESG fund and retirement fund. In 2015, TISCO Asset Management launched 29 new equity trigger funds, where 20 funds reached the target.

The composition of total asset under management was 66.5% provident fund, 14.8% private fund, and 18.7% mutual fund. Total market share of TISCO Asset Management Co., Ltd. in 2015 was 3.3%, ranking 9th in the market. The market share of provident fund was 13.4%, ranking 3rd in the market. The market share of private fund was 4.5%, ranking 7th in the market. For mutual fund, the market share was 0.8%, ranking 14th in the market.

Table 9: Assets under Management Breakdown by Type of Fund as of December 31, 2014 and 2015

Type of Fund	December 31, 2014		December 31, 2015		% Change
	Amount (Bt. million)	%	Amount (Bt. million)	%	
Provident Fund	110,451.63	65.1	118,736.97	66.5	7.5
Private Fund	29,645.55	17.5	26,413.25	14.8	(10.9)
Mutual Fund	29,619.55	17.5	33,404.36	18.7	12.8
Total	169,716.73	100.0	178,554.58	100.0	5.2

14.4 Capital Requirements

As of December 31, 2015, TISCO Group's internal capital stood at 25,582.88 million baht comprising of Tier-I capital and available reserve adjustment. The integrated risk capital increased by 811.10 million baht from the end of 2014 to 9,504.92 million baht, mainly resulting from an increase in credit and market risk capital. In addition, the capital surplus remained strong at 16,077.96 million baht or 62.9% of total internal capital.

Comparing to the end of year 2014, the credit risk capital stood at 6,722.47 million baht, increased by 260.26 million baht or 4.0%. The overall loan portfolio contracted by 9.3% during the period, mostly from loan repayment of major corporate client in manufacturing and commercial sector and the write-off of Sahaviriya Steel Industries UK Ltd. (SSI UK). The non-performing loan of TISCO Group increased from 2.6% to 3.2% mainly resulting from reclassification of Sahaviriya Steel Industries Plc. (SSI) as NPL.

The market risk capital increased from 163.92 million baht to 495.33 million baht, resulting from an increase in risk capital of investment portfolio along with higher market volatility. Meanwhile, the overall duration gap declined from 1.03 year to 0.91 year, which was in a manageable level. The assets duration increased from 1.40 year to 1.47 year, while the liabilities duration excluding saving and current accounts, which are less sensitive to the interest rate movement, rose from 0.37 year to 0.56 year.

Table 10: Average Duration Mismatch of Assets and Liabilities and Its Impact

Type of Fund	Duration (years)		1-Y Net interest income change to 1% interest rate increase (Bt. million)	
	2014	2015	2014	2015
Assets	1.40	1.47	1,309.53	1,065.92
Liabilities*	0.37	0.56	(1,780.69)	(1,317.18)
Net Gap	1.03	0.91	(471.16)	(251.25)

Note: * Exclude saving and current account

In terms of regulatory capital requirement of the Bank and Securities Company, the positions were strong and sufficient levels to cushion for the expansion of asset in the future. At the end of 2015, the projected regulatory capital adequacy ratio based on IRB approach (BIS ratio) of the bank stood at 18.01%, remaining higher than the 8.50% required by the Bank of Thailand. While Tier-I and Tier-II capital adequacy ratio stood at 13.98% and 4.00%, respectively, in which Tier-I capital adequacy ratio also remained higher than the minimum requirement at 6%. Meanwhile, the net capital rule (NCR) of TISCO Securities Co., Ltd. stood at 84.03%, which was higher than the minimum required ratio by the SEC of 7.0%.

Table 10: Capital Adequacy Ratio as of December 31, 2014 and 2015

	December 31, 2014 ^{/1} (%)	December 31, 2015 ^{/1} (%)
Tier-I Capital	12.55	13.98
Total Capital	16.79	18.01

^{/1} Applied IRB approach

14.5 Credit Rating

The Company got credit rating 'A-' and rating outlook "Stable" as at April 27, 2015 from TISCO Rating Co., Ltd. The ratings reflect the Company's strong asset quality, capital base, profitability. The detail of credit ratings is shown as follows;

Credit Rating (Unsolicited Rating)	Announcement Date April 27, 2015
Company Rating Rating Outlook	A- Stable

14.6 Forward Looking

Macro environment that impacted to the Company's operating performance can be categorized into 3 key factors including domestic and global economy, market interest rate trend, and industry car sales. The details are provided as follows;

Domestic economic outlook in 2016 is expected to grow at moderate level amidst various risk factors from both internal and external. However, private consumption still faces the high level of household debt with poor farm income from drought impact. In light of improving economic and political direction, the private investment trends to improve as private sector gains more confidence. The key economic growth drivers are expected to recover led by accelerating government's budget spending and infrastructure investment project. In addition, the revival of export remains uncertain amidst the fragile global economic recovery.

On market interest rate, the Company expects the Bank of Thailand will continue accommodative monetary policy by maintaining the policy rate at 1.50%. Furthermore, the Bank of Thailand also has room for further policy easing in case of the inflation rate grows more than the projected target. The outlook of domestic car sales, a leading indicator that contribute to hire purchase business, is expected to grow modestly from 2015 amidst the challenge in revival of consumers' purchasing power.

Amidst the backdrop of domestic economic and political volatility, TISCO will continue to follow our focused strategies, good corporate governance, prudent business practice as well as strong risk management disciplines, in order to ensure business continuity & resiliency in the long run.

Attachment 1

Details of Directors, Management and Controlling Persons

1.1 Details of Directors, Management and Controlling Persons as of December 31, 2015

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
<p>1. Mr. Pliu Mangkornkanok Chairman of the Board of Directors Independent Director</p> <p>The Director's date of first appointment: September 2, 2008</p>	67	Common 2,221,010 Preferred -	-	<p>Master of Business Administration (Finance) University of California at Los Angeles, USA</p> <p>Master of Science (Industrial Engineering) Stanford University, USA</p> <p>Bachelor of Engineering (Industrial Engineering) Chulalongkorn University</p> <p>- Certificate of Capital Market Academy Leadership Program (Class of 10th) Capital Market Academy</p> <p>- Directors Certification Program</p> <p>- Role of the Chairman Program</p> <p>- Audit Committee Program</p> <p>Thai Institute of Directors Association</p> <p>- Executive Program in Energy Literacy for a Sustainable Future Thailand Energy Academy Class 5</p>	<p>2012-Present 2010-Present 2009-2010</p> <p>2008-2010</p> <p>2012-Present 2009-Present 2011-Present 1990-2012</p> <p>2015-Present 2012-Present</p> <p>2012-2015</p> <p>2011-Present 2010-Present 1973-2012 2010-2011 2006-2010 1994-2010</p> <p>1994-2010</p> <p>2015-Present 2007-2015 2011-Present 2004-Present 2013-2015</p> <p>2008-2010</p>	<p><u>TISCO Group</u> Independent Director Chairman of the Board of Directors Chairman of the Executive Board Group Chief Executive Officer Director</p> <p>Independent Director Chairman of the Board of Directors Vice President Director</p> <p><u>Other Company with Conflict of Interest</u> -</p> <p><u>Others Listed Company</u> Vice Chairman Independent Director Chairman of the Audit Committee Chairman of the Nomination and Remuneration Committee</p> <p><u>Others Non-Listed Company</u> Director Director Director Director Director</p> <p>Director <u>Others Organization</u> Advisor Vice Chairman Director Councillor Honorary Director</p> <p>Director</p>	<p>TISCO Financial Group Public Company Limited</p> <p>TISCO Bank Public Company Limited</p> <p>TISCO Foundation</p> <p>Star Petroleum Refining Public Company Limited</p> <p>Chuchawal-Royal Haskoning Limited Design 103 International Limited Rama Textile Industry Company Limited Solido Company Limited Amata Spring Development Company Limited Phelps Dodge International (Thailand) Company Limited PDTL Trading Company Limited</p> <p>Thai Institute of Directors Association</p> <p>Sem Pringuangkeo Foundation Thailand Management Association International School of Engineering, Faculty of Engineering, Chulalongkorn University The Thai Bankers' Association</p>	<p>Holding Company</p> <p>Bank</p> <p>Foundation</p> <p>Refinery</p> <p>Engineering Consultant Architect Consultant Manufacturer of Yarn Restaurant Golf Course Manufacture of wire and cable products Limited Distributor of electric wires and cable</p> <p>Association</p> <p>Foundation Association Academic Institute</p> <p>Banking Association</p>
<p>2. Mr. Hon Kit Shing (Mr. Alexander H. Shing) Vice Chairman of the Board of Directors Member of the Nomination and Compensation Committee</p> <p>The Director's date of first appointment: September 2, 2008</p>	38	Common - Preferred -	-	<p>Bachelor of Science (Economics) Massachusetts Institute of Technology, USA</p>	<p>2010-Present 2008-Present 2010-2012 2009-2010 2008-2010 2010-Apr2014 2010-2012 2009-2010 2007-2010</p> <p>2015-Present 2012-Present 2008-Present 2005-2011</p>	<p><u>TISCO Group</u> Vice Chairman of the Board of Directors Member of the Nomination and Compensation Committee Member of the Executive Board Vice Chairman of the Executive Board Director Vice Chairman of the Board of Directors Member of the Executive Board Chairman of the Executive Board Director</p> <p><u>Other Company with Conflict of Interest</u> -</p> <p><u>Others Listed Company</u> -</p> <p><u>Others Non-Listed Company</u> Chairman and Chief Executive Officer Managing Director Senior Advisor Managing Director</p> <p><u>Others Organization</u> -</p>	<p>TISCO Financial Group Public Company Limited</p> <p>TISCO Bank Public Company Limited</p> <p>Cottonwood Management, LLC. Capelona Advisors, LLC. CDIB & Partners Investment Holding Corporation Quintus Capital Group Limited</p>	<p>Holding Company</p> <p>Bank</p> <p>Real Estate Consultant Service Investment Investment</p>

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
6. Ms. Patareeya Benjapolchai Independent Director Chairperson of the Corporate Governance Committee Member of the Audit Committee The Director's date of first appointment: June 11, 2010	61	Common - Preferred -	-	Master of Business Administration Thammasat University Bachelor of Accountancy (Accounting) Chulalongkorn University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Certificate, The Executive Program University of Michigan, USA - Certificate, Advanced Accounting and Auditing Chulalongkorn University - Directors Certification Program - Financial Institutions Governance Program - Director Certification Program Update Thai Institute of Directors Association	Aug2013-Present	<u>TISCO Group</u> Chairperson of the Corporate Governance Committee	TISCO Financial Group Public Company Limited	Holding Company
					2011-Present	Member of the Audit Committee		
					2010-Present	Independent Director	TISCO Bank Public Company Limited	Bank
					2011-Present	Independent Director Member of the Audit Committee <u>Other Company with Conflict of Interest</u> -		
					2014-Present	<u>Others Listed Company</u> Independent Director, Chairperson of the Audit Committee, Member of Nomination Committee, Member of Remuneration Committee, and Member of Corporate Governance Committee <u>Others Non-Listed Company</u>	MCOT Public Company Limited	Mass Communication
					2013-Present	Independent Director and Chairperson of the Audit Committee	Bangkok Glass Public Company Limited	Packaging Material and Container
					2010-Present	Director	Baan Ruam Tang Fhun Company Limited	Property Development
					2002-Present	Director	Krabi Petra Company Limited	Property Development
					2009-2010	Chairman	Family Know-How Company Limited	Private Sector
						<u>Others Organization</u>		
					2013-Present	Director, Revolving Fund Evaluation Committee	Ministry of Finance	Government Office
					2013-Present	Member of the SET AWARD Committee	The Stock Exchange of Thailand	Stock Exchange
					2013-Present	Corporate Governance Committee		
					2006-2010	President and Executive Committee		
					2013-Present	Director	Thai Institute of Directors Association	Association
					2011-2014	Director, Award Committee, Board of the Year Award		
					2009-2010	Member of "Board of the Year" Nomination Committee		
					2011-Present	Ethics Committee	Federation of Accounting Professions Under The Office of the Agricultural Futures Trading Commission	Private Sector Ministry of Commerce
					2011-Present	Chairperson of the Audit Committee		
					2010-Present	Advisor	Thai Listed Companies Association	Association
2010-2013	Audit Committee	Office of the Permanent Secretary for Defence, Ministry of Defence	Government Office					
2010-Present	Associate Judge	The Central Intellectual Property and International Trade Court	Court					
2010-Present	Directors' Responsibilities Steering Committee	The Securities and Exchange Commission	Independent State Agency					
2007-Present	Honorary Advisor	The Institute of Internal Auditors of Thailand	Associate					
2008-2012	Directors on Foreign Business Committee	Department of Business Development, Ministry of Commerce	Government Office					
2009-2010	Chairman	Thailand Securities Depository Company Limited	Private Sector					
2006-2010	Chairman and Executive Chairman							
2009-2010	Chairman	Settrade.com Company Limited	Private Sector					
2008-2010	Director, Award Committee, State-owned Enterprise Award 2008-2010	State Enterprise Policy Office, Ministry of Finance	Government Office					
2007-2010	Member of Committee on Promoting Information Technology and Communication Industry	Ministry of Information Technology and Communication	Government Office					
2007-2010	Advisor to Committee	Office of the Basic Education Commission	Government Office					
2007-2010	Chairman of the Subcommittee of Member Recruitment	Thailand Futures Exchange Public Company Limited	Private Sector					
2006-2010	Vice Chairman and Executive Chairman							
2006-2010	Chairman	Thai NVDR Company Limited	Private Sector					
2006-2010	Chairman	Thai Trust Fund Management Company Limited	Private Sector					
2006-2010	Chairman	Siam DR Company Limited	Private Sector					
2006-2010	Chairman	Thailand Clearing House Company Limited	Private Sector					
2006-2010	Director and Secretary	Federation of Thai Capital Market Organizations	Private Sector					
2006-2010	Member of Committee on Domestic Bond Development	Office of Public Debt Management, Ministry of Finance	Government Office					
2006-2010	Director	Sangvian Indaravijaya Foundation	Foundation					
2005-2010	Director on 30th Anniversary Charity Fund	The Stock Exchange of Thailand (SET) Foundation	Foundation					
2005-2010	Councillor	Thailand Management Association	Association					
2002-2010	Director, Subcommittee on Investors Education	The Prime Minister's Office	Government Office					

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)	Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
					Period	Position	Company / Organization	Type of Business
11. Mr. Chi-Hao Sun Director Member of the Executive Board (Authorized Signatory) The Director's date of first appointment: June 28, 2011	38	Common - Preferred -	-	Master of Science (Finance) Bentley University, USA Master of Business Administration Boston University, USA Bachelor of Arts (Economics) Taipei University, Taiwan	2012-Present 2011-Present Apr2014-Present 2012-Present 2013-Present 2012-Present 2010-2012 2006-2010	<u>TISCO Group</u> Member of the Executive Board Director Director Member of the Executive Board <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> - <u>Others Non-Listed Company</u> Senior Vice President Assistant Vice President Senior Manager Senior Consultant <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited CDIB & Partners Investment Holding Corporation KPMG Corporate Finance (Taiwan)	Holding Company Bank Investment Financial Services Consulting
12. Mr. Suthas Ruangmanamongkol Director Member of the Executive Board (Authorized Signatory) Chief Operating Officer The Director's date of first appointment: September 2, 2008	54	Common 3,333,333 Preferred -	-	Master of Science (Finance) University of Wisconsin-Madison, USA Master of Business Administration (Finance) Western Illinois University, USA Bachelor of Engineering (Computer Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2015-Present 2009-Present 2008-Present 2010-2014 2009-Present 2009-2011 2005-2011 2013-Present 2010-Present 2010-Present 2010-Present	<u>TISCO Group</u> Chief Operating Officer Member of the Executive Board Director President Director Member of the Executive Board President Director Director <u>Other Company with Conflict of Interest</u> - <u>Others Listed Company</u> - <u>Others Non-Listed Company</u> Director Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Information Technology Company Limited TISCO Asset Management Company Limited Dole Thailand Company Limited Phelps Dodge International (Thailand) Company Limited PDL Trading Company Limited The Thai Bankers' Association	Holding Company Bank Information Technology Asset Management Food & Beverage Manufacture of wire and cable products Distributor of electric wires and cable Association
13. Ms. Krisna Theravuthi Advisor to TISCO's Board of Directors	65	Common - Preferred -	-	Master of Business Administration (Marketing) University of Wisconsin-Madison, USA Bachelor of Accountancy (Accounting) Chulalongkorn University - Directors Certification Program - Directors Accreditation Program - Effective Audit Committee and Best Practice Program - Audit Committee Program - Monitoring the System of Internal Control and Risk Management Program - Role of Compensation Committee Program - Role of the Chairman Program Thai Institute of Directors Association	Jun2013-Present 2008-Apr2013 2008-Apr2013 2012-Present 2010-Present 2004-2010 2010-Present 2008-2010 2004-Present 1986-Present	<u>TISCO Group</u> Advisor to TISCO's Board of Directors Independent Director Chairperson of the Nomination and Compensation Committee <u>Others</u> Director Vice President Secretary Advisor Advisor Vice Chairman Member of the Executive Board	TISCO Financial Group Public Company Limited Krua Charoen Company Limited Business and Professional Women's Association of Thailand - Udonthani Committee on Labour and Welfare Northeast Community Center for Mental Retardation Thavorn Udon Company Limited	Holding Company Food & Beverage Association Government Office Charity Organization Hotel

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
14. Mr. Sakchai Peechapat Senior Executive Vice President	48	Common Preferred	66,177 -	-	Master of Business Administration (International Business) University of Hawaii at Manoa, USA Bachelor of Engineering (Civil Engineering) (Honour) Kasetsart University Japan-focused Management Program Japan-America Institute of Management Science, USA - Directors Certification Program - Directors Accreditation Program Thai Institute of Directors Association - Thailand Insurance Leadership Program OIC Advanced Insurance Institute	2010-Present 2010-Present 2010 2009 2006-2008 2015-Present 2010-Present 2009-Present 2009-Present 2009-2011 2009-2011 2006-Present	<u>TISCO Group</u> Senior Executive Vice President Senior Executive Vice President - Retail Banking Senior Executive Vice President - Marketing & Customer Relations Senior Executive Vice President - Marketing & Customer Relations Executive Vice President - Retail Banking Acting Human Resources and Organization Development Chairman of the Board Chairman of the Board Director Chairman of the Board Director Director <u>Others</u> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited HTC Leasing Company Limited Hi-Way Company Limited TISCO Tokyo Leasing Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited AXA Insurance Public Company Limited	Holding Company Bank Leasing Hire Purchase Leasing Securities Asset Management Insurance
15. Mr. Pitada Vatcharasiritham Senior Executive Vice President	51	Common Preferred	- -	-	Master of Business Administration Indiana University of Pennsylvania, USA Bachelor of Economics Thammasat University - Certificate of Executive Leadership Program Capital Market Academy	Jan2013-Present 2010-2012 2010-Present 2012-Jan2013 2011-Present 2010 2010 2009-2010 2006-2010 2000-2010 2006-2009 2002-2010 2002-2010	<u>TISCO Group</u> Senior Executive Vice President First Executive Vice President Senior Executive Vice President - Corporate Banking Acting Head of Investment Banking Director <u>Others</u> Director Executive Director President Executive Director Director President - Investment Banking Director Executive Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Securities Company Limited Finansa Public Company Limited Finansa Securities Company Limited Finansa Capital Company Limited	Holding Company Bank Securities Finance Securities General Management Business
16. Mr. Metha Pingsuthiwong First Executive Vice President	48	Common Preferred	195,800 -	-	Master of Business Administration (Finance) University of Wisconsin-Milwaukee, USA Bachelor of Engineering (Electrical Engineering) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present Feb2013-Present 2010-Jan2013 2011-2012 2009-2011 1999-Present	<u>TISCO Group</u> First Executive Vice President First Executive Vice President - Retail Banking First Executive Vice President - Wealth Management & Banking Services Director Director <u>Others</u> Director	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited TISCO Investment Advisory Company Limited TISCO Securities Company Limited K-Line (Thailand) Company Limited	Holding Company Bank Investment Advisory Securities Transportation
17. Ms. Araya Thirakomen First Executive Vice President	53	Common Preferred	212,874 -	-	Master of Business Administration (Finance) University of New Haven, USA Bachelor of Accountancy (Finance) Chulalongkorn University - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program Thai Institute of Directors Association	2010-Present 2009-Present 2005-Present 2014-Present 2006-Present 2002-Present 2002-Present 2004-2012	<u>TISCO Group</u> First Executive Vice President President Director <u>Others</u> Deputy Chairman Member of National Pension Subcommittee Member of Subcommittee on Pension and Provident Fund Member of Subcommittee on Consideration of draft Notifications on Supervision of Security Business Deputy Chairman, Chairperson of Provident Fund Business Group, and Chairperson of Subcommittee-Provident Fund Investment	TISCO Financial Group Public Company Limited TISCO Asset Management Company Limited Association of Investment Management Company Fiscal Policy Office, Ministry of Finance The Securities and Exchange Commission Association of Investment Management Company	Holding Company Asset Management Association Government Agency Independent State Agency Association

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
18. Mr. Paiboon Nalinthrangkurn First Executive Vice President	49	Common Preferred	286,000 -	-	Master of Business Administration (Finance) Indiana University at Bloomington, USA Bachelor of Arts (Computer Science) University of California at Santa Cruz, USA Chartered Financial Analyst CFA Institute, USA - Certificate of Advanced Security Management Program The Association National Defence College of Thailand under the Royal Patronage of His Majesty the King - Certificate of Thailand Energy Academy (TEA 3) Thailand Energy Academy - Certificate of Top Executive Program in Commerce and Trade (TEPCOT5) Commerce Academy - Certificate of Capital Market Academy Leadership Program Capital Market Academy - Directors Certification Program - Directors Accreditation Program - Audit Committee Program Thai Institute of Directors Association	2010-Present 2006-Present 2005-Present 2011-Present 2014-Present 2009-Present 2010-2014 2010-2014 2008-2014 2009-Sep2013 2009-May2013 2007-2012	<u>TISCO Group</u> First Executive Vice President Chief Executive Officer Director Chairman of the Board of Directors and Chief Executive Officer <u>Others</u> Member of the National Reform Council Chairman Chairman Director Director Executive Director Governor Director	TISCO Financial Group Public Company Limited TISCO Securities Company Limited Deutsche TISCO Investment Advisory Company Limited The National Reform Council Investment Analysts Association Federation of Thai Capital Market Organizations Joint Public and Private Sector Consultative Committee (JPPCC) Capital Market Development Committee Association of Thai Securities Companies The Stock Exchange of Thailand Futures Industry Club	Holding Company Securities Investment Advisory Organization Association Organization Committee Committee Association Stock Exchange Club
19. Mr. Chalit Silpsrikul First Executive Vice President	54	Common Preferred	79 -	-	Master of Business Administration Bachelor of Accountancy (Accounting) Thammasat University - Financial Executive Development Program (FINEX 14) The Thai Institute of Banking and Finance Association - Management Skill Development Course Crestcom Bullet Proof Manager - Directors Certification Program Thai Institute of Directors Association	Jul2013-Present 2010-2012 Jul2013-Present Feb2013-Jun2013 2010-Jan2013 2010-2011 2011-Sep2013	<u>TISCO Group</u> First Executive Vice President Executive Vice President First Executive Vice President - Wealth Management First Executive Vice President - Wealth Management & Banking Services Executive Vice President - Retail Banking - Front Acting Head of Provincial Channel Director <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited Hi-Way Company Limited	Holding Company Bank Hire Purchase
20. Ms. Yutiga Sonthayanavin Executive Vice President	58	Common Preferred	576 -	-	Master of Business Administration Bachelor of Science (Statistics) Chulalongkorn University - Directors Certification Program Thai Institute of Directors Association	2010-Present 2004-2014	<u>TISCO Group</u> Executive Vice President Managing Director <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology
21. Mr. Chatri Chandrangam Executive Vice President Risk and Financial Control	45	Common Preferred	30,000 -	-	Master of Finance (Distinction) Imperial College, London, UK Master of Business Administration (International Business) Schiller International University, UK Bachelor of Business Administration (Banking & Finance) Chulalongkorn University Certified Financial Analyst CFA Institute, USA - Directors Certification Program Thai Institute of Directors Association	2010-Present 2012-Present 2009 2005-2008 2015-Present 2011-Present 2011-Present 2011-Present 2011-Present 2009-Present 2009-Present 2009-Present 2007-Present	<u>TISCO Group</u> Executive Vice President - Risk and Financial Control Acting Head of Investment Financial Controller and Risk Management Financial Controller and Risk Management Director Director Director Director Director Director Director Director and Member of Audit Committee Director and Member of Audit Committee <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited HTC Leasing Company Limited TISCO Leasing Company Limited TISCO Information Technology Company Limited Deutsche TISCO Investment Advisory Company Limited TISCO Learning Center Company Limited Hi-Way Company Limited TISCO Tokyo Leasing Company Limited TISCO Securities Company Limited TISCO Asset Management Company Limited	Holding Company Bank Leasing Leasing Information Technology Investment Advisory Services Hire Purchase Leasing Securities Asset Management

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
22. Mr. Pairat Srivilairit Corporate Secretary Head of Governance Office	50	Common Preferred	- -	-	Master of Business Administration Thammasat University Bachelor of Engineering Chulalongkorn University - Certified Internal Auditor (CIA) - Certificate in Control Self-Assessment (CCSA) - Certified Financial Service Auditor (CFSA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Company Secretary Program - Company Reporting Program - Board Reporting Program - Effective Minutes Taking - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring Fraud Risk Management Thai Institute of Directors Association (IOD) - GRI Certified Training on G4 reporting Guidelines Thaipat Institute - Anti-Corruption Strategic Management for Senior Executives Office of the National Anti-Corruption	Oct2013-Present Sep2013-Present Feb2013-Sep2013 2009-Jan2013 Sep2013-Present Sep2013-Present Sep2013-Present 2011-Present 2010-Present 2010-Present	<u>TISCO Group</u> Head of Governance Office Corporate Secretary Head of Operational Risk Management Head of Internal Audit Director Director Director <u>Others:</u> Member of Internal Audit Quality Assurance Committee Member of Internal Audit Development Committee Member of Risk Management Committee	TISCO Financial Group Public Company Limited TISCO Leasing Company Limited TISCO Information Technology Company Limited Hi-Way Company Limited Comptroller General's Department Comptroller General's Department Bangkok Metropolitan Administration	Holding Company Leasing Information Technology Hire Purchase Government office Government office Government office
23. Mr. Watsakorn Thepthim Head of Human Resources	43	Common Preferred	- -	-	Master of Information System University of Manchester, UK Master of Business Administration (Management) Assumption University Bachelor of Business Administration (Finance) Assumption University	2012-Present 2009-2010 2011-Present 2011-Present 2010-2011	<u>TISCO Group</u> Head of Human Resources Assistant Head of Business Strategy & Development Acting Head of Product Development & Market Research Director of TISCO Learning Center Director Head of TISCO Learning Center <u>Others:</u> -	TISCO Financial Group Public Company Limited TISCO Learning Center Company Limited	Holding Company Learning Center
24. Ms. Dulyarat Taveebhol Head of Corporate Compliance	58	Common Preferred	- -	-	Bachelor of Accountancy (Accounting) Thammasat University	Jul2013-Present 2010-Jun2013 2009-2010 Sep2013-Present 2009-Present 2009-Present	<u>TISCO Group</u> Head of Corporate Compliance Assistant Head of Corporate Office Head of Compliance & Internal Control Director Director and Member of the Audit Committee Director and Member of the Audit Committee <u>Others:</u> -	TISCO Financial Group Public Company Limited Deutsche TISCO Investment Advisory Company TISCO Asset Management Company Limited TISCO Securities Company Limited	Holding Company Investment Advisory Asset Management Securities
25. Mr. Sathian Leowarin Head of Business Strategy & Development Acting Head of Product Development and Marketing	51	Common Preferred	2,200 -	-	Master of Business Administration Prince of Songkhla University Bachelor of Business Administration (Marketing) Ramkhamhaeng University	Oct2014-Present Jun2015-Present 2011-Sep2014 2006-2010	<u>TISCO Group</u> Head of Business Strategy & Development Acting Head of Product Development & Market Head of Bancassurance Head of Bancassurance - Life <u>Other:</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
26. Mr. Somthai Wattanapronphrom Head of Transformation Acting Head of Enterprise Architecture	55	Common Preferred	- -	-	Master of Business Administration (Management) Thammasat University Master of Engineering (Industrial) Asian University of Science and Technology Bachelor of Engineering (Computer) Chulalongkorn University	Apr.2015-Present Apr.2015-Present 2015-Present	<u>TISCO Group</u> Head of Transformation Acting Head of Enterprise Architecture <u>Other:</u> Deputy Director	TISCO Financial Group Public Company Limited True Information Technology	Holding Company

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
27. Ms. Voranuch Supaibulpipat Head of Credit Control	52	Common Preferred	121,079 -	-	Master of Business Administration (Management) Middle Tennessee State University Bachelor of Economics Chulalongkorn University	Oct.2015-Present Jul2013-Oct2015	<u>TISCO Group</u> Head of Credit Control Deputy Head of Credit Control <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
28. Mr. Kotee Sunthornpradit Head of Planning and Budgeting	39	Common Preferred	13,200 -	-	Master of Management (Operation Research) Case Western Reserve University, USA Master of Business Administration Bachelor of Economics Chulalongkorn University	Feb2013-Present 2009-Jan2013	<u>TISCO Group</u> Head of Planning and Budgeting Head of Enterprise Risk Management <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
29. Dr. Kampon Adireksombat Head of Economic Strategy	38	Common Preferred	- -	-	Doctor of Philosophy (Economics) Michigan State University, USA Master of Economics National University of Singapore Bachelor of Economics Chulalongkorn University	Feb2013-Present 2011-Jan2013 2010-2011	<u>TISCO Group</u> Head of Economic Strategy (Chief Economist) Senior Economist <u>Others</u> Senior Economist	TISCO Financial Group Public Company Limited TISCO Securities Company Limited Economic Intelligence Center, The Siam Commercial Bank Public Company Limited	Holding Company Securities Bank
30. Mr. Kittipong Tiyaboonchai Head of Human Resources Management	43	Common Preferred	8,823 -	-	Master of Information Systems University of Memphis, USA Master of Business Administration Bachelor of Business Administration (Banking & Finance) Chulalongkorn University	Oct2013-Present 2009-Sep2013	<u>TISCO Group</u> Head of Human Resources Management Head of Regulatory & Management Report <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
31. Mrs. Kusumar Prathomsimek Head of Bancassurance	44	Common Preferred	- -	-	Master of Science (Information Technology) Chulalongkorn University Bachelor of Arts (Accounting) Burapha University	Oct2014-Present Oct2012-Sep2014 Nov2009-Sep2012	<u>TISCO Group</u> Head Of Bancassurance Assistant Head of Bancassurance Deputy Head of Bancassurance - Non Life <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
32. Mrs. Chintana Voramongkol Head of Project Management Office	50	Common Preferred	20,000 -	-	Bachelor of Science (Statistics) Silpakorn University	Oct2014-Present Feb2013-Sep2014 2006-Jan2013	<u>TISCO Group</u> Head of Project Management Office Head of IT Software Delivery Deputy Head of IT Application Development <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology
33. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	46	Common Preferred	16,544 -	-	Master of Business Administration Thammasat University Bachelor of Science (Accounting) Kasetsart University - Certified Internal Auditor (CIA) - The Institute of Internal Auditors (IIA) - Certified Information System Auditor (CISA), ISACA, USA - Company Secretary Program - Board Reporting Program - Effective Minutes Taking (EMT) - Anti-Corruption: The Practical Guide Thai Institute of Directors Association (IOD)	Feb2013-Present 2006-Jan2013	<u>TISCO Group</u> Head of Internal Audit Deputy Head of Internal Audit <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
34. Ms. Chuenchit Trakarnratti Head of Operation Risk Management	45	Common Preferred	- -	-	Master of Science (Computer Information System) Assumption University Bachelor of Accountancy Chulalongkorn University	Aug2014-Present	<u>TISCO Group</u> Head of Operational Risk Management <u>Others</u> First Vice President	TISCO Financial Group Public Company Limited CIMB	Holding Company
35. Ms. Chutintorn Vigasi Head of Corporate Accounting	52	Common Preferred	16,356 -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Accountancy (Accounting Theory) Chulalongkorn University	2009-Present	<u>TISCO Group</u> Head of Corporate Accounting <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
36. Ms. Nudtinee Suwanpanitch Head of Legal Office	42	Common Preferred	- -	-	Master of Business Administration Ramkhamhaeng University Bachelor of Laws Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Legal Office Head of Legal Counselor <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
						Period	Position	Company / Organization	Type of Business
37. Mr. Noppawat Tangburanakij Head of Digital Channel	38	Common Preferred	- -	-	Master of Science in Information Technology Arizona State University, USA Bachelor of Business Administration (Management) Chulalongkorn University	Oct2014-Present Feb2013-Sep2014 2010-Jan2013	<u>TISCO Group</u> Head of Digital Channel Head of New Technology & E-Channel Head of Channel Development <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
38. Ms. Nartrudee Siwabut Head of Corporate Communication	55	Common Preferred	126,500 -	-	Master of Business Administration (Finance) Thammasat University Bachelor of Arts (English) Chulalongkorn University	2009-Present	<u>TISCO Group</u> Head of Corporate Communication <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
39. Mr. Nipon Wongchotiwat Head of Enterprise Risk Management	38	Common Preferred	- -	-	Master of Science (Finance) Thammasat University Bachelor of Commerce (Finance & Economics) University of Wollongong, Australia	Feb2013-Present 2009-Jan2013	<u>TISCO Group</u> Head of Enterprise Risk Management Head of Planning & Budgeting <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
40. Mr. Prayuk Charoencharaskul Head of Productivity	36	Common Preferred	- -	-	Master of Business Administration University of North Carolina at Chapel Hill, USA Bachelor of Business Administration (Management) Chulalongkorn University	Aug2014-Present Oct2013-Jul2014 Feb2013-Sep2013 2009-Jan2013	<u>TISCO Group</u> Head of Productivity Head of Operational Risk Management Head of Process Risk Management Head of Operational Risk Management <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
41. Mr. Pichit Treethephasumphan Head of Appraisal & Valuation	42	Common Preferred	- -	-	Master of Housing Development Chulalongkorn University Bachelor of General Management Bansomdejchaopraya Rajabhat University - Graduate Diploma Program in Property Valuation - Certificate in Real Estate Developer (Mini MRE@tbs) Thammasat University	Jul2013-Present 2011-Jun2013	<u>TISCO Group</u> Head of Appraisal & Valuation Head of Appraisal & Valuation <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
42. Mr. Pisit Piyapasuntra Acting Head Of Data Management	45	Common Preferred	- -	-	Master of Science (Management Information System) National Institute of Development Administration Bachelor Of Engineering King Mongkut's Institute of Technology Ladkrabang	Oct2014-Present Feb2014-Sep2014	<u>TISCO Group</u> Acting Head Of Data Management Transformation Specialist <u>Other</u> Consulting Manager	TISCO Financial Group Public Company Limited Pricewaterhousecooper	Holding Company
43. Mr. Puvarin Kullaphatkanon Head Of Risk & Business Analytics	35	Common Preferred	- -	-	Master of Arts in Economics New York University, USA Bachelor of Economics Chulalongkorn University Financial Risk Manager (FRM) Global Association of Risk Professionals, USA	May2014-Present 2010-Apr2014 2009-2010 2005-2009	<u>TISCO Group</u> Head Of Risk & Business Analytics Head of Risk Research Head of Risk Research & Advisory Senior Risk Officer	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
44. Ms. Maneerat Wattanajak Head of Compliance - Asset Management Business	46	Common Preferred	- -	-	Master of Financial Accounting Chulalongkorn University Bachelor of Accountancy Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Compliance - Asset Management Business Head of Compliance and Internal Control - Asset Management <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
45. Mr. Montri Siripanasan Head of Solution Development	47	Common Preferred	- -	-	Master of Science (Statistics) National inst. of Development Administration Bachelor of Science (Mathematics) King Mongkut's Institute of Technology Thonburi	Oct2014-Present Feb2013-Sep2014 Feb2008-Jan2013	<u>TISCO Group</u> Head of Solution Development Application Development Manager-MIS & Corporate Support Application Development Manager-Asset Management <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology
46. Ms. Sakornrat Manuwong Head of Compliance - Banking Business	45	Common Preferred	- -	-	Bachelor of Accountancy (Accounting) Thammasat University	2010-Present 2010	<u>TISCO Group</u> Head of Compliance - Banking Business Head of Compliance & Internal Control - Bank <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ¹ (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
47. Mr. Somchat Lapapong Head of Corporate Services	53	Common Preferred	- -	-	Bachelor of Business Administration (Marketing) Ratchamangkala University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Corporate Services Deputy Head of Corporate Services <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
48. Ms. Suthiprom Areesakulsuk Head of Human Resources Services	59	Common Preferred	39,500 -	-	Bachelor of Arts (Management) Bangkok University	2012-Present 2005-2011	<u>TISCO Group</u> Head of Human Resources Services Head of Compensation & Benefit <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
49. Ms. Supaporn Aramtiantamrong Head of Compliance - Securities Business	59	Common Preferred	67,372 -	-	Master of Business Administration Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	2010-Present 2009-2010	<u>TISCO Group</u> Head of Compliance - Securities Business Head of Compliance and Internal Control - Securities <u>Others</u> -	TISCO Financial Group Public Company Limited	Holding Company
50. Ms. Surang Techarungnirun Head of Office of the Credit Committee	40	Common Preferred	- -	-	Master of Science in Finance Chulalongkorn University Bachelor of Business Administration (Finance) Thammasat University	Jul2013-Present 2011-Jun2013 2006-2010	<u>TISCO Group</u> Head of Office of the Credit Committee Head of Office of the Credit Committee Senior Credit Administration Officer <u>Other</u> -	TISCO Financial Group Public Company Limited TISCO Bank Public Company Limited	Holding Company Bank
51. Ms. Arayapha Panichprecha Head of Information Security Management	36	Common Preferred	- -	-	Master of Information Technology Queensland University of Technology, Australia Bachelor of Engineering (Computer Engineering) King Mongkut's Institute of Technology Ladkrabang - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - GIAC System and Network Auditor (GSNA) - GIAC Certified Incident Handler (GCIH) - GIAC Web Application Penetration Tester (GWAPT) The SANS Institute, USA - Information Security Management System (ISMS) Auditor Lead Auditor (ISO/IEC 27001:2005) - Information Security Management System (ISMS) Implementation (ISO/IEC 27001:2005)	Feb2013-Present 2007-Jan2013	<u>TISCO Group</u> Head of Information Security Management IT Security Specialist <u>Others</u> -	TISCO Financial Group Public Company Limited TISCO Information Technology Company Limited	Holding Company Information Technology

Remark: ¹ Including spouse and minor children

Attachment 2

Changes in TISCO Shareholdings by Directors and Management

Changes in TISCO Shareholdings by Directors and Management ^{/1}

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
1	Mr. Pliu Mangkornkanok	2,221,010	2,221,010	-	-	-	-	0.28
	Including spouse and minor children	-	-	-	-	-	-	0.00
2	Mr. Hon Kit Shing (Mr. Alexander H. Shing)	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
3	Ms. Oranuch Apisaksirikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
4	Assoc. Prof. Dr. Angkarat Priebjrivat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
5	Prof. Dr. Pranee Tinakorn	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
6	Ms. Patareeya Benjapolchai	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
7	Ms. Panada Kanokwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
8	Prof. Dr. Teerana Bhongmakapat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
9	Mr. Sathit Aungmanee	100,035	100,035	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
10	Mr. Yasuro Yoshikoshi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
11	Mr. Chi-Hao Sun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
12	Mr. Suthas Ruangmanamongkol	3,333,333	3,333,333	-	-	-	-	0.42
	Including spouse and minor children	-	-	-	-	-	-	0.00
13	Ms. Krisna Theravuthi	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
14	Mr. Sakchai Peechapat	66,177	66,177	-	-	-	-	0.01
	Including spouse and minor children	-	-	-	-	-	-	0.00
15	Mr. Pitada Vatcharasiritham	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
16	Mr. Metha Pingsuthiwong	195,800	195,800	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
17	Ms. Araya Thirakomen	212,874	212,874	-	-	-	-	0.03
	Including spouse and minor children	-	-	-	-	-	-	0.00
18	Mr. Paiboon Nalinthrangkurn	286,000	286,000	-	-	-	-	0.04
	Including spouse and minor children	-	-	-	-	-	-	0.00
19	Mr. Chalit Silpsrikul	-	-	-	-	-	-	0.00
	Including spouse and minor children	79	79	-	-	-	-	0.00
20	Ms. Yutiga Sonthayanavin	576	576	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
21	Mr. Chatri Chandrangam	30,000	30,000	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
22	Mr. Pairat Srivilairit	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
23	Mr. Watsakorn Thepthim	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
24	Ms. Dulyarat Taveebhol	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
25	Mr. Sathian Leowarin	2,200	2,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
26	Mr. Somthai Wattanapronphrom	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
27	Mr. Kontee Sunthornpradit	13,200	13,200	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
28	Dr. Kampon Adireksombat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
29	Mr. Kittipong Tiyaboonthai	8,823	8,823	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
30	Mr. Kusumar Prathomsrimek	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
31	Ms. Chintana Voramongkol	13,500	20,000	6,500	-	-	-	0.00
	Including spouse and minor children	0	0	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
32	Ms. Jiraporn Sawsukpaiboon	16,544	16,544	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
33	Ms. Chuenchit Trakarnratti	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
34	Ms. Chutintorn Vigasi	13,356	16,356	3,000	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
35	Ms. Nudtinee Suwanpanitch	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
36	Mr. Noppawat Tangburanakij	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
37	Ms. Nartrudee Siwabut	126,500	126,500	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
38	Mr. Nipon Wongchotiwat	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
39	Mr. Prayuk Charoencharaskul	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
40	Mr. Pichit Treethephasumphan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
41	Mr. Pisit Piyapasuntra	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
42	Mr. Puvarin Kullaphatkanon	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
43	Mr. Montri Siripanasan	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
44	Ms. Maneerat Wattanajak	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
45	Ms. Voranuch Supaibulpipat	121,079	121,079	-	-	-	-	0.02
	Including spouse and minor children	-	-	-	-	-	-	0.00
46	Ms. Sakornrat Manuwong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
47	Mr. Somchat Lapapong	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

	Name	Common Shares			Preferred Shares			Total Shareholding
		As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year ^{/1}	As of December 31, 2014	As of December 31, 2015	Increase (Decrease) During the Year	Percentage
48	Ms. Suthiprom Areesakulsuk	39,500	39,500	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
49	Ms. Supaporn Aramtiantamrong	67,372	67,372	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
50	Ms. Surang Techarungnirun	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00
51	Ms. Arayapha Panichprecha	-	-	-	-	-	-	0.00
	Including spouse and minor children	-	-	-	-	-	-	0.00

Remark: ^{/1} The change in numbers of shares was due to the exercise of TSRs.

Attachment 3
Details of Directors in Subsidiaries

Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2015

Name	Company	Subsidiary										
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
1 Mr. Pliu Mangkornkanok	X	X	-	-	-	-	-	-	-	-	-	-
2 Mr. Hon Kit Shing (Mr. Alexander H. Shing)	/ VC,NCC	-	-	-	-	-	-	-	-	-	-	-
3 Ms. Oranuch Apisaksirikul	// CE,GCE	// CE	X	X	-	-	-	//	-	-	-	-
4 Assoc. Prof. Dr. Angkarat Priebjivat	/ CAC	/ CAC	-	-	-	-	-	-	-	-	-	-
5 Prof. Dr. Pranee Tinakorn	/ CNCC	-	-	-	-	-	-	-	-	-	-	-
6 Ms. Patareeya Benjapolchai	/ CCGC,AC	/ AC	-	-	-	-	-	-	-	-	-	-
7 Ms. Panada Kanokwat	/ CGC	-	-	-	-	-	-	-	-	-	-	-
8 Mr. Sathit Aungmanee	/ NCC,CGC	/	-	-	-	-	-	-	-	-	-	-
9 Prof. Dr. Teerana Bhongmakapat	/ AC	/ AC	-	-	-	-	-	-	-	-	-	-
10 Mr. Yasuro Yoshikoshi	// NCC	//	-	-	-	-	-	-	-	-	-	-
11 Mr. Chi-Hao Sun (Mr. Howard Sun)	//	//	-	-	-	-	-	-	-	-	-	-
12 Mr. Suthas Ruangmanamongkol	// COO	// Pr ³	-	-	-	-	-	-	-	-	-	-
13 Ms. Krisna Theravuthi	A	-	-	-	-	-	-	-	-	-	-	-

¹ Deutsche TISCO Investment Advisory Co., Ltd is a Joint Venture of TISCO Securities and Deutsche Bank

² HTC Leasing Co., Ltd. is a Joint Venture of TISCO Tokyo Leasing Co., Ltd.

³ TISCO Financial Group's management seconded to manage subsidiary companies

Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2015

Name	Company	Subsidiary										
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
14 Mr. Sakchai Peechapat ³	SEVP ³	SEVP ³	-	-	X	-	-	-	-	X	-	X
15 Mr. Pitada Vatcharasiritham ³	SEVP ³	SEVP ³	//	-	-	-	-	-	-	-	-	-
16 Mr. Metha Pingsuthiwong ³	FEVP ³	FEVP ³	-	-	-	-	-	-	-	-	-	-
17 Ms. Araya Thirakomen ³	FEVP ³	-	-	// Pr ³	-	-	-	-	-	-	-	-
18 Mr. Paiboon Nalinthrangkurn ³	FEVP ³	-	// CEO ³	-	-	-	-	-	-	-	X	-
19 Mr. Chalit Silpsrikul ³	FEVP ³	FEVP ³	-	-	-	-	-	-	-	-	-	-
20 Ms. Yutiga Sonthayanavin	EVP	-	-	-	-	//	-	-	-	-	-	-
21 Mr. Chatri Chandrangam	EVP	-	//	//	//	//	//	//	-	//	//	//
22 Mr. Pairat Srivilairit	AEVP,DH	-	-	-	//	//	//	-	-	-	-	-
23 Mr. Watsakorn Thepthim	DH	-	-	-	-	-	-	// D	//	-	-	-
24 Ms. Dulyarat Taveebhol	DH	-	//	//	-	-	-	-	-	-	//	-
25 Mr. Sathian Leowarin	DH	-	-	-	-	-	-	-	-	-	-	-
26 Mr. Somthai Wattanapronphrom	DH	-	-	-	-	-	-	-	-	-	-	-
27 Ms. Suthinee Muangman	AD	-	-	-	-	-	-	-	-	-	-	-

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Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2015

Name	Company	Subsidiary										
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
28 Mr. Kontee Sunthornpradit	FH	-	-	-	-	-	-	-	-	-	-	-
29 Dr. Kampon Adireksombat	FH	-	-	-	-	-	-	-	-	-	-	-
30 Mr. Kittipong Tiyaboonchai	FH	-	-	-	-	-	-	-	-	-	-	-
31 Mrs. Kusumar Prathomsrimek	FH	-	-	-	-	-	-	-	-	-	-	-
32 Mrs. Chintana Voramongkol	FH	-	-	-	-	-	-	-	-	-	-	-
33 Ms. Jiraporn Sawsukpaiboon	FH	-	-	-	-	-	-	-	-	-	-	-
34 Ms. Chutintorn Vigasi	FH	-	-	-	-	-	-	-	-	-	-	-
35 Ms. Chuenchit Trakarnratti	FH	-	-	-	-	-	-	-	-	-	-	-
36 Ms. Nudtinee Suwanpanitch	FH	-	-	-	-	-	-	-	-	-	-	-
37 Mr. Noppawat Tangburanakij	FH	-	-	-	-	-	-	-	-	-	-	-
38 Ms. Nartrudee Siwabut	FH	-	-	-	-	-	-	-	-	-	-	-
39 Mr. Nipon Wongchotiwat	FH	-	-	-	-	-	-	-	-	-	-	-
40 Mr. Prayuk Charoencharaskul	FH	-	-	-	-	-	-	-	-	-	-	-
41 Mr. Pichit Treethephasumphan	FH	-	-	-	-	-	-	-	-	-	-	-

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² HTC Leasing Co., Ltd. is a Joint Venture of TISCO Tokyo Leasing Co., Ltd.

Details of Management and Controlling Persons of the Company in Subsidiaries as of December 31, 2015

Name	Company	Subsidiary										
	TISCO Financial Group Plc.	TISCO Bank Plc.	TISCO Securities Co., Ltd.	TISCO Asset Management Co., Ltd.	HIWAY Co., Ltd.	TISCO Information Technology Co., Ltd.	TISCO LEASING Co., Ltd.	TISCO Learning Center Co., Ltd.	All-Ways Co., Ltd.	TISCO Tokyo Leasing Co., Ltd.	Deutsche TISCO Investment Advisory Co., Ltd. ¹	HTC Leasing Co., Ltd. ²
42 Mr. Pisit Piyapasuntra	FH	-	-	-	-	-	-	-	-	-	-	-
43 Mr. Puvarin Kullaphatkanon	FH	-	-	-	-	-	-	-	-	-	-	-
44 Mr. Montri Siripanasan	FH	-	-	-	-	-	-	-	-	-	-	-
45 Ms. Maneerat Wattanajak	FH	-	-	-	-	-	-	-	-	-	-	-
46 Ms. Voranuch Supaibulpirat	FH	-	-	-	-	-	-	-	-	-	-	-
47 Ms. Sakornrat Manuwong	FH	-	-	-	-	-	-	-	-	-	-	-
48 Mr. Somchat Lapamong	FH	-	-	-	-	-	-	-	-	-	-	-
49 Ms. Suthipirom Areesakulsuk	FH	-	-	-	-	-	-	-	//	//	-	-
50 Ms. Supaporn Aramtiantamrong	FH	-	-	-	-	-	-	-	-	-	-	-
51 Ms. Surang Techarungnirun	FH	-	-	-	-	-	-	-	-	-	-	-
52 Ms. Arayapha Panichprecha	FH	-	-	-	-	-	-	-	-	-	-	-

¹ Deutsche TISCO Investment Advisory Co., Ltd is a Joint Venture of TISCO Securities and Deutsche Bank

² HTC Leasing Co., Ltd. is a Joint Venture of TISCO Tokyo Leasing Co., Ltd.

Remark : X = Chairperson / = Director // = Executive Director

VC = Vice Chairman

A = Advisor to the Board

AD = Advisor

AEVP = Assistance Executive Vice President

CE = Chairperson of The Executive Board

CNCC = Chairperson of The Nomination and Compensation Committee

NCC = Nomination and Compensation Committee

CAC = Chairperson of The Audit Committee

AC = Audit Committee

CCGC = Chairperson of the Corporate Governance Committee

CGC = Corporate Governance Committee

GCE = Group Chief Executive

SEVP = Senior Executive Vice President

FEVP = First Executive Vice President

EVP = Executive Vice President

CEO = Chief Executive Officer

COO = Chief Operating Officer

Pr = President

D = Director

FH = Function Head

DH = Division Head

- = None

Attachment 4

Detail of Head of Internal Audit and Head of Compliance

Details of Head of Internal Audit and Governance Office Persons as of December 31, 2015

Attachment 4

Name of Director, Management and Controlling Person	Age (years)	Total Shareholding ^{1/} (shares)		Family Relationship with other Management	Education / Director's Training Course Program	Work Experience within 5 years			
		Common	Preferred			Period	Position	Company / Organization	Type of Business
1. Mr. Pairat Srivilairit Corporate Secretary Head of Governance Office	50	Common	-	-	Master of Business Administration Thammasat University Bachelor of Engineering Chulalongkorn University - Certified Internal Auditor (CIA) - Certificate in Control Self-Assessment (CCSA) - Certified Financial Service Auditor (CFSA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Certified Information Systems Security Professional (CISSP) Int'l Information Systems Security Certification Consortium (ISC)2, USA - Certified Fraud Examiner (CFE) Association of Certified Fraud Examiners (ACFE), USA - Company Secretary Program - Company Reporting Program - Board Reporting Program - Effective Minutes Taking - Audit Committee Program - Monitoring the Internal Audit Function - Monitoring Fraud Risk Management Thai Institute of Directors Association (IOD) - GRI Certified Training on G4 reporting Guidelines Thaipat Institute - Anti-Corruption Strategic Management for Senior Executives Office of the National Anti-Corruption	Oct2013-Present Sep2013-Present Feb2013-Sep2013 2009-Jan2013 Sep2013-Present Sep2013-Present Sep2013-Present 2011-Present 2010-Present 2010-Present	<u>TISCO Group</u> Head of Governance Office Corporate Secretary Head of Operational Risk Management Head of Internal Audit Director Director Director Member of Internal Audit Quality Assurance Committee Member of Internal Audit Development Committee Member of Risk Management Committee	TISCO Financial Group Public Company Limited TISCO Leasing Company Limited TISCO Information Technology Company Limited Hi-Way Company Limited Comptroller General's Department Comptroller General's Department Bangkok Metropolitan Administration	Holding Company Leasing Information Technology Hire Purchase Government office Government office Government office
2. Ms. Dulyarat Taveebhol Head of Corporate Compliance	58	Common	-	-	Bachelor of Accountancy (Accounting) Thammasat University	Jul2013-Present 2010-Jun2013 2009-2010 Sep2013-Present 2009-Present 2009-Present	<u>TISCO Group</u> Head of Corporate Compliance Assistant Head of Corporate Office Head of Compliance & Internal Control Director Director and Member of the Audit Committee Director and Member of the Audit Committee	TISCO Financial Group Public Company Limited Deutsche TISCO Investment Advisory Company TISCO Asset Management Company Limited TISCO Securities Company Limited	Holding Company Investment Advisory Asset Management Securities
3. Ms. Jiraporn Sawsukpaiboon Head of Internal Audit	46	Common	16,544	-	Master of Business Administration Thammasat University Bachelor of Science (Accounting) Kasetsart University - Certified Internal Auditor (CIA) The Institute of Internal Auditors (IIA), USA - Certified Information System Auditor (CISA), ISACA, USA - Company Secretary Program - Board Reporting Program - Effective Minutes Taking (EMT) - Anti-Corruption: The Practical Guide Thai Institute of Directors Association (IOD)	Feb2013-Present 2006-Jan2013	<u>TISCO Group</u> Head of Internal Audit Deputy Head of Internal Audit	TISCO Financial Group Public Company Limited	Holding Company

Remark: ^{1/} Including spouse and minor children

Attachment 5
Report of the Audit Committee

Report of the Audit Committee

Appointed by the Board of Directors on April 24, 2015, the Audit Committee of TISCO Financial Group Public Company Limited (TISCO) comprises the following three independent directors:

1.	Assoc. Prof. Dr. Angkarat Priebjrivat	Chairperson
2.	Ms. Patareeya Benjapholchai	Member
3.	Prof Dr.Teerana Bhongmakapat	Member

The Audit Committee has performed duties and responsibilities according to the Charter of Audit Committee and as delegated by the Board of Directors. The Audit Committee has carried out duties independently and without restrictions as to access to information. The Audit Committee supports the Company's good corporate governance in accountability, transparency, fairness, integrity, and check & balance, which will serve the best interests of not only shareholders but also employees and other stakeholders.

The Audit Committee convened 12 meetings in Year 2015, all with full committee member's attendance. Major activities performed during the year were as follows:

- **Financial Statements:** Reviewed quarterly and annual financial statements on the appropriateness of the Company's accounting policies used in the preparation of the financial statements and the completeness of information disclosure before the dissemination. The Committee agreed with the external auditor that the Company's financial statements and the disclosure of relevant information were adequate and fairly presented in accordance with generally accepted accounting principles.
- **Internal Control and Audit:** Reviewed and assessed internal control system and internal audit works and considered all issues raised by the external auditor and internal audit department. Assessed the independence of internal audit department and approved annual audit plan, strategy, key performance indicators and the Charter of Internal Audit. The Committee opined that the Company's internal control system and internal audit function were adequate and effective.
- **Regulatory Compliance:** Reviewed and assessed annual compliance plan and reports, compliance activities and status of legal cases and litigations. Acknowledged the results of external examinations by the Bank of Thailand and the Securities and Exchange Commission of Thailand and assessed the Company's corrective actions. The Committee opined that the Company properly followed all necessary rules and regulations as imposed by regulatory authorities.
- **External Auditor:** Reviewed and assessed the independence of the external auditor as well as the overall scope and the focus of the annual and interim audit. Selected and nominated the external auditor to the Board of Directors for further recommendation to the shareholders for approval. Considering the independence, professional proficiency, performance, and appropriateness of the audit fee, the Committee proposed the appointment of Ms. Ratana Jala of EY Office Limited as the Auditor of the Company and its subsidiaries for the Year 2015.
- **Transactions with Related Parties and Conflicts of Interests:** Reviewed and assessed related party transactions or transactions that may lead to conflicts of interests and the pricing policy for the transactions to ensure conformity with laws and regulations. The Committee agreed with the external auditor that the transactions were either conducted in a normal course of business operation or justified for the best interests of the Company. In addition, related disclosures were in compliance with the corporate governance and related party transaction policy.
- **Risk Management:** Reviewed and assessed the management's presentation on the effectiveness of risk management system, capital adequacy, and operational risk management. The Committee was satisfied with the Company's risk management system.
- **Audit Committee Self-Assessment:** Performed self-assessment by comparing the Committee's activities to the Charter of Audit Committee, relevant laws and regulations, and leading practices. The results revealed that the Committee have carried out duties and responsibilities adequately and effectively according to the Charter of Audit Committee, relevant laws and regulations, and as delegated by the Board of Directors.

In the year 2015, the Audit Committee has received "Audit Committee of the Year" award for the third consecutive time from the Thai Institutes of Directors Association as result of the Audit Committee's upholding good governance practices.

Angkarat Priebjrivat

(Assoc. Prof. Dr. Angkarat Priebjrivat)
Chairperson of the Audit Committee
February 9, 2016

Attachment 6

Report of the Nomination and Compensation Committee

Report of the Nomination and Compensation Committee

Appointed by the Board of Directors on April 24, 2015, the Nomination and Compensation Committee of TISCO Financial Group Public Company Limited comprises three non-management directors and is chaired by an independent director as follows.

- | | |
|------------------------------|--|
| 1. Prof. Dr. Pranee Tinakorn | Chairperson of the Nomination and Compensation Committee |
| 2. Mr. Hon Kit Shing | Member of the Nomination and Compensation Committee |
| 3. Mr. Yasuro Yoshikoshi | Member of the Nomination and Compensation Committee |

On June 19, 2015, the Board of Directors appointed Mr. Sathit Aungmanee, a non-management director, to be additional Member of the Nomination and Compensation Committee. Thus, the current Committee members are as follows.

- | | |
|------------------------------|--|
| 1. Prof. Dr. Pranee Tinakorn | Chairperson of the Nomination and Compensation Committee |
| 2. Mr. Hon Kit Shing | Member of the Nomination and Compensation Committee |
| 3. Mr. Yasuro Yoshikoshi | Member of the Nomination and Compensation Committee |
| 4. Mr. Sathit Aungmanee | Member of the Nomination and Compensation Committee |

The Nomination and Compensation Committee is charged with the responsibility of formulating the compensation policy, selecting and nominating names of qualified candidates for the positions of directors, members of committees with functions, responsibilities and authorities directly given by the Board of Directors, Advisor(s) and Top Management in TISCO and its subsidiary companies and proposing them to the Board of Directors or the Shareholders Meeting in order to preserve an effective and efficient board and management structure and to enhance the good corporate governance of TISCO Group.

In 2015, the Committee convened seven meetings with Mr. Hon Kit Shing being absent at three meetings. Major activities performed during the year were as follows:

1. Acknowledging and proposing the results of the Board Performance Self-assessment for the year 2014 to the Board of Directors for ratification and recommending the Board the corrective action to be implemented to enhance board performance,
2. Adopting the Board Performance Self-Assessment Guideline and Questionnaires for the year 2015 which provided the board an opportunity to reflect on how well the board fulfilled its responsibilities and to identify opportunities for continuous improvement that will increase the board's overall performance and enhance the board's relationship with management,
3. Evaluating and proposing the results of the Group Chief Executive Performance for the year 2014 to the Board of Directors for acknowledgement and adopting the Group Chief Executive Performance Assessment Questionnaires for the year 2015,
4. Reviewing and recommending the Guideline for Board Composition and Selection Criteria for TISCO Group to the Board of Directors for approval,
5. Reviewing profile of the candidates for director position,
6. Recommending number of directors and nominating qualified candidates for director position of TISCO and TISCO Bank for the Board of Directors to recommend the Shareholder Ordinary General Meeting for approval,
7. Reviewing and ensuring the directors' remuneration to be commensurable with their performance and benchmarking with the industry and recommending to the Board of Directors to further recommend the Shareholders Ordinary General Meeting for approval,
8. Recommending the appointment of Chairman and Vice Chairman of the Board of Directors and other committees namely Executive Board, Audit Committee, Nomination and Compensation Committee including Advisor to the Board of Directors,
9. Considering appointment of the new member of the Nomination and Compensation Committee and recommending to the Board of Directors for approval,
10. Interviewing and considering profile of outside consultant to explore TISCO long-term organic growth opportunities beside the current scope,
11. Reviewing the Charter of the Nomination and Compensation Committee,
12. Acknowledging the Audit Committee report and recommendations on TISCO Bonus and Incentive Scheme and proposing for Board approval,

13. Approving the promotion and appointment of management level,
14. Acknowledging the activities of Human Resource Committee and approving the Guideline on Job levels-related Titles and Benefits, and
15. Considering the principle of compensation and bonus payment for employees in TISCO Group of companies and approving the incentive pay, bonus appropriation for management and staff for the year 2015.

The Nomination and Compensation Committee performed self-assessment by comparing the Committee's activities to the Charter of the Nomination and Compensation Committee, relevant laws and leading practices, and opined that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

Pranee Tinakorn

(Prof. Dr. Pranee Tinakorn)

Chairperson
The Nomination and Compensation Committee
December 18, 2015

Attachment 7

Report of the Corporate Governance Committee

Report of the Corporate Governance Committee

According to the Charter of the Corporate Governance Committee ("the Committee") approved by the Board, the Committee is responsible to set and review Corporate Governance Policies and Code of Conduct, oversee the practice of the Board of Directors, Board committees, and the Management in compliance with the Corporate Governance Principles and Policies, Code of Conduct, and related laws and regulations.

The Committee also maintains checks and balances between the Board of Directors and the Management, protects shareholders' rights and ensures equitable treatment being provided, and develops corporate governance system for the benefits of shareholders and other stakeholders of TISCO.

The Corporate Governance Committee also promotes and supports good corporate governance in integrity, transparency, independence, accountability, responsibility, and fairness, which will serve the best interests of shareholders and other stakeholders of TISCO

The Committee consists of three non-executive board members of TISCO Financial Group Public Company Limited. From January 1, 2015 to December 31, 2015, the Committee members are as follows.

- | | |
|-------------------------------|---|
| 1. Ms. Patareeya Benjapolchai | Chairperson of the Corporate Governance Committee |
| 2. Ms. Panada Kanokwat | Member of the Corporate Governance Committee |
| 3. Mr. Sathit Aungmanee | Member of the Corporate Governance Committee |

In 2015, the Committee convened two meetings with full attendances of all members. Major activities performed during the year were as follows.

1. Acknowledging the implementation progress of TISCO Corporate Governance Policy,
2. Reviewing TISCO Corporate Governance Policy and Approval Authority Guideline and proposing for Board approval,
3. Acknowledging the result of corporate governance assessment by outside agencies ; IOD, SET, Thai Investors Association and make recommendation to the Board of Directors and other Board committees,
4. Reviewing the Corporate Governance Committee Charter and the Committee's Plan for year 2015,
5. Assessing the Corporate Governance Committee's Performance,
6. Reviewing the Draft of TISCO Sustainability Report of year 2014,
7. Acknowledging the Corporate Governance Practices of the Board of Directors, Board Committees, and the Management in compliance with Corporate Governance Policy, Code of Conduct and related laws and regulations.

The Corporate Governance Committee performed self-assessment by comparing the Committee's activities to the Charter of the Corporate Governance Committee, and leading practices, and opined that the Committee has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

Patareeya Benjapolchai

(Ms. Patareeya Benjapolchai)

Chairperson
The Corporate Governance Committee
January 15, 2016

Attachment 8
Report of the Executive Board

Report of the Executive Board

Appointed by the Board of Directors on April 24, 2015, the Executive Board of TISCO Financial Group Public Company Limited (TISCO) comprises four directors as follows:

- | | |
|---------------------------------|------------------------------------|
| 1. Ms. Oranuch Apisaksirikul | Chairperson of the Executive Board |
| 2. Mr. Chi-Hao Sun (Howard Sun) | Member of the Executive Board |
| 3. Mr. Yasuro Yoshikoshi | Member of the Executive Board |
| 4. Mr. Suthas Ruangmanamongkol | Member of the Executive Board |

The Executive Board oversees and acts on operational matters requiring in depth consideration concerning key policy, procedural, human resources and administrative issues for the business & operation of the company and all subsidiaries in TISCO group. The Executive Board also handles matters that, in ordinary circumstances would require board review, but due to a particular circumstance needs immediate attention. In addition, it assists the Board in determining group strategy & business plan, monitoring business performance and risk management of group activities, as well as approving major credit decisions and credit policies and guidelines. The Executive Board also appoints other committees to oversee day-to-day operation in specific areas, including Risk Management Committee, Credit Committee, Problem Loan Committee, etc.

In 2015, the Committee convened twelve meetings. Major activities performed during the year were as follows:

1. Determined and proposed TISCO Group business strategy to the Board of Directors for approval.
2. Reviewed TISCO Group business plan and budget for proposal for Board of Directors' approval.
3. Monitored business performance of the group including all key performance indicators and financial budgets
4. Instituted, reviewed and approved TISCO Group's policies on important operational and control areas, and proposed for the Board of Directors' ratification where applicable.
5. Reviewed group's risk profiles and the activities of the Risk Management Committee, Credit Committee, and Problem Loan Committee.
6. Approved major credit decisions and revision of credit policies and guidelines.
7. Conducted the assessment of the adequacy of the Company's internal control system and propose for the Audit Committee's review and to the Board of Directors for approval.
8. Reviewed and approved major business decisions involving high risk.
9. Reported activities of the Executive Board for to the Board of Directors' ratification.
10. Reviewed the TISCO Executive Board Charter and proposed for the Board of Directors' approval.

The Executive Board performed self-assessment by comparing the Committee's activities to the Charter of the Executive Board and leading practices, and opined that the Executive Board has carried out duties and responsibilities adequately and effectively according to the Charter and as delegated by the Board of Directors.

Oranuch Apisaksirikul

(Ms. Oranuch Apisaksirikul)
Chairperson of the Executive Board
March 9, 2016

Attachment 9

Evaluation of the Sufficiency of Internal Control System

Internal Control System Assessment Questionnaire

TISCO Financial Group Public Company Limited

February 19, 2016

This questionnaire was completed by the TISCO Financial Group Plc.'s Board of Directors. It reflects the Board's opinion on the adequacy of the TISCO Financial Group Plc.'s internal control system.

Internal Control Assessment Questionnaire**Background and Objectives**

Proper Internal Control system is vital to listed companies as it shall prevent, manage and mitigate risk and loss that could impact the companies and their stakeholders. Therefore, Board of Directors is accountable to oversee that the company have implemented proper internal control system that is sufficient to govern and direct the company to achieve its missions and goals while complying with laws and regulations. Besides, the internal control system should also prevent the company from fraud and physical damage and ensure correct accounting and financial reporting.

The Securities Exchange Commission (SEC), coordinated with the Price Waterhouse Cooper (Thailand), had developed this Internal Control Assessment Questionnaire as a tool for listed companies for their self-assessment.

The questionnaire adopted the internal control concept of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which was revised on May 2013 and was adjusted to be applicable to Thai listed company. The questionnaire is constructed in 5 key areas including Control Environment, Risk Assessment, Control Activities, Information & Communication, and Monitoring Activities.

Use of Questionnaire

The companies should apply this questionnaire as guidance for internal control assessment at least annually and may reassess in case of unexpected event which may impact its operations significantly. The assessment should be reviewed by the Audit Committee and the Board in order to lead to discussion about proper improvement of internal control system.

The assessment should be based on execution of the control. If the assessment reflects insufficient control in some areas, the company should provide with rationale and improvement method.

Control Environment

1. The organization demonstrates a commitment to integrity and ethical value.

Question	Yes	No
1.1 Board of Directors and senior management articulate and demonstrate the importance of integrity and ethical values across the organization. The various forms and mechanisms may include: <ul style="list-style-type: none"> 1.1.1 Day-to-day actions and decision making at all levels of the organization that are consistent with the expected standards of conduct. 1.1.2 Interactions with suppliers, customers, and other external parties. 	/	
1.2 Practice of integrity and ethics is in place which may include: <ul style="list-style-type: none"> 1.2.1 Appropriate code of conduct for all employees 1.2.2 Prohibition of conflict of interest and corruption 1.2.3 Penalty when employee action deviates from the standard code of conduct 1.2.4 Communicate the standard code of conducts and penalty when its violated to all level of employees and external parties for adherence. 	/	
1.3 A process of ongoing and separate evaluation of Code of Conduct is in place including; <ul style="list-style-type: none"> 1.3.1 Ongoing and separated evaluation by Internal Audit Unit or Compliance Unit 1.3.2 Employees self-evaluation 1.3.3 Separate evaluation by independent and external experts 	/	
1.4 Deviations of the expected standard code of conduct are identified and remedied in a timely and consistent manner. <ul style="list-style-type: none"> 1.4.1 Having a process to investigate deviations of the expected standard code of conduct. 1.4.2 Having a process to penalize and conduct an appropriate action taken in timely basis. 1.4.3 The corrective action should be taken in consistent and timely basis. 	/	

2. The Board of Directors is independent from the management and is accountable for an oversight of the development and performance of internal control.

Question	Yes	No
2.1 The board of directors demonstrate independence from management by their roles and responsibilities. The board must therefore retain objectivity in relation to management.	/	
2.2 The board of directors oversee the business objectives to ensure that they are clearly defined and measurable to be a guidance for management and other employees.	/	
2.3 The board of directors oversee the clear line of roles and responsibilities of the board committees and senior management and compliance with law and regulations. This includes the roles and responsibilities of audit committee, external auditors, internal auditors and the person with responsibility for financial reporting.	/	
2.4 The director is competent and has expertise in business or ability to request for the experts when needed.	/	
2.5 The board of directors consists of sufficient number of independent directors who are knowledgeable and independent.	/	

Question	Yes	No
2.6 The board of directors oversee the development and execution of internal control system including control environment, risk assessment, control activities, information and communication, and monitoring activities.	/	

3. With the board oversight, Management establishes structures, reporting lines, and appropriate authorities and responsibilities in the pursuit of objectives.

Question	Yes	No
3.1 Management establish organization structure which support the organization's goal, which taking into account business, regulation, and effective internal control system e.g. Segregation of duties, the direct reporting line of internal audit to the Audit Committee, clear reporting line etc.	/	
3.2 Senior management define reporting line which considered appropriate accountabilities, responsibilities and communication channel.	/	
3.3 Clear and appropriate authority delegation of authority among the board of directors, senior management, management and staff is in place.	/	

4. The organization demonstrates a commitment to attract, develop, and retain competent individuals.

Question	Yes	No
4.1 Policies and practice to attract, develop, and retain competent individuals is in place and is reviewed regularly.	/	
4.2 The organization has processes of performance evaluation, incentive, reward and penalty. The processes are communicated to all level of management and employees.	/	
4.3 The organization has a procedure to handle insufficiency of competent staff properly.	/	
4.4 The organization has a human resource management process of recruiting, development, mentoring, coaching, retaining for all level of management and employees.	/	
4.5 The organization has the appropriate succession plan.	/	

5. The organization assigns roles and responsibility of internal control in the pursuit of objectives.

Question	Yes	No
5.1 The board of directors and management establish the mechanisms to communicate and enforce accountability for performance of internal control responsibilities across organization and implement corrective action as necessary.	/	
5.2 The board of directors and management establish proper performance evaluation, incentives, and rewarding system taking into account code of conduct, short-term and long-term business objectives.	/	
5.3 The board of directors and management align incentives and rewards with the fulfillment of internal control responsibilities in the achievement of objectives.	/	
5.4 The board of directors and management evaluate and adjust pressures associated with the achievement of objectives as they assign responsibilities.	/	

Risk Assessment

6. Organization specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives.

Question	Yes	No
6.1 The organization complies with the Generally Accepted Accounting Principles (GAAP) that are appropriate for its business and ensures the existence, completeness, rights and obligation, and valuation.	/	
6.2 The organization defines financial materiality by assessing factors such as stakeholders, transaction size, and business trends.	/	
6.3 The organization's financial statements reflect actual operational activities.	/	
6.4 The board of directors or the Risk Management Committee approves and communicates risk management policies to management and employees as part of the organization culture.	/	

7. The organization identifies risks to the achievement of its objectives across the entity and analyzes risks as basis for determining how the risks should be managed.

Question	Yes	No
7.1 The organization identifies comprehensive risk that may affect the operational activities at corporate level, entity level, unit level, and functional level.	/	
7.2 The organization assess comprehensive risk that may result from internal and external factors, including strategic risk, operational risk, reporting risk, compliance risk, and IT risk.	/	
7.3 Management of all level participates in risk management.	/	
7.4 The organization prioritize risk through frequency and impact assessment.	/	
7.5 The organization has measures and plans to manage risk through risk acceptance, risk reduction, risk avoidance, or risk sharing.	/	

8. The organization considers the potential for fraud in assessment risks to the achievement of objectives.

Question	Yes	No
8.1 The organization assess fraud risk resulting from falsify reporting, financial loss, corruption, management override of internal controls, misrepresentation of material reports, or embezzlement.	/	
8.2 The organization reviews its performance measurements through achievement likelihood assessment and reviews incentive program to ensures that it does not encourage misconduct such as unrealistic target to encourage misrepresentation.	/	
8.3 Audit Committee reviews and inquires management regarding fraud likelihood and fraud preventive and corrective measures.	/	
8.4 The organization communicates to its employees to ensure that they understand and comply with policies and guidelines.	/	

9. The organization identifies and assesses changes that could significantly impact the system of internal control.

Question	Yes	No
9.1 The organization assess external changes that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

Question	Yes	No
9.2 The organization assess changes in business operation that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	
9.3 The organization assess changes in organization leaders that may affect its operation, internal control, and financial reporting; and defines sufficient measures to respond to those changes.	/	

Control Activities

10. The organization selects and develops control activities that contribute to the mitigation of risks to the achievement of objectives to acceptable levels.

Question	Yes	No
10.1 The organization's control measures are appropriate with its organization specific risks such as environmental, operational complexity, functional, operational boundary, and other specifics.	/	
10.2 The organization has written internal control measures that appropriately covers its activities such as policies and procedures relating to the financial transactions, procurement process and other administrations which includes roles and responsibilities, and clearly indicate level of authority to prevent fraud such as the determination of authority level of the management in each level, capital expenditures approval process, procurement and vendor selection process, transactional recording, approval process, requisition and disbursement process etc. by arranging the processes for the following cases 10.2.1 Collect and regularly update information on major shareholders, Directors, Management, and their related parties to assist in monitoring and reviewing related party transactions or conflict of interest transactions. 10.2.2 In case the organization approves or enters into long-term contract with related party, the organization monitors to ensure compliance throughout the contract duration.	/	
10.3 Control activities include a range and variety of controls and may include a balance of approaches to mitigate risk, considering both manual and automated controls, and preventive and detective controls.	/	
10.4 Management considers control activities at various levels in the entity.	/	
10.5 The organization segregates the following duties: (1) approval (2) data entry (3) custodial	/	

11. The organization selects and develops general control activities over technology to support the achievement of objectives.

Question	Yes	No
11.1 The organization should determines the dependency and linkage between business processes and technology general controls.	/	
11.2 The organization should have a proper control on IT infrastructure.	/	
11.3 The organization should have a proper IT security system.	/	
11.4 The organization should have a proper control on acquisition, development and maintenance of IT system.	/	

12. The organization deploys control activities through policies that establish what is expected and in procedure that put policies into action.

Question	Yes	No
12.1 The organization has a policy that prevents major shareholders, directors, management from trading based on inside information by using approval process guided by regulators.	/	
12.2 The organization has a policy indicated that transaction approval process has to be executed by an independent without conflict of interest.	/	
12.3 The organization has a policy indicated that transaction approval processes are based on arm's length principle.	/	
12.4 The organization has a process to monitor performance and provide directions to its subsidiaries.	/	
12.5 The organization defines roles and responsibilities for its management and employees to carryout policies and processes.	/	
12.6 The policies and processes are implemented within the proper time frame by the competent personnel including the comprehensiveness of the incident management process	/	
12.7 The organization reviews the appropriateness of its policies and processes regularly.	/	

Information & Communication

13. The organization obtains or generates and users relevant, quality information to support the functioning of other components of internal control.

Question	Yes	No
13.1 A process is in place to identify quality and relevance internal and external information required to achieve the objectives.	/	
13.2 Information usage costs and benefits are considered. The consideration should include quantity and correctness of information.	/	
13.3 The board of directors has material information sufficiently to make decision. The information may include detail of the agenda, reason, impact to the organization and optional solution.	/	

Question	Yes	No
13.4 The organization has processes to schedule the board meeting and provide necessary and sufficient supporting information before a specific time as the requirement by laws or regulation.	/	
13.5 The organization should document sufficient information in the board of directors' minute of meeting to ensure appropriateness of directors duties, for examples, memo probing the question to management, comments and reason of disagreement	/	
13.6 The organization has proper 13.6.1 Document retention process to ensure completeness and filing of all important document. 13.6.2 Control decencies and corrective action report from both external and internal auditors.	/	

14. The organization internally communicates information, including objectives and responsibilities for internal control, necessary to support the functioning of other components internal control.

Question	Yes	No
14.1 The organization effectively communicates relevant and timely information regarding internal control and provides appropriate communications channels.	/	
14.2 The organization reports material information to the board of directors consistently. Otherwise, the board of directors is enabled to access necessary information regards of their duties or reviews transaction i.e. the directors allows to request information from assigned a contact person, external auditors, internal auditors and they can request for the board meeting and other meeting between directors and senior managements.	/	
14.3 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from internal parties.	/	

15. The organization communicates with external parties regarding matters affecting the functioning of other components of internal control.

Question	Yes	No
15.1 The organization effectively communicates relevant and timely information regarding internal control to external parties and provides appropriate communications channels i.e. investor relation and customer complain hotline.	/	
15.2 The organization provides separate communication channels, such as whistle-blower hotlines, are in place and serve as fail-safe mechanisms to enable anonymous or confidential communication from external parties.	/	

Monitoring Activities

16. The organization selects, develops, and performs ongoing and/ or separate evaluations to ascertain whether the components of internal control are present and functioning.

Question	Yes	No
16.1 The organization develop the code of ethics and establish conflict of interests ongoing evaluation process i.e. employees perform self-evaluation and report to their supervisor and the internal auditors performs auditing and report to audit committee.	/	
16.2 Has internal evaluation this may perform by employees' self-evaluation or using internal audit to conduct separate evaluation.	/	
16.3 Management varies frequency of evaluation depending on changing condition.	/	
16.4 Evaluators who perform ongoing and separate evaluations have sufficient knowledge to understand what is being evaluated.	/	
16.5 Internal audit department has direct reported line to audit committee.	/	
16.6 The organization supports the internal audit activities to comply with International Standards for the Professional Practice of Internal Auditing, IIA.	/	

17. The organization evaluates and communicates internal control deficiencies in a timely manner to those parties responsible for taking corrective action, including senior management and the board of directors, as appropriate.

Question	Yes	No
17.1 The organization evaluates and communicates material internal control deficiencies in a timely manner to those parties responsible for taking corrective action	/	
17.2 The organization develop policies for reporting the control deficiency including:		
17.2.1 Management report the facts and circumstances of significant fraudulent act, illegal acts and the other circumstance that impact over reputation and financial reporting to Board of Directors in a timely basis.	/	
17.2.2 Report significant control deficiency and propose its corrective action to the board of directors/ audit committee.	/	
17.2.3 Report status of remediation plan or corrective action to board of directors/ audit committee.	/	

Attachment 10

**Statement of the Board of Directors' Responsibility for Financial Statements
and Auditor's Report and Financial Statements**

Statement of the Board of Directors' Responsibility for Financial Statements

The Board of Directors of TISCO Financial Group Public Company Limited is responsible for the Company's financial statements, the consolidated financial statements of the Company and its subsidiaries, and all financial information presented in the annual report. The financial statements have been prepared in accordance with generally accepted accounting standards applicable in Thailand, which are based on appropriate accounting policies, consistently applied and practiced, prudent judgment and best accounting estimates. All material information has been sufficiently disclosed in the notes to financial statements. These financial statements also have been made in compliance with the stipulations of the Notification of the Bank of Thailand, the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The financial statements have been audited and expressed with unqualified audit opinion by an independent auditor, which reflected fair and transparent financial position and operating performance that is useful information for shareholders and general investors.

The Board of Directors has established effective risk management and internal control systems to ensure that the reliability and completeness of financial information are in place, with the ability to protect the Company's assets, as well as identifying the weaknesses of operation in order to adequately prevent operational risk.

In this regard, the Board of Directors has appointed the Audit Committee, comprising independent directors, to oversee qualitative aspects of financial reporting and internal control systems. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this annual report.

The Board of Directors views that the Company's internal control systems are satisfactory and provide reasonable assurance as to the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its subsidiaries as of December 31, 2015.

Pliu Mangkornkanok
(Mr. Pliu Mangkornkanok)
Chairman of the Board

Oranuch Apisaksirikul
(Ms. Oranuch Apisaksirikul)
Group Chief Executive

TISCO Financial Group Public Company Limited
and its subsidiary companies
Report and consolidated financial statements
31 December 2015



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Independent Auditor's Report

To the Shareholders of TISCO Financial Group Public Company Limited

I have audited the accompanying consolidated financial statements of TISCO Financial Group Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TISCO Financial Group Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.



I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TISCO Financial Group Public Company Limited and its subsidiaries and of TISCO Financial Group Public Company Limited as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

A handwritten signature in black ink, appearing to read 'R. Jala', is located below the opinion text.

Ratana Jala
Certified Public Accountant (Thailand) No. 3734

EY Office Limited
Bangkok: 9 February 2016

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Assets					
Cash		1,101,291	1,180,482	70	70
Interbank and money market items - net	3.2	31,162,645	38,057,993	416,723	529,181
Investments - net	3.4, 3.8	8,332,419	14,795,457	773,250	843,774
Investments in subsidiaries and joint venture - net	3.5	284,107	207,228	19,370,077	19,370,029
Loans to customers and accrued interest receivables	3.6, 3.8				
Loans to customers		259,724,989	286,017,305	2,699,200	3,154,300
Accrued interest receivables		542,488	572,383	-	-
Total loans to customers and accrued interest receivables		260,267,477	286,589,688	2,699,200	3,154,300
Less: Deferred revenue		(21,465,152)	(23,233,476)	-	-
Less: Allowance for doubtful accounts	3.7	(6,168,270)	(6,950,423)	-	-
Loans to customers and accrued interest receivables - net		232,634,055	256,405,789	2,699,200	3,154,300
Properties foreclosed - net	3.8, 3.9	47,390	120,905	-	-
Investment properties - net	3.10	32,157	17,267	778,245	778,245
Premises and equipment - net	3.11	2,633,339	2,483,759	877,253	663,751
Intangible assets - net	3.12	379,659	324,927	90,562	89,997
Deferred tax assets	3.30	317,686	296,074	130,154	110,157
Securities and derivatives business receivables - net		1,130,190	1,819,258	-	-
Dividend receivable from subsidiaries		-	-	1,842,237	1,693,238
Other assets	3.13	2,238,741	1,964,366	152,048	190,777
Total assets		280,293,679	317,673,505	27,129,819	27,423,519

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2015	31 December 2014	31 December 2015	31 December 2014
Liabilities and owner's equity					
Liabilities					
Deposits	3.14	158,344,190	205,588,846	-	-
Interbank and money market items - net	3.15	10,030,060	10,692,435	-	-
Liabilities payable on demand		356,335	399,916	-	-
Derivatives liabilities	3.3	41,898	40,729	-	-
Debts issued and borrowings	3.16	74,518,919	65,406,219	6,900,000	7,669,400
Provision for long-term employee benefits	3.17	466,933	403,572	106,791	85,823
Deferred tax liabilities	3.30	1,748	30,155	-	-
Securities and derivatives business payables - net		1,275,029	1,250,067	-	-
Accrued interest payable		896,969	1,129,253	30,285	40,712
Income tax payable		312,895	566,574	28,176	30,373
Other liabilities	3.18	5,854,374	6,342,046	1,033,793	1,098,690
Total liabilities		252,099,350	291,849,812	8,099,045	8,924,998

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014
Equity				
Share capital	5			
Registered				
33,858 preference shares of Baht 10 each	339	339	339	339
800,669,437 ordinary shares of Baht 10 each	8,006,694	8,006,694	8,006,694	8,006,694
	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>	<u>8,007,033</u>
Issued and paid-up				
18,558 preference shares of Baht 10 each (31 December 2014: 33,558 shares of Baht 10 each)	186	336	186	336
800,636,925 ordinary shares of Baht 10 each (31 December 2014: 800,621,625 shares of Baht 10 each)	8,006,369	8,006,219	8,006,369	8,006,219
	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>	<u>8,006,555</u>
Share premium				
Share premium on preference shares	-	-	163	295
Share premium on ordinary shares	1,018,408	1,018,408	7,031,360	7,031,228
	<u>1,018,408</u>	<u>1,018,408</u>	<u>7,031,523</u>	<u>7,031,523</u>
Other components of equity	1,381,775	1,680,354	94,016	217,292
Retained earnings				
Appropriated-statutory reserve	709,500	596,300	709,500	596,300
Unappropriated	16,979,196	14,429,068	3,189,180	2,646,851
	<u>28,095,434</u>	<u>25,730,685</u>	<u>19,030,774</u>	<u>18,498,521</u>
Equity attributable to owners of the Company				
Non-controlling interest of the subsidiaries	98,895	93,008	-	-
	<u>28,194,329</u>	<u>25,823,693</u>	<u>19,030,774</u>	<u>18,498,521</u>
Total equity				
	<u>280,293,679</u>	<u>317,673,505</u>	<u>27,129,819</u>	<u>27,423,519</u>

The accompanying notes are an integral part of the financial statements.



Mrs. Oranuch Apieaksirikul
(Group Chief Executive, TISCO Group)



TISCO
บริษัท ทีเอสซีไฟแนนเชียลกรุ๊ป จำกัด (มหาชน)
TISCO Financial Group Public Company Limited

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Interest income	3.22	16,887,553	18,890,867	79,673	137,379
Interest expenses	3.23	(6,757,696)	(9,351,077)	(150,688)	(226,747)
Net interest income		10,129,857	9,539,790	(71,015)	(89,368)
Fee and service income		5,255,965	5,187,250	-	-
Fee and service expenses		(198,932)	(211,639)	(11,821)	(18,244)
Net fee and service income	3.24	5,057,033	4,975,611	(11,821)	(18,244)
Net gains on trading and foreign exchange transactions	3.25	96,189	27,612	81,694	3,949
Net gains on investments	3.26	128,907	263,716	47	-
Share of profit from investments accounted for under equity method	3.5.2	97,655	52,129	-	-
Dividend income		92,332	96,930	1,842,237	1,693,238
Penalty fee income from loans		452,694	344,030	-	-
Income from business promotion relating to the hire purchase business		348,001	268,333	-	-
Intercompany supporting fee income	3.34	-	-	1,560,722	1,549,850
Other operating income	3.28	86,258	55,638	65,902	66,327
Total operating income		16,488,926	15,623,789	3,467,766	3,205,752
Expense from business promotion relating to the hire purchase business		396,303	274,765	-	-
Total net operating income		16,092,623	15,349,024	3,467,766	3,205,752
Operating expenses					
Employee's expenses		3,379,795	3,550,195	643,656	646,117
Directors' remuneration		12,680	13,240	12,680	13,240
Premises and equipment expenses		928,890	919,076	352,397	344,498
Taxes and duties		212,862	224,003	1,647	1,715
Other operating expenses	3.29	992,794	898,432	87,904	119,055
Total operating expenses		5,527,021	5,604,946	1,098,284	1,124,625
Bad debt, doubtful accounts and impairment losses	3.27	5,277,415	4,426,460	-	-
Profit from operating before income tax expenses		5,288,187	5,317,618	2,369,482	2,081,127
Income tax expenses	3.30	1,032,464	1,043,443	105,888	80,400
Profit for the year		4,255,723	4,274,175	2,263,594	2,000,727

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht, except earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Other comprehensive income	3.31				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent period</i>					
Gains (losses) on valuation in available-for-sale investments	3.20	(334,715)	184,533	(152,219)	75,868
Share of other comprehensive income of joint venture:					
Cash flow hedges of joint venture		(20,802)	(1,694)	-	-
Income tax effects	3.30,3.32	66,943	(41,025)	30,444	(15,174)
Other comprehensive income to be reclassified to profit or loss in subsequent period - net of income tax		(288,574)	141,814	(121,775)	60,694
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent period</i>					
Actuarial gains (losses)		6,091	(28,716)	(10,328)	(5,713)
Losses on revaluation of assets		-	(27,000)	-	-
Share of other comprehensive income of joint venture:					
Actuarial gains (losses) of joint venture		26	(354)	-	-
Income tax effects	3.30,3.32	(1,188)	11,114	2,066	1,143
Other comprehensive income not to be reclassified to profit or loss in subsequent period - net of income tax		4,929	(44,956)	(8,262)	(4,570)
Other comprehensive income for the year		(283,645)	96,858	(130,037)	56,124
Total comprehensive income for the year		<u>3,972,078</u>	<u>4,371,033</u>	<u>2,133,557</u>	<u>2,056,851</u>
Profit attributable to					
Equity holders of the Company	3.33	4,250,119	4,249,515	2,263,594	2,000,727
Non-controlling interests of the subsidiaries		5,604	24,660		
		<u>4,255,723</u>	<u>4,274,175</u>		
Total comprehensive income attributable to					
Equity holders of the Company		3,966,053	4,345,059	2,133,557	2,056,851
Non-controlling interests of the subsidiaries		6,025	25,974		
		<u>3,972,078</u>	<u>4,371,033</u>		
Earnings per share of equity holders of the Company					
Basic earnings per share	3.33	<u>5.31</u>	<u>5.31</u>	<u>2.83</u>	<u>2.50</u>

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cash flows from operating activities				
Profit before income tax expenses	5,288,187	5,317,618	2,369,482	2,081,127
Adjustments to reconcile profit before income tax expenses to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	214,709	230,494	80,805	74,987
Bad debts and doubtful accounts	7,070,231	5,642,990	-	-
Share of profit from investments accounted for under equity method	(97,655)	(52,129)	-	-
Reversal of allowance for impairment of investments	(822)	(13,058)	(47)	-
Allowance for impairment of property foreclosed (reversal)	1	(67)	-	-
Gain on disposal of investments in securities	(131,268)	(262,848)	-	-
Unrealised (gain) loss on foreign exchange transactions and trading derivatives	(80,656)	17,467	(81,694)	(3,949)
Gain on disposal of equipment	(1,619)	(6,140)	-	(216)
Loss on written-off of equipment	2,909	1,759	17	-
Loss on written-off intangible assets	78	5,282	-	-
(Gain) loss on changes in value of investment properties	406	(412)	-	-
Gain on disposal of property foreclosed	(49,810)	(22,841)	-	-
Employee benefit expenses	95,269	65,002	14,910	11,969
Increase in accrued income	(14,654)	(22,658)	(14,215)	(23,688)
Increase (decrease) in accrued expenses	(279,820)	167,932	(61,956)	64,141
Net interest income	(10,129,857)	(9,539,790)	71,015	89,368
Dividend income	(92,332)	(96,930)	(1,842,237)	(1,693,238)
Cash received on interest income	17,201,200	18,639,189	79,747	137,553
Cash paid on interest expenses	(5,822,706)	(8,626,107)	(161,115)	(222,790)
Cash received on dividend income	92,332	100,930	1,693,238	1,457,244
Cash paid on income tax expenses	(1,275,371)	(1,129,610)	(95,573)	(138,733)
Profit from operating activities before changes in operating assets and liabilities	11,988,752	10,416,073	2,052,377	1,833,775
Operating assets (increase) decrease				
Interbank and money market items	6,895,479	15,151,442	112,458	(19,109)
Loans to customers	13,993,726	15,236,649	455,100	831,700
Securities and derivatives business receivables	689,068	(272,596)	-	-
Receivables from clearing house	43,907	(20,527)	-	-
Property foreclosed	2,801,136	3,138,099	-	-
Other assets	-847,155	337,517	27,592	-11,703

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Operating liabilities increase (decrease)				
Deposits	(47,244,657)	(59,292,796)	-	-
Interbank and money market items	(662,375)	(1,251,022)	-	-
Liabilities payable on demand	(43,582)	55,052	-	-
Securities and derivative business payables	24,962	(260,950)	-	-
Short-term debts issued and borrowings	(6,567,300)	23,922,600	(769,400)	1,541,400
Payable to clearing house	(756,680)	554,382	-	-
Provision for long-term employee benefits	(25,959)	(22,749)	(4,271)	(3,696)
Other liabilities	(378,844)	(1,100,336)	(2,940)	12,686
Net cash flows from (used in) operating activities	(20,089,522)	6,590,838	1,870,916	4,185,053
Cash flows from investing activities				
Cash paid for purchase of investment in securities held for investment	(17,004,795)	(28,880,497)	-	-
Cash received from disposal of investment in securities held for investment	23,346,837	26,038,728	-	-
Cash paid for purchase of equipment	(309,088)	(230,236)	-	(74,948)
Cash paid for purchase of intangible assets	(102,938)	(274,208)	(31,690)	(62,912)
Cash received from disposal of equipment	1,619	6,180	(237,922)	256
Cash paid for share capital increase of subsidiary	-	-	-	(2,446,155)
Net cash flows from (used in) investing activities	5,931,635	(3,340,033)	(269,612)	(2,583,759)
Cash flows from financing activities				
Cash received from issuance of long-term debentures	17,680,000	2,400,000	-	-
Cash paid for the redemption of long-term debentures	(2,000,000)	(4,000,000)	-	-
Dividend paid	(1,601,304)	(1,601,294)	(1,601,304)	(1,601,294)
Net cash flows from (used in) financing activities	14,078,696	(3,201,294)	(1,601,304)	(1,601,294)
Net increase (decrease) in cash	(79,191)	49,511	-	-
Cash at beginning of the year	1,180,482	1,130,971	70	70
Cash at end of the year	1,101,291	1,180,482	70	70
	-	-	-	-

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity

For the year ended 31 December 2015

(Unit: Thousand Baht)

Consolidated financial statements														
Equity attributable to owners of the Company														
	Note	Issued and paid-up			Share premium on ordinary shares	Other components of equity			Total other components of equity	Retained earnings		Equity attributable to		Total
		Preference shares	Ordinary shares	ordinary shares		Surplus (deficit) on changes in value of available-for-sale investments	Surplus on revaluation of assets	Share of other comprehensive income of joint venture		Adjustment from business combination of entities under common control under holding restructuring plan	Appropriated	Unappropriated	the Company	
Balance as at 1 January 2014		339	8,006,216	1,018,408	(42,028)	940,899	(7,947)	679,266	1,570,190	496,200	11,895,567	22,986,920	67,435	23,054,355
Dividend paid	4	-	-	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)	-	(1,601,294)
Transfer inappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	100,100	(100,100)	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	-	4,249,515	4,249,515	24,660	4,274,175
Other comprehensive income for the year		-	-	-	143,508	(21,600)	(1,694)	-	120,214	-	(24,670)	95,544	1,314	96,858
Total comprehensive income for the year		-	-	-	143,508	(21,600)	(1,694)	-	120,214	-	4,224,845	4,345,059	25,974	4,371,033
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	(10,050)	-	-	(10,050)	-	10,050	-	-	-
Preference shares converted to ordinary shares		(3)	3	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(401)	(401)
Balance as at 31 December 2014		336	8,006,219	1,018,408	101,480	909,249	(9,641)	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693
Balance as at 1 January 2015		336	8,006,219	1,018,408	101,480	909,249	(9,641)	679,266	1,680,354	596,300	14,429,068	25,730,685	93,008	25,823,693
Dividend paid	4	-	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)	-	(1,601,304)
Transfer unappropriated retained earnings to statutory reserve		-	-	-	-	-	-	-	-	113,200	(113,200)	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	-	4,250,119	4,250,119	5,604	4,255,723
Other comprehensive income for the year		-	-	-	(267,772)	-	(20,802)	-	(288,574)	-	4,508	(284,066)	421	(283,645)
Total comprehensive income for the year		-	-	-	(267,772)	-	(20,802)	-	(288,574)	-	4,254,627	3,966,053	6,025	3,972,078
Transfer surplus on revaluation of assets to retained earnings		-	-	-	-	(10,005)	-	-	(10,005)	-	10,005	-	-	-
Preference shares converted to ordinary shares		(150)	150	-	-	-	-	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiaries		-	-	-	-	-	-	-	-	-	-	-	(138)	(138)
Balance as at 31 December 2015		186	8,006,369	1,018,408	(166,292)	899,244	(30,443)	679,266	1,381,775	709,500	16,979,196	28,095,434	98,895	28,194,329

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Statement of changes in equity (continued)

For the year ended 31 December 2015

(Unit: Thousand Baht)

Separate financial statements										
Other components of equity										
Note	Issued and paid-up		Share premium		Surplus on change in value of available-for-sale investments	Surplus on revaluation of assets	Total other components of equity	Retained earnings		Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares				Appropriated	Unappropriated	
Balance as at 1 January 2014	339	8,006,216	298	7,031,225	(72,892)	230,996	158,104	496,200	2,350,582	18,042,964
Dividend paid	4	-	-	-	-	-	-	-	(1,601,294)	(1,601,294)
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	100,100	(100,100)	-
Profit for the year	-	-	-	-	-	-	-	-	2,000,727	2,000,727
Other comprehensive income for the year	-	-	-	-	60,694	-	60,694	-	(4,570)	56,124
Total comprehensive income for the year	-	-	-	-	60,694	-	60,694	-	1,996,157	2,056,851
Transfer surplus on revaluation of assets to retained earnings	-	-	-	-	-	(1,506)	(1,506)	-	1,506	-
Preference shares converted to ordinary shares	(3)	3	(3)	3	-	-	-	-	-	-
Balance as at 31 December 2014	336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521
Balance as at 1 January 2015	336	8,006,219	295	7,031,228	(12,198)	229,490	217,292	596,300	2,646,851	18,498,521
Profit for the year	-	-	-	-	-	-	-	-	(1,601,304)	(1,601,304)
Dividend paid	4	-	-	-	-	-	-	113,200	(113,200)	-
Transfer unappropriated retained earnings to statutory reserve	-	-	-	-	-	-	-	-	2,263,594	2,263,594
Other comprehensive income for the year	-	-	-	-	(121,775)	-	(121,775)	-	(8,262)	(130,037)
Total comprehensive income for the year	-	-	-	-	(121,775)	-	(121,775)	-	2,255,332	2,133,557
Transfer surplus on revaluation of assets to retained earning	-	-	-	-	-	(1,501)	(1,501)	-	1,501	-
Preference shares converted to ordinary shares	(150)	150	(132)	132	-	-	-	-	-	-
Balance as at 31 December 2015	186	8,006,369	163	7,031,360	(133,973)	227,989	94,016	709,500	3,189,180	19,030,774

The accompanying notes are an integral part of the financial statements.

TISCO Financial Group Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2015

1. Basis of preparation and presentation of financial statements and significant accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the Bank of Thailand (“BOT”)’s Notification No. Sor Nor Sor. 21/2558 regarding “Preparation and Announcement of Financial Statements of Commercial Banks and Parent Companies of Financial Holding Groups”, dated 4 December 2015.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

1.2 Basis of consolidation

- a) The consolidated financial statements of TISCO Group include the financial statements of TISCO Financial Group Public Company Limited (“the Company”) and its subsidiary companies (“the subsidiaries”) as mentioned in Note 3.1 to the financial statements.
- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared for the same reporting period and using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- g) The separate financial statements present investments in subsidiaries, joint ventures under the cost method.

1.3 New financial reporting standards

Below is a summarised of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

a) Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, and the management of the Company and its subsidiaries have elected to early adopt financial reporting standards relating to investments since year 2014 as follows;

IFRS 10 Consolidated Financial Statements

IFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in IAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 10 requires companies to reassess their investments in order to reach a conclusion as to whether they have control over those investments. The Company consequently changed its conclusion as a result of the reassessment of its investment in TISCO Tokyo Leasing Company Limited as of the date that TFRS 10 was initially adopted from presenting it as an investment in a subsidiary to presenting it as a joint venture company because it does not meet the definition of control specified in TFRS 10. As a result, TISCO Tokyo Leasing Company Limited has been a joint venture company since December 2008, which is when the Company acquired the investment. The reason for this assessment is that the Company does not have absolute control over the joint venture company. In addition, the remaining 49% voting rights are held by another major shareholder and the Company has entered into a shareholders' agreement with the major shareholder to make collective decisions concerning the business operations. Therefore, considering the requirements of TFRS 10, the Company has deconsolidated TISCO Tokyo Leasing Company Limited from its consolidated financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

In addition to the above Thai Financial Reporting Standards adopted by the Company prior to the effective date, there are also other new and revised standards that have changes in key principles. Which are summarised below.

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss, or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company and its subsidiaries financial statements.

b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's and its subsidiaries' management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

1.4 Significant accounting policies

1.4.1 Income recognition

a) Interest and discounts on loans

Interest on loans is recognised as income on an accrual basis and is based on principal outstanding. Hire purchase, finance lease and auto cash income are recognised over the installment period, using the effective interest rate.

The subsidiaries have policies for corporate loans on which interest payments have been defaulted for more than one month, it is the policy of its subsidiaries to cease accruing income. For other loan accounts which are overdue for more than three months, the recognition of interest income is ceased, already recorded accrued interest is reversed from accounts and after that interest will be recognised as income on a cash basis.

Accrual of interest is ceased for margin loans on which interest is overdue for more than two months and interest is then recognised on a cash basis.

The accounts will be reinstated to an accrual basis when the overdue amounts are received.

Interest or discounts already included in the face value of notes receivable or loans are recorded as deferred income and taken up as income evenly throughout the term of the notes or loans.

b) Interest and dividends on investment in securities

Interest on investment in securities is recognised as income on an accrual basis. Dividends on investment in securities are recognised as income when the right to receive the dividends is established.

c) Brokerage fees

Brokerage fees on securities and derivatives trading are recognised as income on the transaction dates.

d) Gains (losses) on trading in securities and derivatives

Gains (losses) on trading in securities and derivatives are recognised as income/expenses on the transaction dates.

e) Fee and service income

Fee and service income are recognised as income on an accrual basis.

1.4.2 Expense recognition

a) Interest expenses

Interest expenses are charged to expenses on an accrual basis. Interest included in the face value of the notes payable is recorded as deferred interest and amortised to expenses evenly throughout the term of the notes.

b) Commissions and direct expenses of the hire purchase business

The subsidiaries record the initial commissions and direct expenses arising in respect of hire purchase by the effective interest rate method, and deduct them from deferred revenue over the installment period.

Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of the hire purchase contract.

1.4.3 Securities purchased under resale agreements according to private repurchase transactions

The subsidiary company operating banking business has purchased securities under resale agreements according to private repurchase transactions, which stipulate definite dates, terms and prices. Amounts paid for the securities purchased under resale agreements are presented under the caption of "Interbank and money market items" in the statements of financial position and the securities purchased are used as collateral.

Under securities purchase under resale agreements according to private repurchase transactions, the subsidiary obtains securities under resale agreements as collateral securities on terms which permit it to repledge or resell the securities to others.

Differences between the acquisition price and the selling price are recognised on an accrual basis over the term of the transaction by the effective interest rate method, and are presented as interest income.

1.4.4 Investments

- a) Investments in trading securities are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in comprehensive income, and will be recognised as part of profit or loss when the securities are sold.
- c) Investments in held-to-maturity debt securities are recorded at amortised cost less allowance for impairment loss (if any). The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- d) Investments in non-marketable equity securities, which are classified as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiaries and joint venture are accounted for in the separate financial statements using the cost method net of allowance for impairment loss (if any). Investment in joint venture is accounted for in the consolidated financial statements using the equity method.
- f) The subsidiary company does not record investments which the subsidiary company holds not less than 20% of the equity in associated companies under the equity method in the consolidated financial statements, if the investment was transferred as a result of debt restructuring. The subsidiary company is obliged to dispose of these investments within the period stipulated in the Bank of Thailand's regulations.
- g) The Company and its subsidiaries does not consider the investments in mutual funds to be investments in associated companies by the equity method in the consolidated financial statements, even if the company holds not less than 20% of the equity, because the Company and its subsidiaries do not have influence over the financial and operating policies of these funds, which are independently managed by the fund manager according to mutual fund management policy and operate under the supervision of the Office of Securities and Exchange Commission.
- h) The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of government bonds, state enterprise securities and private debt securities is determined by using the formula quoted by the Bank of Thailand, which is based on the yield rates quoted by the Thai Bond Market Association or other financial institutions. The fair value of unit trusts is determined based on their net asset value.

- i) Losses on impairment (if any) of the investments in available-for-sale securities, held-to-maturity debt securities and other investments are recognised in profit or loss.
- j) The weighted average method is used for computation of the cost of investments.
- k) In the event the Company and its subsidiaries reclassify investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The differences between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of equity, depending on the type of investment that is reclassified.
- l) Purchases and sales of investments are recorded on settlement date.

1.4.5 Investments in receivable purchased or transferred in

Investments in receivable purchased or transferred in, which are classified as held-to-maturity securities, are valued at acquisition cost net of allowance for impairment (if any). Losses on impairment of investments are included in profit or loss.

If the receivable enters into a troubled debt restructuring process, the investment will be transferred to loans to customers and presented at fair value, net of allowance for doubtful debt. The fair value is based on the outstanding balance of the receivable as at the transfer date or the date of restructuring. Allowance for doubtful debt is based on the same Bank of Thailand's guideline as allowance for loans to customers.

1.4.6 Receivable from Clearing House/Payable to Clearing House

Receivable from Clearing House comprises the net balance receivable from Thailand Securities Depository (TSD) in respect of securities trades settled through the Clearing House of TSD, and the net balance receivable from Thailand Clearing House (TCH), including amounts pledged with TCH as security for derivatives trading.

Payable to Clearing House comprises the net balance payable to Thailand Securities Depository in relation to securities trading settlements made through the Clearing House of TSD, and the net derivatives balance payable to Thailand Clearing House.

1.4.7 Loans to customers

Loans to customers are stated at the principal balances, excluding accrued interest receivables. Unrecognised deferred revenue/discounts on loans to customers are deducted from loans to customers.

Hire purchase and finance lease receivables are stated at outstanding balance, net of deferred revenue. Deferred revenue is stated net of commissions and direct expenses incurred at the initiation of hire purchase contracts and advances received from finance lease receivables.

1.4.8 Securities and derivatives business receivables

Securities and derivatives business receivables comprise the net balance of securities business receivables and derivative business receivables, after deducting allowance for doubtful accounts. Securities business receivables comprise the net receivable balances of cash accounts, securities borrowing and lending receivables, and other receivables such as securities receivables that are subject to legal proceeding, undergoing restructuring or setting in installments.

1.4.9 Allowance for doubtful accounts and losses from troubled debt restructuring

- a) The subsidiary company operating banking business provides allowance for doubtful accounts and losses arising from troubled debt restructuring in accordance with the Notifications of the Bank of Thailand (“BOT”) and adjusts these by the additional amount which is expected not to be collectible based on an evaluation of the current status of the debtors, taking into consideration the recovery risk and the value of collateral.

For all loans to customers classified as pass and special mention, except for hire purchase receivables that are classified as pass and special mention, the subsidiary company records provision at a rate of not less than 1% and not less than 2% of the debt balance net of collateral value excluding accrued interest receivables, respectively.

For non-performing loans to customers which are classified as sub-standard, doubtful and doubtful of loss, except for non-performing hire purchase receivables, the subsidiary company records allowance for doubtful accounts at 100% of the debt balance remaining after deducting the present value of expected future cash inflows from debt collection or from collateral disposal, with the discount interest rate and the year of collateral disposal being set with reference to BOT’s Notifications.

For hire purchase receivables that are classified as pass, special mention and non-performing hire purchase receivables, the subsidiary company uses a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.

The subsidiary company has already set provision for all loans to customers in accordance with the BOT's Notifications issued on 3 August 2008.

- b) For the securities business of a subsidiary, an allowance for doubtful accounts is based on a review of debtors' ability to make repayment, taking into consideration of recovery risk and the value of the collateral. An allowance is set aside for doubtful debts that their collaterals are not fully covered and/or those which may not be fully recovered. Such debt classifications and provisions are made in accordance with the Notification of the Office of the Securities and Exchange Commission and consideration of other relevant factors.
- c) For the subsidiary companies operating hire purchase business, allowance for doubtful accounts is made using a collective approach, based on historical loss and behavioral grading of the hire purchase receivables.
- d) Allowance for doubtful accounts for other receivables is provided for the estimated losses that may be incurred in the collection of receivables and based on the review of current status of receivables outstanding at the end of reporting period.
- e) Increase (decrease) in allowance for doubtful accounts is recorded as expense during the year. Amounts written off as bad debts are deducted from the allowance for doubtful accounts. Bad debt recovery amounts are credited to the allowance for doubtful accounts in the period of recovery.

1.4.10 Troubled debt restructuring

The subsidiary company operating banking business records troubled debt restructuring transactions in accordance with the Bank of Thailand's regulations and Thai Accounting Standard regarding "Accounting for Troubled Debts Restructuring". The subsidiary records the assets or equities transferred to the subsidiary for debt settlement at the fair values of the assets less estimated selling expenses (if any), providing that this does not exceed the legally claimable amount of outstanding debt.

In case where the debt restructuring involves modifications of terms of receivables, the fair value of receivables after restructuring represents the net present value of the expected future cash inflows, discounted using the cost of fund rates prevailing at the restructuring date. In case where the cost of fund rates are lower than the interest rates specified in the term of modifications, the subsidiary will use the interest rates specified in the term of modifications as the discount rates. The subsidiary records differences between the fair value of receivables, and the balance of net book value of receivables as of restructuring date as expenses in profit or loss. Losses arising from restructuring by waiver of part of principal or recorded accrued interest receivable, less recorded allowance, are recognised in profit or loss when incurred.

1.411 Recognition and derecognition of customer deposits

Cash which customers have placed with a subsidiary company in cash accounts for securities trading and derivative trading is recorded as an asset of the subsidiary company for the customers' position for internal control purposes. At the financial statement date, the subsidiary company writes the amounts which are unsecured off from both assets and liabilities and presents only those assets which belong to the subsidiary company.

1.4.12 Borrowing and lending of securities

A subsidiary company operating securities business is engaged in securities borrowing and lending transactions through agreements made with borrowers and lenders of securities, which are the subsidiary company's customers.

A subsidiary company records its obligations to return borrowed securities which it has lent as "Securities borrowing payables" and securities lent to customers are recorded as "Securities borrowing receivables" in the statement of financial position. At the end of the year, the balances of securities borrowing payables and securities borrowing receivables are adjusted based on the latest offer price quoted on the Stock Exchange of Thailand on the last working day of the year. Gains or losses arising from such adjustments are included in part of profit or loss in the statement of comprehensive income. The subsidiary company records cash paid or received as collateral for securities borrowing and lending as "Guarantee deposit receivables" or "Guarantee deposit payables". Fees from borrowing and lending are recognised on an accrual basis over the term of the lending.

1.4.13 Property foreclosed

Property foreclosed represents assets transferred in respect of receivables on which the debtors have defaulted or restructured receivables. The values of the repossessed assets are stated at the lower of cost (fair value of assets at the transfer date, not exceeding the legally claimable amount of outstanding debt) or net realisable value. Net realisable value is determined at the market value or the appraisal value of repossessed assets less estimated selling expenses. The subsidiary company operating banking business is required to record the additional general reserve for declining in value of property foreclosed in accordance with the notifications of the Bank of Thailand and the management's estimates.

The subsidiary companies will recognise loss on impairment in profit or loss. Gains or losses from disposal of property foreclosed are recognised upon disposal.

1.4.14 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value. Any gains or losses arising from changes in the value of investment properties are recognised in profit or loss when incurred.

On disposal of investment properties, the difference between the net disposal proceed and the carrying amount of the asset is recognised in profit or loss in the year when the asset is derecognised (if any).

1.4.15 Premises and equipment/Depreciation

Land is stated at cost. Office condominiums and equipment are stated at cost or revalued amount less accumulated depreciation and allowance for loss on impairment of assets (if any).

Office condominiums are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser to their fair values. Revaluations are made with sufficient regularity to ensure that the carrying amount does not differ materially from fair value at the end of reporting period.

Differences arising from the revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company and its subsidiaries' assets, the increase is credited directly to other comprehensive income and the cumulative increase is recognised in equity under the heading of "Surplus on revaluation of assets". However, the revaluation increase is recognised as income to the extent that it reverses the revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of the revaluation of the Company and its subsidiaries' assets, the decrease is recognised in profit or loss. However, the revaluation decrease is charged to other comprehensive income to the extent that it does not exceed the amount already held in "Surplus on revaluation of assets" in respect of the same asset.

The surplus on revaluation of assets is amortised to retained earnings on a straight-line basis over the remaining life of the related assets. The revaluation surplus which is transferred to retained earnings is the difference between the depreciation calculated on book value of the revalued assets and the depreciation calculated on original cost of the assets. The revaluation surplus can neither be offset against deficit nor used for dividend payment.

Depreciation of office condominiums and equipment is calculated by reference to their costs or fair values on the straight-line basis (except for the depreciation of computer and communications equipment, which is calculated using the sum-of-the-year-digits method over estimated useful lives of 3 years) over the following estimated useful lives:

Buildings and office condominiums	-	20	years
Office improvements	-	5, 20	years
Furniture, fixtures and equipment	-	3, 5	years
Motor vehicles	-	5, 6	years

The depreciation is dealt with in the financial statements as follows:

- Depreciation attributed to the original cost portion is included in determining income.
- Depreciation attributed to the surplus portion is included in determining income.

No depreciation is provided on land and assets under installation.

An item of premises and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

1.4.16 Intangible assets

The Company and its subsidiaries initially recognised intangible assets at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

The Company and its subsidiaries amortised intangible assets with finite lives on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The Company and its subsidiaries reviewed the amortisation year and the amortisation method of such intangible assets at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite lives are software license fees that the Company and its subsidiaries amortised over the following estimated useful lives:

- | | | |
|---|---|---|
| The license agreements with specified number of years of usage | - | according to the year of license agreement by the straight-line basis |
| The license agreements with no specified number of years of usage | - | 5 years by the straight-line basis |
| No license agreements | - | 3 years by the sum-of-the-year-digits method |

1.4.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred tax assets/liabilities are recognised for temporary differences between the tax bases of assets and liabilities and their carrying amounts as at the end of reporting period. These will be realised in future periods when the income is realised, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

The Company and its subsidiaries recognise deferred tax assets for all deductible temporary differences to the extent that it is probable that the Company and its subsidiaries will generate future taxable profits that will be available against which such deductible deferred tax assets can be utilised. The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences.

Deferred tax assets/liabilities are calculated based on the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax legislation that have been enacted at the end of each reporting period.

The Company and its subsidiaries record deferred tax directly to equity if the tax relates to items that are recorded directly to equity.

At the end of each reporting period, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

1.4.18 Impairment of assets

The Company and its subsidiaries assess at the end of each reporting period whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company and its subsidiaries estimate the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

An impairment loss is recognised in profit or loss. However in cases where assets was previously revalued and the revaluation was taken to owners' equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

1.4.19 Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or when the Company and its subsidiaries have transferred substantially all risks and rewards of ownership. If the Company and its subsidiaries neither transfer nor retain substantially all risks and rewards of ownership of such financial assets, and retain control of such financial assets, the Company and its subsidiaries continue to recognise the financial assets to the extent of its continuing involvement. Financial liabilities are derecognised when they are extinguished - i.e. when the obligation specified in the contract is discharged or cancelled or expired.

1.4.20 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of each reporting period.

Gains and losses on exchange are included in determining income.

1.4.21 Employee benefits

Short-term employee benefits

The Company and its subsidiaries record salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

Part of bonus expense of the Company and its subsidiaries are annual bonus, which is remuneration for employees' annual performance that is paid in cash, and determined with reference to the parent company's share price. The Company and its subsidiaries record this expense and accrued bonus when employees receive the right as service is deemed to have already been rendered by the employees. It is recorded based on the average daily share price from the grant date to the end of each reporting period and any increase or decrease in the expense according to changes in the share price is recognised in order to reflect the fair value of accrued bonus liability at the end of each reporting period, until the bonuses are settled.

Post-employment benefits and other long-term employee benefits

Defined contribution plans

The Company and its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law and other employee benefit plan. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provide other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan is determined by the Company and its subsidiaries based on actuarial techniques.

Actuarial gains or losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains or losses arising from other long-term benefits are recognised immediately in profit or loss.

1.4.22 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

1.4.23 Derivatives and hedge accounting

The recording of derivatives and hedge accounting is based on the principles for recording derivatives and hedge accounting under IAS 39 “Financial Instruments: Recognition and Measurement”.

- a) A subsidiary operating banking business records derivatives held for trading under fair value method. The subsidiary records gains (losses) from changes in fair value of derivatives in profit or loss. The fair value of derivatives is based on the market price, or a formula which is generally accepted in cases where there is no market price.
- b) A subsidiary operating securities business recognises gains (losses) from changes in the fair value of the future contracts held for trading in profit or loss, with fair value determined based on the daily settlement prices quoted by Thailand Futures Exchange Public Company Limited.
- c) Subsidiary company operating banking business records derivatives for cash flow hedge by using hedge accounting, detailed as follows:

The subsidiary documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The subsidiary also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

The effective portion of changes in the fair value of derivatives that is designated and qualified as cash flow hedges is recognised in owners’ equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts accumulated in owners’ equity are recycled to profit or loss in the periods in which the hedged item affects profit or loss.

When a hedging instrument expires, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in owners’ equity is recognised in profit or loss.

1.4.24 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation techniques that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities.

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly.

Level 3 - Use of unobservable inputs such as estimates of future cash flows.

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

1.4.25 Financial instruments

a) Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash, interbank and money market items (assets), derivatives assets, investments, securities and derivatives business receivable, receivable from clearing house, loans to customers and accrued interest receivable, deposits, interbank and money market items (liabilities), liability payable on demand, derivatives liabilities, debts issued and borrowings, securities and derivative business payables and payable to clearing house. The financial risks associated with these financial instruments and how they are managed is described in Note 3.38 to the financial statements.

b) Fair value of financial instruments

In determining the fair value of financial instruments, the estimate fair value will be adjusted by reserve with respective risk. For financial instruments with duration of one year or less, the book value represents a reasonable estimate of fair value. For financial instruments with duration greater than one year, fair value was determined based on the quoted market prices, where available, or otherwise based on present values of contractual cash flows, discounted using the rate used for financial instruments with similar features.

The methods and assumptions used by the Company and its subsidiaries in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturities or carry interest at rates approximating the market rate, including cash, interbank and money market items (assets), securities and derivatives business receivables, receivable from clearing house, deposits, interbank and money market items (liabilities), liabilities payable on demand, securities and derivative business payables and payable to clearing house, the carrying amounts in the statement of financial position approximate their fair value.
- For debts securities, their fair value is generally derived from quoted market prices or determined by using the yield curve as announced by the Thai Bond Market Association.
- For equity securities, their fair value is generally derived from quoted market prices, or based on discounted future cash flows and/or comparing with similar companies when no market price is available.
- Loans to customers and accrued interest, except for hire purchase receivables and other retail loans, are presented at fair value which is the book value less allowance for doubtful accounts, since most loans to customers carry interest at floating rates. Hire purchase receivables and other retail loans are presented at fair value, which is the present value of future cash inflows, discounted by the current interest rate for new loans.
- The fair value of debts issued and borrowings is estimated by discounting expected future cash flow by the current market interest rates of the borrowings with similar terms and conditions.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies, interest rate yield curves and commodity price yield curves. The subsidiary had considered to counterparty credit risk when determining the fair value of derivatives.

1.4.26 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.4.27 Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Recognition and derecognition of assets and liabilities

In considering whether to recognise or to derecognise assets or liabilities, the management is required to make judgement on whether significant risk and rewards of those assets or liabilities have been transferred, based on their best knowledge of the current events and arrangements.

Allowance for doubtful accounts for loans to customers

Allowances for loan losses are intended to adjust the value of loans to customers for probable credit losses. The management uses judgement to establish reserves for estimated losses on outstanding loans when there is any doubt about the borrower's capacity to repay the principal and/or the interest. The allowances for loan losses are determined through a combination of specific reviews, consideration of the probability of defaults, statistical modeling and estimates, taking into account change in the value of collateral and current economic conditions, in compliance with the principles stipulated by the Bank of Thailand. However, the use of different estimates and assumptions could affect the amounts of allowances for loan losses and adjustments to the allowances may therefore be required in the future.

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercises judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosers of fair value hierarchy.

Impairment of investments

The Company and its subsidiaries treat available-for-sale securities and general investments as impaired when the management judges that there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Investment properties

The Company and its subsidiaries present investment properties at the fair value estimated by an independent appraiser, and recognise changes in the fair value in profit or loss. The independent appraiser valued the investment properties using the income approach because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 3.10.

Premises and equipment/Depreciation

In determining depreciation of premises and equipment, the management is required to make estimates of the useful lives and residual values of premises and equipment and to review estimated useful lives and residual values when there are any changes.

The Company and its subsidiaries measure office condominiums at revalued amounts. Such amounts are determined by the independent appraiser using the income approach. The valuation involves certain assumptions and estimates as described in Note 3.11.

In addition, the management is required to review premises and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefits plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore, no contingent liabilities are recorded as at the end of each reporting period.

Consolidation and deconsolidation of subsidiaries

In preparation of the consolidated financial statements, the management is required to make judgement whether the Company has control over the subsidiaries that are included in the consolidated financial statements or not.

2. General information

2.1 The Company's information

TISCO Financial Group Public Company Limited (“the Company”) is a holding company and is the parent company of TISCO Group. Its registered address is 48/49 TISCO Tower, 21st Floor, North Sathorn Road, Silom, Bangrak, Bangkok.

2.2 Share capital

The preference shares have the same rights and benefits as ordinary shares, with added rights and benefits that entitle the holders of preference shares to receive preferential dividend of 1 Baht per share every year that the Company pays dividend to the holders of the ordinary shares. Additionally, the preference shares are entitled to share any leftover dividend with the holders of the ordinary shares. In years that the Company does not declare dividend payment to the ordinary shareholders, the Company may still choose to declare dividend payment at the above-mentioned rate to the preference shareholders. However, the preference shareholders are entitled to receive dividend only in those years in which the Company has declared dividend payment, and the shares are non-cumulative. From 30 June 2009 onwards, the rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

2.3 Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net income after deducting accumulated deficit brought forward (if any), until such reserve reaches 10 percent of its registered share capital. The statutory reserve is not available for dividend distribution.

2.4 Directors' remuneration

Directors' remuneration represents the benefits paid to the Company and its subsidiaries' directors in accordance with Section 90 of the Public Limited Companies Act, exclusive of salaries, and related benefits payable to directors who hold executive positions.

2.5 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

The Company has significant business transactions with related parties. These transactions have been concluded on commercial terms and bases agreed upon in the ordinary course of business between the Company and those related parties, which are reference to the terms and price as charged to other customers.

3. Supplemental information

3.1 Consolidated financial statements

A list of subsidiaries included in the consolidated financial statements as at 31 December 2015 and 2014 is provided below.

Company's name	Nature of Business	Country of incorporation	(Unit: Percent)	
			Percentage of shares held by the Company as at 31 December	
			2015	2014
<u>Subsidiaries directly held by the Company</u>				
TISCO Bank Public Company Limited	Banking	Thailand	99.99	99.99
TISCO Securities Co., Ltd.	Securities business	Thailand	99.99	99.99
TISCO Asset Management Co., Ltd.	Asset management	Thailand	99.99	99.99
Hi-Way Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
TISCO Information Technology Co., Ltd.	Services	Thailand	99.99	99.99
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Thailand	99.99	99.99
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Thailand	99.99	99.99
TISCO Learning Center Co., Ltd.	Services	Thailand	99.99	99.99
All-Ways Co., Ltd.	Services	Thailand	99.97	99.97
<u>Subsidiaries indirectly held by the Company</u>				
Deutsche TISCO Investment Advisory Co., Ltd.	Securities business	Thailand	51.00	51.00

3.2 Interbank and money market items - net (assets)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	1,588,605	-	1,588,605	1,788,596	-	1,788,596
Commercial banks	311,976	19,005,148	19,317,124	417,037	31,946,178	32,363,215
Specialised financial institutions	112	10,245,723	10,245,835	92	3,875,557	3,875,649
Total	1,900,693	29,250,871	31,151,564	2,205,725	35,821,735	38,027,460
Add: Accrued interest	1,317	9,672	10,989	13,811	15,197	29,008
Less: Allowance for doubtful accounts	-	-	-	-	-	-
Total domestic	1,902,010	29,260,543	31,162,553	2,219,536	35,836,932	38,056,468
<u>Foreign</u>						
Hong Kong dollar	92	-	92	35	-	35
US dollar	-	-	-	1,490	-	1,490
Total foreign	92	-	92	1,525	-	1,525
Total domestic and foreign	1,902,102	29,260,543	31,162,645	2,221,061	35,836,932	38,057,993

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Commercial banks	416,681	-	416,681	529,065	-	529,065
Total	416,681	-	416,681	529,065	-	529,065
Add: Accrued interest	42	-	42	116	-	116
Total domestic	416,723	-	416,723	529,181	-	529,181

(Unit: Million Baht)

Interbank and money market items (assets) which are pledged	Consolidated financial statements as at 31 December		Type of pledge
	2015	2014	
	Cash at banks of local subsidiary	10	

The subsidiary company operating banking business entered into securities purchase under resale agreements according to private repurchase transactions. Securities received under resale agreements are used as collateral. Details of transactions are as follows:

(Unit: Million Baht)

	Securities purchase under resale agreements according to private repurchase transactions as at 31 December	
	2015	2014
	Commercial banks	27,500

Fair value of securities received as collateral is as follows:

(Unit: Million Baht)

	Fair value of securities received as collateral as at 31 December	
	2015	2014
	Commercial banks	27,789

3.3 Derivatives

The subsidiary company operating banking business entered into interest rate swap agreements and cross currency swap agreements to manage the risk associated with its loans to customers, as follows:

(Unit: Thousand Baht)

Type of risk	Consolidated financial statements as at 31 December					
	2015			2014		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Exchange rate	-	-	-	-	5,219	3,296,300
Interest rate	-	41,898	1,200,000	-	35,510	1,200,000
Total	-	41,898	1,200,000	-	40,729	4,496,300

All counter parties of these derivative transactions are financial institutions.

In August 2014, TISCO Bank reclassified part of its investment portfolio, transferring certain long-term held-to-maturity debt securities to short-term available-for-sale securities at the fair value at the transfer date, to bring them in line with TISCO Bank's liquidity management strategy. The amortised cost of the transferred debt securities at the transfer date was approximately Baht 3,001 million. TISCO Bank recorded the difference between this amortised cost and the fair value, amounting to Baht 73 million, as unrealised gain on transfer of investment portfolio and presented it under equity in the statement of financial position. TISCO Bank disposed of Baht 2,960 million of these investments, with a realised gain for the year 2015 and 2014 by Baht 1 million and Baht 72 million, respectively.

3.4.2 Classified by remaining year to maturity of the debt securities

(Unit: Million Baht)

	Consolidated financial statements as at 31 December							
	2015				2014			
	Due within				Due within			
	Less than 1 year	1 - 5 years	Over 5 years	Total	Less than 1 year	1 - 5 years	Over 5 years	Total
Available-for-sale investments								
Government and state								
enterprise securities	4,605	747	-	5,352	11,087	973	-	12,060
Private sector debt securities	107	1,291	-	1,398	1	810	-	811
Total	4,712	2,038	-	6,750	11,088	1,783	-	12,871
Less: Allowance for impairment	(1)	-	-	(1)	(1)	-	-	(1)
Total	4,711	2,038	-	6,749	11,087	1,783	-	12,870
Held-to-maturity debt securities								
Investment in receivables	14	-	-	14	13	5	-	18
Less: Allowance for impairment	(14)	-	-	(14)	(12)	(5)	-	(17)
Total	-	-	-	-	1	-	-	1
Total debt securities	4,711	2,038	-	6,749	11,088	1,783	-	12,871

3.4.3 Investments subject to restriction

(Unit: Million Baht)

Type of investment	Consolidated financial statements as at 31 December		Type of restrictions
	2015	2014	
Government debt securities	2	2	Pledged for electricity usage

3.4.4 Investments in companies with weak financial positions and poor operating results of a subsidiary company operating banking business

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2015		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	7,060	-

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December 2014		
	Cost	Fair value	Allowance for changes in value
	Companies having problems with debt repayment or in default	7,060	-

3.4.5 Investments in which a subsidiary company operating banking business holds not less than 10 percent of the equity of the investees

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December						
Securities' name	2015			2014		
	Book value	Unpaid amounts	Percentage of holding (%)	Book value	Unpaid amounts	Percentage of holding (%)
Services:						
Jiji Press (Thailand) Co., Ltd.	814	300	10	814	300	10
K. Line (Thailand) Co., Ltd.	37,335	-	10	37,335	-	10
Trading import and export:						
Shin Thai Enterprises Co., Ltd.	5,707	-	10	5,707	-	10
PDTL Trading Co., Ltd.	4,372	-	10	5,894	-	10
Wattana Inter-Trade Co., Ltd.	5,382	-	10	5,382	-	10
Real estate:						
UMI Property Co., Ltd.	3,468	-	10	4,110	-	10
Industrial:						
Siam Art Ceramic Co., Ltd.	17,127	-	10	17,358	-	10

3.5 Investment in subsidiaries and joint venture

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Investments in subsidiaries	-	-	19,296,832	19,296,784
Investment in joint venture	284,107	207,228	73,245	73,245
	<u>284,107</u>	<u>207,228</u>	<u>19,370,077</u>	<u>19,370,029</u>

3.5.1 Investments in subsidiaries

(Unit: Million Baht)

Company's name	Nature of Business	Separate financial statements							
		Type of investments as at		Percentage of holding		Investment value - cost		Dividend received for the	
		31 December		as at 31 December		method as at 31 December		years ended 31 December	
		2015	2014	2015	2014	2015	2014	2015	2014
Subsidiaries directly held by the Company				(%)	(%)				
TISCO Bank Public Company Limited	Banking	Ordinary shares	Ordinary shares	99.99	99.99	17,641	17,641	1,106	1,106
TISCO Securities Co., Ltd.	Securities business	Ordinary shares	Ordinary shares	99.99	99.99	1,075	1,075	175	150
TISCO Asset Management Co., Ltd.	Asset management	Ordinary shares	Ordinary shares	99.99	99.99	110	110	505	400
Hi-Way Co., Ltd.	Hire purchase and retail loan	Preference shares	Preference shares	99.99	99.99	3	3	-	-
		Ordinary shares	Ordinary shares	99.99	99.99	270	270	-	-
TISCO Information Technology Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	22	22	48	17
TISCO Leasing Co., Ltd.	Hire purchase and retail loan	Ordinary shares	Ordinary shares	99.99	99.99	137	137	-	-
Primus Leasing Co., Ltd. (in the process of liquidation)	Hire purchase	Ordinary shares	Ordinary shares	99.99	99.99	142	142	-	-
TISCO Learning Center Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.99	99.99	5	5	8	20
All-Ways Co., Ltd.	Services	Ordinary shares	Ordinary shares	99.97	99.97	1	1	-	-
						19,406	19,406	1,842	1,693
Less: Allowance for impairment						(109)	(109)		
Investment in subsidiaries - net						19,297	19,297		

3.5.2 Investment in joint venture

a) Details of investment in joint venture:

Investment in joint venture represents investment in entity which is jointly controlled by the Company and other company. Details of this investment is as follows:

(Unit: Thousand Baht)

		Consolidated financial statements					
Jointly controlled entity	Nature of business	Shareholding percentage as at		Cost as at		Carrying amounts based on equity method as at	
		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014
		(%)	(%)				
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	284,107	207,228

(Unit: Thousand Baht)

		Separate financial statements							
Jointly controlled entity	Nature of business	Shareholding percentage as at		Cost as at		Allowance for impairment of investment as at		Carrying amounts based on cost method as at	
		31 December		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014	2015	2014
		(%)	(%)						
TISCO Tokyo Leasing Co., Ltd.	Leasing	49.00	49.00	73,245	73,245	-	-	73,245	73,245

b) Share of profit/loss and dividend received

During the year, the Company recognised its share of profit/loss from investment in joint venture in the consolidated financial statements and dividend income in the separate financial statements as follows:

(Unit: Thousand Baht)

		Consolidated financial statements				Separate financial statements	
Jointly controlled entity		Share of profit/loss from investment in joint venture for the years ended		Share of other comprehensive income from investments in joint venture for the years ended		Dividend received during the years	
		31 December		31 December		31 December	
		2015	2014	2015	2014	2015	2014
TISCO Tokyo Leasing Co., Ltd.		97,655	52,129	(20,776)	(2,048)	-	-

c) Summarised information about financial position about material joint venture

The Company holds a 49% interest in TISCO Tokyo Leasing Co., Ltd, which is a joint venture operating a leasing business, and accounts for this investment in the consolidated financial statements using the equity method. Summary of financial information of the jointly controlled entity is presented as follows:

Summary information about financial position

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
<u>Assets</u>		
Current assets:		
Cash and cash equivalents	68	20
Current portion of receivables	3,043	2,268
Other current assets	265	49
Total current assets	3,376	2,337
Non-current assets:		
Receivables - net of current portion	5,780	5,309
Other non-current assets	557	167
Total non-current assets	6,337	5,476
Total assets	9,713	7,813
<u>Liabilities</u>		
Current liabilities:		
Short-term loans from financial institutions	5,419	5,220
Current portion of long-term loans from financial institutions	121	426
Other current liabilities	628	307
Total current liabilities	6,168	5,953
Non-current liabilities:		
Long-term loans from financial institutions - net of current portion	2,491	1,291
Other non-current liabilities	169	146
Total non-current liabilities	2,660	1,437
Total liabilities	8,828	7,390
Non-controlling interests of the subsidiaries	306	-
Net assets	579	423
The Company's proportionate of shareholding	49%	49%
Carrying amounts of joint venture based on equity method	284	207

Summarised information about comprehensive income

(Unit: Million Baht)

	For the years ended 31 December	
	2015	2014
Finance lease and hire purchase income	483	353
Other income	237	43
Total revenues	720	396
Depreciation and amortisation	101	24
Interest expenses	211	168
Other expenses	141	71
Total expenses	453	263
Profit before income tax expenses	267	133
Income tax expenses	(52)	(27)
Non-controlling interest	(16)	-
Profit for the year	199	106
Other comprehensive income	(42)	(4)
Total comprehensive income	157	102

d) Commitments and contingent liabilities of joint venture

Avals, guarantees and commitments

(Unit: Million Baht)

	As at 31 December	
	2015	2014
Cross currency interest rate swap agreements	962	692

3.6 Loans to customers and accrued interest receivables

3.6.1 Classified by loans to customers type

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2015	2014
Loans to customers		
Loans	67,597,088	76,978,228
Hire purchase receivables	191,591,969	208,226,729
Finance lease receivables	794,467	1,077,970
Less: Deferred revenue	(21,465,152)	(23,233,476)
Advances received from finance lease receivables	(258,535)	(265,622)
Total loans to customers	238,259,837	262,783,829
Add: Accrued interest receivables	542,488	572,383
Less: Allowance for doubtful accounts	(6,168,270)	(6,950,423)
Loans to customers and accrued interest receivables - net	<u>232,634,055</u>	<u>256,405,789</u>

(Unit: Thousand Baht)

Separate financial statements
as at 31 December

	2015	2014
Loans to customers		
Loans	2,699,200	3,154,300
Add: Accrued interest receivables	-	-
Loans to customers and accrued interest receivables - net	<u>2,699,200</u>	<u>3,154,300</u>

3.6.2 Classified by currency and residency of debtors

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	238,259,837	-	238,259,837	259,487,529	-	259,487,529
US Dollars	-	-	-	-	3,296,300	3,296,300
Total loans to customers						
net of deferred revenue	238,259,837	-	238,259,837	259,487,529	3,296,300	262,783,829

(Unit: Thousand Baht)

	Separate financial statements as at 31 December					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,699,200	-	2,699,200	3,154,300	-	3,154,300
Total loans to customers						
net of deferred revenue	2,699,200	-	2,699,200	3,154,300	-	3,154,300

3.6.3 Classified by type of business and loan classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special	Sub-standard	Doubtful	Doubtful	Total		
		mention			of loss			
Agricultural and mining	544,563	10,828	6,785	609	913	563,698	-	563,698
Manufacturing and commerce	21,029,756	303,367	136,641	66,178	898,003	22,433,945	-	22,433,945
Real estate and construction	13,399,556	104,495	32,558	28,912	41,779	13,607,300	-	13,607,300
Public utilities and services	25,477,605	323,628	190,640	85,785	80,828	26,158,486	-	26,158,486
Personal consumption								
Hire purchase	131,084,288	13,795,644	1,967,760	1,575,046	1,122,520	149,545,258	3,730,552	153,275,810
Auto cash loan	14,045,726	1,269,289	278,552	111,200	18,746	15,723,513	263,003	15,986,516
Housing loans	1,088,462	54,465	17,015	8,227	56,379	1,224,548	-	1,224,548
Others	4,435,633	393,145	83,375	62,019	35,362	5,009,534	-	5,009,534
Total loans to customers	211,105,589	16,254,861	2,713,326	1,937,976	2,254,530	234,266,282	3,993,555	238,259,837
Add: Accrued interest receivables	308,968	193,311	-	-	-	502,279	40,209	542,488
Total loans to customers and accrued interest receivables	<u>211,414,557</u>	<u>16,448,172</u>	<u>2,713,326</u>	<u>1,937,976</u>	<u>2,254,530</u>	<u>234,768,561</u>	<u>4,033,764</u>	<u>238,802,325</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014

	Subsidiary company operating banking business						Other subsidiaries	Total
	Pass	Special	Sub-standard	Doubtful	Doubtful	Total		
		mention			of loss			
Agricultural and mining	678,918	4,782	1,925	-	-	685,625	-	685,625
Manufacturing and commerce	26,649,756	4,418,127	82,187	68,003	22,557	31,240,630	-	31,240,630
Real estate and construction	12,581,620	121,227	33,574	21,681	14,989	12,773,091	-	12,773,091
Public utilities and services	30,290,942	542,126	147,555	40,706	51,002	31,072,331	-	31,072,331
Personal consumption								
Hire purchase	141,491,289	15,130,448	2,595,705	1,737,303	388,553	161,343,298	4,362,953	165,706,251
Auto cash loan	13,237,195	1,121,072	253,833	84,965	12,087	14,709,152	379,192	15,088,344
Housing loans	1,163,235	51,545	22,652	22,019	51,366	1,310,817	-	1,310,817
Others	4,146,317	511,022	129,270	82,407	37,724	4,906,740	-	4,906,740
Total loans to customers	230,239,272	21,900,349	3,266,701	2,057,084	578,278	258,041,684	4,742,145	262,783,829
Add: Accrued interest receivables	315,385	212,121	-	-	-	527,506	44,877	572,383
Total loans to customers and accrued interest receivables	<u>230,554,657</u>	<u>22,112,470</u>	<u>3,266,701</u>	<u>2,057,084</u>	<u>578,278</u>	<u>258,569,190</u>	<u>4,787,022</u>	<u>263,356,212</u>

3.6.4 Classified by loan classification of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 December					
	2015			2014		
	Net amount			Net amount		
	Loans to customers and accrued interest receivables	used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}	Loans to customers and accrued interest receivables	used for setting the allowance for doubtful accounts	Allowance for doubtful accounts ^{(1) (2)}
Provision under BOT's guideline						
- Pass	211,415	189,112	1,871	230,555	207,633	1,822
- Special mention	16,448	16,195	1,163	22,112	17,843	2,494
- Sub-standard	2,713	2,690	931	3,267	3,242	1,073
- Doubtful	1,938	1,931	599	2,057	2,033	623
- Doubtful of loss	2,255	1,695	694	578	524	177
Allowance established in excess	-	-	312	-	-	191
Total	234,769	211,623	5,570	258,569	231,275	6,380

⁽¹⁾ Allowance for doubtful accounts for loans to customers is determined based on debt balance less collateral value in accordance with the BOT's guidelines (except for hire purchase and finance lease receivables, for which TISCO Bank does not deduct the collateral value from the outstanding loan balance).

⁽²⁾ As at 31 December 2015, the provisions set aside by TISCO Bank exceeded the BOT's notification No. Sor Nor Sor 31/2551 minimum requirement by a total of Baht 1,131 million (As at 31 December 2014: total of Baht 2,826 million). TISCO Bank allocated Baht 819 million of the excess provision to a specific provision for an individual debtors (As at 31 December 2014: total of Baht 2,635 million) and so combined with the minimum provision requirement of Baht 4,439 million (As at 31 December 2014: total of Baht 3,554 million), the total provision set aside in accordance with BOT requirements is Baht 5,258 million (As at 31 December 2014: total of Baht 6,189 million).

	Percentage of allowance for doubtful accounts set up			
	Hire purchase receivables ⁽¹⁾		Other loans ⁽²⁾	
	As at 31 December		As at 31 December	
	2015	2014	2015	2014
Pass	0.68	0.58	1	1
Special mention	5.34	3.84	2	2
Sub-standard	23.38	23.24	100	100
Doubtful	22.91	23.39	100	100
Doubtful of loss	22.57	23.33	100	100

⁽¹⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

⁽²⁾ These percentages are the rates used to set aside allowance for doubtful accounts in accordance with the BOT's minimum requirement.

3.6.5 Hire purchase and finance lease receivables

As at 31 December 2015, net receivables of the subsidiaries under hire purchase and finance lease agreements amount to Baht 170,900 million (31 December 2014: 186,036 million) and mostly comprise hire purchase agreements for cars, and finance lease agreements for machines and equipment for business operation. The terms of the agreements are generally between 1 to 7 years and under most agreements interest is charged at a fixed rate as specified in agreements.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	63,210	115,256	5,267	8,653	192,386
Less: Deferred revenue ⁽¹⁾	(8,390)	(10,115)	(163)	(2,559)	(21,227)
Advances received from finance lease receivables	(37)	(222)	-	-	(259)
Present value of minimum lease pay from agreements	54,783	104,919	5,104	6,094	170,900
Allowance for doubtful accounts ⁽²⁾					(3,571)
Net hire purchase and finance lease receivables					167,329

⁽¹⁾ Net of deferred commissions and deferred direct expenses incurred at the initiation of hire purchase.

⁽²⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provisions in excess of BOT's minimum requirement to specific provisions for an individual debtor.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014					
Amounts of installments due under the long-term lease agreements					
	Not over 1 year	Over 1 year but not over 5 years	Over 5 years	Non-performing loans	Total
Gross investment in the agreements	66,902	129,550	4,746	8,107	209,305
Less: Deferred revenue ⁽¹⁾	(9,289)	(11,508)	(38)	(2,168)	(23,003)
Advances received from finance lease receivables	(119)	(146)	-	(1)	(266)
Present value of minimum lease pay from agreements	57,494	117,896	4,708	5,938	186,036
Allowance for doubtful accounts ⁽²⁾					(3,285)
Net hire purchase and finance lease receivables					182,751

⁽¹⁾ Net of deferred commissions and deferred direct expenses incurred at the initiation of hire purchase.

⁽²⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provisions in excess of BOT's minimum requirement to specific provisions for an individual debtor.

3.6.6 Loans to customers of subsidiary companies for which the recognition of interest income has ceased

(Unit: Million Baht)

TISCO Bank	Amounts calculated under BOT's guidelines ⁽²⁾ as at 31 December		Amounts calculated under TISCO Bank's policy as at 31 December	
	2015	2014	2015	2014
	Loans to customers for which the recognition of interest income has been ceased ⁽¹⁾	7,315	7,308	8,184

⁽¹⁾ These amounts are calculated on an account by account basis.

⁽²⁾ Accrual of interest ceases when interest payments have been defaulted on for more than three months, counting from the due date.

(Unit: Million Baht)

Other subsidiaries	As at 31 December	
	2015	2014
Hire purchase receivables, financial lease receivables and other loans receivables for which the recognition of interest income has been ceased	878	793

3.6.7 Deferred revenue which is presented as a deduction against loans to customers of subsidiary companies

(Unit: Million Baht)

	Consolidated financial statements as at 31 December	
	2015	2014
Deferred revenue ⁽¹⁾	21,465	23,233

⁽¹⁾ These amounts included deferred revenue of hire purchase and finance lease contracts which are stated net of commissions and direct expenses incurred at the initiation of hire purchase.

3.6.8 Troubled debt restructuring of a subsidiary company operating banking business

	For the years ended 31 December	
	2015	2014
Debtors restructured during the year		
Number of debtors restructured by modification of terms (number)	9,589	2,657
Loan balances before restructuring (Million Baht)	3,252	966
Loan balances after restructuring (Million Baht)	3,273	973
Loss on troubled debt restructuring (Million Baht)	-	-
Average contract period of debt restructuring (years)		
Hire purchase receivables	5	5
Mortgage loan receivables	3	3
Auto cash loan receivables	4	4
Commercial lending receivables	2	-

Supplemental information for the years ended 31 December 2015 and 2014 relating to the restructured debts is as follows:

	(Unit: Million Baht)	
	For the years ended 31 December	
	2015	2014
Interest income on restructured receivables	185	60
Receipt of principal and interest	463	308

As at 31 December 2015 and 2014, a subsidiary company operating banking business has the outstanding balance with troubled debt restructuring debtors as follows:

	(Unit: Million Baht)			
	As at 31 December			
	2015		2014	
	Number of debtors	Outstanding balance	Number of debtors	Outstanding balance
The balance of the restructured debts	11,757	3,754	2,767	1,152

3.7 Allowance for doubtful accounts

3.7.1 Allowance for doubtful accounts - classified by the receivables classification

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015							
	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	1,953,919	2,599,444	1,208,484	734,070	263,755	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	34,373	2,327,517	543,692	2,743,797	1,317,153	121,184	7,087,716
Bad debt written-off	(2,197)	(3,657,883)	(678,369)	(2,765,734)	(765,686)	-	(7,869,869)
Balance - end of year	<u>1,986,095</u>	<u>1,269,078</u>	<u>1,073,807</u>	<u>712,133</u>	<u>815,222</u>	<u>311,935</u>	<u>6,168,270</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014							
	Pass	Special mention	Sub- Standard	Doubtful	Doubtful of loss	Allowance established in excess	Total
Balance - beginning of year	3,411,073	1,250,788	1,086,758	377,493	96,161	108,951	6,331,224
Increase (decrease) in allowance for doubtful accounts during the year	(1,453,621)	1,375,573	1,337,125	3,864,061	443,052	81,800	5,647,990
Bad debt written-off	(3,533)	(26,917)	(1,215,399)	(3,507,484)	(275,458)	-	(5,028,791)
Balance - end of year	<u>1,953,919</u>	<u>2,599,444</u>	<u>1,208,484</u>	<u>734,070</u>	<u>263,755</u>	<u>190,751</u>	<u>6,950,423</u>

3.7.2 Allowance for doubtful accounts - classified by loan loss provisioning method

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2015				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,492,971	3,266,701	190,751	6,950,423
Increase in allowance for doubtful accounts during the year	3,060,470	3,906,062	121,184	7,087,716
Bad debt written-off	(4,252,975)	(3,616,894)	-	(7,869,869)
Balance - end of year	<u>2,300,466</u>	<u>3,555,869</u>	<u>311,935</u>	<u>6,168,270</u>

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December 2014				
	Individual impairment	Collective impairment	Allowance established in excess	Total
Balance - beginning of year	3,058,468	3,163,805	108,951	6,331,224
Increase in allowance for doubtful accounts during the year	968,218	4,597,972	81,800	5,647,990
Bad debt written-off	(533,715)	(4,495,076)	-	(5,028,791)
Balance - end of year	<u>3,492,971</u>	<u>3,266,701</u>	<u>190,751</u>	<u>6,950,423</u>

3.7.3 Non-performing loans to customers of a subsidiary company operating banking business

(Unit: Million Baht)

	As at 31 December	
	2015	2014
Non-performing loans to customers	6,906	5,902
Allowance for doubtful accounts ⁽¹⁾	2,224	1,873

⁽¹⁾ These allowance for doubtful accounts of the subsidiary company operating banking business included the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.8 Classification of assets

3.8.1 Investments in companies with weak financial position and poor operating results of a subsidiary company operating banking business

(Unit: Million Baht)

	Cost		Fair value		Allowance for possible loss provided in the accounts	
	as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014
Debt instruments - debentures ⁽¹⁾	1	1	-	-	1	1
Equity instruments - ordinary shares ⁽²⁾	6	6	-	-	6	6

⁽¹⁾ Investments in subordinated debentures issued by financial institutions which the Bank of Thailand ordered closed on 8 December 1997.

⁽²⁾ Investments in securities of companies which are vulnerable to delisting, of companies whose auditors have expressed opinions citing the going concern issue, or of companies which have defaulted on interest payment.

3.8.2 Classification of assets under the Bank of Thailand's guidelines of a subsidiary company operating banking business.

As at 31 December 2015 and 2014, the quality of assets of a subsidiary company operating banking business classified in accordance with the Bank of Thailand's guidelines is as follows:

(Unit: Million Baht)

	Loans to customer ⁽¹⁾		Investments in securities		Investments in receivables		Property foreclosed		Total	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Pass	238,906	264,939	-	-	-	-	-	-	238,906	264,939
Special mention	16,254	21,900	-	-	-	-	-	-	16,254	21,900
Sub-standard	2,713	3,267	-	-	-	-	-	-	2,713	3,267
Doubtful	1,938	2,057	-	-	-	-	-	-	1,938	2,057
Doubtful of loss	2,255	578	49	46	14	17	1	18	2,319	659
Total	262,066	292,741	49	46	14	17	1	18	262,130	292,822

⁽¹⁾ Loans to customers include investment in debt securities under resale agreements of other commercial banks and loan to financial institutions (which are presented as part of interbank and money market items-asset in the statement of financial position).

3.8.3 Classification of assets under the Bank of Thailand's guidelines for hire purchase receivables on which a subsidiary company operating banking business sets aside provision using a collective approach

(Unit: Million Baht)

	Debt balance		Net amount used for setting the allowance for doubtful accounts ⁽¹⁾		Percentage of allowance for doubtful account set up ⁽²⁾		Allowance for doubtful accounts ⁽³⁾	
	as at 31 December		as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
					(%)	(%)		
Pass	146,900	159,758	146,900	159,758	0.68	0.58	1,000	933
Special mention	14,458	16,071	14,458	16,071	5.34	3.84	772	616
Sub-standard	2,296	2,826	2,296	2,826	23.38	23.24	537	657
Doubtful	1,728	1,840	1,728	1,840	22.91	23.39	396	430
Doubtful of loss	1,306	459	1,306	459	22.57	23.33	295	107
Total	166,688	180,954	166,688	180,954			3,000	2,743

⁽¹⁾ The subsidiary company operating banking business does not deduct the collateral value from the outstanding loan balance for calculation of allowance for doubtful accounts for hire purchase receivables.

⁽²⁾ These percentages of allowance for doubtful accounts are average percentages used in setting up allowance for doubtful accounts, after inclusion of the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

⁽³⁾ These allowance for doubtful accounts include the allowance for doubtful accounts from assigning provision in excess of BOT's minimum requirement to specific provision for an individual debtor.

3.8.4 Hire purchase receivables/financial lease receivables and other loan receivables of the other subsidiaries classified in accordance with the Bank of Thailand's guidelines are as follows:

(Unit: Million Baht)

	Debt balance		Allowance for doubtful account		Debt balance - net	
	as at 31 December		as at 31 December		as at 31 December	
	2015	2014	2015	2014	2015	2014
Pass	2,576	3,118	114	132	2,462	2,986
Special mention	623	776	105	105	518	671
Sub-standard	276	318	143	136	133	182
Doubtful	220	276	113	110	107	166
Doubtful of loss	299	254	122	87	177	167
Total	3,994	4,742	597	570	3,397	4,172

3.8.5 Loans to customers includes debts due from companies with weak financial position and operating results of a subsidiary company operating banking business

	Number of debtors as at 31 December		Debt balance as at 31 December		Collateral value as at 31 December		Allowance for doubtful accounts provided in the accounts as at 31 December	
	2015	2014	2015	2014	2015	2014	2015	2014
			Million Baht	Million Baht	Million Baht	Million Baht	Million Baht	Million Baht
1. Listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
2. Non-listed companies with similar operating results and financial positions to listed companies vulnerable to delisting from the SET	-	-	-	-	-	-	-	-
3. Listed companies under rehabilitation	1	-	821	-	497	-	324	-
4. Companies which have loan settlement problems or have defaulted on payment of debts	-	-	-	-	-	-	-	-
5. Companies whose auditor's report cited going concern issues	-	-	-	-	-	-	-	-
Total	1	-	821	-	497	-	324	-

3.9 Properties foreclosed

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2015	2014
Acquisition of assets for debt repayment		
Immovable assets		
<u>Appraisal by an internal appraiser</u>		
Balance - beginning of year	70,484	77,129
Additions	-	83
Disposals	(54,087)	(6,728)
Balance - end of year	16,397	70,484
Total properties foreclosed - Immovable assets	16,397	70,484
Movable assets		
Balance - beginning of year	68,522	65,808
Additions	5,005,344	6,445,795
Disposals	(5,042,256)	(6,443,081)
Balance - end of year	31,610	68,522
Total properties foreclosed	48,007	139,006
Less: Allowance for impairment		
Balance - beginning of year	18,101	18,180
Increase	303	369
Decrease	(17,787)	(448)
Balance - end of year	617	18,101
Total properties foreclosed - net	47,390	120,905

3.10 Investment properties

The book value of investment properties as at 31 December 2015 and 2014 is as follows.

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2015	2014	2015	2014
Book value - beginning of year	17,267	16,856	778,245	783,170
Transfer type of asset	15,296	-	-	(4,925)
Gain (loss) from fair value adjustment	(406)	411	-	-
Book value - end of year	<u>32,157</u>	<u>17,267</u>	<u>778,245</u>	<u>778,245</u>

The investment property is an office condominium for rent and stated at fair value at the end of 2015. The fair value of investment properties was calculated by the asset appraisal method based on the income approach. The income approach was made by the present value calculation of discounted cash flows on expected cash inflows, expected cash outflows, occupancy rate, capitalisation rate, discount rate and other relevant factors. These asset appraisal approach also made reference to data of assets in the market that are similar and comparable to the appraisal assets, taking into account past operation results and forecast returns of the appraisal assets, market demand and supply and other factors that would affect to the asset value. These valuations were made by in-house appraisers of TISCO Bank who have professional experiences and are capable of the asset appraisal, and were based on the assets appraisal standard and professional ethics in Thailand.

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	As at 31 December 2015	Result to fair value where as an increase in assumption value
Estimated rental rate (Baht/Sq.m./Month)	565 - 1,250	Increase in fair value
Estimated occupancy rate (%)	100	Increase in fair value
Estimated discount rate (%)	9.50	Decrease in fair value

3.11 Premises and equipment

(Unit: Thousand Baht)

Consolidated financial statements

	Revaluation basis	Cost basis				Total
	Building, office condominium and building improvements	Land	Building and improvements	Furniture fixtures computer and equipment	Motor vehicles	
Cost:						
As at 1 January 2014	2,152,000	17,509	782,820	980,322	143,919	4,076,570
Additions/transfers in	-	-	77,136	128,557	24,543	230,236
Surplus on revaluation	(27,000)	-	-	-	-	(27,000)
Disposals/written-off/transfers out	-	-	(21,852)	(89,408)	(17,825)	(129,085)
As at 31 December 2014	2,125,000	17,509	838,104	1,019,471	150,637	4,150,721
Additions/transfers in	-	-	205,993	112,075	23,073	341,141
Disposals/written-off/transfers out	(21,103)	-	(13,922)	(56,441)	(4,203)	(95,669)
As at 31 December 2015	2,103,897	17,509	1,030,175	1,075,105	169,507	4,396,193
Accumulated depreciation:						
As at 1 January 2014	-	-	660,119	871,154	88,442	1,619,715
Depreciation for the year	38,704	-	47,108	64,112	24,607	174,531
Depreciation on disposals/written-off/transfers out	-	-	(20,567)	(88,934)	(17,783)	(127,284)
As at 31 December 2014	38,704	-	686,660	846,332	95,266	1,666,962
Depreciation for the year	39,450	-	49,103	54,845	21,457	164,855
Depreciation on disposals/written-off/transfers out	(5,808)	-	(11,033)	(47,919)	(4,203)	(68,963)
As at 31 December 2015	72,346	-	724,730	853,258	112,520	1,762,854
Net book value:						
As at 31 December 2014	2,086,296	17,509	151,444	173,139	55,371	2,483,759
As at 31 December 2015	2,031,551	17,509	305,445	221,847	56,987	2,633,339
Depreciation for the years ended 31 December:						
2014						174,531
2015						164,855

(Unit: Thousand Baht)

Separate financial statements

	Revaluation basis		Cost basis		
	Office condominium and building improvements	Office condominium improvements	Furniture, fixtures and equipment	Motor vehicles	Total
Cost:					
As at 1 January 2014	571,697	9,496	164,161	58,876	804,230
Additions/transfers in	4,924	184	71,857	2,907	79,872
Disposals/written-off/transfers out	-	-	(593)	(620)	(1,213)
As at 31 December 2014	576,621	9,680	235,425	61,163	882,889
Additions/transfers in	-	179,385	88,280	2,409	270,074
Disposals/written-off/transfers out	-	-	(9,025)	-	(9,025)
As at 31 December 2015	576,621	189,065	314,680	63,572	1,143,938
Accumulated depreciation:					
As at 1 January 2014	-	9,496	130,902	34,793	175,191
Depreciation for the year	10,714	59	22,598	11,749	45,120
Depreciation on disposals/transfer out	-	-	(593)	(580)	(1,173)
As at 31 December 2014	10,714	9,555	152,907	45,962	219,138
Depreciation for the year	10,714	3,358	24,312	9,571	47,955
Depreciation on disposals/transfer out	-	-	(408)	-	(408)
As at 31 December 2015	21,428	12,913	176,811	55,533	266,685
Net book value:					
As at 31 December 2014	565,907	125	82,518	15,201	663,751
As at 31 December 2015	555,193	176,152	137,869	8,039	877,253
Depreciation for the years ended 31 December:					
2014					45,120
2015					47,955

The Company and its subsidiaries arranged for an independent professional appraiser to appraise the value of the office condominium in 2013, using the Income Approach.

Had the office condominiums been carried in the financial statements based on the cost model, their net book value as at 31 December 2015 and 2014 would have been as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Office condominiums - net of accumulated depreciation	904,162	943,852	265,278	274,115

Key assumptions that are unobservable inputs used in the valuation are summarised below.

	As at	Result to fair value
	31 December 2015	where as an increase in assumption value
Estimated rental rate (Baht/Sq.m./Month)	565 - 1,250	Increase in fair value
Estimated occupancy rate (%)	100	Increase in fair value
Estimated discount rate (%)	9.00	Decrease in fair value

3.12 Intangible assets

The book value of intangible assets as at 31 December 2015 and 2014 is presented as follows:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Computer software	Computer software
As at 31 December 2015:		
Cost	1,097,030	309,914
Less: Accumulated amortisation	(717,371)	(219,352)
Net book value	379,659	90,562
As at 31 December 2014:		
Cost	992,444	276,498
Less: Accumulated amortisation	(667,517)	(186,501)
Net book value	324,927	89,997

A reconciliation of the net book value of intangible assets for the years ended 31 December 2015 and 2014 is presented as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Net book value at beginning of year	324,927	111,964	89,997	56,952
Acquisitions of/transfers in computer software	104,586	274,208	33,416	62,912
Disposals of computer software	-	(5,282)	-	-
Amortisation	(49,854)	(55,963)	(32,851)	(29,867)
Net book value at end of year	<u>379,659</u>	<u>324,927</u>	<u>90,562</u>	<u>89,997</u>

3.13 Other assets

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Receivables from clearing house	248,136	292,043	-	-
Value added tax - net	675,142	366,442	1,089	1,043
Accrued interest receivables	19,911	61,426	-	-
Fee and service receivables	248,227	233,573	111,903	97,688
Refundable income tax and prepaid income tax	29,362	24,368	-	-
Deposits	55,982	82,097	2,106	34,080
Other receivables	558,646	496,197	54	-
Other assets	403,335	408,220	36,896	57,966
Total other assets	<u>2,238,741</u>	<u>1,964,366</u>	<u>152,048</u>	<u>190,777</u>

3.14 Deposits

3.14.1 Classified by type of deposits

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December

	2015	2014
Deposits		
Current accounts	3,122,043	3,122,493
Savings accounts	48,272,465	49,606,051
Fixed accounts		
- not over 6 months	15,505,231	22,613,265
- over 6 months but not over 1 year	1,859,691	1,034,917
- over 1 year	369,246	313,129
Certificates of deposit/negotiable certificates of deposit	89,215,514	128,898,991
Total	<u>158,344,190</u>	<u>205,588,846</u>

3.14.2 Classified by the remaining period of contract

(Unit: Thousand Baht)

Consolidated financial statements as at 31 December

	2015	2014
Not over 1 year ⁽¹⁾	157,844,248	205,083,298
Over 1 year	499,942	505,548
Total deposits	<u>158,344,190</u>	<u>205,588,846</u>

⁽¹⁾ Including fully-mature deposit contracts

3.14.3 As at 31 December 2015 and 2014, all outstanding deposits are deposits from domestic depositors and in Baht.

3.15 Interbank and money market items - net (liabilities)

(Unit: Thousand Baht)

	Consolidated financial statements as at 31 December					
	2015			2014		
	At call	Term	Total	At call	Term	Total
<u>Domestic</u>						
Bank of Thailand and Financial Institutions						
Development Fund	-	20,711	20,711	-	23,645	23,645
Commercial banks	521,489	50,000	571,489	46,458	1,300,000	1,346,458
Specialised financial institutions	-	2,671,000	2,671,000	-	500,000	500,000
Other financial institutions	1,015,112	5,751,748	6,766,860	1,039,091	7,783,241	8,822,332
Total	1,536,601	8,493,459	10,030,060	1,085,549	9,606,886	10,692,435

3.16 Debt issued and borrowings

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
<u>Domestic borrowings</u>				
Subordinated unsecured debentures	6,643,000	6,643,000	-	-
Unsubordinated unsecured debentures	60,939,000	51,056,900	-	-
Bills of exchange	6,936,122	7,705,522	6,900,000	7,669,400
Promissory notes	797	797	-	-
Total	74,518,919	65,406,219	6,900,000	7,669,400

3.16.1 Subordinated unsecured debentures

As at 31 December 2015 and 2014, a subsidiary company operating banking business has long-term subordinated unsecured debentures as follows:

Year	Units as at 31 December		Face	Balance		Maturity in the year	Interest rate
	2015	2014	value per	as at 31 December			
	(Million units)	(Million units)	unit (Baht)	2015	2014		
			(Million Baht)	(Million Baht)			
2010	-	1.00	1,000	-	1,000	2020	5.00 percent per annum
2010	-	1.00	1,000	-	1,000	2020	4.80 percent per annum
2012	1.00	1.00	1,000	1,000	1,000	2022	4.85 percent per annum
2012	1.24	1.24	1,000	1,243	1,243	2022	4.60 percent per annum
2014	1.60	1.60	1,000	1,600	1,600	2024	6.00 percent per annum
2014	0.80	0.80	1,000	800	800	2024	6.00 percent per annum
2015	1.00	-	1,000	1,000	-	2025	4.50 percent per annum
2015	1.00	-	1,000	1,000	-	2025	4.25 percent per annum
Total				<u>6,643</u>	<u>6,643</u>		

3.16.2 Unsubordinated unsecured debentures

As at 31 December 2015 and 2014, a subsidiary company operating banking business has short-term and long-term unsubordinated unsecured debentures as follows:

Year	Type of debentures	Units as at 31 December		Face value	Balance		Maturity in the year	Interest rate
		2015	2014	per unit	as at 31 December			
		(Million units)	(Million units)	(Baht)	2015	2014		
			(Million Baht)	(Million Baht)				
2014	Short-term debenture	-	51.057	1,000	-	51,057	2015	2.33 - 2.85 percent per annum
2015	Short-term debenture	5.60	-	1,000	5,600	-	2016	1.75 percent per annum
2015	Short-term debenture	39.659	-	1,000	39,659	-	2016	1.55 - 1.76 percent per annum
2015	Long-term debenture	15.68	-	1,000	15,680	-	2017	1.875 - 2.00 percent per annum
Total					<u>60,939</u>	<u>51,057</u>		

3.16.3 Bills of exchange

Bills of exchange comprise the fixed interest rates bearing are between 1.70 and 2.50 percent per annum which will gradually mature in 2016.

3.17 Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement and other long-term benefits, as at 31 December 2015 and 2014 were as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	as at 31 December	
	2015	2014
Defined post-employment benefit obligation at beginning of year	309,713	249,619
Current service cost	23,301	23,783
Interest cost	9,879	11,637
Benefits paid during the year	(8,267)	(4,042)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(11,467)	2,566
Financial assumptions changes	(10,291)	2,877
Other assumptions changes	15,809	23,273
Defined post employment benefit obligation at end of year	328,677	309,713
Other long-term benefits	138,256	93,859
Total provision for long-term employee benefits at end of year	<u>466,933</u>	<u>403,572</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	as at 31 December	
	2015	2014
Defined post employment benefit obligation at beginning of year	72,443	60,289
Current service cost	4,949	4,242
Interest cost	2,360	2,707
Benefits paid during the year	(1,183)	(508)
Included in other comprehensive income:		
Actuarial (gain) loss arising from		
Demographic assumptions changes	(28,244)	(267)
Financial assumptions changes	(526)	(525)
Other assumptions changes	39,098	6,505
Defined post employment benefit obligation at end of year	88,897	72,443
Other long-term benefits	17,894	13,380
Total provision for long-term employee benefits at end of year	<u>106,791</u>	<u>85,823</u>

Long-term employee benefits expenses included in the profit or loss for the years ended 31 December 2015 and 2014 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Current service cost	37,970	36,770	6,674	5,796
Interest cost	12,743	14,409	2,752	3,105
Actuarial losses	44,556	13,823	5,277	3,068
Total employee benefits expenses	95,269	65,002	14,703	11,969

The cumulative amount of actuarial losses recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 December 2015 and 2014 amounted to Baht 77 million and Baht 82 million, respectively (The Company only: Baht 24 million and Baht 16 million, respectively).

As at 31 December 2015 and 2014, the Company and its subsidiaries expect to pay long-term employee benefits during the next year of Baht 11 million and Baht 8 million, respectively. (The Company only: Baht 5 million and Baht 1 million, respectively)

As at 31 December 2015 and 2014, the weighted average duration of the liabilities for long-term employee benefit is 21 years and 22 years, respectively. (the Company only 17 years)

Significant actuarial assumptions are summarised below:

(Unit: Percent per annum)

	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Discount rate	1.49 - 4.00	2.13 - 4.27	1.49 - 4.00	2.13 - 4.27
Average salary increase rate	2.99	4.21	2.99	4.21
Average inflation rate	0.99	2.21	0.99	2.21

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	as at 31 December 2015		as at 31 December 2015	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Discount rate	(9,715)	10,337	(1,973)	2,036
Salary increase rate	10,795	(10,192)	2,152	(2,093)

3.18 Other liabilities

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	as at 31 December		as at 31 December	
	2015	2014	2015	2014
Payable to clearing housing	96,576	853,257	-	-
Withholding income tax and other				
tax payables	449,453	469,830	54,246	57,189
Accrued insurance premium	769,773	668,113	-	-
Deferred income	1,148,667	1,176,646	-	-
Accrued expenses	2,324,103	2,603,923	979,477	1,041,433
Suspense creditors	620,419	345,707	-	-
Other liabilities	445,383	224,570	70	68
Total other liabilities	5,854,374	6,342,046	1,033,793	1,098,690

The above accrued expenses included accrued bonus expenses which are remunerations paid to employees and management based on annual performance. These accrued bonus expenses included costs of annual bonus that are determined with reference to the Company's share price, paid to employees whose performance impacts the Company's operation results, as an incentive to work effectively and to build loyalty to the Company. This vested bonus is set aside for payment five years later. It is paid in cash and determined based on the average daily share price of the Company's shares over the period of five years from grant date to settlement date. As of 31 December 2015 and 2014, the Company and its subsidiaries have issued bonus under this scheme amounting to Baht 584 million and Baht 561 million, respectively (The Company only: Baht 307 million and Baht 306 million, respectively)

3.19 Capital funds

3.19.1 The primary objectives of the TISCO Group's capital management are to maintain its ability to continue as a going concern and to maintain capital adequacy ratio, cash liquidity and others in accordance with the regulations of Bank of Thailand or relevant regulatory agencies.

3.19.2 TISCO Bank maintains capital adequacy ratio in compliance with Basel III principles which is implementing capital to risk assets requirement based on Internal Ratings-Based Approach (IRB) for hire purchase receivables, corporate lending, equity exposure and other assets.

Regarding to Capital fund as at 31 December 2015 and 2014, TISCO Bank has allocated the additional reserve from classification as a part of regulatory capital fund. The reserve has been classified to Tier 1 capital and Tier 2 capital based on method under BOT's regulation.

Capital funds of TISCO Bank (under Basel III principles) are as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2015	2014
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	9,215,676	9,215,676
Premium on share capital	2,543,024	2,543,024
Statutory reserve	984,000	984,000
Net profits after appropriation	11,761,069	9,764,407
Other components of equity	223,944	220,913
Less: Deductions from Common Equity Tier I items	(738,189)	(125,120)
Total Common Equity Tier I capital	23,989,524	22,602,900
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	1	1
Total Tier I capital	23,989,525	22,602,901
<u>Tier II capital</u>		
Long-term subordinated debentures	6,643,000	6,643,000
Surplus of provision	-	340,412
Reserve for loans classified as pass	268,512	653,521
Total Tier II capital	6,911,512	7,636,933
Total capital funds	30,901,037	30,239,834

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2015		2014	
	TISCO Bank	Requirement	TISCO Bank	Requirement
Common Equity Tier I capital to risk assets	13.98	4.50	12.55	4.50
Tier I capital to risk assets	13.98	6.00	12.55	6.00
Total capital to risk assets	18.01	8.50	16.79	8.50

3.19.3 To comply with the Notification of the Bank of Thailand No. Sor Nor Sor. 5/2556 regarding “Public Disclosure of Capital Maintenance for Financial Business Group”, the Company has disclosed capital maintenance information of financial business group as at 30 June 2015 on its website on 30 October 2015.

Capital funds of the Financial Business Group (under Basel III principles) are as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2015	2014
<u>Common Equity Tier I capital</u>		
Issued and fully paid-up share capital	8,006,369	8,006,219
Premium on share capital	1,018,408	1,018,408
Statutory reserve	596,300	496,200
Net profits after appropriation	13,574,757	11,064,256
Other components of equity	1,363,340	1,654,273
Less : Deductions from Common Equity Tier I items	(1,176,479)	(457,330)
Total Common Equity Tier I capital	23,382,695	21,782,026
<u>Financial Instrument Tier I capital</u>		
Issued and paid-up share capital - non cumulative preferred shares	185	335
Total Tier I capital	23,382,880	21,782,361
<u>Tier II Capital</u>		
Long-term subordinated debentures	6,643,000	6,643,000
Surplus of provision	-	280,142
Reserve for loans classified as pass	289,818	713,791
Total Tier II capital	6,932,818	7,636,933
Total capital funds	30,315,698	29,419,294

(Unit: Percent)

Capital fund ratios	As at 31 December			
	2015		2014	
	Financial Business Group	Requirement	Financial Business Group	Requirement
Common Equity Tier I capital to risk assets	12.71	4.50	11.31	4.50
Tier I capital to risk assets	12.71	6.00	11.31	6.00
Total capital to risk assets	16.48	8.50	15.27	8.50

3.20 Surplus (deficit) on changes in value of investments

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2015	2014
Balance - beginning of year	148,928	(35,605)
Increase (decrease) from changes in value of investments during the year	(334,715)	184,533
	(185,787)	148,928
Less: The effect of deferred tax assets / liabilities	19,495	(47,448)
Balance - end of year	(166,292)	101,480

(Unit: Thousand Baht)

Separate financial statements
as at 31 December

	2015	2014
Balance - beginning of year	(15,247)	(91,115)
Increase (decrease) from changes in value of investments during the year	(152,219)	75,868
	(167,466)	(15,247)
Less: The effect of deferred tax assets	33,493	3,049
Balance - end of year	(133,973)	(12,198)

3.21 Surplus on revaluation of assets

This represents surplus arising from revaluation of office condominiums. The surplus is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2015	2014
Balance - beginning of year	1,139,073	1,176,123
Adjustments	-	(27,000)
Transfer to retained earnings	(10,005)	(10,050)
	1,129,068	1,139,073
Less: The effect of deferred tax liabilities	(229,824)	(229,824)
Balance - end of year	899,244	909,249

(Unit: Thousand Baht)

Separate financial statements

as at 31 December

	2015	2014
Balance - beginning of year	287,239	288,745
Transfer to retained earnings	(1,502)	(1,506)
	285,737	287,239
Less: The effect of deferred tax liabilities	(57,749)	(57,749)
Balance - end of year	227,988	229,490

The revaluation surplus can neither be offset against deficit nor used for dividend payment.

3.22 Interest income

Interest income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

Consolidated financial statements

For the years ended 31 December

	2015	2014
Interbank and money market items	540,420	674,759
Investments in debt securities	255,816	404,751
Loans to customers	5,681,848	6,157,309
Hire purchase and finance lease	10,409,469	11,654,048
Total interest income	16,887,553	18,890,867

(Unit: Thousand Baht)

Separate financial statements

For the years ended 31 December

	2015	2014
Interbank and money market items	7,635	21,720
Loans to customers	72,038	115,659
Total interest income	79,673	137,379

3.23 Interest expenses

Interest expenses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Deposits	3,901,333	6,136,356
Interbank and money market items	225,271	270,456
Contribution fee to the Deposit Protection Agency and Bank of Thailand	1,138,798	1,284,148
Issued debt instruments		
- Subordinated debentures	341,715	422,938
- Unsubordinated debentures	999,206	1,007,531
Borrowings	151,373	229,648
Total interest expenses	<u>6,757,696</u>	<u>9,351,077</u>

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Borrowings	150,688	226,747
Total interest expenses	<u>150,688</u>	<u>226,747</u>

3.24 Net fee and service income

Net fee and service income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Fee and service income		
- Acceptance, aval and guarantees	15,208	10,822
- Insurance service	2,355,622	2,363,830
- Brokerage fees	802,684	911,750
- Fund management	859,845	896,172
- Financial advisory	15,225	14,601
- Others	1,207,381	990,075
Total fee and service income	5,255,965	5,187,250
Fee and service expenses		
- Information service expenses	(25,713)	(24,760)
- Others	(173,219)	(186,879)
Total fee and service expenses	(198,932)	(211,639)
Net fee and service income	5,057,033	4,975,611

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Fee and service income	-	-
Fee and service expenses	(11,821)	(18,244)
Net fee and service income	(11,821)	(18,244)

3.25 Net gains on trading and foreign exchange transactions

Net gains on trading and foreign exchange transactions in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Gains (losses) on trading and foreign exchange transactions		
- Foreign currencies and derivatives on foreign exchange	114,529	54,147
- Derivatives on interest rates	(19,108)	(38,386)
- Debt securities	770	11,862
- Others	(2)	(11)
Net gains on trading and foreign exchange transactions	<u>96,189</u>	<u>27,612</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Gain on trading and foreign exchange transactions		
- Foreign currencies	81,694	3,949
Net gains on trading and foreign exchange transactions	<u>81,694</u>	<u>3,949</u>

3.26 Net gains on investments

Net gains on investments in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Gains on disposal		
- Available-for-sale investments	116,221	239,603
- Held-to-maturity securities	65	29
- General investments	14,983	22,387
Total	131,269	262,019
Reversal of losses (losses) on impairment		
- General investments	(2,362)	868
Total	(2,362)	868
Gain on return of capital from a subsidiary company	-	829
Net gains on investments	<u>128,907</u>	<u>263,716</u>

	(Unit: Thousand Baht)	
	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Reversal of losses on impairment		
- Investment in subsidiaries	47	-
Net gains on investments	<u>47</u>	<u>-</u>

3.27 Bad debt, doubtful accounts and impairment losses

Bad debt, doubtful accounts and impairment losses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Reversal of interbank and money market items	-	(5,000)
Reversal of held-to-maturity debt securities	(3,183)	(328)
Loans to customers	5,280,598	4,431,788
Total	<u>5,277,415</u>	<u>4,426,460</u>

3.28 Other operating income

Other operating income in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Gains on disposal of property foreclosed	49,810	22,841
Gain on change in value of investment properties	-	412
Others	36,448	32,385
Total	86,258	55,638

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Rental income	64,318	64,432
Others	1,584	1,895
Total	65,902	66,327

3.29 Other operating expenses

Other operating expenses in the statement of comprehensive income for the years ended 31 December 2015 and 2014 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	For the years ended 31 December	
	2015	2014
Mailing expenses	62,500	58,900
Software amortisation expenses	49,854	55,963
Legal expenses	325,619	271,688
Transportation expenses	92,827	104,777
Advertising and business promotion expenses	119,232	126,070
Others	342,762	281,034
Total	992,794	898,432

(Unit: Thousand Baht)

	Separate financial statements	
	For the years ended 31 December	
	2015	2014
Mailing expenses	301	628
Software amortisation expenses	32,850	29,867
Transportation expenses	9,448	8,289
Others	45,305	80,271
Total	87,904	119,055

3.30 Income tax expenses

Income tax expenses of the Company and its subsidiaries for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Current income tax:				
Income tax expenses for the year	1,016,699	1,238,198	93,375	95,743
Adjustment in respect of current income tax of previous year	-	656	-	-
Deferred tax:				
Deferred tax on temporary differences and reversion of temporary differences	15,765	(195,411)	12,513	(15,343)
Income tax expenses reported in statement of comprehensive income	1,032,464	1,043,443	105,888	80,400

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Decrease (increase) in revaluation surplus in investments	66,943	(41,025)	30,444	(15,174)
Surplus on revaluation of assets	-	5,400	-	-
Actuarial gains (losses)	(1,188)	5,714	2,066	1,143
Income tax expenses recorded directly to other comprehensive income	<u>65,755</u>	<u>(29,911)</u>	<u>32,510</u>	<u>(14,031)</u>

A reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 is as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Accounting profit before tax	<u>5,288,187</u>	<u>5,317,618</u>	<u>2,369,482</u>	<u>2,081,127</u>
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	1,057,637	1,063,523	473,897	416,225
Adjustment in respect of current income tax of previous year	-	656	-	-
Income tax effect:				
Tax effect of net tax-exempt income and net disallowed expenses	(6,492)	(3,726)	(368,009)	(335,825)
Others	(18,681)	(17,010)	-	-
Total	<u>(25,173)</u>	<u>(20,736)</u>	<u>(368,009)</u>	<u>(335,825)</u>
Income tax expenses reported in the statement of comprehensive income	<u>1,032,464</u>	<u>1,043,443</u>	<u>105,888</u>	<u>80,400</u>

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
Allowance for doubtful accounts	180,719	151,477	29,242	41,140
Allowance for impairment of investments	43,847	48,430	(4,583)	26,688
Allowance for impairment of properties foreclosed	123	3,622	(3,499)	3,620
Non-accrual of interest income	55,696	64,570	(8,874)	45,681
Depreciation of assets	(13,933)	(3,461)	(10,472)	(921)
Finance leases	12,441	12,631	(190)	12,631
Gain on changes in value of investment properties	(3,371)	-	(3,371)	-
Surplus on revaluation of assets	(203,190)	(203,190)	-	-
Surplus (deficit) on changes in value of investments	19,494	(5,101)	-	-
Unrealised loss on derivatives	8,165	6,888	1,277	6,888
Gains on changes in value of investment in trading securities	1	-	1	-
Deferred commission and direct expenses incurred at the initiation of hire purchase	(488,862)	(480,706)	(8,156)	(449,111)
Loss on disposal of property foreclosed	31,792	31,849	(57)	13,015
Unearned interest income on hire purchase	142,906	146,753	(3,847)	146,753
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	308,523	339,287	(30,764)	149,941
Employee benefit expenses	85,635	67,220	17,812	30,128
Others	116,265	94,370	21,895	93,718
Deferred tax assets	317,686	296,074	(3,586)	120,171

(Unit: Thousand Baht)

Consolidated financial statements				
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
	Allowance for doubtful accounts	-	-	-
Allowance for impairment of investments	-	-	-	26,928
Allowance for impairment of property foreclosed	-	-	-	3,634
Non-accrual of interest income	-	-	-	25,773
Depreciation of assets	407	128	279	7,240
Finance leases	-	-	-	25,479
Gain on changes in value of investment properties	-	3,452	(3,452)	82
Surplus on revaluation of assets	26,634	26,634	-	-
Surplus on changes in value of investments	-	42,348	-	-
Unrealised (gain) or loss on derivatives	-	-	-	(5,858)
Gain on changes in value of investments in trading securities	-	(1)	1	-
Deferred commissions and direct expenses incurred at the initiation of hire purchase	-	-	-	(522,672)
Unearned interest income on hire purchase	-	-	-	134,183
Accrued expenses	(17,606)	(25,018)	7,412	104,734
Employee benefit expenses	(7,473)	(13,169)	3,934	21,726
Others	(214)	(4,219)	4,005	81,715
Deferred tax liabilities	1,748	30,155	12,179	(75,240)

(Unit: Thousand Baht)

Separate financial statements				
	As at 31 December		Change in deferred tax assets/deferred tax liabilities reported in profit or loss for the years ended 31 December	
	2015	2014	2015	2014
	Allowance for impairment of investments	21,732	21,742	(10)
Depreciation of assets	(13,651)	(7,486)	(6,165)	(3,857)
Gain on changes in value of investment properties	(89,660)	(89,660)	-	-
Surplus on changes in value of investment properties	(57,749)	(57,749)	-	-
Surplus on changes in value of investments	33,493	3,049	-	-
Reduction of subsidiaries' share capital	21,435	21,435	-	-
Accrued expenses	192,938	201,372	(8,434)	17,617
Employee benefit expenses	21,399	17,164	2,169	1,655
Others	217	290	(73)	(72)
Deferred tax assets	130,154	110,157	(12,513)	15,343

3.31 Components of other comprehensive income

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Other comprehensive income				
Available-for-sale investments:				
Gains (losses) during the year	(218,494)	424,136	(152,219)	75,868
Less: Reclassification adjustments for gains included in profit or loss	(116,221)	(239,603)	-	-
	(334,715)	184,533	(152,219)	75,868
Losses on revaluation of assets	-	(27,000)	-	-
Actuarial gains (losses)	6,091	(28,716)	(10,328)	(5,713)
Share of other comprehensive income of joint ventures:				
Actuarial gains (losses) of joint ventures	26	(354)	-	-
Cash flow hedges of joint ventures	(20,802)	(1,694)	-	-
Other comprehensive income	(349,400)	126,769	(162,547)	70,155
Income tax effects relating to components of other comprehensive income	65,755	(29,911)	32,510	(14,031)
Net other comprehensive income for the year	(283,645)	96,858	(130,037)	56,124

3.32 Income tax effects relating to components of other comprehensive income

(Unit: Thousand Baht)

Consolidated financial statements						
For the years ended 31 December						
2015			2014			
	Tax			Tax		
	(expense)	Net of tax	Before tax	(expense)	Net of tax	
	benefit	amount	amount	benefit	amount	
	amount	amount	amount	amount	amount	
Gains (losses) on valuation in available-for-sale investments	(334,715)	66,943	(267,772)	184,533	(41,025)	143,508
Losses on revaluation of assets	-	-	-	(27,000)	5,400	(21,600)
Actuarial gains (losses)	6,091	(1,188)	4,903	(28,716)	5,714	(23,002)
	<u>(328,624)</u>	<u>65,755</u>	<u>(262,869)</u>	<u>128,817</u>	<u>(29,911)</u>	<u>98,906</u>

(Unit: Thousand Baht)

Separate financial statements						
For the years ended 31 December						
2015			2014			
	Tax			Tax		
	(expense)	Net of tax	Before tax	(expense)	Net of tax	
	benefit	amount	amount	benefit	amount	
	amount	amount	amount	amount	amount	
Gains (losses) on valuation in available-for-sale investments	(152,219)	30,444	(121,775)	75,868	(15,174)	60,694
Actuarial losses	(10,328)	2,066	(8,262)	(5,713)	1,143	(4,570)
	<u>(162,547)</u>	<u>32,510</u>	<u>(130,037)</u>	<u>70,155</u>	<u>(14,031)</u>	<u>56,124</u>

3.33 Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares and preference shares in issue during the year. The rights and benefits of the preference shareholders have been equal to those of the ordinary shareholders.

	Consolidated		Separate	
	financial statements		financial statements	
	For the years ended		For the years ended	
	31 December		31 December	
	2015	2014	2015	2014
Profit attributable to equity holders of the Company (Thousand Baht)	4,250,119	4,249,515	2,263,594	2,000,727
Weighted average number of shares (Thousand shares)	800,655	800,655	800,655	800,655
Basic earnings per share (Baht/share)	5.31	5.31	2.83	2.50

3.34 Related party transactions

As at 31 December 2015 and 2014, the balance of the accounts between the Company and related companies are as follows:

	(Unit: Thousand Baht)	
	As at 31 December	
	2015	2014
<u>Outstanding balance</u>		
(Eliminated in consolidated financial statements)		
Subsidiary companies		
Interbank and money market items (assets):		
TISCO Bank Public Company Limited	416,723	529,181
Dividend receivable:		
TISCO Bank Public Company Limited	1,105,742	1,105,742
TISCO Securities Co., Ltd.	175,000	150,000
TISCO Asset Management Co., Ltd.	504,997	399,998
TISCO Information Technology Co., Ltd.	47,999	17,499
TISCO Learning Center Co., Ltd.	8,499	19,999
Other assets:		
TISCO Bank Public Company Limited	101,343	89,958
TISCO Learning Center Co., Ltd.	671	79
Deutsche TISCO Investment Advisory Co., Ltd.	10,106	7,875
Other liabilities:		
TISCO Learning Center Co., Ltd.	1,352	122

Loan to related companies

As at 31 December 2015 and 1 January 2015, the balance of loans between the Company and its related companies and their movement are as follows:

(Unit: Thousand Baht)

	As at 1 January 2015	Increase	decrease	As at 31 December 2015
Subsidiary Companies				
Loan to customers				
Hi-Way Co., Ltd	1,548,000	384,000	(112,000)	1,820,000
TISCO Leasing Co., Ltd	1,606,300	-	(727,100)	879,200

(Unit: Thousand Baht)

	<u>Separate financial statements</u>		<u>Terms and pricing policy</u>
	<u>For the year ended 31 December</u>		
	<u>2015</u>	<u>2014</u>	

Transactions occurred during the years

(Eliminated from the in consolidated financial statements)

Subsidiary companies

Risk and financial management fee income, human resources management fee income and office administration fee income	1,560,722	1,549,850	Determined on market price/terms of BOT
Interest income	79,444	137,219	With reference to the terms and prices as offered to other customers
Rental income	63,315	63,465	With reference to the terms and prices as offered to other customers
Computer system advisory service expenses	168,000	179,000	Determined on market price/terms of BOT
Training expenses	5,947	5,172	With reference to the prices as offered from other service providers
Other expenses	1,928	1,667	With reference to the terms and prices as offered to other customers

Loans to management-level employees (departmental manager upward)

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2015	2014
Loans ⁽¹⁾	29,228	22,506

⁽¹⁾ Including employee welfare loan and normal loan

Liabilities payable to directors and key management personnel

(Unit: Thousand Baht)

	Consolidated financial statements	
	as at 31 December	
	2015	2014
Deposits	190,299	224,784

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had short-term benefit paid to their directors and management during the year and other employee benefit expenses payable to their directors and management as follow:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	For the years ended 31 December		For the years ended 31 December	
	2015	2014	2015	2014
Short-term benefits	510	458	360	310
Post-employment benefits	38	7	24	4
Other long-term benefits	91	86	61	67
Total	639	551	445	381

3.35 Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Group chief Executive, TISCO Group.

For management purposes, the Company and its subsidiaries operate four main businesses as follows:

1. Commercial banking business: Provides financial services under the Commercial Banking Business license. Banking services are provided through the TISCO Bank Public Company Limited headquarters and its branches.
2. Securities business: Provides securities business services under the Securities Business license. These businesses are serviced through the headquarters and branches of subsidiaries across the country.
3. Asset management business: Provides asset management services.
4. Support business: Provides all governance and support functions of the Group.

The Company and its subsidiaries have aggregated operating segments that have similar economic characteristics and are similar in the other respects required by the Thai Financial Reporting Standard.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements. However, the Company's and its subsidiaries' income taxes are managed on a group basis. Therefore, these expenses are not allocated to operating segments.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

During the years 2015 and 2014, the Company and its subsidiaries did not have income from any customer amounting to or over 10 percent of their income.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2015 and 2014, respectively.

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2015							
Revenue							
External customers	14,368	975	1,134	12	16,489	-	16,489
Inter-segment	66	230	2	3,933	4,231	(4,231)	-
Total revenue	14,434	1,205	1,136	3,945	20,720	(4,231)	16,489
Operating results:							
Net interest income	10,165	25	8	(68)	10,130	-	10,130
Net fee and service income	3,266	1,064	1,124	462	5,916	(859)	5,057
Other operating income	1,003	116	4	3,551	4,674	(3,372)	1,302
Total operating income	14,434	1,205	1,136	3,945	20,720	(4,231)	16,489
Premises and equipment expenses and amortisation	(870)	(88)	(30)	(462)	(1,450)	471	(979)
Other operating expenses	(4,584)	(857)	(463)	(1,041)	(6,945)	2,000	(4,945)
Bad debt, doubtful accounts and impairment losses	(5,277)	-	-	-	(5,277)	-	(5,277)
Total operating expenses	(10,731)	(945)	(493)	(1,503)	(13,672)	2,471	(11,201)
Segment profit	3,703	260	643	2,442	7,048	(1,760)	5,288
Income tax expenses							(1,032)
Non-controlling interests of the subsidiaries							(6)
Profit for the year - equity holders of the Company							4,250
As at 31 December 2015							
Segment total assets	273,699	3,463	1,051	27,376	305,589	(25,295)	280,294
Premises and equipment - net	758	15	222	884	1,879	754	2,633

(Unit: Million Baht)

	Commercial banking business	Securities business	Asset management business	Support business	Total segments	Adjustments and eliminations	Consolidated
For the year ended 31 December 2014							
Revenue							
External customers	13,672	1,075	1,069	(192)	15,624	-	15,624
Inter-segment	(11)	250	1	3,910	4,150	(4,150)	-
Total revenue	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Operating results:							
Net interest income	9,579	38	8	(85)	9,540	-	9,540
Net fee and service income	3,183	1,158	1,058	489	5,888	(912)	4,976
Other operating income	899	129	4	3,314	4,346	(3,238)	1,108
Total operating income	13,661	1,325	1,070	3,718	19,774	(4,150)	15,624
Premises and equipment expenses and amortisation	(896)	(86)	(25)	(460)	(1,467)	492	(975)
Other operating expenses	(4,449)	(915)	(451)	(1,114)	(6,929)	2,024	(4,905)
Bad debt, doubtful accounts and impairment losses	(4,424)	-	-	-	(4,424)	(2)	(4,426)
Total operating expenses	(9,769)	(1,001)	(476)	(1,574)	(12,820)	2,514	(10,306)
Segment profit	3,892	324	594	2,144	6,954	(1,636)	5,318
Income tax expenses							(1,043)
Non-controlling interests of the subsidiaries							(25)
Profit for the year - equity holders of the Company							4,250
As at 31 December 2014							
Segment total assets	310,536	4,379	945	27,649	343,509	(25,835)	317,674
Premises and equipment - net	801	16	228	670	1,715	769	2,484

3.36 Provident fund

The Company, its nine subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the employees contribute to the fund monthly at the rates of 5 to 15 percent of the employees' salaries, in accordance with the rules prescribed in the fund's articles. The provident funds of the Company and its eight subsidiaries are managed by TISCO Asset Management Company Limited, and the fund of another subsidiary is managed by Bangkok Bank Public Company Limited. The funds will be paid to the employees upon termination in accordance with the fund rules. During the year 2015 and 2014, the Company and its subsidiaries recognised the contributions as expenses totaling Baht 193 million and Baht 151 million, respectively. (the Company only: Baht 36 million and Baht 25 million, respectively).

3.37 Commitments and contingent liabilities

3.37.1 Avals, guarantees and commitments

(Unit: Thousand Baht)

Consolidated financial statements
as at 31 December

	2015	2014
Avals	414,867	7,151
Other guarantees	691,788	628,138
Undrawn client overdraft facilities	30,000	34,070
Interest rate swap agreements (Note 3.38.5)	1,200,000	1,200,000
Cross currency swap agreements (Note 3.38.5)	-	3,296,300
Others	13,364,596	14,543,512
Total	15,701,251	19,709,171

3.37.2 Litigation

As at 31 December 2015 and 2014, the subsidiaries have been sued for compensation totaling approximately Baht 368 million and Baht 363 million, respectively. Final judgements have not yet been reached in respect of these cases. The management of the Company and its subsidiaries believe that no material losses to the consolidated financial statements will be incurred as a result of the mentioned lawsuits.

3.37.3 Other commitments

- a) The subsidiary have commitments in relation to computer service agreements, whereby it is to pay both fixed fees and service fees which vary according to the quantity and type of services, as stipulated in the agreements.
- b) The subsidiary companies have entered into several lease agreements in respect of the lease of office buildings and branch offices. The terms of the agreements are generally 1 - 10 years.

As at 31 December 2015 and 2014, the subsidiary companies have future minimum lease payments required under these non-cancellable operating leases contracts as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Payable within:		
Not over 1 year	126	146
Over 1 to 5 years	118	183
Over 5 years	50	60

3.38 Financial instruments

3.38.1 Credit risk

Credit risk is risk that a counterparty or borrower will be unable to meet their financial commitments under an agreement, causing them to be unable to make settlement of indebtedness to the Company and its subsidiaries on the due date or to intentionally fail to make payments to the Company and its subsidiaries in accordance with the agreement.

TISCO Group is exposed to credit risk primarily with respect to loans to customers and guarantees of loans and others.

TISCO Group has centralised its risk management function under the regulatory guidelines for consolidated supervision issued by the Bank of Thailand. The Company and its subsidiaries (“the Group”) manage credit risk by adopting appropriate credit control policies and procedures in the credit approval process, and by analysis of risk factors and the ability of customers to service debt. For hire purchase receivables, the Group has implemented a credit scoring system, in order to enhance efficiency in the credit approval process and better reflect the credit risk. It also adopted a credit review process that examines and reviews the quality of loans so as to prevent and provide a remedy for problem loans in the future. The Group therefore does not expect to incur material financial losses from loans and guarantees of loans. In addition, the Group is not exposed to concentrations of credit risk because it has a varied customer base and a large number of customers. The maximum exposure to credit risk is limited to the carrying amount of loans and receivables as stated in the financial statements.

Quality of risk from provision of hire purchase receivables by a subsidiary company operating banking business, which comprises the largest portion of credit granted by the Group, is as detailed below.

The risk of hire purchase credit that is not overdue of the subsidiary operating banking business can be classified into three groups, based on quality of risk in respect of expected losses within one year. These are “Very High Grade”, “High Grade” and “Medium Grade”, with “Very High Grade” credit defined as credit from which expected losses over the next year are less than or equal to 0.2% of the balance; “High Grade” as credit from which losses within one year are expected to be between 0.2% and 2.0% and “Medium Grade” as credit from which losses within one year are expected to exceed 2% of the balance.

Credit risk of hire purchase receivables classified by quality of credit is as follows:

	(Unit: Million Baht)	
	As at 31 December	
	2015	2014
Neither past due nor impaired		
Very high grade	45,348	112,689
High grade	90,926	41,865
Medium grade	10,626	5,204
Subtotal	146,900	159,758
Hire purchase receivables - overdue for 31 to 90 days	14,458	16,071
Hire purchase receivables - overdue for more than 90 days	5,330	5,124
Total	166,688	180,953

3.38.2 Market risk

Market risk is defined as the degree of vulnerability to movements in securities market prices and interest rates, which may affect income or the capital funds of the Group.

In order to effectively manage market risk, a suitable risk treatment framework is to be implemented. TISCO Group uses a combination of risk sensitivities, Value at Risk and stress testing to manage market risks and establish limits. The Value at Risk (VaR) concept has employed methodologies and internal techniques appropriate to the nature of risks involved. On-going Back-testing is also performed to validate the internal Value at Risk model, and stress testing is performed under various extreme scenarios as a supplement to VaR. The risk assessment and corresponding risk treatment takes into account the transaction intent as well as the market liquidity of the securities.

3.38.2.1 Market risk - Marketable portfolio

The following table shows the VaR calculation for marketable portfolio position as at the financial statements date. The VaR that the Group measures is an estimate, using a confidence level of 99%, of TISCO potential loss that is not expected to be exceeded if the current marketable portfolio position were to be held unchanged for one year.

(Unit: Million Baht)

	Market risk as at 31 December	
	2015	2014
Marketable financial assets		
Equity securities	248	208
Debt securities	10	15
Derivatives	14	22
Foreign currencies	40	32

3.38.2.2 Market risk sensitivity - Interest bearing assets and liabilities

The market risk sensitivity of interest bearing assets and liabilities is measured by assessing the effect of changes in interest rates on the net interest income over the period of one year, based on the fixed interest bearing asset and liability positions held by the Group at the financial statements date. In making such assessment, changes in interest rates are applied prospectively and normal increases in assets and liabilities are not taken into account as presented below.

(Unit: Million Baht)

	Increase (decrease) in sensitivity of net interest income as at 31 December	
	2015	2014
Change in interest rate		
Increase by 1 percent	(251.25)	(471.16)
Decrease by 1 percent	251.25	471.16

However, to better reflect a realistic business environment, the sensitivity to interest rate risk is adjusted taking into account that business growth and interest rate shift are actually gradual. The net interest rate sensitivity incurred would be less than the effect on net interest income as illustrated in the analysis. This market risk sensitivity of interest bearing assets and liabilities does not include the status of marketable debt securities, which is presented in the market risk - marketable portfolio.

3.38.2.3 Interest rate risk

The Company and its subsidiaries have the following significant exposures to interest rate risk related to financial instruments.

(Unit: Million Baht)

<u>Transactions</u>	Consolidated financial statements as at 31 December 2015			
	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
<u>Financial assets</u>				
Cash	-	-	1,101	1,101
Interbank and money market items	176	29,162	1,825	31,163
Investments - net	-	3,186	5,146	8,332
Loans to customers ⁽¹⁾	25,525	208,397	4,880	238,802
Securities and derivatives business receivables	-	-	1,130	1,130
Receivables from clearing house	-	-	248	248
	<u>25,701</u>	<u>240,745</u>	<u>14,330</u>	<u>280,776</u>
<u>Financial liabilities</u>				
Deposits	51,127	106,950	267	158,344
Interbank and money market items	333	9,654	43	10,030
Liabilities payable on demand	-	-	356	356
Derivatives liabilities	-	-	42	42
Debts issued and borrowings	-	74,519	-	74,519
Securities and derivatives business payables	-	-	1,275	1,275
Payables to clearing house	-	-	97	97
	<u>51,460</u>	<u>191,123</u>	<u>2,080</u>	<u>244,663</u>

⁽¹⁾Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial assets</u>				
Cash	-	-	1,180	1,180
Interbank and money market items	187	35,750	2,121	38,058
Investments - net	-	7,892	6,903	14,795
Loans to customers ⁽¹⁾	23,092	235,326	4,938	263,356
Securities and derivatives business receivables	-	-	1,819	1,819
Receivables from clearing house	-	-	292	292
	<u>23,279</u>	<u>278,968</u>	<u>17,253</u>	<u>319,500</u>
<u>Financial liabilities</u>				
Deposits	52,465	152,860	264	205,589
Interbank and money market items	254	10,397	41	10,692
Liabilities payable on demand	-	-	400	400
Derivatives liabilities	-	-	41	41
Debts issued and borrowings	-	65,406	-	65,406
Securities and derivatives business payables	-	-	1,250	1,250
Payables to clearing house	-	-	853	853
	<u>52,719</u>	<u>228,663</u>	<u>2,849</u>	<u>284,231</u>

⁽¹⁾Loans to customers with floating interest rates and fixed interest rates include non-performing loans to customers on an accrual basis.

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

<u>Transactions</u>	Outstanding balances of financial instruments			Total
	Floating interest rate	Fixed interest rate	Non-interest bearing	
<u>Financial assets</u>				
Interbank and money market items	9	408	-	417
Investments - net	-	-	773	773
Loans to customers	-	2,699	-	2,699
	<u>9</u>	<u>3,107</u>	<u>773</u>	<u>3,889</u>
<u>Financial liabilities</u>				
Debts issued and borrowings	-	6,900	-	6,900
	<u>-</u>	<u>6,900</u>	<u>-</u>	<u>6,900</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

<u>Transactions</u>	Outstanding balances of financial instruments			
	Floating interest rate	Fixed interest rate	Non-interest bearing	Total
Financial assets				
Interbank and money market items	7	522	-	529
Investments - net	-	-	844	844
Loans to customers	-	3,154	-	3,154
	<u>7</u>	<u>3,676</u>	<u>844</u>	<u>4,527</u>
Financial liabilities				
Debts issued and borrowings	-	7,669	-	7,669
	<u>-</u>	<u>7,669</u>	<u>-</u>	<u>7,669</u>

Financial instruments which bear interest rate at fixed rates are classified below by the years from the financial statements date to the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	29,161	-	1	-	29,162	1.4787
Investments - net	-	196	952	2,038	-	3,186	4.0413
Loans to customers	2,718	20,209	47,385	121,401	16,684	208,397	7.5326
	<u>2,718</u>	<u>49,566</u>	<u>48,337</u>	<u>123,440</u>	<u>16,684</u>	<u>240,745</u>	
Financial liabilities							
Deposits	3,160	77,903	25,387	500	-	106,950	1.8136
Interbank and money market items	1,160	1,346	4,456	21	2,671	9,654	1.4786
Debts issued and borrowings	37	33,365	18,794	15,680	6,643	74,519	2.0411
	<u>4,357</u>	<u>112,614</u>	<u>48,637</u>	<u>16,201</u>	<u>9,314</u>	<u>191,123</u>	

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	-	35,749	-	1	-	35,750	1.9947
Investments - net	-	2,077	4,031	1,784	-	7,892	3.3603
Loans to customers	23,826	29,168	48,016	128,903	5,413	235,326	7.2234
	<u>23,826</u>	<u>66,994</u>	<u>52,047</u>	<u>130,688</u>	<u>5,413</u>	<u>278,968</u>	
Financial liabilities							
Deposits	3,336	115,335	33,683	506	-	152,860	2.6243
Interbank and money market items	584	6,912	2,877	24	-	10,397	2.6003
Debts issued and borrowings	37	37,110	21,616	-	6,643	65,406	2.8309
	<u>3,957</u>	<u>159,357</u>	<u>58,176</u>	<u>530</u>	<u>6,643</u>	<u>228,663</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	408	-	-	-	-	408	0.9000
Loans to customers	2,699	-	-	-	-	2,699	1.8200
	<u>3,107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,107</u>	
Financial liabilities							
Debts issued and borrowings	-	4,000	2,900	-	-	6,900	1.7190
	<u>-</u>	<u>4,000</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>6,900</u>	

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

<u>Transactions</u>	Repricing or maturity date					Total	Interest rates (%)
	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years		
Financial assets							
Interbank and money market items	522	-	-	-	-	522	1.5000
Loans to customers	3,154	-	-	-	-	3,154	3.0800
	<u>3,676</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,676</u>	
Financial liabilities							
Debts issued and borrowings	-	4,276	3,393	-	-	7,669	2.7673
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>7,669</u>	

The balances of loans to customers (including those on which interest recognition has been ceased) shown in the above table are presented before deducting allowance for doubtful accounts.

3.38.3 Liquidity risk

Liquidity risk is uncertainty that the subsidiary operating banking business is unable to meet repayment obligations when they fall due. This could arise from a failure in asset conversion or to raise adequate fund for timely fulfillment of obligations. Liquidity risk may result from both internal and external factors. Internal factors hinge on liquidity reserve and a structure of assets and liabilities. Meanwhile, external factors are mainly driven by market liquidity and confidence of depositors.

Liquidity risk management framework

The overall liquidity risk management is overseen by the Risk Management Committee. Treasury function will be responsible for ensuring that daily liquidity position complies with the risk management policy of the subsidiary operating banking business and regulatory requirement. On the other hand, Risk Management function will monitor and control liquidity risk based on the prescribed risk limits.

The key liquidity risk management policies involve the management of cash flow maturity profiles, deposit concentrations, liquidity reserve assets and emergency contingency plan. Liquidity risk strategies will take into account market liquidity and how unexpected changes would affect the subsidiary operating banking business's risks. A manageable level of maturity mismatches of cash flows from assets and liabilities will then be consistently maintained and regularly monitored, together with the level of liquidity reserve assets. The procurement and concentration of funding sources will be well-planned to optimise risk and return. Contingency procedures for liquidity management in the times of unexpected financial crisis must be established and made ready for timely activation. In addition to the liquidity risk measurement, those subsidiary sets the limit of loan to total borrowing ratio and liquidity reserve asset level. The position of liquidity risk is monitored daily and reported to the Risk Management Committee and other relevant functions.

Additionally, the subsidiary operating banking business has set stress testing scenarios for liquidity risk where the scenarios cover the subsidiary's specific scenarios and industry-based scenarios, which cause unusual cash outflow from the subsidiary operating banking business.

The main sources of fund came from deposits. In the past, there was high rollover rate for matured deposits. Besides, the subsidiary operating banking business also issued subordinated and unsubordinated debentures as another source of fund. On the use of fund, the majority of fund is used in lending business while a proportion of fund is maintained as liquidity reserve assets as cushion against liquidity risk. Moreover, the subsidiary provides credit line to other companies under TISCO Group to support liquidity position if required.

3.38.3.1 Remaining contractual maturity of liabilities

(Unit: Million Baht)				
As at 31 December 2015				
Remaining contractual maturity				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	172,690	45,738	25,557	243,985

(Unit: Million Baht)				
As at 31 December 2014				
Remaining contractual maturity				
	Less than 3 months	3 - 12 months	More than 1 year	Total
Liabilities	219,889	54,785	7,208	281,882

The matured liabilities are generally rolled-over with 90 percent average rollover rate. By taking into account high rollover rate, the cash outflow at maturity will be lower than those presented by contractual maturity. On the other hand, the liabilities with remaining maturity less than three months comprised current deposit and saving deposit. Both current deposit and saving deposit are considered to be more stable than term deposit in terms of cash outflow.

3.38.3.2 Volume and composition of highly liquid assets and internal ratio

(Unit: Million Baht)		
As at 31 December		
	2015	2014
Composition of highly liquid assets		
Cash	1,100	1,180
Interbank and money market - net	29,663	36,853
Current investments - net	6,749	12,870
Total liquid assets ⁽¹⁾	37,512	50,903
Liquid asset requirement ⁽¹⁾	9,974	12,900

⁽¹⁾ Highly liquid assets and liquid asset requirement are based on internal measurement.

The subsidiary operating banking business has a policy in maintaining the highly liquid assets higher than internal liquid asset requirement. As at 31 December 2015 and 2014, the subsidiary operating banking business has highly liquid assets, which are daily calculated, at Baht 37,512 million and Baht 50,903 million, respectively, higher than internal liquid asset requirement, which is daily considered, of Baht 9,974 million and Baht 12,900 million, respectively. In addition, the subsidiary operating banking business has contingency credit line, operating cash inflow from business, and available credit line from other financial institutions which is available to support uncertain liquidity requirement.

3.38.3.3 Counting from the financial statement date, as at 31 December 2015 and 2014, the periods to the maturity dates of financial instruments are as follows:

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2015								
Transactions	At call	0 - 3	3 - 12	1 - 5	Over 5	Unspecified	Non-	Total
		Months	months	years	years		performing	
							Loans	
Financial assets								
Cash	1,101	-	-	-	-	-	-	1,101
Interbank and money market items	2,001	29,161	-	1	-	-	-	31,163
Investments - net	-	3,327	1,384	2,038	-	1,583	-	8,332
Loans to customers	1,216	20,492	50,388	129,835	29,170	-	7,701	238,802
Securities and derivatives business								
receivables	-	1,130	-	-	-	-	-	1,130
Receivables from clearing house	-	248	-	-	-	-	-	248
	<u>4,318</u>	<u>54,358</u>	<u>51,772</u>	<u>131,874</u>	<u>29,170</u>	<u>1,583</u>	<u>7,701</u>	<u>280,776</u>
Financial liabilities								
	54,555	77,902	25,387	500	-	-	-	158,344
Deposits	1,537	1,345	4,456	21	2,671	-	-	10,030
Interbank and money market items	356	-	-	-	-	-	-	356
Liabilities payable on demand	-	-	-	42	-	-	-	42
Derivatives liabilities	37	33,365	18,794	15,680	6,643	-	-	74,519
Debts issued and borrowings								
Securities and derivatives business								
payables	-	1,275	-	-	-	-	-	1,275
Payables to clearing house	-	97	-	-	-	-	-	97
	<u>56,485</u>	<u>113,984</u>	<u>48,637</u>	<u>16,243</u>	<u>9,314</u>	<u>-</u>	<u>-</u>	<u>244,663</u>
Commitment and contingent liabilities								
Aval to bills and guarantees of loans	1	7	434	26	-	639	-	1,107
Other commitments	-	-	-	1,200	-	30	-	1,230

(Unit: Million Baht)

Consolidated financial statements as at 31 December 2014

<u>Transactions</u>	At call	0 - 3 Months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
Financial assets								
Cash	1,180	-	-	-	-	-	-	1,180
Interbank and money market items	2,308	35,749	-	1	-	-	-	38,058
Investments - net	-	6,233	4,853	1,784	-	1,925	-	14,795
Loans to customers	31,571	30,042	53,361	134,843	6,789	-	6,750	263,356
Securities and derivatives business receivables	-	1,819	-	-	-	-	-	1,819
Receivables from clearing house	-	292	-	-	-	-	-	292
	<u>35,059</u>	<u>74,135</u>	<u>58,214</u>	<u>136,628</u>	<u>6,789</u>	<u>1,925</u>	<u>6,750</u>	<u>319,500</u>
Financial liabilities								
Deposits	56,064	115,335	33,684	506	-	-	-	205,589
Interbank and money market items	880	6,911	2,877	24	-	-	-	10,692
Liabilities payable on demand	400	-	-	-	-	-	-	400
Derivatives liabilities	-	5	-	36	-	-	-	41
Debts issued and borrowings	37	37,110	21,616	-	6,643	-	-	65,406
Securities and derivatives business payables	-	1,250	-	-	-	-	-	1,250
Payables to clearing house	-	853	-	-	-	-	-	853
	<u>57,381</u>	<u>161,464</u>	<u>58,177</u>	<u>566</u>	<u>6,643</u>	<u>-</u>	<u>-</u>	<u>284,231</u>
Commitment and contingent liabilities								
Aval to bills and guarantees of loans	-	10	31	13	-	581	-	635
Other commitments	-	3,296	-	1,200	-	34	-	4,530

(Unit: Million Baht)

Separate financial statements as at 31 December 2015

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
Financial assets								
Interbank and money market items	417	-	-	-	-	-	-	417
Investments - net	-	-	-	-	-	773	-	773
Loans to customers	2,699	-	-	-	-	-	-	2,699
	<u>3,116</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>773</u>	<u>-</u>	<u>3,889</u>
Financial liabilities								
Debts issued and borrowings	-	4,000	2,900	-	-	-	-	6,900
	<u>-</u>	<u>4,000</u>	<u>2,900</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,900</u>

(Unit: Million Baht)

Separate financial statements as at 31 December 2014

<u>Transactions</u>	At call	0 - 3 months	3 - 12 months	1 - 5 years	Over 5 years	Unspecified	Non-	Total
							performing Loans	
Financial assets								
Interbank and money market items	529	-	-	-	-	-	-	529
Investments - net	-	-	-	-	-	844	-	844
Loans to customers	3,154	-	-	-	-	-	-	3,154
	<u>3,683</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>844</u>	<u>-</u>	<u>4,527</u>
Financial liabilities								
Debts issued and borrowings	-	4,276	3,393	-	-	-	-	7,669
	<u>-</u>	<u>4,276</u>	<u>3,393</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,669</u>

3.38.4 Foreign exchange risk

The status of the subsidiary operating banking business foreign currency balance as at 31 December 2014 are as follow:

Loans in foreign currency amounting to USD 100 million equivalent to Baht 3,296 million, of which the subsidiaries entered into cross currency swap agreements to hedge risk on the whole amount, as mentioned in Note 3.38.5 to the financial statements.

3.38.5 Derivatives

The subsidiaries have a policy to enter into transactions involving financial derivatives instruments, for hedging risks and trading.

As at 31 December 2015 and 2014, the subsidiaries have the following trading financial derivatives instruments.

a) Interest rate swap agreement

The subsidiary operating banking business entered into interest rate swap agreements to manage the risk associated with its interest-bearing financial assets as follows:

(Unit: Million Baht)

As at 31 December 2015		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(42)

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2019	1,200	(36)

b) Cross currency swap agreement/Foreign exchange contract

The subsidiary operating banking business entered into cross currency swap agreements/Foreign exchange contracts to manage risk associated with financial assets as follows:

(Unit: Million Baht)

As at 31 December 2015		
Maturity	Notional amount	Fair value gain (loss)
-	-	-

(Unit: Million Baht)

As at 31 December 2014		
Maturity	Notional amount	Fair value gain (loss)
2015	3,296	(5)

3.38.6 Fair value of financial instruments

The estimated fair value of financial instruments, in comparison with the related amounts carried in the statement of financial position is as follows:

(Unit: Million Baht)

	<u>Transactions</u>	Consolidated financial statements	
		As at 31 December 2015	
		Book value	Fair value
<u>Financial assets</u>			
Cash		1,101	1,101
Interbank and money market items - net		31,163	31,163
Investments - net		8,332	9,474
Loans to customers and accrued interest receivables - net		232,946*	234,491
Securities and derivatives business receivables		1,130	1,130
Receivables from clearing house		248	248
<u>Financial liabilities</u>			
Deposits		158,344	158,344
Interbank and money market items - net		10,030	10,030
Liabilities payable on demand		356	356
Derivatives liabilities		42	42
Debt issued and borrowings		74,519	74,929
Securities and derivatives business payables		1,275	1,275
Payables to clearing house		97	97

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 312 million.

(Unit: Million Baht)

	<u>Transactions</u>	Separate financial statements	
		As at 31 December 2015	
		Book value	Fair value
<u>Financial assets</u>			
Cash		70	70
Interbank and money market items - net		417	417
Investments - net		773	773
Loans to customers and accrued interest receivables - net		2,699	2,699
<u>Financial liabilities</u>			
Debt issued and borrowings		6,900	6,900

(Unit: Million Baht)

	Consolidated financial statements	
	As at 31 December 2014	
	Book value	Fair value
<u>Transactions</u>		
<u>Financial assets</u>		
Cash	1,180	1,180
Interbank and money market items - net	38,058	38,058
Investments - net	14,795	14,795
Loan to customers and accrued interest receivables - net	256,597*	260,643
Securities and derivatives business receivables	1,819	1,819
Receivables from clearing house	292	292
<u>Financial liabilities</u>		
Deposits	205,589	205,589
Interbank and money market items - net	10,692	10,692
Liabilities payable on demand	400	400
Derivatives liabilities	41	41
Debt issued and borrowings	65,406	65,934
Securities and derivatives business payables	1,250	1,250
Payables to clearing house	853	853

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 191 million.

(Unit: Million Baht)

	Separate financial statements	
	As at 31 December 2014	
	Book value	Fair value
<u>Transactions</u>		
<u>Financial assets</u>		
Cash	70	70
Interbank and money market items - net	529	529
Investments - net	844	844
Loans to customers and accrued interest receivables - net	3,154	3,154
<u>Financial liabilities</u>		
Debt issued and borrowings	7,669	7,669

In estimating the fair value of financial instruments, an allowance for doubtful debt is deducted based on the relative risk. The book value of financial instruments is the value net of the full amount of such allowance for doubtful debt, after adjusting for loan loss reserve.

3.39 Fair value hierarchy

As of 31 December 2015, the Company and its subsidiaries have the following assets and liabilities that were measured at fair value or disclosed using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2015					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Available-for-sale investments					
Equity instruments	335	335	-	-	335
Debt instruments	6,749	-	6,749	-	6,749
Unit trusts	802	773	29	-	802
Investment properties	32	-	-	32	32
Office condominiums	2,032	-	-	2,032	2,032
Financial liabilities measured at fair value					
Derivatives					
Interest rate swaps agreements	42	-	42	-	42
Assets for which fair value is disclosed					
Cash	1,101	1,101	-	-	1,101
Interbank and money market items - net	31,163	1,901	29,262	-	31,163
General investments	446	-	-	1,588	1,588
Loans to customers and accrued interest					
receivables	232,946*	-	37,084	197,407	234,491
Securities and derivatives business					
receivables	1,130	-	1,130	-	1,130
Receivables from clearing house	248	-	248	-	248
Liabilities for which fair value is disclosed					
Deposit	158,344	51,394	106,950	-	158,344
Interbank and money market items - net	10,030	613	9,417	-	10,030
Liabilities payable on demand	356	356	-	-	356
Debts issued and borrowings	74,519	-	74,929	-	74,929
Securities and derivatives business payables	1,275	-	1,275	-	1,275
Payables to clearing house	97	-	97	-	97

* Book value of loans to customers and accrued interest receivables does not include excess provision amounting to Baht 312 million.

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2015					
Book value	Fair value			Total	
	Level 1	Level 2	Level 3		
Financial assets measured at fair value					
Available-for-sale investments					
Unit trusts	773	773	-	-	773
Investment properties	778	-	-	778	778
Office condominiums	555	-	-	555	555
Assets for which fair value is disclosed					
Cash	70	70	-	-	70
Interbank and money market items - net	417	9	408	-	417
Loans to customers and accrued interest					
receivables	2,699	-	-	2,699	2,699
Liabilities for which fair value is disclosed					
Debts issued and borrowings	6,900	-	-	6,900	6,900

Sensitivity to changes in unobservable inputs for nonfinancial assets

The Company and its subsidiaries have hired an appraiser licensed by the Securities and Exchange Commission, who used the Income Approach to calculate the fair value of investment properties. Under this approach the free cash flows that the Company and its subsidiaries expect to receive annually are discounted using rates that take into account borrowing rates and various risk factors.

The significant unobservable inputs used in the fair value measurement of investment properties are the growth rates of rental income and discount rates. The growth rates of rental income and discount rates used as inputs are 5% and 9%, respectively. Significant decreases in growth rates of rental income or increases in discount rates, in isolation, would result in a significantly lower fair value measurement of investment properties.

During the current year, there were no transfer within the fair value hierarchy.

4. Dividend payment

	Approved by	Dividend per share		Amounts of	Dividend payment
		Preference	Ordinary	dividend paid	period
		share	share	(Million Baht)	
Annual dividends for 2013	The 2014 Annual General Meeting of the Shareholders on 22 April 2014	2.00 (Baht per share)	2.00 (Baht per share)	1,601	May 2014
Total dividend payment in year 2014				<u>1,601</u>	
Annual dividends for 2014	The 2015 Annual General Meeting of the Shareholders on 22 April 2015	2.00	2.00	1,601	May 2015
Total dividend payment in year 2015				<u>1,601</u>	

5. Events after the reporting period

Additional investment of the joint venture

In January 2015, TISCO Tokyo Leasing Company Limited, the Company's joint venture has signed the joint venture agreement with Century Tokyo Leasing Corporation and Hitachi Construction Machinery Group with purpose to invest in HTC Leasing Company Limited. (Former name: Hitachi Construction Machinery Leasing (Thailand) Company Limited), which has registered capital of Baht 100 million with share proportion of 51 percent.

6. Approval of financial statements

These financial statements were approved by the Company's Audit Committee on 9 February 2016.